HOLDING
顺丰控股

HARNESSING STRENGTH
RIDE THE TIDE

2024
INTERIM REPORT

Stock Abbr： SF Holding
Stock Code： 002352

S.F. Holding Co., Ltd.

2024 Interim Report

August 2024

Chapter 1 Important Information, Table of Content and Definition

The Company's Board of Directors, Supervisory Committee, directors, supervisors, and senior management hereby guarantee that the contents of the Interim Report are true, accurate, and complete, and that there are no misrepresentations, misleading statements, or material omissions, and shall assume individual and joint legal liabilities.

Wang Wei, the Company's legal representative, Ho Chit, Chief Financial Officer (financial head), and Hu Xiaofei, the accounting director, hereby declare and warrant that the financial report contained herein is true, accurate, and complete.

All directors have attended the Board meeting at which the Interim Report was considered.

Forward-looking statements such as future development plans contained herein do not constitute any undertaking made by the Company to investors. Investors are advised to invest rationally and to take into account possible investment risks.

In this Interim Report, the Company details the risk factors and countermeasures that may occur in the future. For more information, refer to "Risk and Responses" in "Section X. Risks Faced by the Company and Countermeasures" of "Chapter 3. Management Discussion and Analysis". Investors shall refer to this information.

The Company is required to comply with the disclosure requirements of "Express Service Industry" in the "Self-regulatory Guidelines No. 3 – Disclosure of Industry Information for Listed Companies on the Shenzhen Stock Exchange".

The Company intends to pay no cash dividend, no bonus shares and no conversion of equity reserve into share capital.

This report is prepared in both Chinese version and English versions. If there is any ambiguity in understanding the report, the Chinese version shall prevail.

Table of Contents

List of Documents Available for Inspection

(I) Financial statements signed and sealed by the legal representative, Chief Financial Officer (financial head) and the accounting director of the Company.

(II) The original copies of all documents and announcements of the Company which have been publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the Reporting Period.

(III) The original text of the 2024 Interim Report signed by the chairman of the Board of Directors.

(IV) The place where the above documents are maintained: the office of the Company's Board of Directors.

Definitions

Term	Description
Reporting period	January 1, 2024 to June 30, 2024
The same period of previous year	January 1, 2023 to June 30, 2023
The Company, the listed Company, SF Holding, SF	S.F. Holding Co., Ltd.
RMB	Renminbi
Taisen Holding	Shenzhen S.F. Taisen Holding (Group) Co., Ltd., a wholly-owned subsidiary of S.F. Holding Co., Ltd.
Mingde Holding	Shenzhen Mingde Holding Development Co., Ltd., the controlling shareholder of S.F. Holding Co., Ltd.
Kerry Logistics	Kerry Logistics Network Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (00636.HK), and a holding subsidiary of S.F. Holding Co., Ltd.
SF Intra-city	Hangzhou SF Intra-city Industrial Co., Ltd., a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (09699.HK) and a holding subsidiary of S.F. Holding Co., Ltd.
SF REIT	SF Real Estate Investment Trust, listed on the Main Board of the Stock Exchange of Hong Kong Limited (02191.HK), and an associate of S.F. Holding Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
HK Stock Exchange	The Stock Exchange of Hong Kong Limited

Chapter 2 Company Profile and Key Financial Indicators

I. Company Information

Company Profile

Stock Abbreviation	SF Holding	Stock Code	002352
Stock Exchange	Shenzhen Stock Exchange		
Chinese Name of the Company	顺丰控股股份有限公司		
Chinese Name Abbreviation of the Company (If Any)	顺丰控股		
English Name of the Company (If Any)	S.F.Holding Co.,Ltd.		
English Name Abbreviation of the Company (If Any)	SF Holding		
Legal Representative of the Company	Wang Wei		

Contacts and Contact Methods

	Board Secretary	Securities Affairs Representative
Name	Ling Gan	Jing Zeng
Address	Block B, TK Chuangzhi Tiandi Building, Keji South 1st Road, Nanshan District, Shenzhen, Guangdong Province, China	Block B, TK Chuangzhi Tiandi Building, Keji South 1st Road, Nanshan District, Shenzhen, Guangdong Province, China
Tel No.	0755-36395338	0755-36395338
Fax	0755-36646688	0755-36646688
Email	sfir@sf-express.com	sfir@sf-express.com

Others

1. Company contact

Whether the Company's registered address, office address and its postal code, the Company's website and e-mail address have changed during the Reporting Period?

□Applicable ☑Not applicable

The Company's registered address, office address and its postal code, the Company's website and e-mail address were no changes during the Reporting Period, which can be referred to the Annual Report 2023 for details.

2. Information disclosure and location where reports are kept

Whether information disclosure and the location where the report is kept changed during the Reporting Period?

☐Applicable ☑ Not applicable

The websites of the stock exchange and name of the newspaper and its websites on which the interim report is posted, and the location where the Company's interim report is kept were no changes during the Reporting Period, which can be referred to the Annual Report 2023 for details.

3. Other relevant information

Whether other relevant information changed during the Reporting Period?

☐Applicable ☑Not applicable

“SF Holding is the largest integrated logistics service provider in China and Asia, and the fourth largest in the world.[1] ”

With the logistics ecosystem as a focal point, the Company has continually developed its portfolio of product and service capabilities, and has expanded to cover time-definite express, economy express, freight, cold chain and pharmaceuticals logistics, intra-city on-demand delivery, international express, international freight and freight forwarding, and supply chain, to provide customers with domestic and international end-to-end one-stop supply chain services. Meanwhile, through leveraging leading technology and research and development capabilities, the Company strives to create a digital supply chain ecosystem, and become a front runner in global intelligent supply chain.

With the aim of sustainable and healthy development through visionary and forward-looking strategic planning, for the past 31 years, the Company has accurately seized opportunities to expand its scale, maintain industry leadership, and has become the leading logistics company in China and Asia. The Company was ranked 415th on the Fortune Global 500. The Company's flagship product, time-definite express, has dominant market leadership in China, and through leveraging the network resources and capabilities for its time-definite express, the Company has rapidly and efficiently expanded into new logistics service sub-segments, covering from small parcels to bulk and heavy cargoes, from standardized express delivery to customized supply chain services, and from China to Asia and further to the world. The Company is the market leader in China[1] across five logistics sub-segments including express, freight, cold chain, intra-city on-demand delivery[2] and supply chain[3], and the market leader in Asia[1] across four logistics sub-segments including express, freight, intra-city on-demand delivery[2] and international business[4] in Asia.

Looking ahead, the Company is committed to becoming the leading global logistics company connecting Asia and the world. The Company will solidify its market leadership in China and continue to expand its presence in Asia and globally; rapidly replicate its proven domestic know-how to overseas networks, and expand globally by leveraging its well-recognized brand, leading cost advantages and integrated logistics service capabilities to drive the sustainable and healthy growth of the Company, so as to become the go-to logistics partner of global business customers and retail customers to foster shared-growth and co-create enduring value.

Extensive Scale

Largest in Asia

4th Largest Globally
Integrated logistics service provider[1]

Leadership[1]

No. 1 in Asia
Express, LTL Freight, Intra-city On-demand[2], International[3]

No. 1 in China
Express, LTL Freight, Cold Chain, Intra-city On-demand[2], Supply Chain[4]

Premium Brand

No. 1
Customer satisfaction for express services in China

15 years in a row

1 According to Frost & Sullivan Report, in terms of revenue in 2023
2 Among third-party intra-city on-demand delivery service providers
3 Among non-state-owned independent third-party supply chain solution providers
4 Among the integrated logistics service providers in Asia

Business Segments

Express Logistics

Time-definite Express	**Provide time-definite and high-quality door-to-door delivery service for consumers, enterprises, and mid- to high-end brand merchants** • Options of half-day delivery, same-day delivery, next morning/next day delivery, taking into account on shipping route and distance; • addressing time-efficient and door-to-door delivery demands such as personal pieces, industrial and commercial pieces, mid- to high-end brand order fulfillment, parcel return services for e-commerce platforms, immediate response in JIT mode of production and distribution, and other scenarios.
Economy Express	**Provide cost-effective and quality-guaranteed delivery services mainly for e-commerce platforms and merchants** • We focus on serving e-commerce platforms and merchants with stringent requirement on user experience by virtue of our high-quality fulfillment capabilities, standing out in the market attributable to timeliness and door-to-door delivery; • Integrated warehousing and distribution service to serve warehousing needs arising from differentiated service offering and pricing level, with nationwide sub-warehouses, smart cloud-based warehouses and integrated warehousing and distribution service.
Freight	**Mainly for customers in manufacturing and commercial distribution sectors with demand for large parcel distribution and bulk transport** • **Large parcel land transport:** Provide large parcels B2C delivery for e-commerce platforms and merchants, B2C store transport and allocation, less-than-truck-load freight transport and full-truck-load transport; • **Extended services:** large parcel warehousing and distribution, moving, store distribution, delivery and installation integration, and other scenarios; • SF Freight carried out through directly-operated network to serve mid- to high-end customers while SX Freight carried out through franchising network to serve a broad-based economy market.
Cold Chain and Pharmaceutical Logistics	**Mainly for customers from three sectors: seasonal and fresh, frozen food and pharmaceutical** • **Seasonal and fresh food logistics:** deliver seasonal agricultural products across China directly from place of origin to consumers; • **Cold chain food logistics:** Provide high-standard B2B2C end-to-end temperature-controlled cold chain logistics services; • **Pharmaceutical logistics:** Serve clients throughout the entire pharmaceutical value chain, capable of conducting multi-temperature zone control and transportation (from -80°C to 25°), and GSP certified pharmaceutical cold storage service.
Intra-City On-demand Delivery	**Provide on-demand distribution service mainly for restaurants, retail/e-commerce merchants, individuals and enterprises;** • Provide exclusive, concessionary and value-added To B services, and To C service offering matrix integrating features of "Fetch for Me, Deliver for Me, Purchase for Me, Solve for Me" and city-wide on -demand delivery services within average 1 hour.

Supply Chain and International

International Express	**Provide domestic and foreign manufacturers, trading enterprises, cross-border e-commerce merchants and consumers with international express delivery, overseas local express, cross-border e-commerce parcel delivery and overseas warehousing services;** • **Cross-border standard express:** Standard services with high timeliness that meet the needs of cross-border expedite delivery, including high-quality international standard express and cost-effective international special-offer products; • **Cross-border e-commerce delivery:** Cost-effective and economical services that meet the needs of cross-border e-commerce platforms and merchants, including efficient international e-commerce express and economical international small parcels delivery; • **Overseas local express:** Offered in Southeast Asian countries such as Thailand, Vietnam, Malaysia, Singapore, Indonesia.
International Freight and Freight Forwarding	**Provide customers with air, sea, railway, land and multi-modal freight transport solutions;** • **Air transport:** provide air transport services such as pick-up at departure point, multiple integration, customs clearance, delivery to end customer; • **Sea freight:** provide sea freight service including all kinds of traditional freight, FCL freight and LCL freight; • **Land transport:** provide innovative and economical road and railway transport services across Europe and Asia.
Supply Chain	**Provide customers in various industries with domestic and international end-to-end supply chain solutions;** • Empowering customers with technology, leveraging SF's big data, IoT technology and software and hardware system integration capabilities to help customers establish the smart supply chain; • Fenghao Supply Chain and XH Supply Chain mainly provide local supply chain solutions in China; while Kerry Logistics mainly provide gl obal integrated logistics services and supply chain solutions.

II. Key Operating and Financial Data

Results Overview for the First Half of 2024

Revenue

RMB **134.4** billion ↑**8.1%**

Total assets

RMB **219.9** billion ↓**0.7%**

Gross profit

RMB **18.6** billion ↑**10.8%**

Net assets attributable to the parent company[3]

RMB **88.6** billion ↓**4.6%**

Net profit attributable to the parent company[1]

RMB **4.81** billion ↑**15.1%**

Basic earnings per share

RMB **1.0** /share ↑**16.3%**

Net profit attributable to the parent company after deducting non-recurring profit or loss[2]

RMB **4.15** billion ↑**11.9%**

Return on net assets[4]

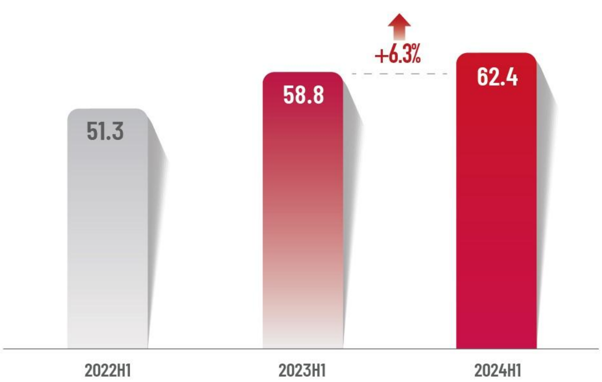
5.2% +**0.5%**

Notes：

1. Net profit attributable to the parent company refers to net profit attributable to shareholders of the listed Company
2. Net profit attributable to the parent company after deducting non-recurring profit or loss refers to the net profit attributable to shareholders of the listed Company after deducting non-recurring profit or loss
3. Net assets attributable to the parent company refers to net assets attributable to shareholders of the listed Company
4. Return on net assets refers to the weighted average return on equity

Total Volume

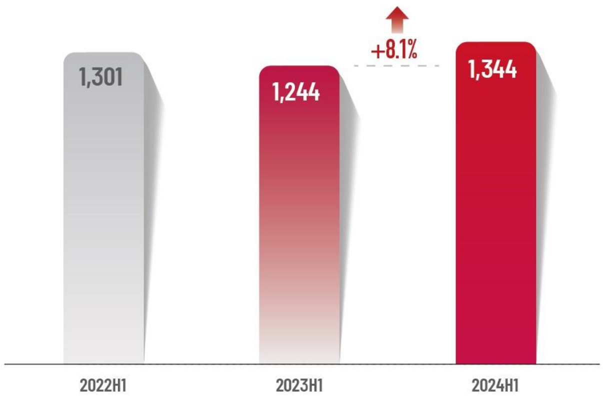
Unit: 100 million parcels



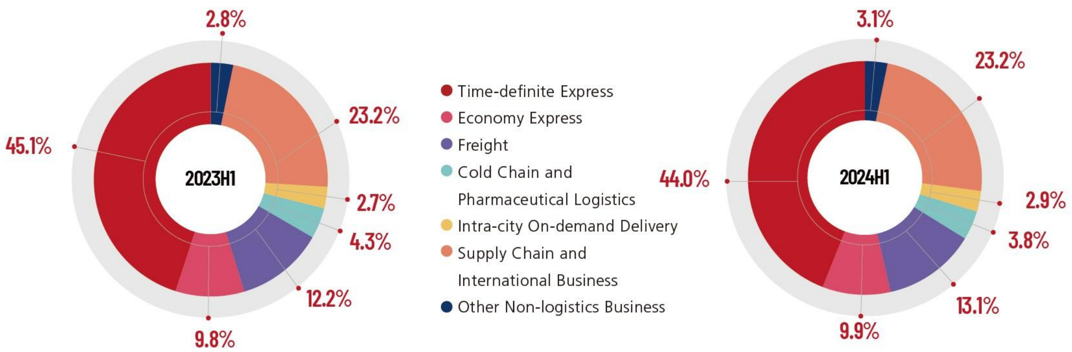
The total volume includes the volume of Express Logistics business and International Express business (exclude oversea local express business).Excluding Fengwang business, the volume of parcels increased by 14.3% year-on-year

Total Revenue

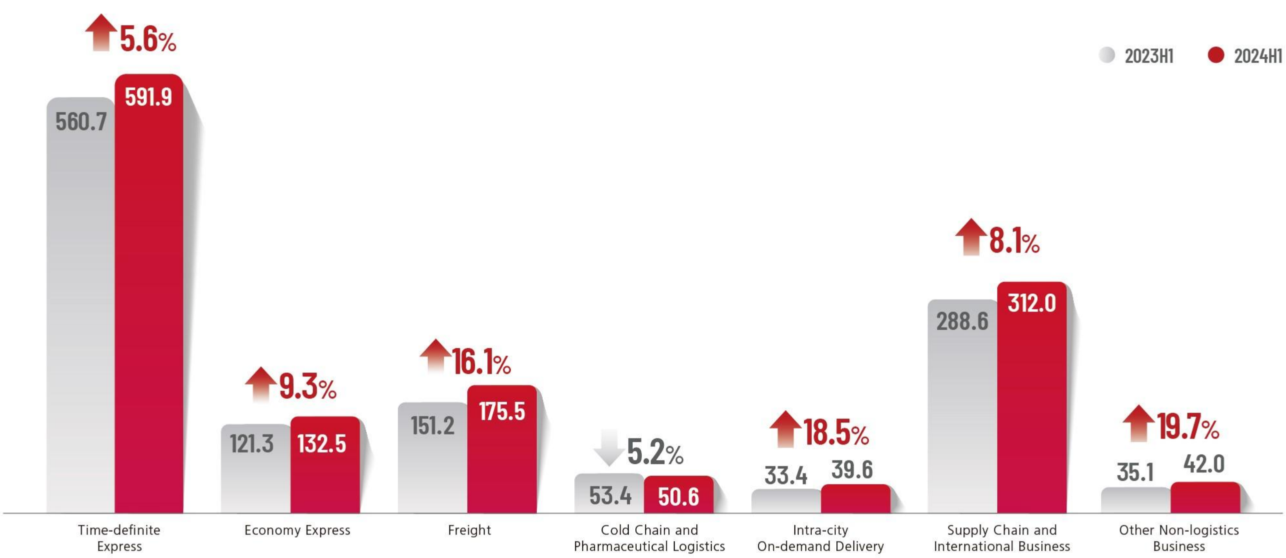
Unit: RMB100 million



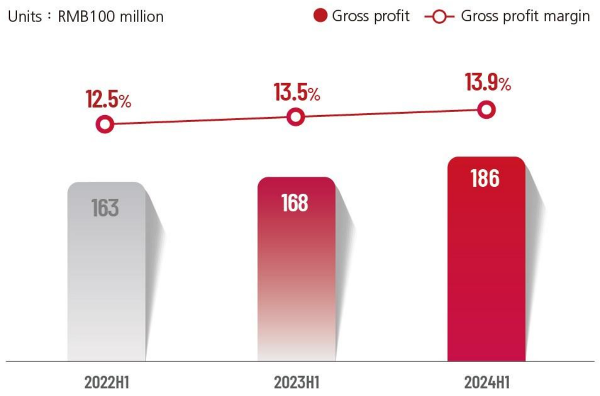
Revenue Breakdown by Segment



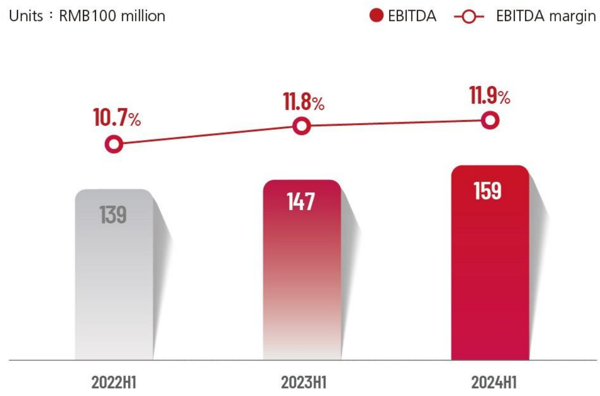
Unit: RMB100 million



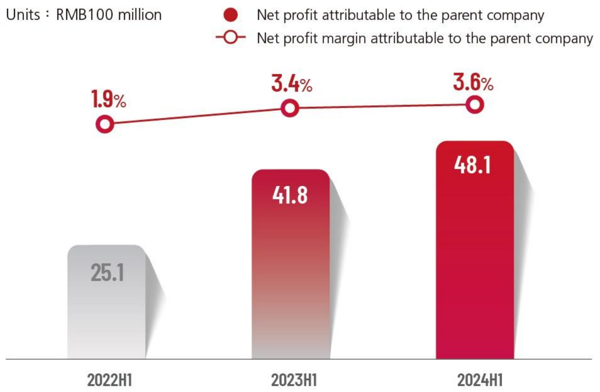
Gross profit



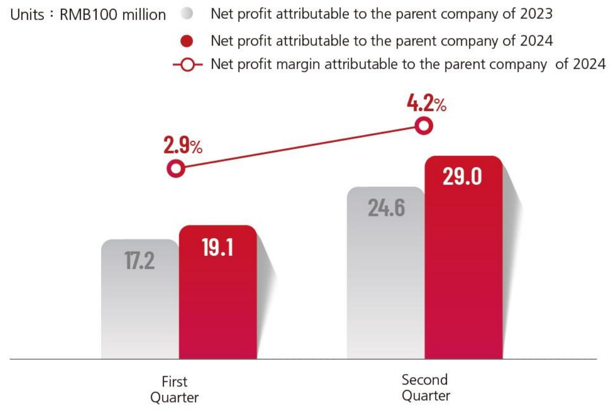
EBITDA



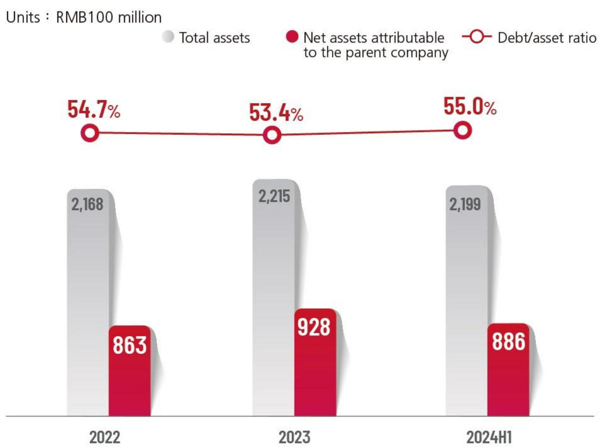
Net profit attributable to the parent company



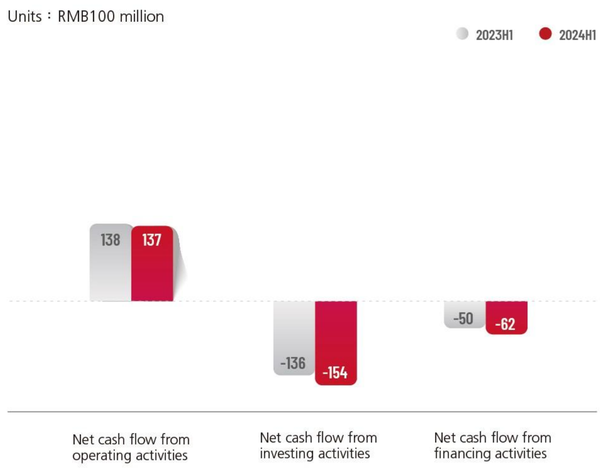
Quarterly net profit attributable to the parent company



Assets



Net cash flow



Financial summary

1.Major accounting data and financial indicators

Whether the Company needs to retrospectively adjust or restate the accounting data of previous years?

□Yes ☑No

Unit：RMB'000

	The Reporting Period	Same period of previous year	Increase/decrease during the Reporting Period over the same period of previous year
Revenue	134,409,720	124,365,598	8.08%
Cost of revenue	115,784,772	107,555,280	7.65%
Gross profit	18,624,948	16,810,318	10.79%
Net profit attributable to shareholders of the listed Company	4,806,714	4,176,282	15.10%
Net profit attributable to shareholders of the listed Company after deducting non-recurring profit or loss	4,147,970	3,705,309	11.95%
Net cash flow generated from operating activities	13,722,269	13,824,827	-0.74%

	End of the Reporting Period	End of the previous year	Increase/decrease at the end of Reporting Period as compared with the end of the previous year
Total assets	219,865,931	221,490,655	-0.73%
Total liabilities	120,954,581	118,206,995	2.32%
Net assets	98,911,350	103,283,660	-4.23%
Net assets attributable to shareholders of the listed Company	88,571,197	92,790,344	-4.55%
Gearing ratio (%)	55.01%	53.37%	An increase of 1.64 percentage points

	The Reporting Period	Same period of previous year	Increase/decrease during the Reporting Period over the same period of previous year
Basic earnings per share (RMB/share)	1.00	0.86	16.28%
Diluted earnings per share (RMB/share)	1.00	0.86	16.28%
Weighted average return on net assets (%)	5.23%	4.72%	An increase of 0.51 percentage points

2. Major financial data of operating segments

Segment external revenue

Unit：RMB'000

	The Reporting Period	Same period of previous year	Increase/decrease during the Reporting Period over the same period of previous year
Express and freight delivery segment	96,820,175	90,058,986	7.51%
Intra-city on-demand delivery segment	4,022,952	3,406,837	18.08%
Supply chain and international segment	32,914,104	30,283,063	8.69%
Undistributed units	652,489	616,712	5.80%
Total	134,409,720	124,365,598	8.08%

Segment net profit

Unit：RMB'000

	The Reporting Period	Same period of previous year	Increase/decrease during the Reporting Period over the same period of previous year
Express and freight delivery segment	4,795,733	4,119,741	16.41%
Intra-city on-demand delivery segment	62,174	30,314	105.10%
Supply chain and international segment	-574,213	-308,075	-86.39%
Undistributed units	450,071	15,186	2863.72%
Inter-segment elimination	27,157	37,074	-26.75%
Total	4,760,922	3,894,240	22.26%

Note：

(1) The corresponding relationship between the operating segments and the Company's principal business segments was: the express and freight delivery segment is mainly time-definite express and economic express business, freight, cold chain and pharmaceutical business, and other non-logistics business running by this segment; the intra-city on-demand delivery segment is mainly intra-city on-demand delivery business, and other non-logistics business running by this segment; the supply chain and international segment mainly is international express business, international freight and freight forwarding business, and supply chain business, and other non-logistics business running by this segment; the undistributed units mainly include segments of non-principal logistics and freight forwarding, including investment, industrial parks and other functional segments of the headquarters.

3. Non-recurring profit or loss items and amounts

Unit：RMB'000

	Amount	Description
Investment income from disposal of subsidiaries	91,950	Please refer to Note 5(2) of Chapter 10 Financial Statements for details.
Non-current asset disposal gains and losses (including the write-off part of the provision for impairment of assets)	111,217	
Government subsidies included in the current profit and loss (except for government subsidies that are closely related to the Company's normal business operations, and are in line with national policies and are continuously granted on a certain standard or quantitative basis)	326,249	It mainly represents fiscal subsidies for the logistics industry, tax refund, grants for employment stabilization, transport capacity subsidy,etc.
In addition to the effective hedging business related to the Company's normal business operations, the profit or loss from fair value changes in holding held-for-trading financial assets and held-for-trading financial liabilities, as well as the investment income from the disposal of held-for-trading financial assets and held-for-trading financial liabilities	295,092	
Reversal of provisions for impairment of accounts receivable that have been separately tested for impairment	30,084	
Other non-operating income and expenses other than the above	-40,021	
Less: Income tax impact	138,875	
Impact on minority shareholders' equity (after tax)	16,952	
Total	658,744	

Note: The Company does not have other profit and loss items that meet the definition of non-recurring profit or loss; the Company does not define the non-recurring profit or loss listed in the Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public — Non-recurring Profit or Loss as recurring profit or loss.

4. Differences in accounting data under domestic and foreign accounting standards

1. Difference in the net profit and net assets in the financial reports disclosed in accordance with the International Accounting Standards and the Chinese Accounting Standards:

□Applicable ☑Not applicable

2. Difference in the net profit and net assets in the financial reports disclosed in accordance with overseas accounting standards and in accordance with the Chinese Accounting Standards:

□Applicable ☑Not applicable

3. Explanation of reasons for differences in accounting data between domestic and foreign accounting standards.

□Applicable ☑Not applicable

Chapter 3 Management Discussion and Analysis

I. Business Development of the Company

(I) Overall Review

1. Market Overview

I) Domestic market

In the first half of 2024, the Chinese economy made good progress while ensuring stability. According to the National Bureau of Statistics, China's GDP reached RMB61.7 trillion in the first half of 2024, representing a year-on-year increase of 5.0%. The increase was mainly driven by industrial recovery. In particular, investment in high-tech industries increased by 10.6% year-on-year and the added value of high-tech manufacturing above designated size increased by 8.7% year-on-year, demonstrating the accelerated development of new quality productive forces.

The growth of the consumer market was relatively weak in general. In the first half of 2024, the total retail sales of consumer goods increased by 3.7% year-on-year, representing a decrease of 4.5% over the same period of last year. In particular, the online retail sales of physical goods increased by 8.8% year-on-year, contributing 57.3% to the total growth of consumer goods retail sales. The further increase in the proportion of online shopping reflected to a certain extent the prudent consumer consumption and the trend of pursuing higher cost performance by consumers.

External trade performance has shown an overall positive trend. According to the General Administration of Customs, China’s foreign trade exports grew by 6.9% in the first half of 2024, of which the exports of mechanical and electrical products accounted for over 60% of the total exports, with the exports of high-tech products such as integrated circuits and automobiles maintaining high speed growth. As for trade partners, exports to the ASEAN grew by 14.2% and total exports to countries involved in the Belt and Road initiative rose by 8.4%. The ASEAN and countries involved in the Belt and Road initiative were playing a more and more important role in the trade of China.

Domestic logistics demand recovered steadily along with the recovery of industrial production. According to China Federation of Logistics & Purchasing, in the first half of 2024, the total social logistics costs were RMB8.8 trillion, representing a year-on-year increase of 2.0% and accounting for 14.2% of the GDP, a decline of 0.3 percentage points over the same period of last year. During the process of the replacement of old growth drivers with new ones and industrial upgrading in China, logistics companies are further integrating into industrial chains, and improving the efficiency of supply chains with technical innovation to promote the reduction of total social logistics costs while ensuring stability. In the future, logistics companies that have efficient supply chain planning and the ability to implement the planning will embrace more development opportunities.

Driven by active demand for online shopping, the express industry maintained rapid growth. According to the State Post Bureau, 80.16 billion deliveries were made in China during the first half of 2024, representing a year-on-year increase of 23.1%. The revenue of China's express delivery business in the first half of 2024 was RMB653.00 billion, representing a year-on-year increase of 15.1%. The importance attached by consumers to the cost performance of shopping will drive enterprises and merchants to further reduce express and logistics costs. In the first half of 2024, major express enterprises recorded a decline in average revenue per shipment . Driven by intensified market competition, express enterprises keep reducing costs and improving efficiency and provide more competitive services and pricing while balancing revenue and profitability, so as to gain more market shares.

II) Overseas Market

The international environment remained complicated and ever-changing. While inflation has shown signs of easing, the interplay of regional conflicts, supply chains restructuring and competitions and maneuvering in the financial sector continued to exert a complex impact on the global economy and trade. According to the forecasts of the IMF, the global economy is expected to grow by 3.3% in 2024, with an increase in the economic growth of emerging markets and developing economies, and emerging market economies in Asia will remain as the main driving force of the global economy. In addition to economic activities, world trade has gradually stabilized and rebounded in the first half of 2024, with exports in the Asian region being relatively strong, especially in the field of technology.

In the first half of 2024, as affected by the increase in demand and the decrease in supply of sea freight resources resulted from regional conflicts, the price for international air and sea freight increased significantly, especially those for routes from Asia-Pacific to Europe and America. Benefiting from the booming cross-border e-commerce, China's emerging e-commerce platforms are vigorously exploring overseas markets, with increased demand for cross-border logistics and air transportation. Furthermore, along with the in-depth trade cooperation between China and ASEAN, RCEP (Regional Comprehensive Economic Partnership) member countries and countries involved in the Belt and Road Initiative, the industrial and supply chain were deeply interconnected with a smoother customs clearance of goods, spurring the development of international logistics and supply chain in China and across Asia.

With the reshaping of global supply chains and the industrial transformation and upgrading in China, the internationalization of Chinese enterprises and products is gradually shifting from the models of traditional trade exports and cross-border e-commerce to new models such as the global expansion of capacity and brand. As for "the global expansion of capacity", the focus is mainly on industries such as 3C electronics/communications, automobiles, garment OEM, lithium batteries, photovoltaics and furniture, with Chinese companies establishing factories overseas. As for "the global expansion of brand", industries such as coffee and tea drinks, food and catering and beauty and personal care are showing strong growth momentum, accelerating the establishment of directly-operated stores or self-owned sales channels overseas. In the process of global expansion, it is crucial for Chinese enterprises to build a supporting cross-border and overseas supply chain system. More and more enterprises hope to replicate the efficient supply chain model in China to overseas markets and compared with their overseas peers, Chinese logistics enterprises have advantages such as cultural consistency, better cost effectiveness, security and reliability. In the long run, the improving industrial chain strength and brand competitiveness of China, as well as the expansion of cross-border e-commerce platforms and independent websites in the global consumer market, will create a highly favorable development environment and opportunities for the comprehensive logistics enterprises in China to collaborate with their customers as they expand into overseas markets.

2. Business Strategy

As a company committed to long-termism, the Company has always been dedicated to achieving best-in-class service quality, steady business growth, and superior cost efficiency. **In the first half of 2024, against the backdrop of a complex and changing global macro-environment, the Company has "harnessed strength and rode the tide", seized the opportunities for development, and realized a increase in both revenues and profits, reflecting its strong operational resilience.** Relying on its unique business model and leading integrated logistics service capability, the Company captured new opportunities in the domestic and international markets, and made more business breakthroughs in the industries and scenarios, achieving healthy growth. At the same time, the Company continued to strengthen lean management and promote multi-network integration and operation mode reform, constantly improving efficiency and reducing costs to enhance profitability. In addition, the Company optimized its management mechanism, stimulated its organizational vitality, increased authorization and incentives, and enhanced the management awareness and market competitiveness of its staff, so as to promote their value contribution of and revenue generation.

I) Demonstrate operation resilience and achieve new breakthroughs in the domestic and international business

Continuously strengthen the competitiveness of mid-to-high-end services: Facing the current market environment of competing services and cutting price, the Company has insisted on striving for excellence, strengthened the leading advantage of mid-to-high-end time-definite products, and continuously improved the service quality. With the strength of air freight and the unique advantages of the Ezhou hub, the Company has boosted the development of domestic new quality productive forces and industrial upgrading, creating a highly efficient and responsive domestic and international supply chain for more high-end industrial customers. In the first half of 2024, the Company's business volume of bulk express air transportation achieved rapid growth, and there were a total of more than 30 top customers in the high-end industries covering 3C electronics, high-tech, fast moving consumer goods, pharmaceuticals, automobiles and engineering machinery settling in the Ezhou Hub. SF has joined hands with customers to build warehousing centers and provided integrated warehousing and distribution services, realizing the ultimate timeliness of the fastest “evening delivery and morning arrival”, empowering efficient supply chain and boosting industrial upgrading.

Speeding up penetration of logistics market share in the industries where customers are operating: The Company understands that customer needs are becoming increasingly diversified, especially under a fierce market competition. The focus of customers has shifted to the optimal planning and layout of the overall supply chain, as well as the efficient implementation of digitalization, intelligence and greening. In recent years, the Company, together with major accounts from different industries, has jointly created a series of benchmark cases for top customers in the industry from industry solutions empowered by technologies to the active exploration of smart supply chains, which have fully demonstrated the leading position of the Company in technological strength and the best practices of supply chains. The Company is able to meet all the demands of customers. In order to apply the successful experiences of top customers to the vast number of mid-tier customers and small and medium-sized enterprises in a broader way, the Company has established the strategic direction of “accelerating industry transformation” this year. The Company has enhanced a top-down working mechanism to accelerate the transformation of the entire network from the traditional model of “selling products” to “selling solutions” to accounts from different industries. During this process, the Company will continuously accumulate its capability map to develop standardized product portfolio that is industry and scenario specific, and promote to more small and medium-sized enterprise customers in the industry, thus ultimately helping enhance the market share of the Company in logistics services across various industries. In the first half of 2024, the Company's logistics revenue in the automotive, home appliance, e-commerce and distribution, and industrial manufacturing sectors grew by more than 20% year-on-year.

Expanding the overseas markets to achieve the target of “The One In Asia”: The trend of the "global expansion of capacity and brand" of Chinese enterprises has brought about enormous, stable and attractive opportunities in terms of supply chains. From the perspective of the global expansion of capacity and brands, the six countries in Southeast Asia account for the largest proportion, representing that they have seized most of the opportunities brought by the global expansion of Chinese enterprises. In the first half of 2024, the Company focused on six Southeast Asian countries (including Singapore, Malaysia, Thailand, Vietnam, Philippines, Indonesia), Japan, South Korea and other Asian countries., through continuous expansion in its international network and the integration of Kerry Logistics’ competitive strength in Asia, has improved service capability of international express delivery, international supply chain, cross-border e-commerce logistics, international freight forwarding and Southeast Asia domestic logistics. Compared with China’s other express logistics service providers, the Company is on the leading edge of the international network with service capabilities throughout the whole chain, a wider range of customer base worldwide and the core logistics resources. Compared with other international express logistics service providers, the Company provides services at a favorable cost and better cost performance. In the first half of 2024, to seize opportunities from customers for global expansion, the Company established a linked working mechanism among the headquarters, departments in charge of supply chains and departments in charge of the Asia region, collaborated with customer on development and solution formulation, and consolidated the international air and sea transportation resources and overseas local resources of the Company to promote the implementation of projects. In the first half of 2024, the Company has successfully won the bids for over 40 cross-border supply chain cooperation projects in Asia, covering e-commerce and distribution, industrial manufacturing, high-tech, clothing and footwear, home appliances and furnishings, automobiles and coffee and tea beverage chains, and achieving breakthroughs in international supply chain business from 0 to 1 to N in several countries, industries and service scenarios. More than 45% of the Fortune Global 500 companies use the products and services of SF International.

II) Improve efficiency and reduce costs with lean management to boost performance improvement

The Company promoted the construction of the network infrastructure based on the principle of pursuing a balance among quality, timeliness and cost, and continued to deepen the operation mode reform, strengthen network integration and lean resources management. With the direction of streamlining the backbone network, as to distribution, the Company integrated and built multi-functional sites, improving the production capacity utilization rate through a number of initiatives. As to transportation, the Company optimized the transit mode and routing planning to reduce transit nodes, maximizing intensive delivery and route straightening. As to the terminal, the Company continued to deepen the mode reform to improve the efficiency of outlets, ultimately pushing down the operation cost of a single delivery on a continuous basis. At the same time, the Company made full use of the remaining production capacity and flexibly matched resources and accurate marketing strategy to expand the market segments for economy retail business, low-kilogram e-commerce small parcels and high-kilogram industrial bulk parcels with more competitive services and pricing, with a view to strategically enlarging the business scale and effectively bringing into full play of the economies of scale of the network, thus realizing the virtuous cycle of “cost reduction, scale enlargement and quality improvement” and facilitating the increase in both gross profit margin and net profit margin of the Company.

III) Inspiring organisational dynamism, improving business awareness and market competitiveness

In order to effectively promote the successful implementation of the Company's development strategy and business strategy, the Company reshaped the supporting management mechanism to stimulate the organizational vitality by granting the front line full operating rights and strongly correlated incentives. The headquarters function was changed from management to serving frontline operation, releasing the market expansion power of each business area, outlets and other operating units. At the same time, more time was created for the couriers at the terminal to serve customers, and the enthusiasm and success rate of the couriers’ business development was improved through marketing authorization, responsibility loosening, technology-based empowerment, income-generating incentives and other methods. Ultimately, business awareness from top to bottom was improved, stimulating entrepreneurial spirit and promoting revenue generation for all staff.

3. Financial Review

In the first half of 2024, the Company adhered to the operating principle of sustainable and healthy development and achieved high-quality business growth, with total revenue reaching RMB134.4 billion, representing a year-on-year increase of 8.1%, and parcel volume reached 6.24 billion, representing an increase of 6.3% over the same period.

Excluding the Fengwang business[1], the total revenue increased 8.7% and the parcel volume of the Company increased 14.3% in 2024 over the same period. On the basis of steady business growth, the Company persistently strengthened lean operation, enhanced management efficiency and optimised cost structure, ultimately achieving net profit attributable to shareholders of the listed company (the "Net Profit Attributable to the Parent Company") of RMB4.81 billion, representing a year-on-year increase of 15.1%, and net profit margin attributable to the parent company of 3.6%, representing a year-on-year increase of 0.2 percentage point.

In respect of the revenue, ①revenue from express logistics business[2] amounted to RMB99.0 billion, representing a year-on-year growth of 7.6%. Excluding the Fengwang business, revenue increased by 8.4% year on year. While consistently strengthening the competitiveness of its timeliness services and expanding its customer base in emerging industries and new business scenarios, the Company has been penetrating more economic logistics markets in the production and consumer sectors with services of higher value for money, thus helping to expand its business scale and realise revenue growth; ② revenue from supply chain and international business[3] amounted to RMB31.2 billion, representing a year-on-year growth of 8.1%. This was mainly attributable to the stabilisation of demands for international air and ocean freight and the year-on-year increase in freight rates, as well as the Company's efforts to grasp the opportunities arising as Chinese enterprises expand globally, by intensifying business integration and exploring the supply chain and international markets on an ongoing basis; and ③revenue from other non-logistics businesses amounted to RMB4.2 billion, representing a year-on-year increase of 19.7%, which was mainly attributable to the growth of business in the procurement segment as part of the end-to-end supply chain services provided by the Company.

With regard to costs, the Company has continuously optimised its operating model, streamlined its network structure, improved its resource utilisation efficiency and fully capitalised on the benefits of its large network scale while investing in building its long-term core competitiveness. As a result, the Company's gross profit reached RMB18.6 billion in the first half of 2024, representing a year-on-year increase of 10.8%; while gross profit margin stood at 13.9%, representing a year-on-year increase of 0.4 percentage point.

In terms of expenses, thanks to the Company's continuous efforts in strengthening its lean operation and management and improving its management efficiency with the power of technologies, the Company's major expense ratios decreased while remaining stable, with the management expense ratio, seliing expense ratio and finance cost ratio decreasing by 0.5 percentage point, 0.03 percentage point and 0.1 percentage point year on year, respectively.

In summary, the Company achieved faster performance growth in the first half of 2024: Net Profit Attributable to the Parent Company reached RMB4.81 billion, a year-on-year increase of 15.1%; Net Profit Attributable to the Parent Company net of non-recurring gains and losses reached RMB4.15 billion, a year-on-year increase of 11.9%.

In respect of capital structure, as at the end of the reporting period, the Company's total assets amounted to RMB219.9 billion, net assets attributable to shareholders of the listed company amounted to RMB88.6 billion, and gearing ratio stood at 55.0%, indicating that the financial structure of the Company remained generally sound. Meanwhile, the net cash flow from operating activities of the Company amounted to RMB13.7 billion, representing a robust cash flow. In addition, the Company adhered to lean resource planning and strengthened control over the efficiency of resource investment. In the first half of 2024, investments in fixed assets (other than equity investments) totalled RMB5.48 billion, representing a decrease of 7.8% compared to the same period last year, and accounted for 4.1% of the total revenue, representing a decrease of 0.7 percentage points compared to the same period last year.

[1] Transfer of the Fengwang business was completed and delivered in June 2023.

[2] Express logistics business primarily consists of time-definite express services, economy express services, freight delivery services, cold chain and pharmaceuticals logistics services and intra-city on-demand delivery services.

[3] Supply chain and international business primarily consists of international express services, international freight forwarding services and supply chain services.

In the future, the Company will continue to focus on investing in building its long-term core competitiveness, developing a highly efficient and leading domestic and international logistics network and promoting business integration to enhance the efficiency of resource utilisation, with a view to maintaining capital expenditure as a percentage of revenue at a healthy level.

Overall, the Company maintained its resilience in the first half of 2024 amidst a complex global macro-environment, and achieved higher-than-expected revenue growth alongside solid revenue growth.Looking ahead the second half of the year, with the deepening and penetration of logistics services in the fields of production and life, as well as the integration of business capabilities to actively expand in the international market, the Company is confident that it will continue to maintain a good development momentum and achieve solid growth in revenue. Meanwhile, due to the seasonal factors in the express business and the objective situation of the increase in resource prices in peak seasons, the profit margin of the Company in the first half of the year is generally slightly higher than that in the second half of the year; however, as the Company pursues lean management and deepens reforms as well as strives for reduction in costs, it is expected that the net profit attributable to the parent company in the second half of the year will be between the figure for the whole year of 2023 and that for the first half of 2024, and the net profit attributable to the parent company for the year of 2024 will be higher than that of 2023.

(II) Summary of Business Development

1. Customer Operation

I) Customers with active credit accounts[4]

As of the end of June 2024, the number of customers with active credit accounts[4] amounted to approximately 2.24 million, representing an increase of 14.9% year-on-year approximately 290,000 as compared with December, 2023.

(1) Accelerating penetration of logistics market share in the client's industry: To deal with the constantly changing global macro-environment, the Company adheres to sustainable and healthy development and has established a business strategy aimed at "accelerating industry transformation" in the year. The Company focuses on the transformation of logistics services in various industries from standard capabilities to non-standard services, accelerated the transformation from the traditional model of "selling products" to "selling solutions", so as to provide customized integrated logistics solutions and standardized product portfolio to top customers in various industries and a wide range of small and medium-sized enterprises. In addition, the Company fully integrates the capabilities of various business segments and supply chain organizations within the Group to improve sales collaboration and operational integration and promote market expansion and project implementation. All this aims to expand the Company's share of logistics services for customers and to increase the Company's market share of logistic service in various industries, thereby achieving the overall business objectives of the Group and ensuring that the Company maintains its leading position in the fierce market competition.

(2) Phased achievements: In the first half of 2024, the company's logistics revenues in the automotive, home appliances, e-commerce and distribution, and industrial manufacturing sectors grew by more than 20% year-on-year. Meanwhile, the Company has developed dozens of standardized product portfolios, covering various segmented industries and fields. The Company also developed flagship portfolios with large revenue scale, wide coverage and high reuse frequency and which fully demonstrate the Company's strength in product/service/system. In particular, furniture delivery and assembly, valuable wine transportation, SIM card delivery + activation and automotive parts and supporting services, the four groups of flagship portfolios, have been replicated and promoted at the fastest pace, covering the vast majority of business areas, with a year-on-year revenue growth rate of 60%-145% in the first half of the year.

(3) Benchmark cases:

Automotive aftermarket parts services: With the comprehensive suite of services encompassing express, LTL and FTL freight, warehousing and supply chain, and system customization, the Company developed the automotive parts and supporting service packages and made a breakthrough achievement in managing the logistics businesses related to automotive maintenance including reverse parts recycling, shipment by nationwide warehousing centers, warehouse operation and delivery to outlets, which were previously the advantages shaped by a leading automotive maintenance service provider in China, with the bids won in the first half of 2024 generating an annualized revenue of over RMB100 million. Such service solutions were also expanded to other large auto manufacturers and automotive parts companies, and the bids won and the expected potential contracts in the first half of 2024 in aggregate created annualized revenues in hundreds of millions.

O2O service scenarios in the supermarket industry: Focusing on the needs for contract fulfillment derived from the online retail layout of the superstore industry from regional warehouses, forward warehouses and supermarket stores to consumers, as well as the transfer and transportation needs from warehousing replenishment and delivery to stores in various cities, the Company has deposited the capability mapping of B2C multi-level (multi-category, multi-temperature, multi-time) contract fulfilment and delivery, as well as B2B multi-temperature and warehousing-distribution integration. In the first half of the year, the Company further expanded the B2C business of an internationally renowned large-scale supermarket chain enterprise, realizing instant delivery, same-

[4] The number of active credit accounts is derived from the credit accounts who signed agreements with the Company and conducted business transactions in June 2024

day delivery and next-day delivery fulfilment of online orders for frozen, fresh and dry goods, and a breakthrough in the B2B business of multi-temperature warehouse management and multi-temperature truck tandem transport to stores for the management of the cold, frozen, fruit and vegetable and dry goods of a domestic large-scale supermarket. At the same time, we are actively promoting the reuse of this solution to other domestic and international head supermarket customers. In the first half of the year, the company achieved a year-on-year growth of more than 100 % in logistics revenue generated in the supermarket industry.

Service scenarios in the communication and advanced technology industry: Focusing on the components and assembly segments in the industry, the Company deeply rooted in customer’s full scenarios through combination of multiple solution. In the first half of the year, the Company cooperated with a domestic smart hardware manufacturer in the business fields of material intake, domestic full-truck-load transport, international heavy cargo air freight and other businesses, representing an increase of 10 times in the scale of revenue generation of annual contracts. At the same time, the Company achieved a breakthrough in the scenario of cross-border air transport business of raw materials, formed cross-border service package for raw materials of consumer electronics, and promoted reuse among a number of 3C electronic enterprise customers.

II) Retail Customer

As of the end of June, 2024, the number of retail customers amounted to 699 million, representing an increase of 5.4% or approximately 36 million as compared with December, 2023.

(1) Online Expansion: ①Enhance traffics on private domains: The user base of SF APP has achieved rapid growth, with the total number of accumulated members amounting to approximately 120 million, and the number of new members amounting to more than 11 million compared with that of the beginning of the year, of which the average number of daily active users increased by 18.3% year-on-year. Meanwhile, the Company optimized and promoted paid membership programs such as SVIPs and Affinity Card in the first half of the year, and the cumulative number of users who purchased the programs reached 9.7 million, representing a year-on-year increase of 57.4%. **②Upgrade membership benefits:** The Company continued to enrich the membership benefits with additional more than 20 types to further enhance user stickiness. The number of users who enjoyed the upgraded benefits in the first half of the year amounted to 170 million, representing a year-on-year increase of 147.7%. **③ Promote Prepaid Cards**: the number of prepaid card recharges exceeded 4 million in the first half of the year, representing a year-on-year increase of 17.8%, and the prepaid business scale grew rapidly, driving the subsequent potential incremental delivery business. **④Continuously optimize user experience:** The Company has continued to simplify the order placement process to improve the users' delivery operational efficiency, including optimizing the "online shopping return" function, which met the consumers' needs for parcel return on major e-commerce platforms and offered preferential pricing to attract consumers to complete the delivery of returned parcels by SF on their own. The "delivery logistics" function area was also launched to highlight the ordering channels for the Company's large, LTL and FTL transportation services for a wider range of user groups. In addition, the Company continued to enrich the lifestyle service function area by integrating its internal and external service resources to fully expand the scenarios involving express logistics services, such as recycling of old clothes and books, washing and caring of clothes and household appliances, moving services, cell phone repair, movie ticketing, luxury goods recycling, etc., so as to drive the growth of the Company's delivery business while providing convenient lifestyle services for users.

(2) Seizing the Real-time Opportunities in the Offline Business: ① Strengthening incentive guidance and marketing authorisation: The Company drives couriers to actively develop high-value retail business by implementing targeted incentive policies, The Company drives couriers to actively develop high-value retail business by implementing targeted incentive policies, while empowering couriers with a specific range of marketing tools and permissions, so that couriers have the autonomy of business development and sales to help generate revenue from retail business. **② Upgrading the community collaboration model:** The community assistant operational system was built and improved and also piloted in some business areas. The Company has given full play to the advantages of community neighborhood relationship and acquaintances through the flexible formation of community service team to promote the development of the community express delivery business, and effectively ease the work pressure of the couriers in the peak business hours, enhancing the end collection and delivery efficiency in a more cost-effective way and strengthening the individual user stickiness.

2. Business Development

I）Time-definite express

In the first half of 2024, the Company's time-definite express business achieved tax-exclusive revenue of RMB59.19 billion, representing a year-on-year increase of 5.6%. The Company's time-definite services continue to lead the industry, striving for excellence in time-definite performance, and keep expand more emerging industry customer bases and new scenarios, providing customers with value-for-money services. The Company's time-definite express parcel volume grew 10% year-on-year, with the parcel volume structure penetrating steadily from corporate business to large-scale consumption and industrial manufacturing in the past few years, and the delivery proportion of consumption and industrial manufacturing related categories become the main growth drivers for time-delivery.

(1) Enhancing Product Competitiveness: The Company has continued to improve product timeliness and its commitment to customer service by refining timeliness service layering, combining resource matching and precision marketing and enhancing the cost-effectiveness of its products so as to expand its business scale. **In terms of speedy express products,** the Company optimized route planning and increased the acquisition of advantageous bulk flights resources to enhance the timeliness ability in all aspects, achieving a 16% increase in the number of next-morning arrival air stations; at the same time, the Company optimized the connection between air and land transportation to compress the processing time of the whole process, the average transit time for of speedy express products in the first half of 2024 was reduced by 1.6 hours. **In terms of standard express products,** the Company focused on key city routes to optimize the transportation modes, "decentralized" short and medium distance transit, and improved the next-morning arrival capacity by optimizing route planning, increasing inter-city direct delivery routes, and flexibly using the bus crosstown mode, etc. For long-distance deliveries, the Company strategically combined ground transport with air transportation to improve the timeliness and provide customers with a more efficient delivery experience; at the same time, the Company upgraded the client timeliness commitment to enhance customer perception. In addition, the Company helped couriers to grasp more refined user profiling and business opportunities in the areas they serve through technologies, and granted them flexible and autonomous marketing authorities to support the expansion of individual retail clients and small and micro businesses, further penetrating and seizing the market share of time-definite delivery.

(2) Expanding the New Incremental Volume of the Bulk Express Air Transportation: Through model optimization and bulk flights resources expansion, the number of cities in which a direct receiving and dispatching mode between customers and airports can be realized at both collection and delivery ends for aviation large items has increased to 147, and the next-day timeliness completion rate has increased by 11 percentage points year-on-year; at the same time, the Company enhanced the flexibility of the transshipment process in terms of crosstown points and load distribution, the customer-oriented services, the emergency response and the abnormality handling ability, etc., and continued to improve the service quality in order to boost business expansion. In the first half of the year, the Company made new breakthroughs among high-end industrial customer bases, such as the provision of professional packaging of integrated circuits and other materials, port-to-port services in bonded zones, and cross-border supply chain emergency transportation to high-tech enterprises, in which cross-border transportation was completed within 2 days from delivery, customs clearance to dispatch; the provision of oversized and overweight as well as magnetic and electric air transportation solutions to medical enterprises, making breakthroughs in the segmentation of the biological sample industry; and the provision of a full set of logistics solutions from raw material procurement to in-plant logistics to new energy vehicle enterprises, as well as the provision of the ultimate time-definite service of evening delivery and next-morning arrival for the urgent stocking needs of production lines. At the same time, the Company has continued to expand business scenarios such as extra-large and heavy items, and seasonal fresh, which has contributed to the rapid growth of bulk flights volume of the aviation business.

(3) Strengthening Intra-city Express Delivery Fulfillment Capability: The Company continued to strengthen the average 4-6 hours of intra-city half-day express delivery fulfillment capability within the city and in cross-city economic circle, expanding intra-city half-day express delivery service to 274 cities in the first half of the year, extending the capability to cross-city express delivery, and widening the cut-off time of cross-city half-day delivery service in East China and South China, thereby bringing in more incremental business volume. Meanwhile, the Company expanded more business scenarios for its customers through mode innovation, such as launching the "Flowers 520 day-selective-delivery" service for an emerging e-commerce platform, which supported optional delivery time, covered 248 cities, and achieved a timeliness completion rate of 99.24%. The Company combined terminal outlets with SF INTRA-CITY rider resources to create a "front warehouse + delivery within an hour" mode, which served the near-field e-commerce business scenarios of a leading platform in Beijing, Shenzhen, Hangzhou and other places, and will be expanded nationwide in the future when it is mature.

(4) Consolidating the Market Share of E-Commerce Parcel Return: Relying on the high time-definite door-to-door collection and end-to-end distribution capabilities, the Company continued to consolidate and seize the share of parcel return business in the leading major e-commerce platforms and continued to expand the new platform customers, of which the Company's share of platform distribution parcel returns in some e-commerce platforms accounted for 70%-90%, helping to maintain rapid growth of e-commerce parcel return orders. At the same time, a new order placement function of consumer online shopping return was launched on SF APP to support the consumer's independent return scenario. In addition, the implementation of the delivery centralized operation for the return warehousing reduced the delivery pressure of the couriers and also reduced the delivery cost of each parcel, feeding the market to improve the pricing competitiveness.

(5) The Ezhou Hub Boosted Product Upgrading: The Ezhou hub can reach the whole country and link to the world, by which the Company provided customers with warehousing + forwarding integrated services, maximizing the ultimate timeliness of "evening delivery and morning arrival " and helping customers build a high-efficiency supply chain. By the first half of the year, the Company has opened 55 domestic routes and 13 international routes on the Ezhou hub and reached 15 overseas terminals, with about 37,000m^2 of the supporting warehousing space rented out. At present, more than 30 customers have already settled in, including 3C high-tech, fast moving consumer goods, pharmaceuticals, automobiles, engineering machinery and other high-end industries. Among them, an airline company planned to build a large-scale fresh food port to complete the whole process of fresh food from import, processing to transshipment to reach consumers within 36 hours by combining the advantages of the Ezhou hub warehousing and SF cargo aviation. An international leading optical enterprise planned to build a global benchmarking eyeglasses processing and warehousing and distribution centers in the Ezhou hub, with which SF intends to provide warehousing management + assembly and processing + transit distribution integrated services, achieving the one-stop operation of the whole process from the consumer order placement to the lenses production and delivery. The airport city surrounding the Ezhou hub continues to solicit investments, with which more new incremental air cargo business is expected to be brought in the future.

II）Economy express

In the first half of 2024, the Company's economy express achieved tax-exclusive revenue of RMB13.25 billion, representing a year-on-year increase of 9.3%. Adhering to the sustainable and healthy operation, the Company completed the sale delivery of the franchise model Fengwang Express in June 2023, and revenue of economy express excluding Fengwang Express increased by 15.6% year-on-year, which was higher than the overall growth rate of the express industry.

The overall e-commerce consumer market has experienced sluggish growth this year. The Average Selling Price (ASP) of the franchised express delivery enterprises mainly engaged in e-commerce parcels within the industry has declined to varying degrees, and the industry competition remains relatively fierce. However, our economy express still achieved better business growth on the basis of retaining a significant premium compared with peers. Thanks to the Company's consistent adherence to a differentiated competitive strategy and with high-quality door-to-door delivery fulfillment capabilities and sound integrated warehousing and distribution services, the Company has become the No.1 preferred cooperator among more mid-range and high-end brand customers who pay attention to the consumer shopping experience.

(1) **Enlarging the Scale of the E-commerce Express Business:** Based on the continual business strategy of "core market of a large scale" for e-commerce standard express products, the Company adjusted the pricing strategy for items with different kilograms, optimized the structure of the parcel type; implemented cyclical promotion of products filling the empty space to customers for individual streams of delivery by taking into account the empty space resources of the lines. By doing so, the Company can enlarge the scale of the parcel volume, improve the transportation loading rate and maximize the promotion of line straightening to give full play to the marginal cost-effectiveness. Secondly, the Company tried to strategically focus on the market of e-commerce micro-pieces, and explored the customers in this segment with more suitable pricing strategies and lower-cost operation modes, realizing the business seizure of e-commerce parcels of the traditionally profitable sub-categories.

(2) Improve Quality and Enhance Revenue of Warehousing and Distribution Integration Services: Relying on the efficient and flexible warehouse network with strategic layout across the country and consisting of self-operated, managed, and franchised warehouses, the Company provided customers with hierarchical warehousing and distribution integration services covering the production end, the consumer end and cross-border demand. In 2024, guided by "improving professional ability, guaranteeing service quality and optimizing resource investment", the Company continues to optimize the integrated warehousing and distribution operating capability, continuously refines its service capability, and promotes a year-on-year increase of 34% in the NPS (Net Promoter Score) of warehousing and distribution business.

Rapid growth of the Company's integrated warehousing and distribution business was safeguarded by the high-quality services, in which in addition to maintaining a solid business advantage at the SKA customer level in the first half of the year, revenue generated at the KA customer level increased by 54% year-on-year and revenue generated at the SME customer level increased by 115% year-on-year. With the positioning as the independent third-party logistics service provider, the Company can continue to deepen cooperation with different types of e-commerce platforms, and constantly expand the new platform business, with various integrated warehousing and distribution business of online supermarkets scenario on the mainstream e-commerce platforms undertaken successively in the first half of the year. In particular, the Company joined hands with a domestic leading short video platform to rapidly lay out the online supermarket fulfillment network, with a total of 70% of its national warehousing business undertaken by the first half of the year, and a timely delivery rate reaching more than 99% and the next-day arrival orders reaching more than 97% for the newly commissioned warehousing project right after it was launched. In addition, for the problem arising from insufficient production capacity and inability to produce and fulfill in a timely manner due to the surge in sales volume after the launch of Smoked Plum Juice prescription for the internet business of a Chinese medicine hospital, the Company responded to customer demands and developed solutions within 24 hours, completed the opening of warehouse and delivery within 2 days, with a daily peak processing of up to 260,000 orders, and then ultimately quickly satisfied the fulfillment of over 2.5 million historical backlog of orders by connecting with the factory in a timely manner for delivery and promptly solved the customer's pain points, thus fully demonstrating the professional experience and efficient fulfillment ability of the Company in the integrated warehousing and distribution services.

Additionally, the Company formulated targeted expansion strategies around the customer bases using three different service types, namely "warehousing and distribution integration", "pure warehousing without distribution" and "pure distribution without warehousing", to continuously penetrate into the warehousing and distribution scenarios of the customers, thereby continuously increasing the share of its integrated warehousing and distribution business.

III) Freight

In the first half of 2024, the Company's freight business achieved a tax-exclusive operating income of RMB17.55 billion, representing a year-on-year increase of 16.1%.

In the first half of 2024, the domestic economy maintained steady growth, with freight market demand continuing to recover and gradually expand. Alongside the upgrade of new strategic industries, the high-tech manufacturing sector is actively moving towards intelligent and high-end development. Policies promoting consumption, such as trade-in programs, have effectively stimulated consumption potential in markets like home appliances and furniture. In the face of a complex competitive landscape, SF's freight business consistently adheres to a customer-centric philosophy, offering leading high-quality products and services that promote continuous improvement in business scale, operation efficiency, customer reputation, and recommendation rate. **In the first half of 2024, the cargo volume of the Company's direct-operated and franchise networks both achieved a 24% year-on-year increase. The daily LTL cargo peak volume of the direct-operated network exceeded 63,000 tons, and the daily peak LTL cargo peak volume of the franchise network exceeded 31,000 tons. The overall business scale maintained an absolute leading position in the industry.**

⑴ **Commitment to professional excellence, iterating and upgrading capabilities, and maintaining a leading edge in timeliness:** The Company has developed specialized logistics solutions across various sectors, including home appliances, automotive, and high-end electronic materials. These solutions include integrated services for large parcel warehousing and distribution, professional plans for reducing damage through reusable packaging, logistics support for automotive parts, and end-to-end operation assurance for high-end electronic materials. Timeliness and stability are core competitive advantages for SF Express, with the average delivery time for express products reduced to 39.3 hours in the first half of 2024. Our strategy focuses on "streamlining mid- to long-haul routes while maintaining flexibility for short-haul routes," employing structural methods under "sufficient, consolidated and attracting volume shipment" to reduce transit times and further shorten overall delivery durations while lowering transportation costs, thereby continuously expanding our competitive edge.

⑵ **Building a high-quality LTL logistics network to support industrial manufacturing and foster new growth drivers:** As the sales channels for commerce flatten, and the market for large-volume LTL shipments becomes fragmented alongside the emergence of new industries and manufacturing dynamics, SF Express continued to optimize its operation model and resource allocation, build a high-quality LTL logistics network that meets the demands for large-volume shipments, minimal transit, and low costs in the manufacturing sector, aiming to expand into the industrial large parcel market, catering to production customers who prefer stability and cost-effectiveness. Leveraging professional and reliable services, we deeply cultivated over 24,000 industrial parks across 332 cities in the first half of 2024, serving 410,000 manufacturing customers from the business end, up from 290,000, winning the trust of more customers. The freight volume for large parcel in industrial zones grew over 30% year-over-year, with LTL volume increased 59% year-on-year. Revenue from high-end manufacturing industries like new energy vehicles surged over 40% year-on-year, while revenue from the communications and high-tech sector grew more than 20% year-on-year.

⑶ **Ongoing cost reduction as the foundation for enhanced market competitiveness:** In the first half of 2024, the operating costs for large parcels decreased by 6.1% year-on-year. The reduction was primarily driven by strategies aimed at "improving resource utilization and lowering procurement costs," which are reflected in the following measures: ①Labour costs: We reduced personnel requirements through initiatives such as "continuous investment in automation, system-assisted precise scheduling, and interdepartmental resource sharing". Additionally, we implemented an adjusted compensation model that incentivizes higher productivity, resulting in a 13% year-on-year increase in freight collection and delivery efficiency, and a 11% year-on-year increase in transfer efficiency. ②Transportation costs: By "optimizing resource utilization through multi-network integration, promoting larger vehicles to reduce transport trips, and reducing procurement transportation costs", we achieved a 4.7% increase in loading rates for line-haul route while lowering transportation costs per ton-kilometer year-on-year. ③Facility costs: We "revitalized unused space, negotiated rent reductions, and optimized site integration", leading to a year-on-year decrease in rental per ton for large parcels distribution networks and transfer stations.

⑷ Strengthening network integration to leverage scale effects, complementing direct and franchise networks. Business integration increases market share while resource integration reduces costs.

Business integration to meet diverse market demands: SF Express has consistently provided a diverse comprehensive logistics services for large parcels through a "dual brand" operating model. Under the direct system, SF Express offers mid-to high-end services, while under the franchise system, SX Freight, provides cost-effective solutions. SX Freight has maintained steady business growth, securing a top-three market share in the franchise express sector.

Network integration to reduce costs and increase efficiency: SX Freight now operates 15,700 outlets, achieving a 99.7% coverage rate in towns and villages, a 2.9% increase compared to December 2023. The Company has strengthened resource integration between its direct and franchise networks, further reducing costs and enhancing efficiency. The collaboration between SX Freight and the direct network has not only expanded shipment volumes but also continuously improved operation efficiency, enabling us to deliver high-quality logistics services in partnership with our franchisees and customers, ultimately achieving mutual growth and success.

IV) Cold chain and pharmaceutical logistics

In the first half of 2024, the Company's cold chain and pharmaceutical logistics service achieved a tax-exclusive revenue of RMB5.06 billion, representing a year-on-year decrease of 5.2%. The decrease was primarily due to adverse weather conditions, such as frost and continuous rainfall in South China, which led to a significant reduction in the production of seasonal fruits this year, thereby impacting the growth of fresh and seasonal food logistics.

According to the China Federation of Logistics and Purchasing., the cold chain logistics market in China reached RMB277.9 billion in the first half of 2024, growing by approximately 3.4% year-on-year. While overall growth remained stable, the rate of increase slowed down. On the market demand, growth in fresh and seasonal food e-commerce decelerated, restaurant chains accelerated their expansion into lower-tier cities and counties, and large supermarket enterprises optimized their store layouts, generally pursuing stable operations. The Company leveraged resource integration between its cold chain and express delivery networks to extend its cold chain network at lower costs, ensuring business expansion while maintaining reasonable profit levels for the cold chain business.

(1) Fresh and Seasonal Food Logistics Services

In the first half of 2024, the Company continued to deepen its development in the upstream and downstream of the agricultural product industry chain. On the marketing side, the Company assisted in brand building and channel matchmaking. On the service side, through technology empowerment and lean operations, the Company expanded its coverage of production areas horizontally and developed niche categories vertically, solidifying its leading position in the fresh and seasonal food logistics market. Currently, the Company's agricultural product distribution service network covers over 2,700 county-level cities nationwide and 226 categories covering more than 5,500 types of specialty agricultural products.

①Brand building and production-sales matchmaking: The Company closely cooperated with local governments, industry associations, and leading brands. In the first half of 2024, it jointly built 35 regional agricultural product brands, constructing a "five-in-one" system integrating agricultural industry with brand building, digital empowerment, marketing channels, and logistics ecosystem. Through brand launch events, collaborations with over 120 media outlets, and the release of high-quality video stories on major short video and social media platforms, the Company achieved over 50 million impressions, enhancing the communication effectiveness and promotion capabilities of agricultural brands. Meanwhile, the Company connected various resources and actively explored new forms of e-commerce livestreaming to support farmers, creating one-stop marketing solutions for regional specialties such as Yangshan peaches, Yantai cherries, and Xianju red bayberry, facilitating agricultural industry upgrading and sustained growth.

②Lean operations and services: The Company integrated its own dedicated aircraft, cold chain, warehousing resources, and other external cooperative resources. Based on the value and time-sensitivity requirements of different agricultural products, it adopted a refined stratified and divergent strategy, supplemented by the construction of cross-regional agricultural product distribution centers, accelerating order circulation and overall logistics efficiency. At the same time, the Company continuously reduced operation costs through measures such as using larger vehicles for transportation, optimizing transfer strategies to streamline line-haul route, and fully utilizing empty warehouse resources. This allowed the Company to provide higher value-for-money services to farmers and merchants, effectively enhancing service competitiveness and achieving business growth.

③ Expanding cross-border import and export of fresh and seasonal food: Leveraging the advantages of its all-cargo aircraft resources, the Company continued to expand fruit and seafood import businesses from Southeast Asia and the Americas. In the first half of 2024, a large-scale warehouse project jointly built with a fresh produce supply chain partner for Southeast Asian fruit imports officially commenced operations. This project provides services such as cross-border cold chain transportation, warehousing, pre-processing, and logistics, jointly creating an efficient, convenient, and safe supply chain system for Southeast Asian imported fruits. Additionally, the Company continued to support the overseas expansion of high-end Chinese fruit brands, focusing on European routes to meet fresh and seasonal food cross-border B2C demands with high-efficiency international express services, achieving a doubling of business volume in export of fresh and seasonal food.

(2) Food Cold Chain Logistics Services

Domestic cold chain market price competition intensified, highlighting the phenomenon of "increased volume without increased revenue" among industry participants. The Company focused on food cold chain B2C integrated warehousing and distribution, and B2B LTL businesses. While maintaining leading high-quality and differentiated services, it continuously reduced costs, enhancing service value-for-money and competitiveness. In the first half of 2024, the Company's food cold chain logistics business achieved growth exceeding industry levels.

① **Strengthening the cold chain network:** In terms of warehousing network, the Company optimized existing cold chain sites, integrating external cloud warehouses and cooperative warehouses through an asset-light model to reduce fixed cost expenditures. It also upgraded automated equipment and implemented intelligent production processes to effectively improve in-warehouse production efficiency. For the transportation network, the Company optimized its cold chain backbone network by jointly building, sharing, centrally procuring, and dispatching its own and outsourced cold chain transportation resources at the group level, improving vehicle loading rates and reducing transportation costs. For the distribution network, by utilizing express network and Shunxinhui's terminal resources, combined with the use of temperature-controlled containers, the cold chain network further expanded into lower-tier markets. In the first half of 2024, the number of cities with newly launched door-to-door delivery services for cold chain LTL increased by 27% compared to the end of 2023.

② **Expanding business growth: SF Cold Chain focused on B2C integrated warehousing and distributio**n, B2B temperature-controlled LTL, and restaurant delivery. The Company targeted brand food enterprises with online and offline omni-channel sales, food processing enterprises primarily operating through offline channels, and restaurant chains, intensified efforts in business development and customer acquisition. Notably, by iterating and refining SOPs and packaging solutions specifically for the ice cream industry, the Company successfully replicated benchmark cases, resulting in a year-on-year revenue increase of over 100% for new ice cream contracts.

③ **Establishing industry benchmarks:** SF Cold Chain has topped the list of Top 100 Cold Chain Logistics Enterprises in China*（中国冷链物流百强企业） for six years in a row, participating in the formulation and revision of multiple national industry standards, continuously refining various professional service standards to set benchmarks in cold chain services. In fresh and seasonal food e-commerce delivery scenarios in Beijing and Shanghai, the Company piloted the use of new decomposable and recyclable materials for packaging, replacing traditional white foam boxes, and established a sustainable packaging recycling system, promoting the green development of cold chain logistics.

(3) Pharmaceutical Logistics Services

Despite a decline in the overall pharmaceutical logistics market due to the waning of previous benefits and the expansion of centralized drug procurement policies, the end-market retail for pharmaceuticals continues to grow, driven by aging demographics and increased health awareness among residents. The Company has achieved above-industry growth by enhancing its cold chain temperature control services and developing end-to-end pharmaceutical supply chain solutions, thereby solidifying its service foundation and expanding service scenarios.

①**Enhancing service quality:** The Company invested in specialized equipment such as temperature-controlled boxes, constant temperature cabins, and dual-temperature vehicles ("refrigeration + normal temperature"), and integrated express network resources for flexible operations. This effectively increased the number of temperature-controlled pharmaceutical transportation routes and departures, expanded the coverage of the pharmaceutical temperature control service network, improved service timeliness by 1-2 days, and reduced the per-kilogram cost of temperature-controlled LTL products. This model helped the Company maintain marginal cost benefits while winning customers with more competitive pricing.

②**Expanding service scenarios:** The Company strengthened its pharmaceutical supply chain solution capabilities to explore new business opportunities. In the vaccine sector, it partnered with leading enterprises to establish industry standards for reverse logistics of vaccines, expanded storage and transportation services for Class II vaccines, and consolidated its leading position in the vaccine logistics market. In the CRO (Clinical Research Organization) sector, the Company explored new models, accumulating storage and transportation capabilities for high-precision pharmaceutical products under research by CROs. In hospital scenarios, the Company focused on building and enhancing professional capabilities, providing specialized training and certification for couriers serving hospitals, establishing benchmark cases for temperature-controlled transportation in hospital settings, and expanding cooperation with more hospitals. Additionally, by seizing opportunities from pharmaceutical industry reforms, the Company collaborated with pharmaceutical distribution enterprises for warehousing and operations, expanded logistics business with foreign pharmaceutical companies, and partnered with chain pharmacies for the terminal delivery of insured drugs, driving new growth in pharmaceutical logistics business.

IV) Intra-city on-demand delivery

In the first half of 2024, the Company's intra-city on-demand delivery business achieved operating revenue excluding tax of RMB3.96 billion, with a year-on-year growth of 18.5%.

As the largest third-party on-demand delivery service platform in China, SF Intra-city provides customers with high-quality, efficient and comprehensive third-party on-demand delivery services by relying on in-depth industry insights of the local lifestyle services,nationwide flexible delivery network and continuous innovation of digital intelligence capabilities. During the Reporting Period, the revenue scale of intra-city on-demand delivery business continued to expand, technological advancements and lean management drove the improvement of operation quality and efficiency,maintaining gross profit margins and expense ratios at healthy level, driving the continuous growth of net profit.

(1) Multi-pillar founded drivers achieved healthy and high-quality development of revenue

For merchants, SF Intra-city insists on strengthening and consolidating its customer service advantages, helping brand merchants to expand the scope of delivery services in the process of store expansion and online operation, and helping them to achieve cost reduction and efficiency increase in respect of performance. The cooperation share with top-tier customers continues to increase. While maintaining the leading share, the new cooperative stores exceeded 6,000 during the Reporting Period. It maintains close cooperation with customers of various e-commerce platforms, actively explores new business models in local lifestyle services, and fully meets the needs of home delivery business on the platform. In the first half of this year, the annual active merchants of SF Intra-city reached 550,000, representing a year-on-year growth of 45%.

For individual consumers, SF Intra-city is committed to offering industry-leading and professional delivery services. "Deliver for Me, Fetch for Me, Purchase for Me,and Solve for Me" services fully cover personal work and life scenarios. In the first half of this year, SF Intra-city further strengthened its service capabilities in central business districts and office areas to create industry service standards for high-end business customers. By expanding the coverage distance of intra-city "hourly delivery (小時達)"services, it achieved strong growth in the order volume and revenue of this service. Through intensified collaboration with external channels and a variety of ways such as platform collaboration campaigns, both customer acquisition efficiency and new user conversion rates are enhanced. Through the refined user operations and optimising the membership system, the retention and repurchase rates of existing customers were promoted, and the consumers' mindset that "SF Intra-city, the first choice for urgent delivery of valuable items" was strengthened. The scale of annual active consumers continues to expand, and in the past 12 months as of the end of June 2024, the scale of active consumers exceeded 21.9 million.

(2) Technology empowerment and refined operations helped reduce costs and increase efficiency

SF Intra-city is committed to promoting digital operations and intelligent decision-making in all aspects of the business. The City Logistics System ("CLS") covers three core functions, including intelligent business planning and marketing management, integrated rider dispatch and intelligent order distribution, and intelligent operational optimisation, realising the collaborative response of core processes and optimally matching orders with riders in different industries, scenarios and complex delivery networks.

For riders, the system fully considers the availability and convenience of riders' delivery time and routes. In the context of rider safety, we optimise the rationality of rider dispatch and route planning to help riders effectively increase productivity and personal income. The system also enhances rider experiences in combination with rider incentive systems, considering rider delivery experiences, adverse weather conditions, night shifts, and peak times, offering personalised dispatch to provide technological backing of the Company.

At the same time, combined with the Company's commercial application of unmanned delivery technology and centering on the last-mile delivery business, it explores the operation mode of unmanned vehicles delivery among transit hubs and local delivery outlets, which is expected to become an effective supplement to the existing rider network in the future and promote efficiency improvement.

(3) Solidifying the capacity, and comprehensively improving the service coverage of the multi-scenario and flexible network

In terms of scenario coverage, SF Intra-city has continuously expanded the local life service field by relying on the multi-scenario capability, and continuously optimised products and services around key categories. In the first half of this year, the delivery revenue from [tea and beverages] increased by 60% from the corresponding period of the previous year, and the delivery revenue from [supermarkets and convenience stores, cakes and bakeries, pharmaceuticals and cosmetics] and other categories increased by high double-digit from the corresponding period of the previous year.

In terms of business districts coverage, SF Intra-city has strengthened operational efficiency in business districts around the stores of our top customers, effectively solving pain points such as peak order overload, excessively long waiting times for meals, and idle personnel during off-peak hours, and the number of profitable business districts increased and the fulfillment process maintained steady. The fluctuations in the fulfillment in-time rate during holidays and bad weather conditions were narrowed to less than one and three percentage points respectively. The average delivery time of orders within 3km was 22 minutes.

In terms of geographical coverage, SF Intra-city continues to strengthen the construction of on-demand delivery networks and service capability in lower-tier markets, and provides more convenient on-demand delivery services for differentiated local lifestyle scenarios in counties. During the Reporting Period, SF Intra-city on-demand delivery covered more than 1,200 counties throughout the country, reaching a county coverage rate of 68%, and the county revenue scale increased by 51% year-on-year.

In addition, SF Intra-city works closely with other business segments of the Group to create an efficient supply chain solution of "warehousing + transport + intra-city on-demand delivery" for customers, giving full play to the advantages of SF Intra-city's rapid delivery, and helping the Group expand customer base and enhance customer stickiness.

VI）Supply chain and international business

In the first half of 2024, the Company registered tax-exclusive revenue of RMB31.20 billion from the supply chain and international business, representing a year-on-year increase of 8.1%, which was benefitted from the recovery of the international air and sea freight demand and the increase in freight rate, and the sound business growth achieved as Company seized the opportunities from Chinese enterprises' overseas production capacity expansion, international brand recognition enhancement and cross-border e-commerce development by deepening business integration and continuously extending supply chains and international markets.

⑴ Consolidating international networks:

① Route lay-out: In response to the business situation, the Company continued to exploit new routes and increase the flight frequency of routes, in which new routes and flights from the Asian region to some countries in South Asia were added and encrypted, while for major countries in Southeast Asia, deploying the 747 and 767 large aircraft to fly individual flights to Singapore and Kuala Lumpur on the basis of maintaining 5-7 flights per week, to expand the resources of air cargo space; the addition of new international routes in the European region departing from domestic cities to Hungary and increasing the flight frequency of international routes from domestic cities to Liège, Belgium, to 4 flights per week; the addition of new international routes in the Americas region departing from domestic cities to Chicago and constantly increasing flight frequency to New York, Los Angeles and other cities to 4-6 flights per week by utilizing internal and external resources. **②Strengthening customs clearance capabilities:** As of the end of the reporting period, the Company offered self-operated and agent customs clearance services at 71 ports worldwide, with 9 AEO advanced certification licenses recognized domestically, and focused on the Asian and Americas regions to strengthen the self-operated customs clearance service capacity. The Company's overseas self-operated customs clearance service permeated into 14 ports, to further improve the efficiency of the Company's customs clearance for express cargo. **③ Strengthening local capacity building overseas:** The Company invested in an airside site in Singapore to accelerate customs clearance and transit in Southeast Asia, further enhanced the Company's cross-border next-day delivery capability, bringing in a 20% year-on-year increase in the next-day delivery fulfillment rate from China to Singapore. The Company continuously optimized its layout of local express network in Thailand, empowered the improvement of management standardization and efficiency and the enhancement of express service timeliness with technologies, and at the same time, expanded the area of customs clearance handling sites to enhance its cross-border business capacity in Thailand. The Company increased the number of self-operated service outlets in the Asian region, and realized entire self-operation in core cities of Southeast Asian countries, Japan and South Korea, while deepening cooperation with local express logistics enterprises in the European and Americas regions with an aim to develop a stable local delivery performance.

⑵ Expanding supply chain and international business:

① International express:

a. Overseas expansion. Driven by the cross-border e-commerce business of domestic e-commerce platforms, the demand for export logistics remains strong. However, at the same time, the industry witnessed the platforms' shift to a semi-trusted model and the increased demands for cost-effective logistics services. The Company is committed to providing differentiated high-quality services, focusing on medium- and high-end demands, and relying on the capability of its self-operated network in the Asian region, to provide e-commerce platform customers with cross-border door-to-door next-day delivery in certain countries in Southeast Asia, with a next-day delivery rate of more than 90%. The efficient fulfillment aids the platforms in reducing the rate of consumer returns and increasing the rate of repeat purchase and adhesiveness.

b. Import to China. We are making a strong effort to expand the market for local specialties such as fruits and fresh produce, jewelry and accessories in Southeast Asian countries, and the cross-border logistics scenarios, such as shopping with express delivery, for travelers, with an aim to boost the business volume of shipments returning from Southeast Asia. The Company, fully utilizing its advantages of cross-border end-to-end capabilities, adopts the consolidated loading and transshipment mode for local bulk cargo to be loaded in a consolidated mode and air transported as a whole, and we then unload and split the order after air transport to mainland China and then distribute to the customers, enabling the Southeast

Asian fruits to be directly shipped from the country of origin to the domestic consumers within 48 hours. It addresses the shortcomings of traditional land and sea freight, which involves the long chain, the long cycle and the ripening process that lead to the subpar taste of fruits, and aids in the delivery of e-commerce live orders of Southeast Asian fresh fruits on B2C platforms. In the case of the Thai durian project, for example, the cargo volume has grown rapidly since the model was implemented, boosting the load rate of all-cargo aircraft returning from Bangkok, Thailand, by approximately 40 percentage points. In addition, a large international convenience store chain group in Thailand has collaborated with the Company, enabling consumers to place an order at its over 10,000 stores in Thailand and have it picked up and delivered to their homes, including the delivery of Chinese tourists' purchases back to their country. On the one hand, the cooperation expands the Company's business volume, and, on the other hand, integrating the SF brand into the daily lives of Thai residents and tourists through customer channels to increase our brand awareness.

c. For other regions. The end-to-end standard express products in the European region are experiencing rapid growth, at the same time, the European export flow deepens business cooperation with international large-scale e-commerce platform customers, offering customers with cross-border transportation services from Europe to China, Mexico, Turkey and other destinations. In the Americas region, it has shortened the end-to-end distribution routes and achieved cost reduction and efficiency improvement by upgrading its self-operated customs clearance capacity and local air-land link-up and transshipment capacity.

②International freight forwarding:

In the first half of 2024, the global economy showed signs of recovery after three consecutive years of slowdown, although growth momentum remains relatively weak. The persistence of geopolitical conflicts, port congestion, the booming cross-border e-commerce, and early loading of imported goods by shippers ahead of the peak season, contributed to a significant increase in international sea and air freight prices in late second quarter.

Leveraging a resilient network and flexible capabilities, the Company has tailored cost-effective and adaptable solutions for customers, successfully transforming challenges into opportunities in a volatile market environment. In the first half of 2024, revenue from international freight and freight forwarding business experienced double-digit growth. The sea freight business maintained its leading position among non-vessel operating carriers in terms of cargo volume on major trade routes in Asia. At the same time, the positive impact of rising sea freight rates is anticipated to reflect in the second half of 2024. Benefiting from robust demand in cross-border e-commerce, the air freight business achieved stable cargo volume during the traditional off-peak season. The Company has also strengthened cross-selling between domestic and overseas teams, capitalizing on the advantages of the Ezhou hub to launch more trans-Pacific air freight routes, thereby capturing the growing market demand.

③Supply chain:

In the context of promoting the development of new quality productive forces and industrial upgrading, more and more customers attached importance to supply chain efficiency. Relying on the rich product matrix and excellent logistics solution capability, the Company has served customers in a wide spectrum of industries including production and manufacturing and lifestyle consumption, and penetrated into the whole chain of procurement, production, distribution, retailing and after-sales, including, without limitation, finished product warehousing and distribution, and at the same time covering both domestic and international markets. Based on the complete end-to-end service chain, the breadth and depth of supply chain insights, and the advanced technology, the Company was able to deeply understand the pain points and demands of customers, helped customers plan the supply chain holistically, and reshaped and optimized the overall layout by creating professional technology solutions, ultimately improving the efficiency of the customers' supply chain and effectively reducing costs. Compared with the domestic service providers, the industries served by SF were more comprehensive with more complete chain and more professional technical solutions; compared with the international service providers, SF's supply chain solutions were more in line with the latest needs of the customers, featuring faster response speed, stronger innovation ability and higher price performance

With a focus on the strategic direction of "The One In

Asia", the Company fully capitalizes on the supply chain service capabilities of Fenghao Supply Chain, Shunxinhui and Kerry Logistics in both domestic and Asian regions, grasps the major trend of Chinese enterprises' overseas production capacity expansion and international brand recognition enhancement, builds an efficient and reliable international supply chain for the customers, and realizes business breakthroughs from 0 to 1 to N in various countries, industries and service scenarios. In the first half of this year, the Company successfully won the bids for over 40 cross-border supply chain cooperation projects.

The projects covered leading customers in multiple industries such as e-commerce and movement, industrial manufacturing, high technologies, apparel, shoes and hats, furniture and appliances, automobiles, and coffee and tea chains, with service coverage in Singapore, Malaysia, Vietnam, Thailand, South Korea, the Philippines and other countries. The business scenarios include air transportation of precision instruments, sea transportation of new energy materials and equipment warehousing, e-commerce cross-border warehousing and distribution integration, local logistics for automobile spare parts, and overseas local distribution of various finished products, etc. We have made key breakthroughs in supporting Chinese enterprises' overseas production capacity expansion and international brand recognition enhancement, and obtained extensive experience in supply chain solutions, which lays a solid foundation for the subsequent replication and promotion of relevant solutions to customers from more industries.

Case study: assisting in expanding production capacity overseas

In recent years, China's new energy vehicle export sector has shown a strong growth, and new energy vehicle enterprises have set up production bases and supply chains overseas to enhance brand influence and market share. In cooperation with a leading Chinese new energy vehicle manufacturer, the Company has gradually expanded its business engagement in China from express delivery to after-sales spare parts transportation and FDC warehouse hosting, and further to the upstream of the supply chain, such as procurement logistics, production logistics and other aspects of integrated logistics cooperation. In the cross-border field, since the first successful collaboration on the air export transportation project of large-scale power lithium batteries at the end of last year, the two parties engaged in more in-depth business negotiations and cooperation in the field of international supply chain this year. In the first half of 2024, the Company achieved a 170% year-on-year increase in revenue from logistics business for services provided to this customer.

With rich international all-cargo aircraft resources, customs clearance and solution capabilities, the Company has assisted customers in completing cross-border transportation tasks for large-scale precision equipment imported from Singapore, Japan and other places. With the official commissioning of the customers' factory in Thailand, the two parties have fully discussed on more scenarios of cooperation regarding the customer's subsequent demand for more ancillary supply chain services in overseas production, including the solutions for sea transportation from domestic ports to Thai ports, transportation of large core parts from domestic production bases to Suvarnabhumi Airport, handling of temporary demand for urgent shipments, cross-border ground shipping and local in-factory logistics services, which suggested great business opportunities in the future.

Case study: assisting in enhancing international brand recognition

The Company has cooperated with a well-known Chinese coffee franchise brand for many years, undertaking approximately 60% of its temperature-controlled warehouse of food raw materials and cold-chain delivery to stores, as well as immediate delivery services for store takeaways in China, to support the rapid expansion and business development of its domestic stores. As customers have started to expand into the Southeast Asian market in the past two years, the Company has customized a complete set of solutions for its supply chains going overseas and local services from 0 to 1. In the domestic delivery, the Company coordinates suppliers to classify store equipment, packages, utensils and other general equipment, as well as room temperature food and frozen food and other goods that need to be inspected, and transport to CDC in Shenzhen; according to the classification of goods for customs clearance, taking short barges into the port of bonded warehouses, and then loaded with containers to be sent to the overseas destinations through sea shipping. In the overseas local delivery, after the customs clearance is finished and the containers are picked up, they will be transported to the Company's overseas local warehouse and delivered to customers' overseas stores on demand ultimately.

As of the first half of this year, the Company has successfully assisted customers in opening and operating over 30 stores in Singapore. During the implementation period of the project, urgent orders were 100% fulfilled. A T+0 timeliness can be achieved during customs clearance and distribution replenishment processes, with no abnormalities in delivery throughout the year. The Company has fully replicated its domestic efficient supply chain capabilities overseas to assist customers in rapid expansion. In the future, as customers plan to open more stores, the Company is expected to engage in supply chain business cooperation with more Southeast Asian countries. In addition, more and more Chinese tea brands are going overseas, which is benefitted from the cross-border supply chain solutions and experience gained by the Company.

3. Operation Optimization

Committed to the equilibrium of quality, time efficiency and cost, the Company promoted the network base development in 2024, while further advancing the evolution of operation model, strengthening network integration and applying a lean approach to resource management, thereby maximizing the operation efficiency and economic benefit of each link of transit, transportation and terminal collection and dispatching and reducing the cost of each parcel.

I) Transit

By promoting the business mindset in the practice of sorting centers and improving the site resource efficiency through fully developing the advantages of sorting centers, the Company further advanced the evolution of operation model.

(1) New Achievement in Model Evolution: The Company persistently refined the operation model of "direct sorting at sorting centers + container freight delivered directly to customer-facing terminal stations" to further develop the strong functions of sorting centers and streamline the operation procedures of terminals. Additionally, the Company extended the container evolution to the end-to-end link and made a record-breaking achievement in building a transit hub of container freight for the line-haul transportation, complemented by the deployment of AGV technology to achieve fully automated sorting. Such a model could improve the transit efficiency, minimize the damage rate and raise the loading rate of transit lines.

(2) Improvement of Operation Efficiency: The Company devoted efforts to transform the sorting centers from cost centers to business hubs and fully develop the potential of sorting centers with an aim of improving resource efficiency. Temporally, sorting centers offered settlement incentives to each business fronts in off-peak hours in the day, to encourage the customer-facing front end to collect and dispatch the parcels to sorting centers as early as possible, so as to improve the capacity utilization and spread the fixed cost. Spatially, the Company explored the greatest potential for tridimensional capacity expansion for sorting centers by integrating the storage capability, to achieve "upper-layer warehouse, lower-layer transit" to maximize site resource efficiency. Functionally, sorting centers set up dedicated collection areas to accept customers' direct parcel dispatching to the sites, which boosted efficiency, saved costs for customers, and eliminated the transit process and cost as the capability covered couriers in vicinity and enabled them to dispatch the parcels directly to the sites. In addition, the Company consolidated site integration on holidays. When the business was in the trough on holidays, the sorting centers for small parcels were utilized intensively for the operation of large parcels, and the Company had more sites integrated and suspended temporarily on weekends, holidays or off-peak seasons on the basis of maintaining a certain number of sorting centers for large parcels for temporary business suspension on Chinese New Year and May Day Holiday, so as to reduce the manpower for operation of sorting centers and the input of line-haul and short-haul transportation capacity and to achieve higher operation efficiency. In the first half of 2024, the capacity utilization of sorting centers for small parcels improved by approximately 6 percentage points, which was conducive to the further reduction of transit cost per shipment.

(3) Enhanced Transit Capacity: In alignment with operational goals and business requirements, the Company invested in automation equipment and upgraded process design in a strategic and well-planned way for higher transit efficiency and capacity. In the first half of 2024, the Company deployed over 100 sets of automation equipment, which included the introduction of automated packaging equipment, to further consolidate the automation degree, thus improving the small-parcel transit efficiency by 10% and the large-parcel transit efficiency by 11%. In the meantime, the Company broke through the traditional standardized design of sorting centers and tailored the process and equipment layout to the specific types and structures of parcels handled by different regions, so as to better meet the express delivery requirements, lower the damage rate and improve the service quality. Looking ahead, the Company will reduce the number of operation sites within urban areas and strengthen the capacity of single operation site by taking the integration and construction of multi-functional large centers with sorting and storage capabilities for small and large parcels as the development direction, thus driving the further achievement of route optimization and streamlining the backbone network.

II) Transportation

With streamlining the backbone network as the priority, the Company adjusted the transportation model and the route planning to achieve optimal consolidated shipment deliveries and streamlined routing, and strongly controlled the price of transport resources to further lower the cost per capacity parcel.

(1) Adjustment of Transportation Model: Breaking through the traditional parcel flow model based on administrative boundaries, the Company adjusted the transportation model across the entire network by the guiding principle of "optimal routing and least time consumption"; consolidated shipment deliveries, expanded the cargo volume of each route and streamlined routing to the maximum extent to minimize transit operations, with consideration of site integration and adoption of consolidated shipment deliveries in line with flow directions and cross-region consolidated transshipment. In the first half of 2024, the Company introduced over 900 direct-delivered line-haul routes year-on-year.

(2) Consolidated Shipment after Route Integration: The Company promoted the regular route integration for small-parcel and large-parcel businesses of the self-operation network for over 700 line-haul routes, and the franchise model network SX Freight integrated nearly 2,000 tons of cargo every day to the self-operation network for consolidated shipment, making full use of the ground and air transportation resources. As a result, the loading rates for large-parcel line-haul routes improved by 4.7 percentage points in the first half of 2024. For short-haul routes, the Company reduced the input of short-haul transportation capacity by dispatching large-parcel dedicated vehicles to small-parcel outlets for consolidating or distributing shipment, with such 160,000 times of such scheduling in the first half of 2024, representing year-on-year increase of 50%, the loading rates for large-parcel short-haul routes improved by 5.0 percentage points. In addition, the Company expanded the service coverage of food and pharmaceutical cold chain network with a low-cost model by applying trucks featuring dual-temperature functions of cold and room temperature storage for pharmaceuticals and triple-temperature functions of frozen, cold and room temperature storage for food and adopting constant temperature containers such as temperature-controlled boxes and compartments in express delivery routes.

(3) Resource Management: The Company continuously refined the structure of ground transportation and enlarged the proportion of transport resources with long-term cooperation and stable pricing to consolidate the resource and price stability, and the line-haul routes undertaken by stable transport resources (including self-operated capacity and annual contracts) accounted for over 90% in the first half of 2024. Following the standardized pricing for short-haul routes, the Company focused on the line-haul routes (50-500KM) of core city clusters within the economic circles of the Pearl River Delta, the Yangtze River Delta and the Beijing-Tianjin-Hebei Region and broke away from suppliers' control of resources and prices by developing the standardized pricing mechanism and the FTL model. Moreover, with the gradual improvement of ground transport scheduling system and resource input model, the Company promoted the direct transport resource management program in urban areas, under which the system sent orders to drivers automatically, thus minimizing the price hike and settlement risks associated with sub-contracting. The model has been promoted in 53 cities in the first half of 2024. The Company strengthened the management of transport resource prices by improving the aforesaid transport resource outsourcing mechanism, the route-based cooperation model and the resource management mechanism, thus reducing per kilogram cost.

III) Terminal

(1) Further model evolution: The focus of the first half of 2024 was to achieve further model development and efficiency improvement for the 3,000 outlets that had completed operation model reform previously. For the outlets whose post-reform performance approximated their performance before the initiative, more customer-facing terminal stations were established to generate greater synergy. For the outlets whose post-reform performance did not approximate their performance before the initiative, low-efficiency terminal stations were removed, and cost control measures and other strategies were adopted in the transit process and the short-haul routes, so as to boost the overall effect of the evolution program. Moreover, hundreds of unmanned transshipment and delivery vehicles tailored for short-haul routes with small cargo volumes were deployed in selected cities to replace the high-cost outsourced transport resources. In the first half of 2024, outlets that had advanced model evolution witnessed 20% improvement in terms of damage rate, higher parcel flow efficiency and lower warehousing costs and short-haul transshipment labor costs, and relieved the work intensity of couriers accordingly to allow couriers to engage in more customer-facing services.

(2) Terminal Integration: The Company further strengthened the integration of terminal resources and operation for small parcel and large parcel businesses, and expanded the coverage of large-parcel terminal services by establishing the collaboration model for small-parcel couriers and large-parcel couriers, building integrated outlets with capabilities of handling both small parcels and large parcels and facilitating small-parcel service outlets to cultivate the large-parcel operation capabilities as supplement. As at the end of the first half of 2024, the coverage of self-operation terminals with large-parcel delivery capabilities increased to 99.6%. The large-parcel handling capabilities were also extended to township agents to further develop the service penetration. Moreover, the Company advanced the construction of integrated outlets with food and pharmaceutical cold chain capabilities for the purpose of cold-chain network expansion at low costs; strongly supported the flexible collaboration between delivery terminals and riders of SF Intra-city to fully utilize the flexible resources of intra-city riders and minimize the cost of permanent staffs.

IV) Courier Management

As the core force, the frontline of couriers is key to the Company's market expansion and customer services. While placing a high priority on couriers' satisfaction and protecting their rights and interests, the Company helped couriers to achieve business development and income growth by offering them a combined package of incentives.

(1) **Impetus to Revenue Growth: ① Technological Empowerment:** Couriers had registered on the WeCom platform to facilitate communication with customers and improve service experience, through which the Company's promotion incentives were sent to a large group of customers simultaneously and promptly, thereby helping couriers to develop businesses and enhance customer adhesion. Additionally, the intelligent service center for couriers leveraging the large language model was able to respond to the inquiries of couriers in respect of operations, including whether they were allowed to take the certain items mentioned therein, which helped couriers to improve their business capabilities. Currently, couriers raised 22,600 inquiries at average through the platform every day. ② **Scoring-based Incentive:** The Company introduced the scoring system for business development to encourage couriers to explore opportunities and develop businesses. In accordance with the scoring criteria and the rankings of couriers grouped by regions, the Company rewarded couriers of top rankings with additional bonuses, motivating them to actively explore new businesses. ③ **Captain Program:** The Company piloted the leadership program by selecting couriers with strong business capabilities and outstanding leadership skills to act as the captains of specific regions, clarifying the powers, responsibilities and interests and granting authorization in deploying marketing strategies, so as to lead other couriers to develop businesses in concerted efforts, cultivate the self-management pattern and stimulate the vitality within the organization. Captains and the teams were offered additional incentives for their outstanding performance. This captain program enabled couriers to support each other, facilitated effective communication and better problem solution and contributed to business capability improvement, fostering a virtuous cycle of healthy work environment, high satisfaction and robust business growth for couriers. Regions of the pilot program had benefited from the policies, and revenues from retail customers and small- and micro-sized businesses registered a growth rate higher than the average levels of the relevant regions.

(2) **Greater Satisfaction: ① New employee training:** The Company remolded the standardized training procedures and the operation monitoring mechanism for new employees, introducing collective training sessions, hands-on job shadowing and ongoing performance monitoring in addition to the existing online fundamental sessions, extending the training to 14 days and the close tracking period to 180 days, and assigning coaches to each new employees for guidance.

With the well-designed training mechanism, the Company recorded year-on-year significant decrease in customer complaints for services offered by new employees in the first half of 2024 and year-on-year decline of 8.7 percentage points in turnover rate.

② **Support to Low-income Couriers:** For couriers of constant low earnings, the Company analyzed the reasons more carefully by considering the regional factors and individual capabilities, and provided targeted solutions to address the regional issue of low earnings sustaining for a long term. In the middle of the month, the Company sent notifications to couriers who may possibly had low earnings in the month and offered flexible incentives designed for specific hours and groups of different characteristics to help these couriers to expand their earnings. ③ **Support to Productivity Enhancement:** With further improvement of operation system and operation model and assistance of new high-efficiency collection and delivery tools, the Company helped couriers to enhance productivity and relieve labor intensity, thus improving the collection and delivery efficiency by 6.2% in the first half of 2024.

III. Core competitiveness

1. The Company has an efficient and reliable global logistics infrastructure network, based in China, radiating to Asia, and connecting the world

Note: The data below are all as of June 30, 2024

Global service network coverage

Domestic

Prefecture-level divisions covered in China
339

County-level divisions covered in China
2,789

Prefecture-level divisions coverage
100%

County-level divisions coverage
98.1%

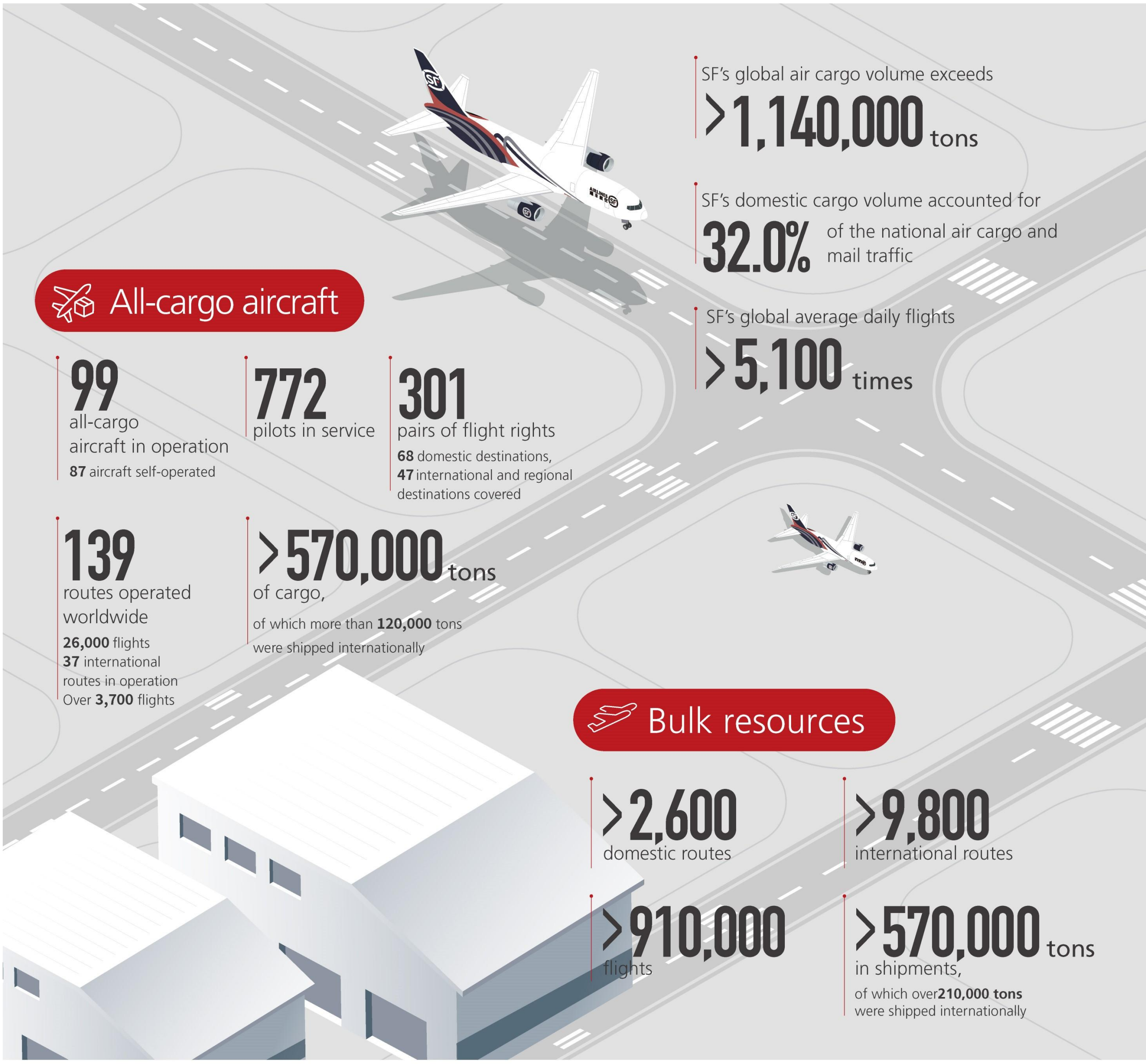
Overseas

International express delivery , freight forwarding and supply chain business
97 countries and regions covered

International small parcels business
202 countries and regions covered

We are operating a cargo airline that is the largest in China and maintains leading position in the world, and we are also the largest shipper of air cargo in China

Note: For the data below, the time points are all as of June 30, 2024, and the periods are all from January 1, 2024 to June 30, 2024.

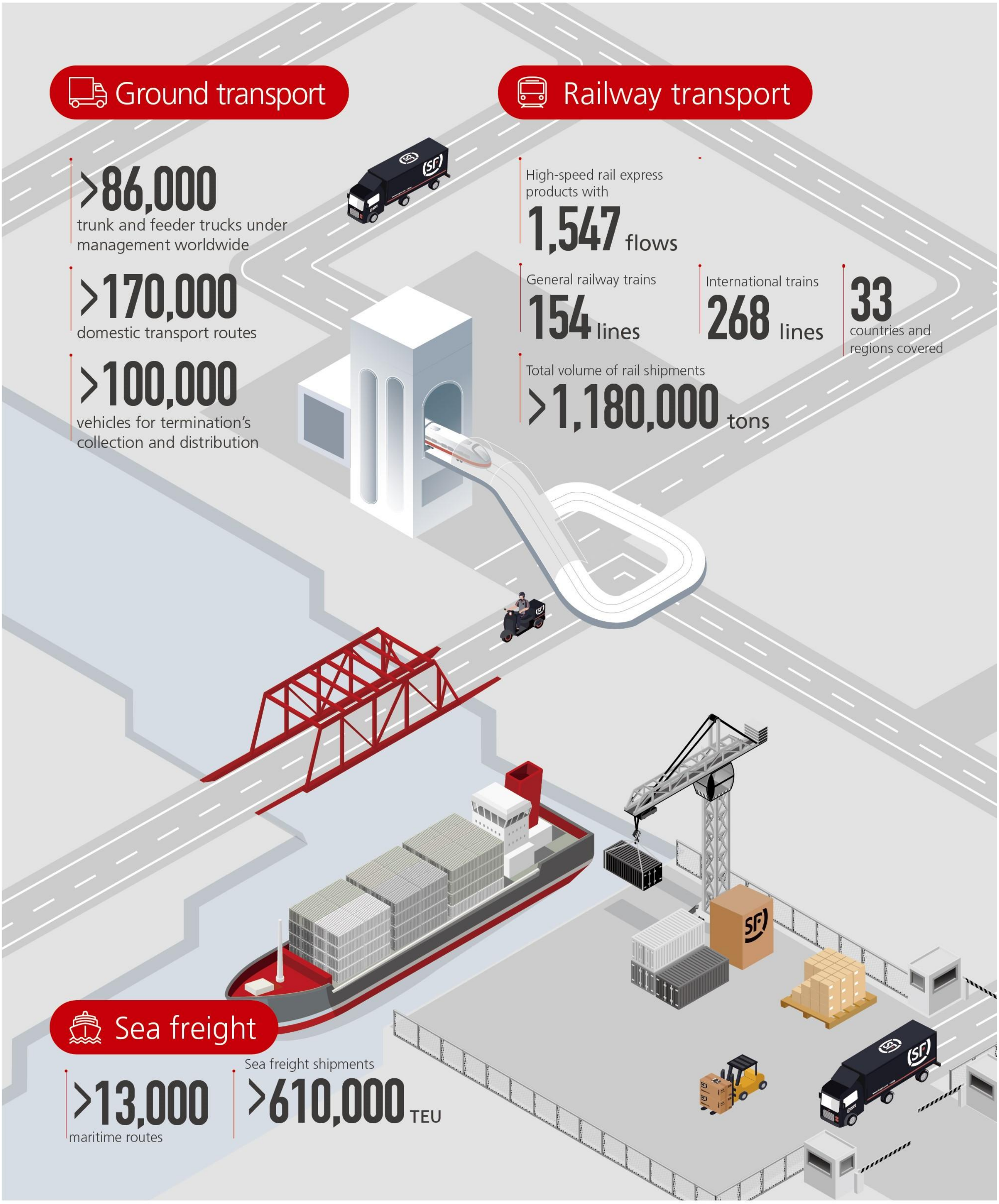


Ezhou cargo hub, which is largest hub transit center in Asia built by the Company, became fully operational in the third quarter of 2023. As of the end of the Reporting Period, the Company has opened a total of 55 domestic cargo routes and 13 international cargo routes at the Ezhou cargo hub, connecting 40 cities across the country and reaching 15 international terminals. The logistics complex in the Ezhou cargo hub, covering an area of 750,000 square meters, has an intelligent sorting line with a total length of 52 kilometers, which can handle 280,000 express parcels at peak hours per hour. At the same time, 14 customs intelligent inspection lines cooperate with the fully automatic sorting system, giving international express parcels the same efficiency as ordinary parcels. The international express parcels take only 15-20 minutes from going online, customs clearance, falling into the grid to boarding. The cargo volume of the Ezhou hub international freight route operated by the Company increased by over 50% in June 2024 compared to that of December 2023.

The Ezhou hub aims to become a global supply chain center and high-end processing and distribution center in the long run, and currently various enterprises in high-end industries such as 3C, beauty, cold chain, pharmaceuticals, automobiles, and optical glasses have based themselves there. The Company will continue to operate under the principles of safety, efficiency, intelligence, and environmental friendliness, optimize and improve the air line network layout, achieve seamless connection between domestic and international air line networks, and gradually achieve the goal of "reaching the whole country overnight and connecting the world the third day".

Our extensive resources of transportation mode allow us to provide domestic and cross-border multi-modal transportation services for our customers

Note: For the data below, the time points are all as of June 30, 2024 and the periods are all from January 1, 2024 to June 30, 2024.



The global presence of our outlets has been a contributor to our international and localized operations

Note: The data below are all as of June 30, 2024

Service outlets

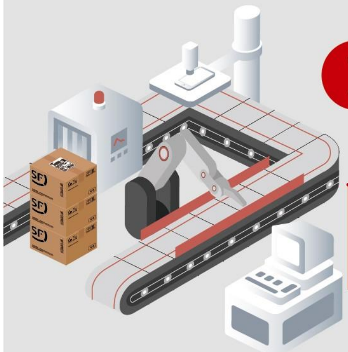
>37,000
domestic service outlets and other service stations

>130,000
cooperative service points
(including city stations and rural distribution shops)

>18,000
overseas self-operated & joint-operated outlets

>450,000
network-wide couriers

Transit depots



Express depots

224
transit depots in operation

Freight depots

156
transit depots in operation

Warehouses

operational warehouses
>1,800

covering
>10 million sqm

131
food cold-warehouses covering
>0.80
million sqm

16
pharmaceutical warehouses covering
>0.16
million sqm

>1,100
overseas warehouses covering
>2.50
million sqm

franchised warehouses
63

covering
1.05 million sqm

We possess numerous key site resources such as logistics parks and centers in countries including China and Southeast Asian, both through our direct ownership or via REITs

Note: The data below are all as of June 30, 2024

Total land area

17,320 mu

Total building area of

10.93 million sqm

Completed operational projects

Land area

14,293 mu

Building area of

8.71 million sqm

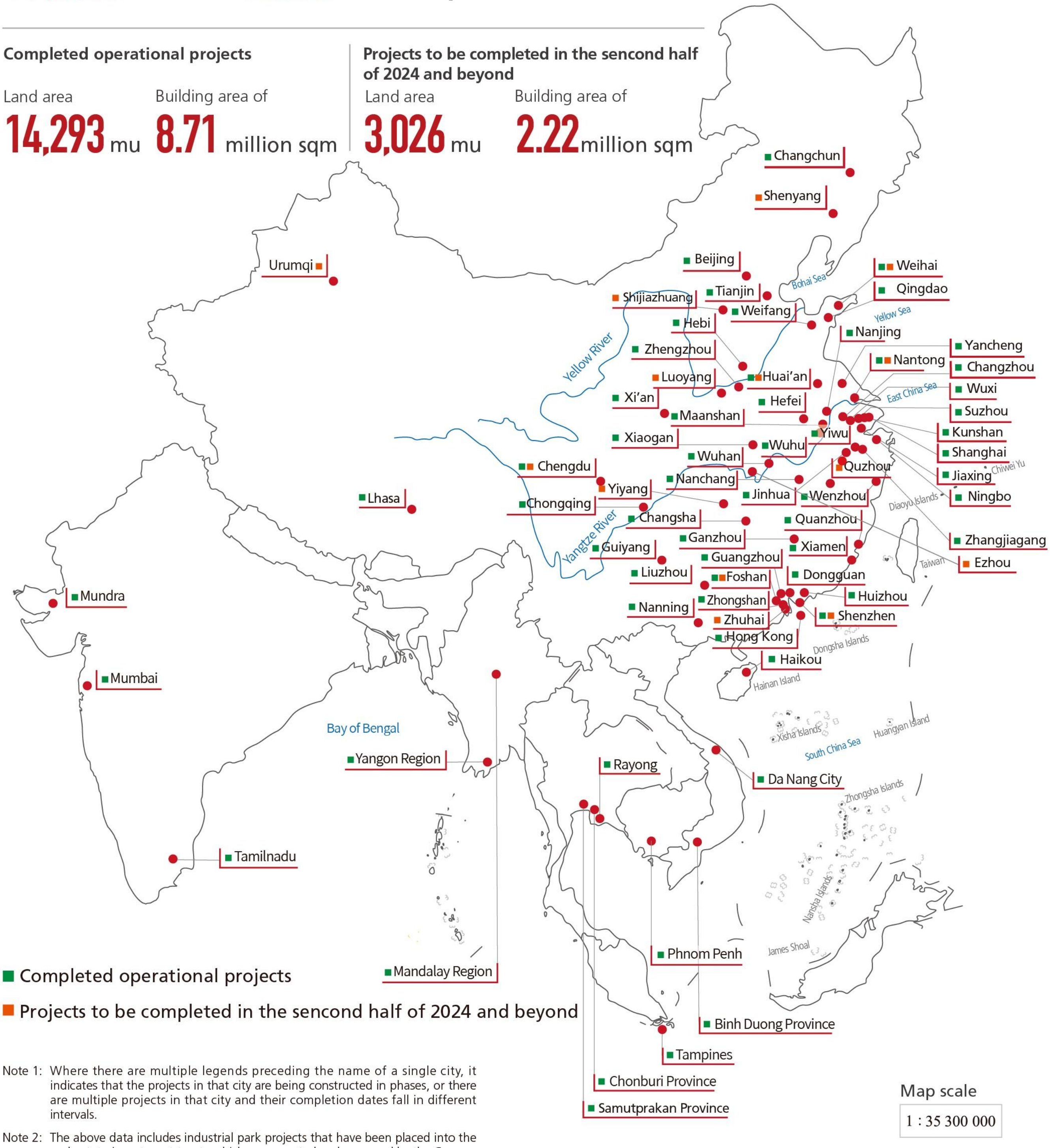
Projects to be completed in the sencond half of 2024 and beyond

Land area

3,026 mu

Building area of

2.22 million sqm



■ Completed operational projects

■ Projects to be completed in the sencond half of 2024 and beyond

Note 1: Where there are multiple legends preceding the name of a single city, it indicates that the projects in that city are being constructed in phases, or there are multiple projects in that city and their completion dates fall in different intervals.

Note 2: The above data includes industrial park projects that have been placed into the real estate investment trusts which are operated and managed by the Company.

2. Business model that makes a success — self-operation, integrated logistics, independent third-party

The business model of the Company consists of three core elements: self-operation model, integrated logistics capabilities and being positioned as independent third-party, which equips the Company with strong logistics network operation and management and control capabilities and enables it to provide high-quality, safe and reliable integrated logistics solutions to various clients that meet the needs of various scenarios.

The end-to-end self-operation model ensures the Company's strong management and control over its huge logistics network and the provision of excellent services. Such model enables the Company to achieve top-down consistency and efficient execution of its strategies, operations and service standards, thus enabling the Company to rapidly expand into new business areas on the basis of its solid express delivery network and take a leading position in each market segment, so as to adapt to the ever-changing global macro-environment and meet the diversified needs of its clients. In addition, through the accumulation of operational data of the whole process which comprises pickup, transfer, transportation and delivery, the Company is able to utilize technological means to achieve digitized and intelligent logistics chain, thereby enhancing the standardization, normalization and efficiency of the entire process of service, and maintaining consistently excellent service quality.

Relying on its comprehensive product system and service capability, the Company provides integrated logistics solutions for clients in various industries. Based on its mature and efficient express delivery network, the Company has been developing new business horizontally and integrating excellent industry partners around the logistics ecosystem through "internal incubation and external mergers and acquisitions", gradually growing into the largest integrated logistics service provider in China and Asia and the fourth largest one in the world in terms of scale, with its service offering scope covering a wide range of areas such as time-definite express, freight, cold chain, on-demand delivery, supply chain, international express, etc. At the same time, the Company also vertically deepens its product matrix, and has launched, by sub-segments of each of its business segments, high-quality services targeting medium- to high-end consumers through the means of combination of self-operation and external cooperation, as well as cost-effective services which meet the demand from lower-tier markets. Through sophisticated product stratification and organic combination among different products, the Company is able to meet the diverse needs of clients, and provide complete one-stop integrated end-to-end logistics solutions.

The Company has, as an independent third-party logistics service provider, established close cooperation relationship with a wide range of client groups, helping clients to achieve multiple-channel expansion. Among the leading express delivery logistics service providers in China, the Company is the only player that is independent of any of the e-commerce platforms and merchants. The Company's independence ensures that it is able to serve a broad range of clients in a fair and impartial manner, while enabling it to help clients to operate through multiple channels, including various online e-commerce platforms, its own private platforms and offline shops. The Company provides omni-channel stock-taking management and distribution services to its clients. It utilizes its advanced smart supply chain technologies to achieve interconnection and integration of their omni-channel inventory data, providing its clients with the best practices in supply chain planning and helping them realize costs reduction and efficiency increase, thus enhancing the stickiness of cooperation. By virtue of independence and professional ability, the Company has won the deep trust from its clients and achieved win-win development.

The services of the Company have penetrated into a wide variety of fields, such as industrial manufacturing, commercial circulation, online sales of agricultural products, food and pharmaceutical cold chain, local life, international trade, etc., covering various aspects of social production and people's livelihood. Leveraging its efficient express logistics services, sophisticated supply chain management experiences, and huge logistics network that has penetrated into rural counties, towns and villages in China and extended to 97 countries and regions overseas, the Company actively responds to the policies of the government on developing modern service industry and that on promoting the "go to the countryside, go to factories, and go global" campaign in express delivery industry, supports rural economy revitalization, promotes intelligent manufacturing and industrial upgrading, and enhances its support capabilities for international supply chain. Furthermore, the Company actively embraces new businesses and new trends in the industry, and helps its clients innovate their business models, to enhance the perception experiences of consumers, practicing the delivery and protection of good life.

3. Having the leading digital, visual and intelligent technology to promote the development of intelligent supply chain

SF is committed to building an intelligent supply chain ecosystem in the digital era and becoming a leader in the intelligent supply chain. SF Technology focuses on the digitalization of the supply chain, relying on its deep insight into the supply chain scenario and the practical experience of leading customers in various industries, combining with the company's massive data and cutting-edge technological achievements, to provide excellent digitalization technology services for the company's internal efficient operation and external customers to create the best supply chain practices.

As of the end of the Reporting Period, SF had 4,199 patents and 2,535 software copyrights in force and under application, of which the number of invention patents accounted for 59.3% of the total patents. The Company actively cooperates with social institutions such as logistics and supply chain industry organizations and universities to enhance the social influence of SF Technology. The Company has won the 2024 China Green Logistics ESG Practice Pioneer Typical Case, 2023 CCF Big Data and Computing Intelligence Contest-Best Business Value Award, and included in the list of international organizations "World IoT Ranking List", the list of well-known media "Fortune Most Influential Internet of Things (IoT) Innovations List" and other honorary awards.

I) Leading logistics technology application helps customers to upgrade supply chain

(1) Smart logistics products

For small and medium-sized customers, SF Technology uses lightweight SaaS products to penetrate into all aspects of their logistics services. Especially in the logistics scenarios of special seasonal fresh food, medicine, business, drinks and other industries, many standardized scientific and technological products have been accumulated to support the rapid promotion in various segments of the industry, enhance the added value of the Company's express delivery and logistics services, and build service competitiveness. At present, the Company has promoted the use of dozens of technology SaaS products to serve many business scenarios for small and medium-sized enterprise customers, among which the compound annual growth rate of express delivery and logistics revenue in business scenarios empowered by technology products is more than 30% from 2020 to 2023.

Case study: liquor scenario

In view of the characteristics of high value and easy damage in the liquor industry and the situation of easy tampering and fake goods in the channel, the Company has built a traceable and anti-counterfeiting logistics management and control system. The system has a series of scientific and technological capabilities, such as liquor logistics management, channel marketing control, digital liquor certificate, etc., to help liquor enterprises to deliver goods safely, while better controlling the information of terminal stores' purchase, sale and storage, so as to reduce the losses caused by channel tampering and fake goods. At present, it has provided various digital services for more than 20 liquor brand customers.

Taking a domestic high-end liquor brand as an example, on the one hand, the Company provides customized warehousing and distribution services, integrated management, mobilization of inventory collaboration among the general warehouse, sub-warehouse and supplier warehouse, to achieve 2B and 2C, online and offline channels of unified warehouse allocation, sub-warehouse direct allocation, improve customer order fulfillment efficiency, and effectively reduce logistics costs and breakage rates. On the other hand, the Company provides traceability and anti-counterfeiting services for commodity circulation. The information of goods from warehousing to signing is collected and compared by algorithms, and stored in the block chain. In addition, the hardware product storage management of the closed intelligent circulation box makes the whole process of information controllable and unalterable, which solves the problems of goods tampering, fake goods and inconsistent arrival goods, and meets the needs of consumers to verify the authenticity and traceability. At present, this cooperation brings SF 100 million-level revenue every year.

Case study: medical scenario

Under the background of "Internet + medical treatment", the Company builds a standardized medical logistics service digital product system for hospitals, medical e-commerce, Chinese medicine stores, etc., which covers Chinese and Western medicine, medical records, physical examination reports and other delivery categories, aiming to reduce the tedious process of patients waiting on the spot and coming to the hospital twice, and ensuring the safety and timely delivery of drugs to patients, while improving the service efficiency and customer satisfaction of the hospitals. At present, such technology product of SF has joined hands with hundreds of hospitals among over 30,000 hospitals nationwide to promote the digital upgrade of pharmaceutical logistics, helping to improve the convenience and medical experience of people seeking medical advice. In the future it is expected to expand to more hospitals, having a large market space.

During the period of strong consumption demand for sour plum soup, the Company cooperated with the Internet hospital of a well-known top three Chinese medicine hospital to connect the order, logistics and warehousing system. The system automatically synchronize orders, automatically divert and automatically turn around waybill numbers, optimize the unified dispatch of multi-resources, greatly improve the management and delivery efficiency of the waybills, and effectively support the operation of over one million orders for traditional Chinese medicine drinks during the peak period. The average delivery time increased by more than 40%. This case provides a reference for the expansion and replication of traditional Chinese medicine tea industry in various regions, and also brings new business growth points for the Company.

2) Intelligent supply chain solution

For the leading customers in the industry, the Company provide comprehensive digital supply chain solutions around the challenges and demands of the supply chain. With the support of digital technology, intelligent algorithm and logistics model, the Company creates customized industry solutions around the warehousing, transportation, sales and other scenarios of the whole process of supply chain production and marketing. At present, the Company's intelligent supply chain services have been widely penetrated into high-end manufacturing, beauty, auto parts, home appliances, consumer goods and many other industries, successfully accumulated nearly 100 industry leading customer cases, and deeply empowered the intelligent supply chain of more than 4,000 customers in dozens of fields.

① Digital supply chain:

Digitalize the whole process information of the supply chain and realize the integration of digital-driven upstream and downstream. The "SF Cloud SCE" software product created by SF Technology provides digital software and hardware solutions for enterprises in urgent need of supply chain system construction, supply chain digital transformation and upgrading, and supply chain optimization and enhancement. The product includes four sets of digital solutions, namely, intelligent logistics park, automatic three-dimensional warehouse, intelligent logistics and supply chain execution middle platform, providing customers with full-scene, full-process and collaborative supply chain digital construction and implementation services, helping customers to solve the digitalization of the basic elements of logistics "people, vehicles, goods and fields", and linking the basic elements to form a supply chain synergistic network. It meets the requirements of enterprise development in terms of supply chain execution efficiency, collaboration ability, response efficiency and management accuracy, and lays a foundation for enterprises to improve quality and efficiency. At present, the "SF Cloud SCE" has served more than 1,700 customers in more than 20 industries, helping customers to digitalize and upgrade their supply chain.

Case study: supply chain digital

Taking a leading genetic testing company as an example, SF helps the customer to build a digital supply chain, enabling the production, warehousing and logistics of sample testing, and realizing the standardization and transparency of supply chain management and operation. Through the establishment of supply chain order middle platform, the upstream and downstream ERP, CRM and other systems are connected in series to realize the automatic flow of business documents and efficient collaboration among departments. The Company is deeply involved in promoting the digitalization of warehousing, logistics management and fulfillment execution of customers at home and abroad, and assisting the unification and standardization of entire warehousing management. At present, it has been implemented in more than 30 warehouses of various types, and has carried out in-depth digital empowerment in the areas of supply chain settlement, customs declaration and clearance, and international business, assisting customers to initially complete the supply chain digitalization capability. In the future, we will continue to move forward hand in hand with customers to jointly explore and iterate supply chain digitalization and intelligent practices that lead the industry.

② **Intelligent supply chain:**

On the basis of digital supply chain, combined with digital technology, artificial intelligence, Internet of Things, cloud computing and other new technology capabilities, we provide customers with warehouse network planning, supply chain planning, inventory, transportation and packaging management and other different links to enable them to realize the intelligence and automation of the supply chain, and enhance the flexibility, efficiency and resilience of the supply chain. SF has created a set of "SF Cloud SCP" intelligent system to help customers make better decisions in the supply chain, including warehouse network planning to support the top-level design of customer supply chain strategic planning, building a consumer-centered supply chain system; supply chain planning links production and marketing coordination, to achieve a more optimized inventory layout of the whole network, promote inventory turnover, improve capital utilization; transportation management realizes the optimization of transportation mode and route, and achieves better service experience while reducing cost and increasing efficiency; packaging management provides the optimal packaging scheme through operational research algorithm to achieve efficient operation and cost reduction. The technology product has served dozens of leading enterprises in beauty, clothing, manufacturing, food, medicine and catering industries.

Case study: warehouse network optimization

The Company provides warehouse network optimization scheme for a large pharmaceutical group. The customer has a huge volume, with dozens of companies and hundreds of product specifications containing traditional Chinese medicine, health care products and medical devices. Its marketing network is spread all over the country, due to channel changes and business development needs, it is proposed to re-plan the layout of dozens of provincial warehouses across the country, so as to realize cost reduction and efficiency enhancement while maintaining service level. Based on this background, SF uses data analysis technology, machine learning algorithms and operation research optimization algorithms to output a new national warehouse network layout optimization plan for the three-tier warehouse network structure of customers, combined with factors such as transportation trunk and branch line costs, warehouse costs, integrated operation and management costs, time efficiency and service quality requirements. , This plan horizontally compares the balance point between different number of warehouses and total cost, and comprehensively considers the business development plan for the next 3-5 years, which is expected to save millions of yuan annually for the customer's supply chain.

Case study: intelligent middle platform

The Company cooperates with a leading dairy enterprise to build intelligent fulfillment middle platform solution for customers and promote the implementation of the omni-channel business model. In view of the problems of many online and offline order channels, large fluctuations in sales plans, difficulties in multi-warehouse inventory management, as well as the pain points of overstock, unsalable goods and cross-selling goods, the Company has built a business middle platform system with orders and inventory as the core for the customer, and provided an integrated solution for warehousing and distribution. The solution realizes the unified distribution of omni-channel inventory, the flexible selection of transportation mode, and the visualized operation of all-link orders. Ultimately, it helps customers reduce inventory days by 16%, shorten order processing time by 50%, increase order fulfillment rate by 12%, ensure product freshness, and successfully support the implementation of customers' new sales model. In addition, the solution has been extended from the customer's individual business unit to its entire group business units, helping the entire group to enhance its supply chain elasticity and flexibility.

Case study: transportation optimization

The Company builds an intelligent logistics management system for a customer in the field of laboratory animal services. The transportation mode of live animals has its particularity, and the customer is large in scale, with two production bases and multiple transit depots, involving multi-point delivery in same city and cross-city transportation scenarios. The Company builds visual boards for the customer, so that the order, transportation and warehouse data are clearly visible, thus improving the monitoring and management capabilities. In the transportation sector, the optimal planning route is recommended by using the operational research optimization algorithm to coordinate the transportation of trunk and branch lines in various transport scenarios, so as to improve the efficiency of route planning and reduce operating costs. In addition, the "SF Cycle" transportation system fully supports the management of its own drivers and external carriers. Drivers can clock in and out of tasks and report node information through small programs to ensure that all transportation information is visible on the way, thus realizing the refinement of driver assessment and management. Ultimately, it helps the customer to reduce the number of vehicles used by more than 20%, reduce the total mileage of transportation by more than 10% and improve the transportation efficiency by more than 10%.

③ Green supply chain:

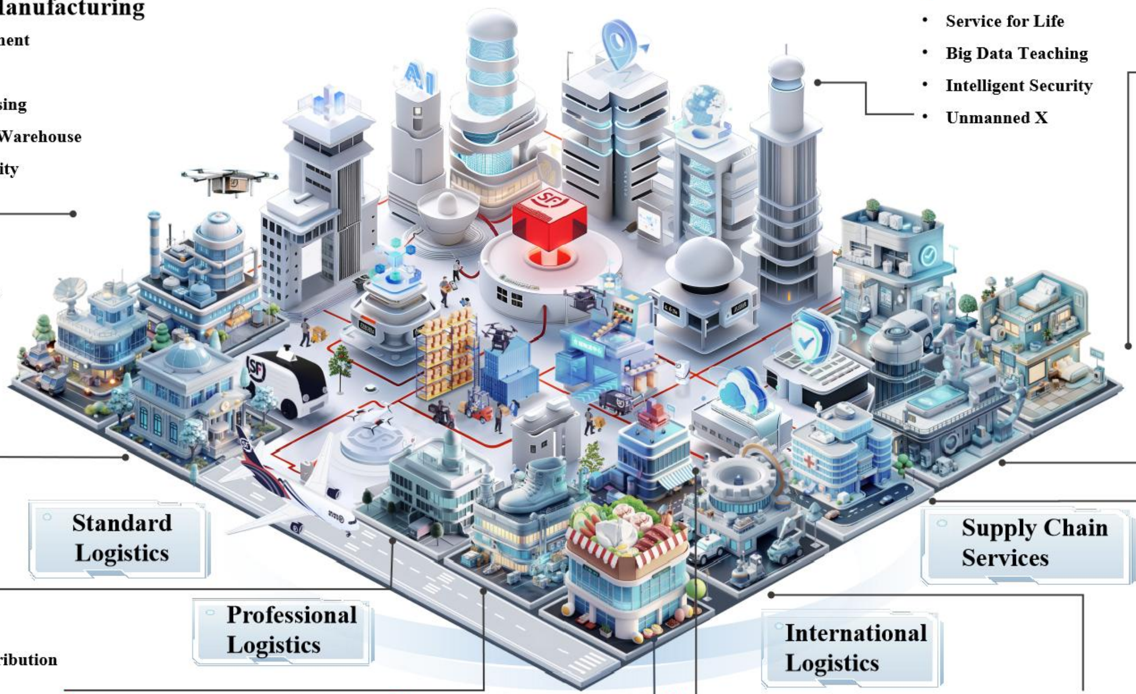
Based on the standardized carbon data management system and refined carbon data computing capability, the Company clearly presents the current situation of carbon emissions in the supply chain of customers, and combines our green transportation, green packaging, green technology applications and other carbon reduction initiatives to help customers accelerate the low-carbon transformation of the supply chain.

SF digital intelligent carbon management platform, which collects the whole scene data of supply chain, can accurately calculate the carbon emission data of each parcel, each transportation, each packaging and site, and realize the automatic and visual carbon management of supply chain. The Company has reached a low-carbon strategic cooperation with a luxury head brand and introduced a full-scene carbon data board. On the one hand, through dynamic investigation of carbon emission risks and carbon reduction effects, combined with the cost and service experience indicators of supply chain fulfillment scenarios, the platform consolidates the "data foundation" for the design and implementation of green and low-carbon supply chain services for enterprises. On the other hand, the platform accurately calculates the carbon emission of each parcel, improving the accuracy of carbon emission calculation by 70%. As a result, it helps customers to formulate more scientific emission reduction actions, support greenhouse gas emission reduction and offset actions in their supply chain, and reduce the cost of environmental compliance and climate risk of enterprises.

Case study: package optimization

In the field of green packaging, the Company provides packaging recommendation and simulation solutions for a leading customer in the beauty industry. After researching the flow of customer packaging operations and analyzing historical orders and box type data, the problem of cartoning is abstracted and the data is modeled. With full consideration of collision, support, rotation, consumables and other conditions, the operations research optimization engine generates a schematic diagram of the three-dimensional carton results in real time, guiding the cartoner to efficiently select the optimal carton type for cartoning. This innovative measure helps customers reduce the number of boxes by 50%, save 10% of packaging costs, and reduce the use of corrugated packaging materials, helping customers to implement the green supply chain strategy.

Panorama of Industry Technology Capabilities



Industrial Manufacturing
- Logistics Fulfillment
- Smart Park
- Smart Warehousing
- Forward Micro Warehouse
- Intelligent Security

Public Service
- Service for Life
- Big Data Teaching
- Intelligent Security
- Unmanned X

Home Appliances
- Logistics Fulfillment
- City Delivery
- Smart Warehousing
- Smart Park

Finance and Insurance
- Big data Marketing
- Letter Verification Pro
- SF Blockchain Platform
- Corporate Business Express

Communication High Technology
- Extreme Fulfillment
- Warehouse Network Optimization
- Smart Park
- Near-Field Unmanned Retail/After-Sales

Consumer Goods
- Business Middle Platform
- Shop Management
- Integrated Warehouse and Distribution
- Fulfillment Monitoring
- Supply Chain Planning
- Smart Marketing
- Smart Park

Health Care
- Hospital Convenient Delivery
- Medicine Traceability
- Logistics Fulfillment
- Pharmacy Management
- Medicine Delivery

Clothing, Shoes and Hats
- Green Supply Chain
- Smart Warehousing
- Supply Chain Planning
- Intelligent Security

Fresh Food
- Business Middle Platform
- Supply Chain Planning
- Logistics Fulfillment
- Food Traceability

E-Commerce and Circulation
- Business Middle Platform
- E-Commerce ERP
- E-Commerce Logistics
- Cross-Border Trade

Vehicles
- Smart Transportation
- Smart Park
- Smart Warehousing
- Corporate Smart Express

II) Digitalization technology enables the Company to reduce cost and increase efficiency

(1) Precision business opportunity empowerment

① **Data insights business opportunity clues:** Based on the Company's huge internal customers and product business data, as well as the integration of external industries and business data resources, the Company has built a solid data chassis. According to the needs of business growth, it outputs business opportunities around different industry scenarios; creates upstream and downstream insight data to help the Company's business expansion; and accurately pushes business opportunities and customers' emotion to the corresponding business market departments through productization capabilities. With data-driven business growth, it effectively improves the efficiency of approaching opportunities for new customers and existing customers.

(3) Fine cost control

① **Intelligent operation and cost control:** integrate the whole business chain of collection, transfer, transportation and delivery, and build a digitalized operation and analysis system based on "advanced planning-and-modelling, real-time monitoring and post-analysis".

Advanced planning-and-modelling: accumulate a production calculation tool library, covering calculation tools for profit, production capacity, major enterprise resources, and other objects, to help front-end businesses formulate production plans and provide guidance for front-end deployment.

Real-time monitoring: build daily monitoring dashboards and process control models for revenue and cost, support end-to-end cost analysis, provide timely, comprehensive and quantitative operational decision-making support for business, and guide business to make resource inputs and adjustments according to actual operating conditions in the course of operation, so as to reduce input costs.

Post-analysis: monitor and analyze business data, establish system models, sort out and excavate the benefit points and form a panoramic board to promote the implementation of optimization measures. For example, the system can intelligently excavate the benefit opportunity points from the perspective of mode, resource optimization, process adjustment, etc., in which if a certain data exception is detected in a certain link, the benefit points related to the data will be automatically pushed to the business area immediately, including standardized improvement initiatives and regional excellent cases, for the corresponding business area to adjust measures in light of the actual situation, and ultimately achieve benefit improvement and enhancement.

② **Assistance in reducing land transportation cost:** through accurate matching of land transportation resources and demand, intelligent scheduling of transportation resources, systematic and transparent management and control of resource procurement, as well as refined management of vehicle maintenance and repair, we are able to drive down the land transportation cost.

Intelligent management and control of resource: intelligently manage and control the effectiveness of temporary demand within 48 hours based on the parcel volume forecast. At the same time, according to the stability of transport capacity demand, the system intelligently combines and recommends schemes to achieve the matching of stable demand and price-controllable transport capacity resources, which helps to improve the proportion of controllable transport capacity resources and guarantee the stability of transport capacity costs. Price guidance for resource procurement: establish an automated pricing system for lines, and use intelligent algorithms to calculate the standard price and guidance price of each line according to the industry market average price, mileage and other factors. By setting price targets, it guides the procurement of external transport capacity resources and the recruitment of individual drivers. Refined management of after-vehicle business: implement refined management for vehicle fuel consumption, maintenance and other aspects. Through the docking of external electronic fuel card, platform maintenance mode and access to the inventory data of maintenance parts to form a standardized after-vehicle management process. Through the early warning and identification of high fuel consumption vehicles and high maintenance costs and the follow-up of work orders to realize the refined management of after-vehicle costs.

⑶ Application of cutting-edge technology

① **Unmanned vehicles:** The Company has put hundreds of customized unmanned vehicles into use in the branch line transportation link between transit sites and outlets, as well as the connection by other equipment link between outlets and pick-up and delivery areas of couriers, so as to replace the capacity of the branch line and save the couriers' operations to and from the outlets, thus improving efficiency and reducing cost.

Branch line link: match the changes in the operation mode of container loading and transshipment of express, and customize the unmanned vehicles that can carry containers. In areas within 10 kilometers of the transfer site, the containers filled with parcels are directly delivered by the unmanned vehicle from the transfer site to the small terminal station where the couriers receive and deliver parcels. In areas 10 kilometers away from the transfer site, the containers will be sent to the connection points by the branch line vehicles and transferred to the unmanned vehicles, and then shipped to the small terminal station by the unmanned vehicles. **Connection link:** In some scenes such as industrial parks and residential areas, the unmanned vehicle connection mode will be adopted, which can solve the problems of long time for couriers to and from the outlets, improve their operational efficiency while ensuring the timeliness of express delivery, and reduce the average cost per parcel.

② **Intelligent Logistic big model:** Based on the big model technology, and the Company considers the characteristics of logistics scenarios to create intelligent service robots, which are applied in all aspects of daily operations to improve efficiency, reduce costs and increase revenue.

Assistance in international customs affairs: Based on the large model technology, combined with the laws and regulations of various countries and customs announcements, etc. to create intelligent robots with international picking up and delivery standards, which can automatically classify consignments, accurately generate picking up and delivery standards, and support free language switching. At present, they have been put into use in six international flows, covering nearly 4,000 picking up and delivery standards, reducing the probability of picking up and delivery errors due to incomplete language, product name database and related regulations, and consolidating the customs clearance capacities of international shipments. At the same time, for the category of cross-border items, customs intelligent application can achieve batch auditing and standardization, covering four types of customs clearance scenarios, such as cross-border e-commerce platform orders, national import flow orders, commodity filings, and tax codes of class B items. At present, the coverage rate of orders audited by the intelligent application has reached 97%.

Efficiency improvement of couriers: The "Courier Service Center" intelligent robot, which comprehensively covers the logistics knowledge of picking up and delivery and products, is built to help accurately extract elements such as consignment, city, weight and distance, support voice questioning and multiple rounds of Q&A, to provide fast, accurate and easy-to-understand comprehensive information and Q&A services for the couriers. At present, the application has adopted by hundreds of thousands of couriers, with the robot resolution rate exceeding 80%. In addition, the robot is equipped with a recommendation model that intelligently identifies fragile, vulnerable and high-value products through dialogue, as well as customer demands for timeliness and price. For example, if the courier inquires about jade collection, the intelligent system will recommend professional jade packaging and insurance schemes and aviation products, so that customers enable to enjoy more intimate services while reducing the risk of claims, thus comprehensively improving the income level of the couriers. In terms of the management of the couriers, the system intelligently gathers the feedback from the couriers across the network and automatically excavates and classifies them to form a fine-grained opinion board, which helps managers clearly focus on high-frequency problems, and improve the analysis efficiency, so as to formulate business management optimization measures, speed up the solution of problems from the couriers and improve their satisfaction.

Optimization of customer experience: optimize customer experience in all aspects from order placement to after-sales service. In the process of e-commerce return ordering, the system supports real-time and efficient audit of mixed text and images, automatically inputs user return address, and intercepts address tampering and other non-compliant images, to enhance the sense of customer experience in placing orders. In the process of delivery logistics return order auditing, the intelligent robot supports real-time differentiated audit, focusing on guaranteeing the standardization of return order signing and enhancing the customer value-added service experience. In the process of communication, intelligent robot automatically generates customer service summary by analyzing the key information of the dialogue between customer services and customers, which is traceable and can be supervised to ensure that the follow-up handlers can quickly aware of the core issues and the progress of the processing. At present, the accuracy rate of the online summary has reached 93%, with an average of 30,000 summaries per day.

Improvement of enterprise management efficiency: build a comprehensive and professional knowledge base, and let intelligent robots become assistant to employees. The unified corporate knowledge Q&A covers finance, legal affairs, human resources, IT, sales and other positions. The Company's employees can easily access and retrieve the knowledge needed for their work, reducing the cost for employees to acquire all kinds of information and knowledge. The robot also provides intelligent dialog, library assistant and other general efficiency tools that enable fast reading of long documents, production documents and codes. For example, intelligent robots integrate massive product information, including value-added services, product cases, detailed pages, posters, etc., to build a platform for acquiring product information. When employees input conditions such as time limit and price, the system can intelligently recommend products and combined packages to provide inspiration and ideas for solutions, and quickly empowerg novice marketing employees. At the same time, the intelligent painting platform contains a large number of logistics elements, which can generate various design material templates. The featured IP design intelligently generated based on this platform has strong generalization, which effectively helps the promotion and marketing of special economic projects such as tea, fruits and vegetables throughout the year, and enhances the diversity and interestingness of marketing and publicity.

In addition, relying on its cutting-edge big model technology, SF has built a logistics decision-making big model system covering core areas such as accurate sales volume forecasting, intelligent optimisation of loading and efficient planning of transport routes, empowering customers in various industries, and helping to improve operational efficiency.

Enabling sales volume forecasting: For the FMCG retail sector, accurate sales volume forecasting is essential for scientific stocking, especially at critical moments when new products are released or new shops are opened. Traditional algorithms are limited to the historical data of single goods, and the accuracy of their prediction is limited. SF's innovative introduction of big model technology not only significantly improves the accuracy of sales volume forecasting, but also realises a leapfrog upgrade in forecasting capability. In particular, such technology helps enterprises achieve a significant reduction in server resource costs as much as 80% by maximizing the optimization of the utilisation efficiency of arithmetic resources, which greatly reduces the threshold for technology application. Such change makes the efficient supply chain decision-making system no longer be only exclusive to large enterprises, but also opens a new chapter in the intelligentization transformation of small- and medium-sized enterprises, enabling that more enterprises can enjoy the competitive advantages and cost savings brought about by intelligent decision-making.

Boosting cost reduction and efficiency improvement in logistics and packages: In the face of challenges of the increasing complexity in goods grouping and increasing diversification of packaging boxes during the course of order contract fulfillment, the traditional ways often lead to a serious waste of packaging materials and high transport costs. Nowadays, with the help of advanced big model algorithm technology, SF helps enterprises to achieve a qualitative leap in computing power, and can respond in milliseconds and intelligently generate an optimal loading plan. The application of the big model not only ensures the swift and smooth delivery of goods during the peak period, but also fundamentally reduces the packaging costs and overall transport costs for enterprises.

Helping optimise logistics transport routes: In contract fulfilment in logistics, enterprises are faced with multiple challenges, such as challenges in inbound logistics, precise distribution to outlets and efficient cascading of trunk networks, which often arise from complex layout of transport outlets, huge demand for vehicle scheduling, as well as high customization and the restraint from other multi-dimensional business rules. By introducing advanced big model algorithm technology, SF has not only significantly accelerated the efficiency of computing the planning for transport routes, but also cleverly solved the previous problem of relying on tedious customised development to adapt to complex business requirements. The application of the big model not only significantly cuts down the related system development cost for the enterprise, but also realises a quick response to business changes, and ultimately helps the enterprise to achieve the optimal solution to the overall performance efficiency improvement and transport cost reduction.

SF will continue to explore the application of big model technology in more industries and scenarios to provide technological driving force for the transformation and upgrading of various industries.

4. Quality service to create incomparable brand value

In China, SF is a well-known national brand and has become a synonym for high-timeliness express delivery service. "SF to you" has been equated with "express delivery to you". With the brand image of "fast", "on time" and "safe", the Company has set up a model of high-quality service in the minds of consumers. At the same time, many corporate customers choose to use SF Express as an important way to show their service quality and brand image, which further enhances consumers' impression and trust of their products with high quality assurance, thus bringing better business growth.

Quality service has created incomparable brand value. Relying on the service quality and reputation of leading peers, the Company has accumulated customer base with high loyalty and strong stickiness in various segments, and has become the preferred logistics partner of many customers, and has been widely recognized by customers, industry and society.

In the ranking released by the State Post Bureau, SF has been ranked first in public satisfaction with express delivery services for 15 consecutive years (2009-2023) and the first half of 2024. On August 5, in the Fortune Global 500 list, the Company ranked 415th. It has been included in the list for the third consecutive year, and it is also the first and only Chinese private express delivery enterprise among the Fortune Global 500.

State Post Bureau

No.1
in Overall Customer Satisfaction in the first half of 2024

No.1 for **15** consecutive years
in Overall Customer Satisfaction in 2023

Fortune

415th selected for last **3** years
among "2024 World Top 500 Companies"

2nd selected for **7** consecutive years
among "Most Admired Chinese Companies" in 2023

selected for last **3** years
China ESG Impact List

Brand Finance

396th selected for **5** consecutive years
among "World's Top 500 Most Valuable Brands" in 2024

7th selected for **6** consecutive years
among "World's Top 10 Most Valuable Logistics Brands" in 2024

7th
among "World's Top 10 Logistics Brands by Sustainability Perceptions Value" in 2024

III. Analysis of Principal Business

1. Overview

Please refer to “I. Business Development of the Company” in this section.

2. Period-on-period changes in key financial data

Unit: RMB'000

	The Reporting Period	Same period of previous year	Increase/ decrease over the same period of previous year	Reason
Revenue	134,409,720	124,365,598	8.08%	No major changes.
Cost of revenue	115,784,772	107,555,280	7.65%	No major changes.
Selling and distribution expenses	1,470,892	1,392,755	5.61%	No major changes.
General and administrative expenses	8,966,441	8,940,581	0.29%	No major changes.
Financial costs	893,982	992,479	-9.92%	No major changes.
Income tax expenses	1,559,135	1,526,110	2.16%	No major changes.
Research and development investment	1,601,466	1,770,946	-9.57%	No major changes.
Net cash flows from operating activities	13,722,269	13,824,827	-0.74%	No major changes.
Net cash flows from investing activities	-15,444,553	-13,633,590	-13.28%	This was mainly due to the increase in net outflows of structured deposits.
Net cash flows from financing activities	-6,181,865	-4,963,638	-24.54%	This was mainly due to the combined effect of the repurchase of the Company's shares, the acquisition of minority interests and the increase in the distribution of dividends, as well as the increase in the net inflow of borrowings.
Net increase in cash and cash equivalents	-7,932,319	-4,645,355	-70.76%	The specific reasons for this are detailed in the analysis of changes in cash flows from operating, investing and financing activities above.

There were no significant changes in the composition of Company's profit or source of profit during the Reporting Period.

3. Composition of revenue

Unit: RMB'000

	The Reporting Period		Same period of previous year		Change over the same period of previous year
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Total revenue	134,409,720	100.00%	124,365,598	100.00%	8.08%
Categorised by industry					
Logistics and freight forwarding	130,207,965	96.87%	120,855,099	97.18%	7.74%
Sales of goods [1]	3,216,236	2.39%	2,754,076	2.21%	16.78%
Others	985,519	0.74%	756,423	0.61%	30.29%
Categorised by business					
Time-definite express	59,185,770	44.03%	56,069,720	45.09%	5.56%
Economic express	13,254,012	9.86%	12,129,430	9.75%	9.27%
Freight	17,554,101	13.06%	15,120,722	12.16%	16.09%
Cold chain and pharmaceuticals	5,062,524	3.77%	5,338,545	4.29%	-5.17%
Intra-city on-demand delivery	3,956,020	2.94%	3,339,291	2.69%	18.47%
Supply chain and international	31,195,538	23.21%	28,857,391	23.20%	8.10%
Other non-logistics businesses	4,201,755	3.13%	3,510,499	2.82%	19.69%
Categorised by region					
Mainland China	115,996,449	86.30%	107,339,757	86.31%	8.06%
Hong Kong, Macao, and Taiwan, China	4,512,024	3.36%	4,334,903	3.49%	4.09%
Overseas	13,901,247	10.34%	12,690,938	10.20%	9.54%

Note 1: Sales of goods mainly comprise the purchase and sale business involved in the process of providing end-to-end supply chain services for customers.

Note 2: Any discrepancies between totals and sums of the numbers are due to rounding.

Business volume and average revenue per parcel of the express & logistics segment

	The Reporting Period	Same period of previous year	Change over the same period of previous year
Parcels (100 million)	62.1	58.4	6.5%
Average revenue per parcel (RMB)	15.9	15.8	1.1%

Explanation of reasons for changes:

(1) The express & logistics segment mainly included time-definite express, economy express, freight, cold chain and pharmaceuticals, and intra-city on-demand delivery business. The statistics of business volume and average revenue per parcel of

the express & logistics did not include the data of the supply chain and the international business as well as other non-logistics business.

(2) The business volume of the express & logistics grew by 6.5% year-on-year and the average revenue per parcel increased by 1.1% year-on-year. This was mainly due to the Company has always adhered to the operating policy of sustainable and healthy development, pursuit of high-quality business growth, and the completion of the sale delivery of the franchise model, Fengwang Express (with relatively low unit price per parcel), in June 2023, resulting in year-on-year increase in average revenue per parcel. If excluding the Fengwang express , the volume of express & logistics increased by 14.6% year-on-year.

4. Details on main industries

Industries, products or regions accounting for more than 10% of the Company's revenue or operating profit

Unit：RMB'000

	Revenue		Cost of revenue		Gross profit margin	
	Amount	Increase/decrease over the same period of previous year	Amount	Increase/decrease over the same period of previous year	Percentage	Increase/decrease over the same period of previous year
Logistics and freight forwarding	130,207,965	7.74%	112,169,353	7.27%	13.85%	Up 0.37 percentage point

The cost of revenue and gross profit are analysed as follows:

Unit：RMB'000

	The Reporting Period		Same period of previous year		Change over the same period of previous year	
	Amount	Proportion to revenue	Amount	Proportion to revenue	Growth rate (%)	Change as a percentage of revenue
Labour cost	53,523,463	41.11%	49,141,500	40.66%	8.92%	Up 0.45 percentage point
Transportation cost	42,765,854	32.84%	39,307,703	32.52%	8.80%	Up 0.32 percentage point
Other operating costs	15,880,036	12.20%	16,116,677	13.34%	-1.47%	Down 1.14 percentage Points
Gross profit	18,038,612	13.85%	16,289,219	13.48%	10.74%	Up 0.37 percentage point

Explanation for changes:

(1) There are significant differences between the cost structure of Kerry Logistics' international freight forwarding and agency business (in which transportation costs account for a large proportion) and the Company's overall express & logistics business. The following cost analysis will also present data excluding Kerry Logistics business.

(2) Labor cost as a percentage of revenue, up 0.45 percentage point from the same period last year, and up 0.84 percentage point from the same period last year if Kerry Logistics being excluded. This was mainly due to: the Company continued to maintain the

competitiveness of first and second tier employees' salaries, fully protected the rights and interests of employees, and combined with rich incentive mechanism to promote the couriers to actively develop business. At the same time, the Company improved its operational efficiency and controlled the rise in labor costs by optimizing its operating model and investing in automated and unmanned equipment.

(3) Transportation cost as a percentage of revenue, up 0.32 percentage point from the same period last year, and down 0.17 percentage point from the same period last year if Kerry Logistics being excluded. This was mainly due to that the Company continued to optimize routing planning, intensify shipments to straighten routes and reduce transshipment, as well as effective control over transportation capacity procurement and pricing standardization, which contributed to the continuous optimization of the transportation cost.

(4) Other operating costs as a percentage of revenue, down 1.14 percentage points from the same period last year, and down 0.94 percentage point from the same period last year if Kerry Logistics being excluded. This was mainly due to the fact that the Company continued to strengthen the efficiency management of resources and production, effectively controlled the growth rate of investment in fixed assets such as sites and equipments, maintained a healthy ratio of capital expenditure to revenue, thus ultimately realizing better economies of scale along with the growth in business volume.

(5) In summary, the gross profit margin of the Company's main logistics and freight forwarding business in the first half of 2024 was 13.85%, representing an increase of 0.37 percentage point over the same period last year, and profitability has been improving.

In case of adjustment in statistical caliber of principal business of the Company during the Reporting Period, the principal business data of the Company in the latest period according to the adjusted caliber at the end of the Reporting Period

□Applicable ☑Not applicable

IV. Non-core Business Analysis

Unit: RMB'000

	Amount	Proportion to total profit	Reason
Other income	403,359	6.38%	Mainly due to government grants related to daily activities.
Investment income	358,868	5.68%	Mainly due to income from maturity structured deposits and income from disposal of subsidiaries.
Gains arising from changes in fair value	10,904	0.17%	
Credit impairment losses	159,557	2.52%	Mainly due to bad debt losses provision for accounts receivable.
Asset impairment losses	1,624	0.03%	
Non-operating income	168,965	2.67%	Mainly due to compensation income and government grants unrelated to daily activities.
Non-operating expenses	207,434	3.28%	Mainly due to asset retirement losses and compensation expenses, etc.

Explanation on sustainability

Except for the income from structural deposits in the investment income, all other items mentioned above were not sustainable.

V. Analysis of Assets and Liabilities

1. Major changes in asset composition

Unit: RMB'000

	As at the end of the Reporting Period		As at the end of previous year		Increase /decrease in proportion	Major changes
	Amount	Proportion to total assets	Amount	Proportion to total assets		
Cash at bank and on hand	33,485,353	15.23%	41,974,505	18.95%	-3.72%	For details, please refer to the explanation of changes in cash flow items in "Period-on-period changes in key financial data" in "III. Analysis of Principal Business" in this section.
Financial assets held for trading	18,047,323	8.21%	6,809,742	3.07%	5.14%	Mainly due to the increase in structured deposits.
Accounts receivables	25,851,621	11.76%	25,133,487	11.35%	0.41%	No major changes.
Contract assets	2,039,379	0.93%	1,632,592	0.74%	0.19%	No major changes.
Inventories	2,559,211	1.16%	2,440,425	1.10%	0.06%	No major changes.
Investment properties	6,658,540	3.03%	6,418,720	2.90%	0.13%	No major changes.
Long-term equity investments	6,859,813	3.12%	7,378,831	3.33%	-0.21%	No major changes.
Fixed assets	54,518,899	24.80%	53,929,854	24.35%	0.45%	Mainly due to the increase of buildings.
Construction in progress	2,939,116	1.34%	4,032,884	1.82%	-0.48%	Mainly due to the transfer to fixed assets of projects, such as industrial parks and transit depots.
Right-of-use assets	13,119,519	5.97%	14,073,571	6.35%	-0.38%	No major changes.
Short-term borrowings	23,691,496	10.78%	18,221,977	8.23%	2.55%	Mainly due to new borrowings.
Contract liabilities	1,802,509	0.82%	1,832,018	0.83%	-0.01%	No major changes.
Other current liabilities	2,455,242	1.12%	167,668	0.08%	1.04%	Mainly due to the issuance of ultra-short-term commercial notes.
Long-term borrowings	10,661,466	4.85%	11,355,241	5.13%	-0.28%	No major changes.
Lease liabilities	7,472,393	3.40%	8,038,495	3.63%	-0.23%	No major changes.
Capital reserve	35,970,002	16.36%	43,164,085	19.49%	-3.13%	Mainly due to the acquisition of minority interests and the cancellation of the Company's shares.
Treasury stock	-378,490	-0.17%	-2,575,532	-1.16%	0.99%	Mainly due to the combined effect of the cancellation and repurchase of the Company's shares.
Retained earnings	40,748,443	18.53%	38,835,999	17.53%	1.00%	Mainly due to the profitability of the period.

2. Key overseas assets

☑Applicable ☐Not applicable

Details of the assets	Reason	Assets scale (RMB'000)	Location	Operation model	Control measures for ensuring asset security	Profiting status (RMB'000)	Assets overseas/net assets of the Company	Whether there is significant impairment risk
51.52% equity of Kerry Logistics	Equity acquisition	20,642,509	Hong Kong (China)	Integrated logistics, international freight forwarding and supply chain solutions	Note 1	103,294	20.87%	否
Other information	1. "Asset scale" refers to net assets of Kerry Logistics; 2. "Profiting status" refers to net profit contributed by Kerry Logistics in the first half of 2024, which is the net profit of Kerry Logistics, taking into account the fair value of identifiable assets and liabilities at the time of the acquisition of the equity of Kerry Logistics and the impact of adjustments arising from adopting the same accounting policy. The net profit attributable to shareholders of the parent company was RMB25,482 thousand; profit or loss attributable to minority shareholders amounted to RMB77,812 thousand and net profit attributable to shareholders of the parent company after deducting non-recurring profit or loss as contributed by Kerry Logistics amounted to RMB6,937 thousand. 3. "Assets overseas/net assets of the Company" refers to net assets of Kerry Logistics/net assets of the Company.							

Note 1: Kerry Logistics, as a company listed on the Hong Kong Stock Exchange, on the basis of compliance with the A-share and H-share listing rules and other relevant regulatory regimes, the Company and Kerry Logistics have carried out integration at the levels of corporate governance, disclosure of information and business co-operation, etc. Mr. Wang Wei, the Chairman of the Company, has been appointed as the chairman of the board of directors and a non-executive director of Kerry Logistics and Mr. Ho Chit, a director, has been appointed as a non-executive director of Kerry Logistics since October 2021; and in October 2023, OOI BEE TI, the head of the Company's Treasury Centre, was appointed as a non-executive director of Kerry Logistics to participate in Kerry Logistics' corporate governance and major operational decisions. Meanwhile, both parties work closely on corporate governance and information disclosure to ensure that the disclosure of information of both parties complies with the regulatory rules for A-share and H-share listed companies. In addition, both parties will continue to explore the room for collaboration in business to fully complement each other's strengths and to work together in expanding the global logistics market.

3. Assets and liabilities measured at fair value

Unit: RMB'000

Item	Opening balance	Gains and losses from changes in fair value in current period	Accumulated fair value changes included in equity	Provision for impairment in current period	Amount of purchase in current period	Amount of sales in current period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets) note 1	6,809,742	48,003	-	-	11,040,766	112,086	260,898	18,047,323

2. Other non-current financial assets	589,996	-39,842	-	-	5,977	4,951	-42,867	508,313
2. Investments in other equity instruments	9,489,535	-	-1,362,163	-	49,784	20,205	187,342	8,344,293
Subtotal of financial assets	16,889,273	8,161	-1,362,163	-	11,096,527	137,242	405,373	26,899,929
Others	-	-	-	-	-	-	-	-
Total	16,889,273	8,161	-1,362,163	-	11,096,527	137,242	405,373	26,899,929
Financial liabilities	92,120	395	-736	-	-	-	2,153	94,614

Note 1: The item includes structured deposits that do not carry the characteristics of contract cash flow for principal and interest. The structured deposits have short maturities and are highly liquid, and net purchases and sales for the current period are stated in the current period. Financial assets held for trading other than structured deposits are stated separately at the amount purchased and sold during the period.

(1) Other changes

Other changes in financial assets held for trading are mainly income realized from matured structured deposits, and other changes in investments in other equity instruments are mainly due to exchange differences on translation of foreign currency financial statements.

(2) Significant changes occur for the Company's major asset measurement attributes during the Reporting Period

□Yes ☑No

4. Limitation of asset rights as of the end of the Reporting Period

At the end of the Reporting Period, the Company's assets subject to limited rights are mainly statutory reserve placed at the Central Bank and the bank borrowing mortgage, details of which are as follows:

Unit: RMB'000

	Amount	Reasons for limitation
Cash at bank and on hand	1,029,244	Mainly statutory reserve at the Central Bank
Fixed assets	498,743	Bank borrowing mortgage
Intangible assets	261,868	Bank borrowing mortgage
Investment properties	110,919	Bank borrowing mortgage
Total	1,900,774	

VI. Investments Analysis

1. Overview

Investment amount during the Reporting Period (RMB'000)	Investment amount in the same period of last year (RMB'000)	Percentage change
6,169,640	8,341,109	-26.03%

Breakdown items of capital expenditure during the Reporting Period are indicated in the table below:

Item	Investment amount during the Reporting Period (RMB'000)
Sorting centre	2,228,990
Aircraft	1,286,333
Warehouse	533,582
Vehicle	323,633
Information & technology equipment	183,976
Office and buildings	199,385
Land	150,428
Equity investments	685,180
Others	578,133
Total	6,169,640

2. Significant equity investment obtained during the Reporting Period

□Applicable ☑Not applicable

3. Significant non-equity investment ongoing during the Reporting Period

□Applicable ☑Not applicable

4. Investment in Financial Assets

(1) Investment in securities

Unit: RMB'000

Security type	Stock code	Abbreviation of security	Initial investment cost	Accounting measurement model	Opening book value	Gains and losses from changes in fair value during the period	Accumulated fair value changes included in equity	Purchase amount during the period	Sales amount during the period	Gains and losses during the Reporting Period	Closing book value
Domestic and overseas stocks	300771	Zhilai Sci And Tech	13,674	Fair value measurement	72,394	-	-15,485	-	19,464	426	37,445
Domestic and overseas stocks	GB00BLH1QT30	Samarkand	28,928	Fair value measurement	867	-	120	-	-	-	1,006
Domestic and overseas stocks	01519	J&T Express	1,874,787	Fair value measurement	2,345,581	-	-1,303,442	-	-	-	1,081,858
Total			1,917,389	--	2,418,842	-	-1,318,807	-	19,464	426	1,120,309
Disclosure date of Board announcement in respect of securities investment approval			Not applicable								
Disclosure date of shareholders meeting announcement in respect of securities investment approval			Not applicable								

Note: The accounting items of the above domestic and overseas stocks are all "investments in other equity instruments", and the capital source is "self-owned funds".

(2) Investments in derivatives

1) Derivatives investments for hedging purpose during the Reporting Period

Unit: RMB'000

Type of derivatives investment	Initial investment amount	Amount at the beginning of the period	Gains and losses from changes in fair value during the period	Accumulated fair value changes included in equity	Amount of purchase during the Reporting Period	Amount of sales during the Reporting Period	Amount at the end of the period	Proportion of investment amount at the end of the period to net assets of the Company at the end of the Reporting Period
Forward foreign exchange	2,180,655	-	1,289	-1,012	Not applicable	Not applicable	2,180,655	2.20%
Total	2,180,655	-	1,289	-1,012	Not applicable	Not applicable	2,180,655	2.20%
Explanation of whether the accounting policies and accounting principles of hedging during the Reporting Period are significantly changes compared with the previous Reporting Period	No							
Description of actual gains/losses during the Reporting Period	The actual gains/losses during the Reporting Period refers to the change in fair value of derivative financial instruments, and the actual loess for the p eriod amounted to RMB736 thousand**.**							
Description of hedging effects	The Company's derivative investment business mainly consists of forward contracts purchased in the Year, with the underlying asset being the exchange rate and the currency involving USD/HKD. The main elements are: operation of forward forex hedging for the Company's US dollar bonds, which generates exchange losses on the US dollar bonds and gains on changes in the fair value of the forward exchange contracts when the USD strengthens against the HKD. By utilising the lock-in function of derivative transactions, the impact of exchange rate fluctuations on the Company's profit was effectively reduced.							
Source of fund for derivatives investment	Self-owned funds							
Risk analysis and control measures for derivatives positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	(I) Risk analysis The foreign exchange hedging business is carried out by the Company based on the principles of lawfulness, prudence, safety and effectiveness, and not for speculative purposes. All foreign exchange hedging transactions are derived from normal cross-border business, but certain risks may exist in foreign exchange hedging transactions. 1. Market risk: The foreign exchange hedging business carried out by the Company and its subsidiaries mainly involves daily cross-border intermodal transportation fees and investment and financing activities denominated in foreign currencies related to the main business. The associated market risk refers to losses which may arise from changes in price of foreign exchange hedging products due to fluctuations in market prices of underlying exchange rates and interest rates. 2. Liquidity risk: Since all foreign exchange hedging business is conducted through financial institutions, we are subject to the risk of having to pay fees to banks caused by insufficient liquidity in the market.							

	3. Non-performance risk: The Company and its subsidiaries conduct foreign exchange hedging business mainly based on cash flow rolling forecasts for risk management. We are subject to the risk that the actual cash flow deviates from forecast, resulting in failure to fulfil obligations under relevant hedging contracts when due. 4. Other risks: In the course of business, if the person concerned fails to report and seek approval in accordance with the prescribed procedures, or fails to make records on foreign exchange hedging business accurately, timely and completely, losses may be incurred or trading opportunities may be lost. At the same time, if the person concerned fails to fully understand the terms of the transaction contract and product information, we are exposed to related legal risks and transaction losses as a result. (II) Risk control measures 1. Clarify the criteria of initiating transaction of foreign exchange hedging product: All foreign exchange hedging businesses are derived from normal cross-border business for the purpose of averting and preventing exchange rate and interest rate risk. No foreign exchange derivatives trading shall be carried out for speculative purposes. 2. Selection of products: Hedging products with simple structure, strong liquidity and controllable risk are selected to carry out foreign exchange hedging business. 3. Counterparty selection: The counterparties of the Company's foreign exchange hedging business are large state-owned commercial banks and international banks with sound operation, good credit, long history of cooperation with the Company and good credit standing. 4. Determination of fair value of foreign exchange hedging products: The foreign exchange hedging products operated by the Company are mainly for the management of foreign exchange transactions in the predictable future period, with high market transparency and active trading; the transaction price and settlement unit price of which can fully reflect their fair value. The Company determines the fair value of the hedging products in accordance with the transaction data provided by or obtained from the public domain including banks and Reuters. 5. Equipped with professional staff: The Company has maintained a team of professionals with expertise in financial derivatives, responsible for the Company's exchange rate risk management, market analysis, product research and the Company's overall management policy recommendations, etc. 6. Establishing a comprehensive risk alarm and reporting mechanism: The Company sets risk limits for foreign exchange hedging business where transactions have been made, timely evaluates changes in risk exposure and derived gains and losses, and provides regular risk analysis report to the management and the Board of Directors. Appropriate risk assessment models or monitoring systems are used to continuously monitor and report various risks. More frequent reports are made when the market fluctuates drastically or when risks are higher. A response plan will be made promptly. 7. Separation of duties and personnel between the front end and back end is strictly implemented. Dealers cannot concurrently hold the position as accounting personnel and vice versa.
Changes in market price or fair value of invested derivatives during the Reporting Period (the specific methods, relevant assumptions and parameters used in the analysis of the fair value should be disclosed)	The Company's analysis of the fair value of derivatives is based on the financial market fair value valuation report provided by the bank at month end.
Lawsuit (if applicable)	N/A
Disclosure date of Board announcement in respect of derivatives investment approval (if any)	29 March 2023, 27 March 2024
Disclosure date of shareholders meeting announcement in respect of derivatives investment approval (if any)	N/A

2）Derivatives investments for speculative purpose during the Reporting Period

□Applicable ☑Not applicable

There was no derivative investment for speculation purpose during the Reporting Period.

5. Use of proceeds

□Applicable ☑Not applicable

The Company had no use of proceeds during the Reporting Period.

VII. Sale of Significant Assets and Equity

1. Sale of significant assets

□Applicable ☑Not applicable

The Company did not sell any significant assets during the Reporting Period.

2. Sale of significant equity

□Applicable ☑Not applicable

VIII. Analysis of Major Holding and Participating Companies

Major subsidiaries and equity participation companies that affect the Company's net profit by more than 10%

Unit: RMB’000

Company Name	Company Type	Primary Business	Registered Capital	Total Assets	Net Assets	Revenue	Operating Profit	Net Profit
Shenzhen S.F. Taisen Holding (Group) Co., Ltd.	Subsidiary	Investments in industrial businesses, investment consulting and other information consulting, supply chain management, asset management, capital management, investment management, etc.	5,000,000	80,905,205	44,381,977	3,097,607	353,485	323,939

(1) Description of Major Holding and Participating Companies

The net profit realised by Shenzhen S.F.Taisen Holding (Group) Co., Ltd. for the period was mainly the profit generated from the Company's primary business.

(2) Acquisition and Disposal of Subsidiaries During the Reporting Period

For details, please refer to Note 5 to the Chapter 10 Financial Statements.

IX. Structured Entities Controlled by the Company

☐ Applicable ☑ Not applicable

X. Risks Faced by the Company and Countermeasures

1. Market risk

Risk of macroeconomic fluctuations: The logistics industry plays a significant role in supporting the development of the national economy but meanwhile being subject to the significant impact posed by global macroeconomic conditions. The growth of macro-economy is expected to shift into a new normal featuring medium-to-low-rate growth; in the first half of 2024, there is a slowdown in growth in the consumer market, despite relatively high growth in industrial production. Meanwhile, in developed countries, the inflation, weak consumer demand, unstable international relations and other negative factors posed obstacles to the growth of international trade. Due to the conflicts in partial nations and regions, the supply of transport capacity by maritime transport routes fell short, leading to the absence of the full unleashing of international freight demand. The combined effect of domestic and foreign economic factors may affect the growth of the logistics industry and the performance of the Company.

Market competition-related risk: The e-commerce market, as the main force driving the growth of the business volume of express delivery, has transitioned from explosive development phase into normal-level steady growth. With the reduction in space for increment, the competition may become intense in the existing markets. Meanwhile, consumers' emphasis on cost performance in shopping will prompt enterprises and businesses to seek for further reduction in the cost of express and logistics, and major express delivery companies have recorded a decline in average per-parcel revenue. In addition, more express delivery enterprises tend to offer comprehensive logistics services rather than homogeneous services, pay more attention to product and service layering and commence competition in more logistics segments. The Company has been keeping forging differentiated competitive advantages, and providing a complete product matrix in the diversified business scope, however, as more leading express delivery enterprises get involved in the competition in segments, the Company may face the risk of slowing revenue growth and declining market share if it is unable to adjust its operation strategies in a timely manner in line with the changes in the market, seize the market opportunities and maintain its position as a leading service provider.

Risk response: The Company keeps a close watch on the macroeconomic situation, analyses its impact on our main business, and adjusts our operation strategies in a timely manner to minimise the adverse impact on the Company's business and future development. It pays close attention to and studies the trends of the industry's development, analyses the competition patterns in the market, and deploys forward-looking strategic planning. In addition, it adheres to the practice of diversified business development, constantly improves the product matrix, deeply taps demands from customers' supply chain and provides integrated logistics solutions for various industries, to achieve a differentiated service experience and enhance customer stickiness towards us. It insists lean operations and deeply integrates its business foundation in order to achieve the resources complementation and more optimisation of benefit from its operation network. Meanwhile, the Company attaches great importance to investing in science and technology, striving to empower its product innovation and improve its service quality by means of technology, and is committed to providing customers with digital and integrated supply chain services, to consolidate its core competition barriers, thereby supporting the long-term sustainable development of the Company's business.

2. Policy risk

Risk arising from changes in industry regulations and industrial policies: The operation of express delivery requires business licensing and is subject to regulation by laws, administrative rules and industry standards such as the Postal Law of the People's Republic of China (《中华人民共和国邮政法》), the Administrative Measures on Courier Service Operation Permits (《快递业务经营许可管理办法》), the Administrative Measures for Express Delivery Market (《快递市场管理办法》) and the Rules for Guiding the Operation of Express Delivery Business (《快递业务操作指导规范》). With a view to effectively regulating the development of the express delivery industry and enhancing service quality, competent departments at various levels successively introduce regulatory systems to regulate industry competition and service standards. Particularly, emphasis is placed on high-quality development of the industry, calling on related parties to protect the legitimate rights and interests of couriers, improve the social security level for couriers, implement the main responsibilities of express delivery enterprises and standardize the enterprise franchise and labour management. At the same time, the emphasis on consumer experience is required, and no confirmation and signing can be made, and no parcel can be delivered to the delivery lockers or service stations without the consent of the users, etc. With the strengthening regulation, the compliance costs and incompliance risks of the express delivery industry may increase, which may have an impact on the development trend and market competition landscape in the express delivery industry, and may therefore affect the future business operation and performance of the Company.

Risk response: SF has always adhered to the highest standards of compliant operation in the industry, and the increasingly standardized national policies are favorable for the Company in market competition.The Company has established state and local policies research teams for all of its business lines, conducting in-depth analysis on relevant policies introduced, fully capitalising on favourable policies while avoiding policy risks and identifying the trend of industry policies, hence promoting its business operation. Furthermore, the Company has always attached importance to the protection of rights and interests of couriers, continuously improved the social security level for them while boosting their efficiency through technology empowerment, reducing working hours and raising their income. In addition, the Company has always adhered to the concept of providing customers with high-quality services, and adhered to the practice of providing end-to-end door-to-door services, serving customers with timeliness and warmth, all leading to its ranking the first place in public satisfaction for express delivery services for 15 consecutive years.

Risk arising from relevant state policies on environmental protection, energy conservation and emission reduction: China has undertaken that it will strive to reach the peak of CO2 emissions by 2030 and achieve carbon neutrality by 2060. It is foreseeable that China will issue subsequent policies on environmental protection, energy conservation and emission reduction. Such policies to be released may affect the service and operation pattern of express delivery enterprises, and may lead to increased expenses in relevant aspects such as environmental protection, energy conservation and emission reduction incurred by express delivery enterprises, which will pose adverse effect on the future performance of the Company. Meanwhile, if companies fail to fulfil their green and environmental obligations in accordance with the laws, they will be liable to the relevant legal obligation and the social images of the companies will be impaired.

Risk response: The Company, taking into account the external environment and policy changes, took a keen insight into the development trend of the industry, so as to keep abreast of the direction of the industry and implement the forward-looking deployment and adjustment. It kept a watchful eye on its own impacts on the environment, and published the SF Holding's White Paper for Carbon Emission Target (《顺丰控股碳目标白皮书》), which was the first one of such like in the industry, in 2021. Leveraging intelligent technological strength, the Company has adjusted its energy consumption structure, upgraded its transportation and business models, implemented the reduction and recycling of packaging of parcels, and then promoted the green and low-carbon reform.

3. Business risk

Risk of possible rising costs: The express and logistics industry is a labour-intensive industry. There are relatively large demands for labour in various links of the operation such as pickup, sorting, transportation and delivery. With the reduction in demographic dividend in China, there will be certain pressures of rising labour costs while investments in logistics infrastructures and other aspects have also increased. If the Company is unable to secure enough business volume or effectively control costs in the future, the performance growth will probably face risks in the future.

Risk response: The Company has improved its logistics infrastructure, and innovated its system tools, including promoting the whole-process online intellectualisation of logistics, improving sorting centers' automation, optimising route planning, applying scientific and technological means to enhance efficiency and reduce manpower investment, gradually achieving transformation of the express delivery industry from a labour-intensive industry to a technology intensive industry. Meanwhile, the Company continues to review and optimise resources investment in all of its business lines, expand the synergistic reuse of resources across business segments by promoting multi-network integration and operation model optimisation, improve the input-output ratio of resources and optimise cost efficiency. The core logistics infrastructure constructed by the Company in accordance with its long-term strategic direction will gradually unleash economies of scale along with future business growth.

Risk of fuel price fluctuation: Transportation cost is one of the major cost in the express delivery industry, and fuel cost is an important component of transportation cost. Fluctuation in fuel price will have a certain impact on the profitability of express delivery companies. If the price continues to rise significantly in the future, the Company will experience pressure of increased costs.

Risk response: By further optimising the layout of its operation network, the Company improves the scientificity of its route planning and the vehicle loading rate of the trunk and feeder routes, and improves the efficiency of its resource use; furthermore, the Company strengthens promotion for use of new energy vehicles, which has reduced the risk of fuel price fluctuations to a certain extent. Meanwhile, the Company has well-established operation and cost monitoring mechanisms in place. When costs fluctuate significantly, the operation plans and fuel cost control measures will be dynamically adjusted. The Company has also comprehensively evaluated and explored the mechanisms for charging appropriate fuel surcharges for specific products based on oil price fluctuations, thereby reducing the negative impact of fuel cost fluctuations on the Company.

Risk from international operation: With the development of the Company's international business, especially after the acquisition of Kerry Logistics, the proportion of its international business has expanded rapidly, and the number of countries covered by the services of the Company has increased. International logistics service, relying on international trade, is subject to trade relations and other unpredictable factors. Global economic development, national relationships, international trade and tax policies have experienced unpredictable changes and there are many uncertainties on international trade, including significant fluctuations in the price of the transportation capacity of international routes, the problem of stability in some countries and regions where we have operations and so on, which bring challenges to the Company's operation. If the Company fails to take effective measures to deal with that, it may have an adverse impact on the development of the Company's international business.

Risk response: In the course of the Company's business, we continue to track and study changes in trade policies, closely monitor the market dynamics and adjust the strategies for our international business operation in a timely manner; actively explore international maritime, land, air and railway transportation resources, strengthen the monitoring of our operation networks, and make every effort to ensure stable and efficient cross-border services. Meanwhile, the Company increases its investment in our scientific and technological resources, promotes the informatisation construction of our international business, and facilitates operational decisions making.

4. Exchange rate fluctuation risk

Exchange rate fluctuation risk: As the Company’s overseas operations expand, the businesses denominated in foreign currencies are set to account for an increasing share of our total business volume. Given the uncertainties in the international financial environment and fluctuations in RMB's exchange rates, the Company's foreign-currency denominated assets, foreign-currency denominated liabilities and future foreign currency-denominated transactions will all be subject to fluctuations in exchange rates, which will in turn affect the Company's business performance or financial statements.

Risk response: The Company's foreign exchange transactions are mainly conducted based on its actual needs of cross-border foreign-currency denominated businesses. To avoid and guard against risks associated with fluctuations in exchange rates and interest rates, better manage its foreign currency positions and become more competitive, the Company has established the Management Policies for Foreign Exchange Risks (《外汇风险管理制度》), and conducted centralised management of foreign currency positions, netting, maturity matching, and natural hedging to avoid foreign exchange risk in advance wherever possible. It also uses financial derivatives and hedging instruments with low default risks, high liquidity and controllable risks to lock in the costs of exchange rate and interest rate and avoid exchange rate and interest rate risks. All the Company's hedging transactions are conducted in strict compliance with the relevant hedging principles, and are based on our normal production and business activities and justified with actual business operations. All the transactions are carried out for the purpose of locking in costs and avoiding risks. The Company does not trade for speculative purposes, and operates within its authority to ensure effective execution and reduce the impact of the exchange rate fluctuations on its operation and earnings. In terms of transaction counterparty selection, the Company conducts foreign exchange hedging transactions only with large and established commercial banks at home and abroad, and all such transactions conform to the principles of legality, prudence, safety and effectiveness. In addition, the Company will devote its efforts to study and analyse exchange rates and interest rates, closely monitor changes in the global markets, issue early warnings in time, and take countermeasures accordingly.

5. Information system-related risk

Information system-related risk: To cope with business diversification of the Company and meet the complex and diverse needs of customers, the Company has set up and applied various information systems and technologies. Rapid development and changes of the market and industry pose a challenge of rapid change in technology and services on the construction of core business systems of the Company. With a wide variety of professional technologies of the Company and the rapid iteration thereof, along with emerging new technologies, changes in information technology and future business requirements may cause certain information system-related risks. Although a series of information security management and control mechanisms have been established drawing on the substantial amount of data accumulated over the years by the Company, there still exist certain human- or system-caused information security risks. And as the top-level laws relating to data security and personal information protection are introduced, and employees’ and users’ awareness of privacy protection has enhanced, the regulators have set higher and stricter requirements for the standardisation of data processor, especially personal information processing activities. Therefore, companies with a deluge of personal information are also inevitably facing privacy compliance risks.

Risk response: The Company has formulated comprehensive response measures against information system-related risks.

Firstly, the Company continues to carry out operation and optimisation of the ISO27001 information security management system and the ISO27701 privacy information management system. It implements information security control and protection in all links in accordance with established policies and strategies for information security, and continuously updates all procedures and systems for information security. It continuously reinforces risk awareness among staff members, conducts staff training on operation standards, develops internal information circulation guidelines, implements rules of exacting control over sensitive information, avoids unintentional violations, and constructs monitoring and pre-warning and response systems for abnormal behaviours, so as to eliminate information system security risks in their infancy.

Secondly, in accordance with the requirements of regulatory authorities, the Company has carried out security assessment on its information systems. Based on high standards of technology protection requirements, it conducts continuous and regular security intervention in the business system construction phase to enhance the anti-security attack capabilities of the client service products and the business systems themselves. During the operation of the information systems, four capability systems, namely the security capability baseline (measurable cyberspace security capability evaluation), the safe operation capability (privacy data risk situation awareness, MTTD and MTTR metrics based on offense-defense confrontation), the DevOps security capability (DevSecOps process and tool chain), and the security ecology capability (external perception and linked stop-loss) have been established, to enhance the capability of the IT infrastructures to discover and defend against cyber security attacks. Moreover, the Company has established a relatively comprehensive information system risk prevention and control system, and formulated standard processes such as the Major Event Management Process System for IT System (《IT 系统重大事件管理流程制度》) and the Disaster Recovery Plan and Process for IT System (《IT 灾难恢复预案流程》) to implement closed-loop risk prevention and control via pre-warning, in-process control and post-recording.

Furthermore, with a view to eliminating privacy compliance risks, reducing potential business loss, fulfilling the responsibilities of data processors, effectively protecting the interest of users and employees, and maintaining a positive image of SF for its personal information protection, the Company acted in compliance with the GDPR and assessed privacy compliance of its APPs, implemented multiple publicity and training on privacy compliance within the Company after the Data Security Law (《数据安全法》) and the Personal Information Protection Law (《个人信息保护法》) were promulgated, and continuously conducted security intervention during personal information processing and business system building activities, with high standards of privacy compliance requirements enforced, and enhanced the ability to resist security attacks on personal information protection and business system in accordance with compliance requirements such as the Privacy Data Security Compliance Management Standards (《隐私数据安全合规管理标准》) and the Data Asset Classification and Rating and Security Management System (《数据资产分类分级及安全管理制度》). Additionally, the Company has actively participated in the formulation of three information security standards, including the Basic Requirements for the Collection of Personal Information by Mobile Internet Applications (Apps) for Information Security Technology (《信息安全技术移动互联网应用程序（App）收集个人信息基本要求》), the Security Requirements for Express and Logistics Service Data for Information Security Technology (《信息安全技术快递物流服务数据安全要求》) and the Guidelines for the Implementation of Notice and Consent in Processing of Personal Information for Information Security Technology (《信息安全技术个人信息处理中告知和同意的实施指南》). In addition, the Company regularly carries out and participates in security summits and security salons, exchanges and discusses with industry leaders and industry elites, and forms alliance partnerships with information security teams of well-known Internet and e-commerce enterprises and other enterprises in various industries to co-operate and work together to build a safe and orderly cyberspace.

XI. Implementation of the Action Plan on "Double Improvement of Quality and Return"

Whether the Company has disclosed the action plan on "Double Improvement of Quality and Return"

☐Yes ☑ No

Chapter 4 Corporate Governance

I. Details about the Annual General Meeting and Extraordinary General Meetings Convened during the Reporting Period

1. Details about the shareholders' general meeting during the Reporting Period

Meeting	Meeting Type	Investor Participation %	Date Convened	Disclosure Date	Meeting Resolutions
2023 Annual General Meeting	Annual General Meeting	67.8833%	30 April 2024	6 May 2024	2023 Annual General Meeting Resolutions" (2024-045) disclosed by the Company on CNINFO (www.cninfo.com.cn)

2. Extraordinary General Meeting requested by preferred shareholders with restitution of voting right

□Applicable ☑Not applicable

II. Changes of Directors, Supervisors and Senior Executives of the Company

☑Applicable ☐ Not applicable

Name	Position	Type	Date	Reason
Shum Tze Leung	Chairman of the Supervisory Committee	Resigned	6 May 2024	Resign from the position of supervisor and chairman of the Supervisory Committee of the Company due to adjustment of personal work arrangements.
Zhang Dong	Director	Resigned	25 June 2024	Resigned from the position of director due to personal reasons.

III. Profit Distribution & Conversion of Equity Reserve into Share Capital During the Reporting Period

□Applicable ☑ Not applicable

The Company intends to pay no cash dividend, no bonus shares, and no conversion of equity reserve into share capital for the first half of the year.

IV. Execution of Stock Incentive Plan, Employee Share Ownership Scheme or Other Employee Incentives

□Applicable ☑□Not applicable

There were no stock incentive plan, employee share ownership scheme, or other employee incentives and their execution during the Reporting Period.

Chapter 5 Environment and Social Responsibilities

I. Major Environment Issues

The listed company and its subsidiaries are not the major pollutant discharge units announced by the Ministry of Ecology and Environment

During the Reporting Period, the Company and its subsidiaries were not subject to administrative penalties for environmental issues

Please refer to other environmental information disclosed by major pollutant discharge units

□Applicable ☑Not applicable

Measures taken to reduce carbon emissions and their effects during the Reporting Period

SF was committed to integrating its corporate value with social value. As a socially responsible enterprise, SF had always upheld sustainable and healthy development, aiming to set an example and bring along positive impacts to the entire industry and society through the optimization and upgrade of its operations. Guided by the national “dual carbon” (i.e., carbon peaking and carbon neutrality) strategy and aiming to protect the environment and conserve energy and reduce emissions, the Company incorporated climate change response into its operation and management practices and continuously improved its environmental management system. Through initiatives such as promoting low-carbon transportation, constructing green industrial parks, R&D of sustainable packaging and applying green technology, SF strived to realise green management which would cover the entire lifecycle of logistics, to promote green and sustainable logistics in a proactive manner.

Building on past achievements in carbon reduction, SF had released the “White Paper on Carbon Goals”, which was the first one of such like in the industry, committing to, by 2030, improving its carbon efficiency by 55% compared to 2021 and reducing the carbon footprint of each parcel by 70% compared to 2021. In addition, in 2023, the Company announced its joining of the Science Based Carbon Targets initiative (SBTi), and pledged to achieve "net-zero emissions" of greenhouse gases along its value chain by 2050. By virtue of its outstanding efforts in improving the environment, caring for employees, and engaging in philanthropy, the Company had been honourably selected into the list of ESG influence in China released by Fortune for three consecutive years (2022-2024), being the only express delivery and logistics company in China to be on that list.

1. Promoting low-carbon transportation

SF continuously expanded its green fleet, and promoted energy conservation and emission reduction in the transportation process through multiple measures, including increasing the investment in new energy vehicles, optimizing the selection of fuel vehicles, building a system platform to monitor the energy consumption by its vehicles, and optimizing transportation routes by scientific and technological means.

The Company adopted multiple means to strengthen the investment in and utilization of new energy vehicles. It explored the mechanism of efficient operation of new energy logistics vehicles jointly with its partners to improve the energy use efficiency in transportation and mitigate the impact on the environment. The transportation scenarios of its new energy vehicles mainly covered short-distance branch lines, shuttling and end delivery in cities, as well as first- and second-tier trunk transportation across provinces and cities. As of the end of the Reporting Period, SF had more than 34,000 new energy vehicles in operation for transportation, covering 250 cities. For long-distance transportation and transportation in cold areas in northern China, the Company had conducted pilot by introducing hydrogen fuel and LNG natural gas vehicles.

2. Constructing green industrial parks

SF was committed to constructing green and low-carbon industrial parks. Through the introduction of distributed photovoltaic projects, the optimization of warehouse space layout and intelligent energy consumption management, SF strived to promote the improvement in its transit efficiency and energy-saving efficiency, mitigating the impact of its logistics transit on the environment. The Company continuously increased the utilization of clean energy and actively implemented renewable energy power generation plans. As of the end of the Reporting Period, we had completed the construction of the roof photovoltaic power stations in 21 industrial parks, with a total installed capacity exceeding 89 MW a renewable energy power generation exceeding 42.5

million kWh and a clean energy consumption exceeding 21,000 MWh during the first half of the year. Moreover, SF's industrial parks in Changsha, Foshan and Wuhu had been awarded the "First-Class (Three-Star) Green Warehouse" certification from the China Association of Warehousing and Distribution (CAWD), SF's industrial park in Guizhou had been certified as "Green Logistics Park in Guizhou", and Shunxinhui Hubei Logistics Center (顺新晖湖北物流中心) had passed the certification for carbon neutrality for the first stage.

3. R&D of sustainable packaging

Actively responding to the development trend of green packaging, SF continuously strengthened its technological innovation, transformation and application of green package materials, and comprehensively promoted the reduction, recycling, harmlessness, and standardization of packaging. Additionally, SF continued to explore the refined management of sustainable packaging, and worked closely with upstream and downstream partners along the industry chain to build a circular ecosystem for express delivery packaging in a proactive manner, so as to jointly foster the development of sustainable packaging.

Minimum packaging: SF continuously promoted the green packaging plan, and provided detailed packaging operation instructions for different types of consignments to implement the green packaging requirements. Meanwhile, the Company conducted innovative research and development on the minimization, standardization and scene-based application of eight types of materials, including plastic bags, plastic papers, stickers and seals. During the first half of 2024, SF reduced the utilization of raw paper by approximately 23,000 tons and plastic by approximately 82,000 tons in aggregate.

Recyclable packaging and containers: SF actively promoted the innovative R&D of recyclable packaging containers, providing complete and recycled package solutions for customers within and outside the industry. Depending on various industries and scenarios, the Company had developed and deployed recyclable packaging and containers such as medical precision temperature-controllable boxes, cold chain circulating insulation boxes, standard large-scale recyclable pallet boxes, recyclable honeycomb panels, and recyclable woven bags. Meanwhile, the Company has continued to build recyclable science and technology to realize the digitized and transparent management of recyclable packaging materials throughout the whole lifecycle, and to promote the overall improvement of internal management and recycling efficiency. In the first half of 2024, a total of 19.48 million recyclable packaging containers were put into circulation, with a cumulative cycle of nearly 600 million times, reducing greenhouse gas emissions by more than 190,000 tons.

Fully biodegradable packaging: SF actively engaged in the research and development of biodegradable packaging materials, collaborating with external research institutions and universities to conduct a series of research, continuously expand and deepen its knowledge of cutting-edge biodegradable packaging technologies. As of the end of June 2024, SF had deployed over hundreds of million "Feng Bag" in various regions such as Beijing, Hainan, Guangzhou, and Northern Zhejiang.

4. Developing green technology

SF had always been committed to empowering its logistics and supply chain services with technological innovation. It digitized the entire operational process from pickup and delivery to transfer and transportation, integrating data forecasting, visualization monitoring and early warning systems, which enabled intelligent planning and scheduling, dynamic resource matching, and flat and efficient management throughout the network. By incorporating IoT technology, automation and unmanned systems, SF enhanced its operational efficiency and input the power of technology into every stage of parcel delivery, contributing to quality enhancement, efficiency improvement, and low carbon and emission reduction across the entire "pickup-transfer-transportation-delivery" process.

At the terminal stage (i.e., pickup and delivery), SF expanded its business coverage and provided efficient, cost-effective and low-carbon logistics transportation services through the application of intelligent technology. At the transfer stage, SF optimized the allocation of warehouse resources with the aid of data, and introduced fully automated sorting and site management systems, to enhance the efficiency of its warehouse and transfer and improve the efficiency of its energy utilization. At the transportation stage, SF utilized smart mapping for route planning, in which factors such as parcel's timeliness and distance were taking into consideration to provide the optimal route through intelligent algorithms. Additionally, leveraging data analysis and deep learning technology, SF integrated freight routes and transportation resources to achieve precise matching of vehicles and goods, thereby enhancing transportation efficiency.

Furthermore, SF continued to improve the standardization and refined management of carbon data. With the industry-leading scientific and technological innovation capability, the Company has independently developed the whole-link logistics carbon footprint management system "Fenghe Sustainable Development Platform", which covers more than 240 types of transportation carriers in the logistics industry, realizing full coverage of all transportation means and scenarios in land, rail, sea and air, and has not only been certified by ISO 14064, but also won the authoritative certification of "ISO 14083 International Standard for Global Carbon Accounting in Logistics" in the first half of 2024. In the first half of 2024, it will be awarded the authoritative certification of "ISO 14083 International Standard for Carbon Accounting in Global Logistics". As the industry's first digital carbon management platform that realizes carbon footprint tracking at the waybill level, it not only accurately calculates the real greenhouse gas emissions and emission reductions generated by each shipment in the "receiving, transferring, transporting, and dispatching" stages to enhance the transparency of greenhouse gas emission data in the logistics supply chain, but also helps customers to reduce fulfillment costs in environmental protection and climate risks in operations, thus comprehensively improving the green and low-carbon operational resilience of the logistics supply chain. At the same time, it can help customers reduce compliance costs in environmental compliance costs and climate risks, and comprehensively enhance the resilience of the logistics supply chain's green and low-carbon operations. As of the end of the Reporting Period, more than 40 world-renowned customers have used the "Fenghe Sustainable Development Platform" to monitor carbon emission data.

SF leveraged technology to drive green and low-carbon transformation while wishing to extend green values to the supply chain. It advocated and collaborated with upstream and downstream partners to accelerate the transition to low carbon, to jointly fulfil the responsibility of protecting the Earth, achieving green development and building a zero-carbon future together.

II. Social Responsibilities

Consolidating and extending the achievements in poverty alleviation and advancing rural revitalization:

Positioned as a leading integrated logistics service provider in China, SF has always closely integrated corporate development with social responsibility. It has continuously focused on the agricultural product delivery sector, consolidated and expanded the achievements in poverty alleviation, and supported rural revitalization. In 2024, SF proactively aligned its strategies with national policies, resolutely focused on its core logistics strategy, collaborated with local governments to create regional agricultural product brands, and at the same time establishing and building online sales channels for agricultural products, thus achieving the unification of the Company's business development and social value.

The Central Document No. 1 in 2024 emphasized the need to "deeply promote the development of a sound logistics and distribution system for rural areas, and foster the integrated growth of 'customer-cargo-mail' in villages; optimize the construction of the cold chain logistics system for agricultural product, accelerate the building of backbone cold chain logistics bases, and deploy county-level public cold chain logistics facilities." Establishing a sound three-tier logistics system for counties, towns and villages is at the core of the "delivering express parcels to rural areas" and "delivering express parcels to villages" initiatives.

In response to the promotion of "agriculture, rural areas and farmers" work process, SF focused on tackling the various challenges in the circulation process of agricultural products, such as difficult packaging, multiple links, perishability and low profit margins. It proposed an agricultural assistance model that aims to "not only distributing quality agricultural products to the market, but also promoting the exceptional brands of agricultural products to the market." By leveraging its high-quality resources, SF has made full efforts to unblock the last-mile logistics channels connecting rural consumption upgrades and the market access for agricultural products.

At the "last-mile" level, SF insisted on establishing agricultural product collection outlets right at the farm fields, invested in mobile sorting vehicles tailored for small-batch allocation, and built fresh products pretreatment centers close to the places of origin. For the wide variety of fresh produce, SF designed exclusive packaging to ensure freshness and safety of the products. During the harvest season of characteristic agricultural products, the Company integrated various transportation resources, such as aviation, high-speed railway and cold chain, to ensure efficient and high-speed transport of agricultural products across the country. To ensure the service quality throughout the process, the Company set up a special project team during the "fresh season" to monitor and warn each link of collection, transfer, transportation, delivery and after-sales service in real time with the help of the digital technology and visualization system. Leveraging its robust logistics network, advanced packaging technology and fast delivery capability, SF overcame one after another high-difficulty transportation of fresh products, assisting in the express transportation of products such as hairy crabs, live fish, seafood, beef and mutton, lychees, cherries, bayberries, strawberries and matsutake, to achieve a nationwide direct delivery and direct-to-consumers mode of agricultural products from the place of origin.

Regional characteristic agricultural products play an important role in rural industrial development. In the context of comprehensive rural revitalization, the brand value and market scale of these products will see greater development opportunities. In this process, SF has been committed to driving the coordinated development of the upstream and downstream of the agricultural industry chain, with the goal of boosting the supply-side of rural industries. Through reasonable transportation pricing and high-quality services, SF aims to help increase farmers' incomes and achieve common prosperity. At the same time, SF also actively collaborated with local governments, rural cooperatives and other institutions to build regional agricultural product brands, promote brand building, and establish designated fund subsidy mechanism for customization of packaging materials for regional brands. In the first half of 2024, the Company closely partnered with local governments, industry associations and leading brands to jointly build 35 regional brands for agricultural products.

As the "Internet +" economy flourishing, the Company leveraged its own platforms to conduct rhythmic and high-volume online promotion of agricultural products, and also collaborated with external resources to co-build agricultural product brands and sales ecosystems. Through partnerships with the government, client live streamers and local fruit farmers, and with the help of the Company's brand influence and Internet celebrities (KOLs) and influencers, SF organized live broadcasts at the places of origins to boost the sales volume of agricultural products. At the same time, SF empowered agricultural digitalization by providing customers with a series of technology services, such as product traceability and "one QR code for each store", and deployed its proprietary unmanned equipment in core production areas of agricultural products, establishing low-altitude logistics routes to deliver more convenient and efficient delivery services for farmers. In addition, under the background of "dual carbon", SF steadfastly fulfilled its corporate social responsibility and continued to promote the building of a green and low-carbon supply chain ecosystem by advancing low-carbon transportation, using green and eco-friendly packaging materials for agricultural products, and developing green technology applications.

At present, the Company's service network for helping production and sales of agricultural products covered more than 2,700 county-level cities nationwide, encompassing 226 types of more than 5,500 characteristic agricultural products nationwide, and about 2.90 million tons of characteristic agricultural products were delivered in the first half of 2024. SF contributed to rural revitalization with practical actions, allowing more local brand characteristic agricultural products to be known, tasted and recognized by the public. In the future, SF will further consolidate its comprehensive logistics advantages, focus on refined services, production-sales assistance, technology empowerment and brand building to construct a nationwide service network for upstreaming agricultural products, and is committed to becoming a benchmark enterprise that continuously creates outstanding social value.

In addition, the Company has actively explored the "delivering express parcels to rural areas" and “delivering express parcels to villages” models over the years, through the establishment of a five-level administrative division address library, supported the decision-making of township and village resource investment, accurately identified rural parcels, and ensured the timeliness commitment of express delivery to villages, creating a high-quality "precision delivery to villages" service. As of June 2024, SF had more than 100,000 cooperative stations at the village level, gradually forming a relatively complete rural express network. The service network's township coverage rate exceeded 93%, and the daily processing volume of township parcels amounted to 2.46 million. Based on the high-quality logistics services, the extension to the front end of the industrial chain to the full-process service allowed farmers to enjoy more convenient and fast express services in the village.

Chapter 6 Significant Events

I. Commitments Made by the Company's Actual Controllers, Shareholders, Related Parties, Purchasers, the Company and Others that Were Fulfilled During the Reporting Period and Those Not Fulfilled before the Expiry as of the End of the Reporting Period

□Applicable ☑Not applicable

During the Reporting Period, there were no commitments made by the Company's actual controllers, shareholders, related parties, purchasers, the Company and others that were fulfilled during the Reporting Period and those not fulfilled before the expiry as of the end of the Reporting Period

II. Status of Capital of the Listed Company Used for Non-operating Purposes by the Controlling Shareholder and Other Related Parties

□Applicable ☑Not applicable

During the Reporting Period, no controlling shareholders or other related parties used capital of the listed Company for non-operating purposes.

III. Non-compliant Provision of External Guarantees

□Applicable ☑Not applicable

There was no non-compliant provision of external guarantees of the Company during the Reporting Period.

IV. Details Regarding Engagement and Removal of Accountant Firm

Whether the interim financial report has been audited?

□ Yes ☑ No

The interim report of the Company has not been audited.

V. Explanations Provided by the Board of Directors and Supervisory Committee Regarding the "Non-standard Audit Report" Issued by the Auditor for the Reporting Period

□Applicable ☑Not applicable

VI. Explanations Provided by the Board of Directors Regarding the "Non-standard Audit Report" of the Previous Year

□Applicable ☑Not applicable

VII. Bankruptcy and Reorganisation

□Applicable ☑Not applicable

There were no bankruptcy or reorganisation related matters of the Company as at the end of the Reporting Period.

VIII. Lawsuit

Significant lawsuit or arbitration

□Applicable ☑Not applicable

There was no significant lawsuit or arbitration related matters of the Company during the Reporting Period.

Other legal proceedings

□Applicable ☑Not applicable

As of 30 June 2024, pending litigation and arbitration in which the listed company and its subsidiaries as defendants and respondents involved an aggregate amount of RMB980 million, accounting for 1.1% of audited net assets attributable to shareholders of the listed company at the end of the 2023. Such litigation and arbitration matters mainly related to a number of independent cases with small amounts involved in each single case, which will not have a material adverse effect on the Company’s financial status and ability to continue operations.

IX. Punishment and Rectification

□Applicable ☑Not applicable

There was no such situation during the Reporting Period.

X. Integrity of the Company, Its Controlling Shareholders, and Actual Controller

□Applicable ☑Not applicable

XI. Significant Related-party Transactions

1. Related-party transactions relevant to routine operations

☑Applicable ☐Not applicable

Related Party	Relationship	Type of related-party transaction	Details of related-party transaction	Pricing principle of the related-party transaction	Related-party transaction price	Transaction amount (RMB'000)	Proportion of same category of transactions	Approved transaction quota (RMB'000)	Approved quota exceeded or not	Related-party transaction settlement method	Market price of similar transactions available	Disclosure date	Disclosure index
Guangdong Fengxing Zhitu Technology Co., Ltd. and its subsidiaries	An entity controlled by the actual shareholder of the Company	Provide services to related parties	Comprehensive services such as communication service, technology services and property management	Fair pricing based on market prices following the principle of independent transactions.	Contract price	27,680	0.02%	75,000	No	Settlement based on the settlement period and terms in the contract	Not applicable	December 13, 2023	Announcements on the "Proposal on Estimated Routine Related-party Transaction Amount in 2024-2026" and the "Increase in Estimated Routine Related-party Transaction Amount" released by the Company on the Cninfo website (www.cninfo.com.cn)
		Receive services and relevant equipment from related parties	Logistics map data call, technology service, on-vehicle software and hardware			203,860	0.18%	698,770	No		Not applicable	December 13, 2023	
Shenzhen Fengxiang Information Technology Co., Ltd. and its subsidiaries	An entity controlled by the actual shareholder of the Company	Provide services to related parties	Logistics services such as express delivery and transportation and warehousing			6,976	0.01%	15,000	No		Not applicable	December 13, 2023	
		Purchase of goods/equipment from related parties	Purchase of goods and platform technology services, etc.			126,420	0.11%	420,000	No		Not applicable	December 13, 2023	

Hive Box Holdings Limited and its subsidiaries	An entity controlled by the actual shareholder of the Company	Provide services to related parties	Logistics services such as express delivery and transportation and warehousing			700,549	0.52%	1,800,000	No		Not applicable	December 13, 2023 March 27, 2024	
		Provide services to related parties	Comprehensive services such as communication service and property management services			11,753	0.01%	39,000	No		Not applicable	December 13, 2023	
		Receive services and relevant equipment from related parties	Agent services, advertisement services, etc.			54,489	0.05%	322,630	No		Not applicable	December 13, 2023	
Total				--	--	1,131,727	--	3,370,400	--	--	--	--	--

Details of large amount of sales returns	Nil
Actual performance in the Reporting Period versus predicted total amount of routine related-party transactions, by types (if any)	The Company's ninth meeting of the sixth session of the Board of Directors held on December 12, 2023 and the seventh meeting of the sixth session of the Supervisory Committee and the Second Extraordinary General Meeting of Shareholders of 2023 on December 28, 2023, respectively, reviewed and approved the "Proposal on Estimated Routine Related-party Transaction Amount in 2024-2026"; and the twelfth meeting of the sixth session of the Board of Directors and the eighth meeting of the sixth session of the Supervisory Committee held on March 26, 2024 and the Annual General Meeting of 2023 held on April 30, 2024, respectively, reviewed and approved the "Proposal on Increase in Estimated Routine Related-party Transaction Amount". The amount incurred by aforementioned related-party transactions is within the estimated range.
Reason for significant discrepancy between the transaction price and the market price (if applicable)	Not applicable

2. Related-party transactions relevant to purchases and sales of assets or equities

□Applicable ☑Not applicable

There were no related-party transactions of the Company in respect of acquisition or disposal of asset of equity during the Reporting Period.

3. Related-party transactions with joint investments

□Applicable ☑Not applicable

There were no related-party transactions with joint investment of the Company as at the end of the Reporting Period.

4. Credits and liabilities with related parties

□Applicable ☑Not applicable

There were no credits and liabilities with related parties of the Company during the Reporting Period.

5. Transactions between the Company and financial companies with related party relationship

□Applicable ☑Not applicable

There were no deposits, loans, credits or other financial business of the Company between the Company and and financial companies with related party relationship.

6. Transactions between financial companies controlled by the Company and related parties

□Applicable ☑Not applicable

There were no deposits, loans, credits or other financial business between financial companies controlled by the Company and related parties.

7. Other significant related-party transactions

☐Applicable ☑Not applicable

There were no other significant related-party transactions of the Company during the Reporting Period.

XII. Significant Contracts and Their Execution

1. Trusteeships, contracts, and leases

(1) Trusteeships

☐Applicable ☑Not applicable

There were no material trusteeships of the Company during the Reporting Period.

(2) Contracts

☐Applicable ☑Not applicable

There were no material contracts of the Company during the Reporting Period.

(3) Leases

☐Applicable ☑Not applicable

There were no material leases of the Company during the Reporting Period.

2. Significant guarantees

☑Applicable ☐Not applicable

Unit: RMB'000

The Company and its subsidiaries' guarantees to external parties (Guarantees to subsidiaries are not included)										
Guaranteed party	Disclosure date of related announcement of guarantee quota	Guarantee quota	Exact date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Period of guarantee	Fulfilled or not	Guarantee for a related party or not
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	25,300	Joint and several liability guarantee	Nil	Nil	29 September 2021 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	50,600	Joint and several liability guarantee	Nil	Nil	30 November 2021 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	20,700	Joint and several liability guarantee	Nil	Nil	8 October 2021 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	96,600	Joint and several liability guarantee	Nil	Nil	29 November 2021 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	36,800	Joint and several liability guarantee	Nil	Nil	1 December 2021 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	46,000	Joint and several liability guarantee	Nil	Nil	3 December 2021 to 29 April 2055	No	No

Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	276,000	Joint and several liability guarantee	Nil	Nil	1 January 2022 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	23,000	Joint and several liability guarantee	Nil	Nil	4 January 2022 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	69,000	Joint and several liability guarantee	Nil	Nil	5 January 2022 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	46,000	Joint and several liability guarantee	Nil	Nil	27 May 2022 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	69,000	Joint and several liability guarantee	Nil	Nil	30 May 2022 to 29 April 2055	No	No
Hubei International Logistics Airport Co., Ltd.	24 March 2020	3,500,000	25 February 2021	23,000	Joint and several liability guarantee	Nil	Nil	31 May 2022 to 29 April 2055	No	No
SUPER WISE (HK) LIMITED	29 March 2023	210,000	8 December 2023	167,552	Joint and several liability guarantee	Nil	Nil	8 December 2023 to 8 December 2026	No	No
Total guarantee quota approved for external parties during the Reporting Period (A1)		1,200		Total actual amount of guarantees for external parties during the Reporting Period (A2)				-		
Total guarantee quota approved for external parties at the end of the Reporting Period (A3)		3,334,932		Total actual guarantee balance for external parties at the end of the Reporting Period (A4)				949,552		
The Company’s guarantees to subsidiaries										
Guaranteed party	Disclosure date of related announcement	Guarantee quota	Exact date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if	Period of guarantee	Fulfilled or not	Guarantee for a related

	of guarantee quota						any)			party or not
SF HOLDING INVESTMENT LIMITED	4 January 2019	6,000,000	20 February 2020	4,974,503	Joint and several liability guarantee	Nil	Nil	20 February 2020 to 20 February 2030	No	No
SF HOLDING INVESTMENT LIMITED	4 January 2019	6,000,000	20 February 2020	4,659	Joint and several liability guarantee	Nil	Nil	20 February 2020 to 12 March 2024	Yes	No
SF HOLDING INVESTMENT LIMITED	4 January 2019	6,000,000	20 February 2020	109,033	Joint and several liability guarantee	Nil	Nil	20 February 2020 to 28 June 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	2,907,540	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 17 November 2026	No	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	2,180,655	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 17 November 2028	No	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	3,229,521	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 17 November 2031	No	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	1,817	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 27 February 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	1,454	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 5 March 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	113,395	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 12 March 2024	Yes	No

SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	234,786	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 19 March 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	3,634	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 9 April 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	1,454	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 29 April 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	3,634	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 29 May 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	17 November 2021	44,732	Joint and several liability guarantee	Nil	Nil	17 November 2021 to 14 June 2024	Yes	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	18 January 2022	2,907,540	Joint and several liability guarantee	Nil	Nil	18 January 2022 to 17 November 2026	No	No
SF Holding Investment 2021 Limited	10 February 2021	18,000,000	18 January 2022	2,180,655	Joint and several liability guarantee	Nil	Nil	18 January 2022 to 17 November 2031	No	No
Total guarantee quota approved for subsidiaries during the Reporting Period (B1)		5,020,000		Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)				-		
Total guarantee quota approved for the subsidiaries at the end of the Reporting Period (B3)		23,400,414		Total actual guarantee balance for subsidiaries at the end of the Reporting Period (B4)				18,380,414		
Subsidiary's guarantees to subsidiaries										
Guaranteed party	Disclosure date of related announcement	Guarantee quota	Exact date of occurrence	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if	Period of guarantee	Fulfilled or not	Guarantee for a related

	of guarantee quota						any)			party or not
Subsidiaries of SF Holding (with gearing ratio of 70% or above)	16 March 2019 24 March 2020 18 March 2021 7 January 2022 31 March 2022 29 March 2023 27 March 2024	68,350,846	Subject to the actual guarantee contract	16,057,786	Joint and several liability guarantee	Part	Part	Subject to the actual guarantee contract	Partially fulfilled	No
Subsidiaries of SF Holding (with gearing ratio below 70%)		27,470,988	Subject to the actual guarantee contract	8,961,536	Joint and several liability guarantee	Part	Part	Subject to the actual guarantee contract	Partially fulfilled	No
Total guarantee quota approved for subsidiaries during the Reporting Period (C1)		54,978,800		Total actual amount of guarantees for subsidiaries during the Reporting Period (C2)				5,895,658		
Total guarantee quota approved for the subsidiaries at the end of the Reporting Period (C3)		79,678,777		Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)				18,503,137		
Total guarantee amount provided by the Company (namely total of the first three major items)										
Total guarantee quota approved during the Reporting Period (A1+B1+C1)		60,000,000		Total actual amount of guarantee during the Reporting Period (A2+B2+C2)				5,895,658		
Total guarantee quota approved at the end of the Reporting Period (A3+B3+C3)		106,414,123		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)				37,833,103		
Total guarantee amount (A4+B4+C4) to net assets of the Company at the end of the Reporting Period				42.71%						
Of which:										
Balance of guarantee for shareholders, actual controller, and affiliates thereof (D)				-						
Balance of debt guarantee provided for guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)				26,794,338						
Amount of total guarantee in excess of 50% of net assets (F)				-						
Total amount of the above three guarantees (D+E+F)				26,794,338						
Explanation on guarantee liabilities occurred or possible joint and several liabilities of repayment with evidence during the Reporting Period (if any) for unexpired guarantee contracts				N/A						
Explanation on provision of guarantees for external parties in violation of the prescribed procedure (if any)				N/A						

Descriptions on the use of composite guarantees (Not applicable)

3. Wealth managed under trust

☐Applicable ☑Not applicable

Unit: RMB'000

Type	Funding Source for Entrusted Funds	Maximum Daily Balance of Such Entrusted Funds During the Reporting Period	Unexpired Balance	Overdue Outstanding Amount	Impairment Provision of Overdue Outstanding Funds
Bank wealth management products	Self-owned funds	26,400,000	17,700,000	–	–
Total		26,400,000	17,700,000	–	–

Note: The maximum single day balances for each type of entrusted wealth management in the above table occur on different dates and direct sum totals do not represent the maximum single day balances for all of the Company's wealth management.

Details of individual items with significant amount or of low-safety, poor-liquidity and high-risk wealth management products

☐Applicable ☑Not applicable

It is expected that the principal of entrusted financing cannot be recovered, or there may be other circumstances that may result in impairment

☐Applicable ☑Not applicable

4. Other significant contracts

☐Applicable ☑Not applicable

There were no significant contracts of the Company during the Reporting Period.

XIII. Other Significant Events

☑Applicable ☐Not applicable

(I) The Company's Repurchase of its Shares

1. Share repurchase program in January 2024

Based on the confidence in future development prospects and high recognition of the Company's value, and after taking into comprehensive consideration of business development prospects, operational conditions, financial status, future profitability and the performance of the Company's shares in the secondary market, the Company launched a share repurchase program in January 2024 to repurchase its shares in the secondary market with its own funds. The Company held the eleventh meeting of the sixth session of the Board on January 30, 2024, at which the "Resolution on the Company's Share Repurchase Program through Centralized Bidding" was considered and approved. The total repurchase amount should be not less than RMB0.5 billion and not more than RMB1 billion with a repurchase price of not more than RMB55/share and a repurchase period of 6 months from the date of consideration and approval of the repurchase program by the Board of the Company.

As at April 26, 2024, the share repurchase program was completed. A total of 28,240,207 shares had been repurchased during the repurchase period with a total repurchase amount of approximately RMB1 billion (excluding transaction expenses), which represent approximately 0.59% of the existing total share capital of the Company. The average transaction price for the repurchased shares was RMB35.41 per share.

2. Changing the use of repurchased shares and cancellation

To effectively protect the interests of investors, enhance investor confidence, and improve the long-term investment value of the Company, the "Resolution on the Change of the Use of Repurchased Shares and Cancellation" was considered and approved at the twelfth meeting of the sixth session of the Board and the 2023 annual general meeting of the Company held on March 26, 2024 and April 4, 2024 respectively. It was agreed to change the use of repurchased shares as set out in the share repurchase programs in March 2022, September 2022 and January 2024 from the original use of "the repurchased shares being used for the employee stock ownership plan or equity incentive" to "the actually repurchased shares being used for cancellation and reduction of registered capital".

After the change of the use of repurchased shares, a total of 79,291,153 shares which were repurchased according to the share repurchase programs of the Company in March 2022, September 2022 and January 2024 was required to be cancelled. The Company had completed the procedures for cancelling the above-mentioned shares with the Shenzhen branch of China Securities Depository and Clearing Corporation Limited on June 20, 2024, after which the total share capital of the Company was changed from 4,895,202,373 shares to 4,815,911,220 shares.

3. Second share repurchase program in 2024

With a view to further improving the long-term incentive mechanism of the Company and fully motivating its key and outstanding employees to jointly promote its long-term development, and after taking into comprehensive consideration of business development prospects, operational conditions, financial status, future profitability and the performance of the Company's shares in the secondary market, the Company launched the second share repurchase program in 2024 to repurchase its shares in the secondary market with its own funds. The Company held the thirteenth meeting of the sixth session of the Board on April 29, 2024, at which the "Resolution on the Second Share Repurchase Program in 2024" was considered and approved. The total repurchase amount should be not less than RMB0.5 billion and not more than RMB1 billion with a repurchase price of not more than RMB53/share and a repurchase period of 12 months from the date of consideration and approval of the repurchase program by the Board of the Company.

As at June 30, 2024, the Company had repurchased a total of 10,199,584 shares by means of centralised bidding through its specific securities account for repurchase with a total repurchase amount of approximately RMB0.378 billion (excluding transaction expenses), which represent approximately 0.21% of the existing total share capital of the Company. The average transaction price for the repurchased shares was RMB37.10 per share. As at July 31, 2024, the Company had repurchased a total of 14,935,758 shares with a total repurchase amount of approximately RMB546,188,401.16 (excluding transaction expenses), which represent approximately 0.31% of the existing total share capital of the Company. The average transaction price for the repurchased shares was RMB36.57 per share.

(II) Issuance of domestic and overseas debt financing products by wholly-owned subsidiaries

In alignment with the Company's development strategy and to meet its business needs, the Company issued debt financing products domestically through its wholly-owned subsidiary, Taisen Holdings, during the Reporting Period. Pursuant to the Notice of Acceptance of Registration (Zhong Shi Xie Zhu [2022] No. DFI14) issued by the National Association of Financial Market Institutional Investors, Taisen Holdings issued the first, second, and third tranches of 2024 super & short-term commercial papers on March 7, 2024, March 14, 2024 and June 20, 2024, respectively, with a total issuance size of RMB1 billion, RMB500 million, and

RMB800 million, respectively. Additionally, Taisen Holdings issued the first tranche of 2024 medium-term notes on April 23, 2024, with a total issuance size of RMB500 million.

According to the CSRC's "Approval relating to the Registration of Corporate Bonds Publicly Issued to Professional Investors of Shenzhen S.F. Taisen Holdings (Group) Co., Ltd." (Zheng Jian Xu Ke [2024] No. 37), Taisen Holdings completed the issuance of the first tranche of the 2024 public short-term corporate bonds on March 13, 2024, with a total issuance size of RMB500 million.

(III) The Preparation for the Issuance and Listing of H Shares

In order to further promote its globalization strategy, build an international capital operation platform, enhance its international brand image and improve its overall competitiveness, the Company plans to issue overseas listed foreign shares (H-shares) and apply for listing on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Issuance and Listing"). Upon approval at the First Extraordinary General Meeting of 2023 on August 17, 2023, the Company will take into full consideration the interests of the existing shareholders and the conditions of domestic and overseas capital markets, and will select timing and window as appropriate to complete the Issuance and Listing within the validity period of the resolution of the general meeting (i.e. 18 months from the date of consideration and approval at the general meeting of the Company, or such other period as may be agreed to be extended).

On May 31, 2024, the CSRC issued the "Notice of Overseas Issuance and Listing Filing of S.F. Holding Co., Ltd." (Guo He Han [2024] No. 1156), indicating that the Company’s Issuance and Listing have been filed with and approved by the CSRC. According to the schedule for this Issuance and Listing, the Company submitted the application for the Issuance and Listing to the Hong Kong Stock Exchange on June 28, 2024. The Issuance and Listing of the Company is subject to the approval, ratification by the relevant governmental authorities and regulatory authorities such as the HK SFC and the Hong Kong Stock Exchange, and is still subject to uncertainties. The Company will fulfill its information disclosure obligations in a timely manner according to the progress of the aforementioned matter.

The disclosure index of the above significant events and other significant events is as follows:

Interim announcements	Date of disclosure	Website for disclosure
Announcement on the Approval of the CSRC for the Registration of Corporate Bonds Issued Publicly by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd. to Professional Investors	January 12, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Implementation of Employees Incentive Scheme by way of Centralized Bidding for Repurchase of Shares	January 31, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Initial Repurchase of Shares of the Company and the Progress of the Repurchase	February 1, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Progress of Repurchase of Shares of the Company	March 2, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Results of the Issuance of the First Tranche of Super & Short-term Commercial Papers for 2024 by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd., a Wholly-owned Subsidiary	March 12, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Results of the Issuance of the First Tranche of Corporate Bonds for 2024 by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd., a Wholly-owned Subsidiary, to Professional Investors	March 14, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Results of the Issuance of the Second Tranche of Super & Short-term Commercial Papers for 2024 by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd., a Wholly-owned Subsidiary	March 16, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Change of Use of the Repurchased Shares and Cancellation of the Repurchased Shares	March 27, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Progress of Repurchase of Shares of the Company	March 28, 2024	CNINFO (www.cninfo.com.cn)

Announcement on Progress of Repurchase of Shares of the Company	April 2, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Results of the Issuance of the First Tranche of Medium-term Notes for 2024 by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd., a Wholly-owned Subsidiary	April 25, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Results of Implementation of the Share Repurchase Plan in January 2024	April 30, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Second Tranche of the Share Repurchase Plan for 2024	April 30, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Notification to Creditors for Cancellation of Repurchased Shares	May 6, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Initial Repurchase of Shares under the Second Tranche of the Share Repurchase Plan for 2024 and the Progress of the Repurchase	May 6, 2024	CNINFO (www.cninfo.com.cn)
Announcement Progress of Repurchase of Shares of the Company	June 1, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Filing with the CSRC for the Issuance of the Overseas-Listed Foreign Shares (H Shares)	June 3, 2024	CNINFO (www.cninfo.com.cn)
Announcement on the Results of the Issuance of the Third Tranche of Super & Short-term Commercial Papers for 2024 by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd., a Wholly-owned Subsidiary	June 22, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Completion of Cancellation of the Repurchased Shares and Change of Shares	June 22, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Submission of Application for Listing of Overseas-Listed Foreign Shares (H Shares) to the Hong Kong Stock Exchange and Publication of Application Materials	June 29, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Progress of Repurchase of Shares of the Company	July 2, 2024	CNINFO (www.cninfo.com.cn)
Announcement on Progress of Repurchase of Shares of the Company	August 1, 2024	CNINFO (www.cninfo.com.cn)

XIV. Significant Events of Subsidiaries

☐Applicable ☑Not Applicable

Chapter 7 Share Changes and Shareholder Details

I. Changes in Shares

1. Changes in shares

Unit: number of shares

	Before Change		Increase or Decrease (+or-)					After Change	
	Number of shares	Proportion	New shares issued	Bonus shares	Conversion of capital reserve into share capital	Others	Subtotal	Number of shares	Proportion
I. Shares subject to restricted sales	34,083,585	0.70%	-	-	-	-6,667,000	-6,667,000	27,416,585	0.57%
1. Shares held by state	-	-	-	-	-	-	-	-	-
2. Shares held by state-owned legal person	-	-	-	-	-	-	-	-	-
3. Other shares held by domestic capital	33,992,085	0.69%	-	-	-	-6,667,000	-6,667,000	27,325,085	0.57%
Of which: Other shares held by domestic legal person	-	-	-	-	-	-	-	-	-
Other shares held by domestic natural person	33,992,085	0.69%	-	-	-	-6,667,000	-6,667,000	27,325,085	0.57%
4. Shares held by overseas capital	91,500	0.00%	-	-	-	-	-	91,500	0.00%
Of which: Other shares held by overseas legal person	-	-	-	-	-	-	-	-	-
Other shares held by overseas natural person	91,500	0.00%	-	-	-	-	-	91,500	0.00%
II. Shares not subject to restricted sales	4,861,118,788	99.30%	-	-	-	-72,624,153	-72,624,153	4,788,494,635	99.43%
1. RMB-denominated ordinary shares	4,861,118,788	99.30%	-	-	-	-72,624,153	-72,624,153	4,788,494,635	99.43%
III. Total number of shares	4,895,202,373	100%	-	-	-	-79,291,153	-79,291,153	4,815,911,220	100%

Reasons of share changes

☑Applicable ☐Not applicable

To maintain investors' interests, enhance investors' confidence and increase the long-term investment value, with the confidence to the future development prospect and the high recognition of our own value, the Company convened the 12th meeting of the sixth session of the Board on 26 March 2024 and 30 April 2024 and 2023 annual general meeting, at which the Proposal on Change the

Purpose of Share Repurchase and Cancellation was considered and approved. The Company intended to change the purposes of the share repurchase plans for March and September 2022 and January 2024, changing from the original plan “employee stock ownership plan or equity incentive plan” to “cancellation and reduction the registered capital”. After changing the purpose of the shares repurchase, a total of 79,291,153 shares in the special securities account for the repurchase of the Company should be canceled. The Company completed the registration procedures for the canceling such shares in China Securities Depository and Clearing Corporation Limited Shenzhen Branch on 20 June 2024. The total share capital of the Company from 4,895,202,373 shares has been changed to 4,815,911,220 shares after completing the cancellation.

Approval of share changes

☑Applicable ☐Not applicable

Please refer to the above.

Transfer of share ownership

☐Applicable ☑Not applicable

Implementation progress of share repurchase

☑Applicable ☐Not applicable

2024 First Repurchase Plan: The Company convened the 11th meeting of the sixth session of the Board on 30 January 2024, at which the Proposal on the Plan for Share Repurchase by way of Centralised Bidding was considered and approved. Under the proposal, the Company was approved to repurchase its certain shares for the employee stock ownership plan or equity incentive with its own funds. The total amount of repurchase shall not be less than RMB500 million but not exceed RMB1 billion, and the repurchase price shall not exceed RMB55 per share with a repurchase period of 6 months from the date of consideration and approval of the repurchase plan by the Board of Directors of the Company. As of 26 April 2024, this repurchase plan has been implemented. The Company repurchased a total of 28,240,207 shares, with a total repurchase amount of approximately RMB1 billion (excluding transaction costs), and the number of shares repurchased accounted for 0.59% of the Company's current total share capital, with an average trading price of RMB35.41 per share. Based on the approval on the 2023 annual general meeting, the purpose of the 2024 first repurchase plan has been changed to cancellation and reduction of the registered capital. During the Reporting Period, the Company has completed the cancellation procedures for the repurchase of such shares.

2024 Second Repurchase Plan: The Company convened the 13th meeting of the sixth session of the Board on 29 April 2024, at which the Proposal on the Plan for the 2024 Second Share Repurchase was considered and approved. Under the proposal, the Company was approved to repurchase its certain shares for the employee stock ownership plan or equity incentive with its own funds. The total amount of repurchase shall not be less than RMB500 million but not exceed RMB1 billion, and the repurchase price shall not exceed RMB55 per share with a repurchase period of 12 months from the date of consideration and approval of the repurchase plan by the Board of Directors of the Company. During the Reporting Period, the Company repurchased a total of 10,199,584 shares, with a total repurchase amount of approximately RMB378 million (excluding transaction costs), and the number of shares repurchased accounted for 0.21% of the Company's current total share capital, with an average trading price of RMB37.10 per share. As of 31 July 2024, the Company repurchased a total of 14,935,758 shares, with a total repurchase amount of RMB546,188,401.16 (excluding transaction costs), and the number of shares repurchased accounted for 0.31% of the Company's current total share capital, with an average trading price of RMB36.57 per share.

Implementation of share repurchase reduction through aggregate auction

☑Applicable ☑Not applicable

Effects of share changes on the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company, and other financial indicators for the last year and the last Reporting Period

☑Applicable ☐Not applicable

During the Reporting Period, the Company's total share capital was reduced by 79,291,153 shares due to the cancellation of the shares repurchased. Therefore, the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company, and other financial indicators for the current period have been increased.

Other information that the Company considers necessary, or are required by the securities regulatory authorities, to disclose

☐Applicable ☑Not applicable

2、Changes in restricted shares

☑Applicable ☐Not applicable

Unit: number of shares

Name of shareholder	Restricted shares at the beginning of the period	Number of restricted shares removed in the period	Number of restricted shares increased in the period	Restricted shares at the end of the period	Reason for restriction	Date of unlocking restricted shares
Liu Jilu	33,542,835	6,697,500	-	26,845,335	lock-up shares for supervisor	6,697,500 shares unlocked in early 2024
Wang Xin	129,000	-	-	129,000	lock-up shares for Director	-
Ho Chit	91,500	-	-	91,500	lock-up shares for Director	-
Li Sheng	91,500	-	-	91,500	lock-up shares for senior management	-
Geng Yankun	91,500	-	-	91,500	lock-up shares for senior management	-
Zhang Dong	91,500	-	30,500	122,000	lock-up shares for resigned Director	-
Zhou Haiqiang	45,750	-	-	45,750	lock-up shares for senior management	-
Total	34,083,585	6,697,500	30,500	27,416,585	--	--

II. Issuance and Listing of Securities

☐Applicable ☑Not applicable

III. Total Number of Shareholders and Their Holdings

Unit: number of shares

Total number of ordinary shareholders at the end of Reporting Period	196,384	Total number of preferred shareholders with voting rights restored at the end of Reporting Period (if any)	-

Ordinary shareholders holding more than 5% of shares or shares of the top ten ordinary shareholders (excluding lending of shares through refinancing)								
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of ordinary shares held at the end of the Reporting Period	Increase or decrease of ordinary shares during the Reporting Period	Number of restricted ordinary shares held	Number of unrestricted ordinary shares held	Pledged, marked or frozen shares	
							Status of shares	Amount
Shenzhen Mingde Holding Development Co., Ltd	Domestic non-state-owned legal person	48.16%	2,319,497,139	-42,430,000[1]	-	2,319,497,139	Pledged	1,057,900,000
Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account	Domestic non-state-owned legal person	5.03%	242,430,000	42,430,000[1]	-	242,430,000	Pledged	242,430,000
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	4.83%	232,463,450	3,763,349	-	232,463,450	-	-
Shenzhen Zhaoguang Investment Co., Ltd.	State-owned legal person	3.94%	189,716,864	-	-	189,716,864	-	-
Shenzhen Weishun Enterprise Management Co., Ltd.	Domestic non-state-owned legal person	2.08%	100,000,000	-	-	100,000,000	-	-
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)	Domestic non-state-owned legal person	1.69%	81,450,959	-19,463,945	-	81,450,959	Pledged	47,275,930
Lin Zheying	Domestic natural person	0.85%	40,873,000	851,400	-	40,873,000	-	-
Liu Jilu	Domestic natural person	0.74%	35,793,780	-	26,845,335	8,948,445	Pledged	6,550,000
Shanghai Chongyang Strategic Investment Co., Ltd.- Chongyang	Other	0.66%	31,691,092	3,377,650	-	31,691,092	-	-

[1] During the Reporting Period, 42,430,000 shares were transferred to "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account" by Mingde Holding to guarantee the issuance of exchangeable corporate bond "21 Mingde EB." 2,661,927,139 shares of the total shares of the Company held by Mingde remains unchanged.

Strategy Caizhi Fund								
Shanghai Chongyang Strategic Investment Co., Ltd.- Chongyang Strategy Juzhi Fund	Other	0.60%	29,131,937	1,102,100	-	29,131,937	-	-

Strategic investor or general legal person becomes the top ten ordinary shareholder due to the placement of new shares (if any)	N/A
Explanation on associated relationship or persons acting in concert between the above-mentioned shareholders	Shenzhen Mingde Holding Development Co., Ltd. holds a total of 2,661,927,139 shares in the Company, accounting for 55.27% of the Company's total share capital, of which 2,319,497,139 shares are directly held, 100,000,000 shares are held through its wholly-owned subsidiary Shenzhen Weishun Enterprise Management Co., Ltd., and 242,430,000 shares are held through the "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account", a special account for guarantee and trust opened for the issuance of exchangeable bonds (EB). The Company is not certain as to whether there is an associated relationship between the other above-mentioned shareholders and whether they are acting in concert.
Explanation on the above-mentioned shareholders' involvement in entrustment/entrusted voting rights and abstaining from voting rights	N/A
Special explanation on the top ten shareholders having special repurchase accounts (if any)	N/A

Top ten ordinary shareholders holding unrestricted shares (excluding lending of shares through refinancing and lock-up shares for senior management)

Name of shareholder	Number of unrestricted ordinary shares held at the end of the Reporting Period	Type of shares	
		Type of shares	Quantity
Shenzhen Mingde Holding Development Co., Ltd.	2,319,497,139	RMB-denominated ordinary shares	2,319,497,139
Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account	242,430,000	RMB-denominated ordinary shares	242,430,000
Hong Kong Securities Clearing Company Ltd.	232,463,450	RMB-denominated ordinary shares	232,463,450
Shenzhen Zhaoguang Investment Co., Ltd.	189,716,864	RMB-denominated ordinary shares	189,716,864
Shenzhen Weishun Enterprise Management Co., Ltd.	100,000,000	RMB-denominated ordinary shares	100,000,000
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)	81,450,959	RMB-denominated ordinary shares	81,450,959
Lin Zheying	40,873,000	RMB-denominated ordinary shares	40,873,000
Shanghai Chongyang Strategic Investment Co., Ltd.- Chongyang Strategy Caizhi Fund	31,691,092	RMB-denominated ordinary shares	31,691,092
Shanghai Chongyang Strategic Investment Co., Ltd.- Chongyang Strategy Juzhi Fund	29,131,937	RMB-denominated ordinary shares	29,131,937
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	28,787,595	RMB-denominated ordinary shares	28,787,595

Explanation on associated relationship or persons acting in concert between the top ten unrestricted ordinary shareholders, and between the top ten unrestricted ordinary shareholders and the top ten ordinary shareholders	Shenzhen Mingde Holding Development Co., Ltd. holds a total of 2,661,927,139 shares in the Company, accounting for 55.27% of the Company's total share capital, of which 2,319,497,139 shares are directly held, 100,000,000 shares are held through its wholly-owned subsidiary Shenzhen Weishun Enterprise Management Co., Ltd., and 242,430,000 shares are held through the "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Special Account", a special account for guarantee and trust opened for the issuance of exchangeable bonds (EB). The Company is not certain as to whether there is an associated relationship between the other above-mentioned shareholders and whether they are acting in concert.
Explanation of the top ten ordinary shareholders' participation in margin financing and securities lending business (if any)	In addition to 35,000,000 shares held through an ordinary securities account, Lin Zheying, a shareholder of the Company, also held 5,873,000 shares through a Customer margin securities account of Yuekai Securities Co., Ltd., with a total holding of 40,873,000 shares; In addition to 12,104,373 shares held through an ordinary securities account, Shanghai Chongyang Strategic Investment Co., Ltd.-Chongyang Strategy Caizhi Fund, a shareholder of the Company, also held 19,586,719 shares through a Customer margin securities account of China Merchants Securities Co., Ltd, with a total holding of 31,691,092 shares; In addition to 5,325,537 shares held through an ordinary securities account, Shanghai Chongyang Strategic Investment Co., Ltd.-Chongyang Strategy Juzhi Fund Gathering Fund also held 23,806,400 shares through a Customer margin securities account of China Merchants Securities Co., Ltd, with an actual total holding of 29,131,937 shares.

The participation of shareholders who held more than 5% of the shares, top ten shareholders and top ten unrestricted tradable shareholders in securities lending transactions

☑Applicable □Not applicable

Unit: number of shares

The participation of shareholders who held more than 5% of the shares, top ten shareholders and top ten unrestricted tradable shareholders in securities lending transactions								
Name of shareholder	Shares held in shareholders' ordinary accounts and credit accounts at the begining of the period		The lending shares through refinancing and unreturned at the begining of the period		Shares held in shareholders' ordinary accounts and credit accounts at the end of the period		The lending shares through refinancing and unreturned at the end of the period	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Industrial and Commercial Bank of China Limited – Huatai-Pinebridge CSI 300 Exchange Traded Open-ended Index Securities Investment Fund	18,136,295	0.37%	20,800	0.00%	28,787,595	0.60%	0	0.00%

The top ten shareholders and the top ten unrestricted tradable shareholders changed from the previous period due to lending/returning shares through refinancing.

□Applicable ☑Not applicable

Any of the top ten ordinary shareholders or the top ten unrestricted ordinary shareholders of the Company conducted any transaction of promissory repurchase or not during the Reporting Period?

☐Applicable ☑Not applicable

None of the top ten ordinary shareholder or the top ten unrestricted ordinary shareholders of the Company conducted any transaction of promissory repurchase during the Reporting Period.

IV. Changes in Shares Held by Directors, Supervisors and Senior Management

☐Applicable ☑Not applicable

V. Change of Controlling Shareholders or Actual Controllers

Change of controlling shareholders during the Reporting Period

☐Applicable ☑Not applicable

There was no change in the controlling shareholders of the Company during the Reporting Period.

Change of actual controller during the Reporting Period

☐Applicable ☑Not applicable

There was no change in the actual controller of the Company during the Reporting Period.

Chapter 8 Preferred Shares

☐Applicable ☑Not applicable

There were no preferred shares in the Company during the Reporting Period.

Chapter 9 Bonds

☐Applicable ☑Not applicable

Chapter 10 Financial Statements

[English Translation for Reference Only]

Review Report

PwC ZT Yue Zi (2024) No. 0036

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

We have reviewed the accompanying interim financial statements of S.F. Holding Co., Ltd. (hereinafter "S.F. Holding"), which comprise the consolidated and company balance sheets as at 30 June 2023, the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in equity for the period then ended, and the notes to the interim financial statements. Management of S.F. Holding is responsible for the preparation of these interim financial statements in accordance with the requirements of the *Accounting Standards for Business Enterprises ("CAS") 32 - Interim Financial Reporting*. Our responsibility is to issue a review report on these interim financial statements based on our review.

We conducted our review in accordance with *China Standards on Review Engagement No. 2101, "Review of Financial Statements"*. These Standards require that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with *CAS 32 - Interim Financial Reporting*.

PricewaterhouseCoopers Zhong Tian LLP	Signing CPA	—————————— Lin Chongyun
Shanghai, the People's Republic of China 28 August 2024	Signing CPA	—————————— Liu Yufeng

S.F. HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

ASSETS	Note	30 June 2024 Consolidated (Unaudited)	31 December 2023 Consolidated
Current assets			
Cash at bank and on hand	4(1)	33,485,353	41,974,505
Financial assets held for trading	4(2)	18,047,323	6,809,742
Notes receivable		243,789	226,946
Accounts receivable	4(3)	25,851,621	25,133,487
Receivables financing		125,633	99,978
Advances to suppliers	4(4)	2,793,054	3,247,294
Loans and advances		98,067	326,780
Other receivables	4(5)	3,311,338	3,569,308
Inventories		2,559,211	2,440,425
Contract assets		2,039,379	1,632,592
Current portion of non-current assets	4(7)	225,525	314,080
Other current assets	4(6)	4,299,478	5,215,543
Total current assets		93,079,771	90,990,680
Non-current assets			
Long-term receivables	4(7)	321,655	368,070
Long-term equity investments	4(8)	6,859,813	7,378,831
Investments in other equity instruments	4(9)	8,344,293	9,489,535
Other non-current financial assets		508,313	589,996
Investment properties	4(10)	6,658,540	6,418,720
Fixed assets	4(11)	54,518,899	53,929,854
Construction in progress	4(12)	2,939,116	4,032,884
Right-of-use assets	4(13)	13,119,519	14,073,571
Intangible assets	4(14)	17,484,194	18,147,193
Capitalised development expenditures	4(15)	90,055	129,845
Goodwill	4(16)	9,861,422	9,570,436
Long-term prepaid expenses	4(17)	3,109,888	3,161,404
Deferred tax assets	4(30)	2,053,570	2,263,870
Other non-current assets		916,883	945,766
Total non-current assets		126,786,160	130,499,975
TOTAL ASSETS		219,865,931	221,490,655

S.F. HOLDING CO., LTD.

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES AND EQUITY	Note	30 June 2024 Consolidated (Unaudited)	31 December 2023 Consolidated
Current liabilities			
Short-term borrowings	4(19)	23,691,496	18,221,977
Deposits from customers		173	1,731
Financial liabilities held for trading		94,614	92,120
Notes payable		9,091	68,165
Accounts payable	4(20)	23,801,241	24,846,135
Advances from customers		41,209	40,714
Contract liabilities		1,802,509	1,832,018
Employee benefits payable	4(21)	4,505,260	5,608,609
Taxes payable	4(22)	1,978,608	2,129,715
Other payables	4(23)	10,338,816	11,494,841
Current portion of non-current liabilities	4(24)	8,271,042	9,485,948
Other current liabilities	4(25)	2,455,242	167,668
Total current liabilities		76,989,301	73,989,641
Non-current liabilities			
Long-term borrowings	4(26)	10,661,466	11,355,241
Debentures payable	4(27)	19,710,996	18,794,782
Lease liabilities	4(28)	7,472,393	8,038,495
Long-term payables		228,220	247,452
Long-term employee benefits payable		77,406	82,216
Deferred income	4(29)	1,210,871	1,090,644
Deferred tax liabilities	4(30)	4,536,857	4,550,974
Provisions		67,071	57,550
Total non-current liabilities		43,965,280	44,217,354
Total liabilities		120,954,581	118,206,995
Equity			
Share Capital	4(31)	4,815,911	4,895,202
Capital reserves	4(32)	35,970,002	43,164,085
Less: Treasury stock	4(33)	(378,490)	(2,575,532)
Other comprehensive income	4(48)	4,477,169	5,532,428
General risk reserve		524,376	524,376
Surplus reserve	4(35)	2,413,786	2,413,786
Retained earnings	4(36)	40,748,443	38,835,999
Total equity attributable to shareholders of the Company		88,571,197	92,790,344
Minority interests	6(1)(b)	10,340,153	10,493,316
Total equity		98,911,350	103,283,660
TOTAL LIABILITIES AND EQUITY		219,865,931	221,490,655

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

Legal representative: Wang Wei Chief Financial Officer (Head of finance): Ho Chit Accounting director: Hu Xiaofei

S.F. HOLDING CO., LTD.

COMPANY BALANCE SHEET
AS AT 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

ASSETS	Note	30 June 2024 Company (Unaudited)	31 December 2023 Company
Current assets			
Cash at bank and on hand	18(1)	29,017	138,046
Advances to suppliers		28,885	26,243
Other receivables	18(2)	17,634,795	21,818,111
Other current assets		9,356	6,029
Total current assets		17,702,053	21,988,429
Non-current assets			
Long-term equity investments	18(3)	66,962,282	66,933,038
Construction in progress		253,138	210,661
Intangible assets		348,201	354,928
Deferred tax assets		696	100
Total non-current assets		67,564,317	67,498,727
TOTAL ASSETS		85,266,370	89,487,156

S.F. HOLDING CO., LTD.

COMPANY BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

LIABILITIES AND EQUITY	Note	30 June 2024 Company (Unaudited)	31 December 2023 Company
Current liabilities			
Employee benefits payable		182	182
Other payables		21,615	21,337
Taxes payable		160	3,292
Total current liabilities		21,957	24,811
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		21,957	24,811
Equity			
Share Capital	4(31)	4,815,911	4,895,202
Capital reserves		68,446,282	71,890,640
Less: Treasury stock	4(33)	(378,490)	(2,575,532)
Surplus reserve		2,260,741	2,260,741
Retained earnings		10,099,969	12,991,294
Total equity		85,244,413	89,462,345
TOTAL LIABILITIES AND EQUITY		85,266,370	89,487,156

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

Legal representative: Wang Wei　Chief Financial Officer (Head of finance): Ho Chit　Accounting director: Hu Xiaofei

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

Item	Note	For the six months ended 30 June 2024 Consolidated (Unaudited)	2023 Consolidated (Unaudited)	2024 Company (Unaudited)	2023 Company (Unaudited)
1. Revenue	4(37)	134,409,720	124,365,598	-	-
Less: Cost of revenue	4(37)	(115,784,772)	(107,555,280)	-	-
Taxes and surcharges		(311,509)	(212,453)	(33)	(100)
Selling and distribution expenses	4(38)	(1,470,892)	(1,392,755)	-	-
General and administrative expenses	4(39)	(8,966,441)	(8,940,581)	(4,029)	(10,161)
Research and development expenses	4(40)	(1,301,455)	(1,174,970)	-	-
Financial (costs)/income	4(41)	(893,982)	(992,479)	1,796	16,200
Including: Interest expenses		(1,230,918)	(1,092,673)	-	-
Interest income		415,064	292,849	1,809	16,216
Add: Other income	4(43)	403,359	747,676	-	-
Investment income/(Losses)	4(44) 18(4)	358,868	500,597	(117)	22,167
Including: Investment Income/(losses) from associates and joint ventures		(62,580)	(13,486)	-	-
Gains/(Losses) arising from changes in fair value		10,904	21,870	-	(2,230)
Reversal of/(Losses on) credit impairment		(159,557)	64,802	-	(5)
Asset impairment losses		(1,624)	(806)	-	-
Gains on disposal of assets		65,907	47,892	-	-
2. Operating profit		6,358,526	5,479,111	(2,383)	25,871
Add: Non-operating income	4(45)(a)	168,965	130,193	-	-
Less: Non-operating expenses	4(45)(b)	(207,434)	(188,954)	-	-
3. Total profit		6,320,057	5,420,350	(2,383)	25,871
Less: Income tax expenses	4(46)	(1,559,135)	(1,526,110)	268	(6,618)
4. Net profit		4,760,922	3,894,240	(2,115)	19,253
Classified by continuity of operations:					
Net profit from continuing operations		4,760,922	3,894,240	(2,115)	19,253
Net profit from discontinued operations		-	-	-	-
Classified by ownership of the equity:					
Attributable to shareholders of the Company		4,806,714	4,176,282	Not applicable	Not applicable
Minority interests		(45,792)	(282,042)	Not applicable	Not applicable

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY INCOME STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

Item	Note	For the six months ended 30 June 2024 Consolidated (Unaudited)	2023 Consolidated (Unaudited)	2024 Company (Unaudited)	2023 Company (Unaudited)
5. Other comprehensive income, net of tax		(1,459,677)	429,802	-	-
Attributable to shareholders of the Company, net of tax		(1,060,319)	639,549	-	-
Other comprehensive income items which will not be reclassified subsequently to profit or loss		(1,296,131)	(30,021)	-	-
Changes in fair value of investments in other equity instruments	4(48)	(1,296,131)	(30,021)	-	-
Other comprehensive income items which will be transferred to profit or loss under the equity method		235,812	669,570	-	-
Cash flow hedging reserve		(1,012)	8,740	-	-
Share of other comprehensive income of the investee accounted for using equity method which will be reclassified to profit or loss		(10,370)	9,171	-	-
Exchange differences on translation of foreign currency financial statements	4(48)	247,194	651,659	-	-
Attributable to minority interests, net of tax	4(48)	(399,358)	(209,747)	-	-
6. Total comprehensive income		3,301,245	4,324,042	(2,115)	19,253
Attributable to shareholders of the Company		3,746,395	4,815,831	Not applicable	Not applicable
Attributable to minority interests		(445,150)	(491,789)	Not applicable	Not applicable
7. Earnings per share					
Basic earnings per share (RMB Yuan)	4(47)(a)	1.00	0.86	Not applicable	Not applicable
Diluted earnings per share (RMB Yuan)	4(47)(b)	1.00	0.86	Not applicable	Not applicable

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

Legal representative: Wang Wei   Chief Financial Officer (Head of finance): Ho Chit   Accounting director: Hu Xiaofei

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

Item	Note	For the six months ended 30 June 2024 Consolidated (Unaudited)	2023 Consolidated (Unaudited)	2024 Company (Unaudited)	2023 Company (Unaudited)
1. Cash flows from/(used in) operating activities					
Cash received from sales of goods or rendering of services		139,820,935	132,394,329	-	-
Net decrease in deposits with central banks		550,882	25,504	-	-
Refund of taxes and levies		709,963	495,991	163	-
Cash received relating to other operating activities	4(49)(a)	47,516,455	45,314,783	27,337	27,767
Sub-total of cash operating inflows		188,598,235	178,230,607	27,500	27,767
Cash paid for goods and services		(100,012,110)	(91,339,990)	-	-
Net increase in loans to customers		(96,902)	(17,638)	-	-
Net decrease in deposit-taking and interbank payments		(1,556)	(10,799)	-	-
Cash paid to and on behalf of employees		(17,823,886)	(17,243,035)	(1,693)	(2,715)
Payments of taxes and levies surcharges		(3,076,005)	(3,442,293)	(3,590)	(23,542)
Cash paid relating to other operating activities	4(49)(b)	(53,865,507)	(52,352,025)	(31,502)	(11,412)
Sub-total of operating cash outflows		(174,875,966)	(164,405,780)	(36,785)	(37,669)
Net cash flows from/(used in) operating activities	4(50)(a)	13,722,269	13,824,827	(9,285)	(9,902)
2. Cash flows (used in)/from investing activities					
Cash received from disposals of investments	4(49)(c)	351,031	170,533	-	-
Cash received from returns on investments		387,340	433,485	2,900,000	523,497
Cash received from disposal of fixed assets and other long-term assets		179,381	119,817	-	-
Net cash received from disposal of subsidiaries and other business units		153,596	358,587	-	-
Cash received relating to other investing activities	4(49)(f)	28,698,081	48,950,000	1,283,300	5,620,000
Sub-total of investing cash inflows		29,769,429	50,032,422	4,183,300	6,143,497
Cash paid to acquire fixed assets and other long-term assets		(5,075,259)	(5,454,090)	(37,857)	(14,309)
Cash paid to acquire investments	4(49)(d)	(70,796)	(1,463,367)	-	-
Net cash paid to acquire subsidiaries	4(49)(e)	(614,384)	(928,555)	-	-
Cash paid relating to other investing activities	4(49)(f)	(39,453,543)	(55,820,000)	-	(4,529,904)
Sub-total of investing cash outflows		(45,213,982)	(63,666,012)	(37,857)	(4,544,213)
Net cash flows (used in)/from investing activities		(15,444,553)	(13,633,590)	4,145,443	1,599,284

S.F. HOLDING CO., LTD.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

Item	Note	For the six months ended 30 June 2024 Consolidated (Unaudited)	2023 Consolidated (Unaudited)	2024 Company (Unaudited)	2023 Company (Unaudited)
3. Cash flows used in financing activities					
Cash received from capital contributions		27,968	56,892	-	-
Including: Cash received from capital contributions by minority shareholders of subsidiaries		27,968	56,892	-	-
Cash received from borrowings and issue of debentures		22,881,961	17,116,577	-	-
Cash received relating to other financing activities		9,978	7,639	22,534	-
Sub-total of financing cash inflows		22,919,907	17,181,108	22,534	-
Cash repayments of borrowings		(16,228,027)	(15,113,136)	-	-
Cash payments for distribution of dividends, profits or interest expenses		(4,023,880)	(2,451,109)	(2,889,210)	(1,213,616)
Cash paid relating to other financing activities	4(49)(g)	(8,849,865)	(4,580,501)	(1,378,503)	(61,530)
Sub-total of financing cash outflows		(29,101,772)	(22,144,746)	(4,267,713)	(1,275,146)
Net cash flows used in financing activities		(6,181,865)	(4,963,638)	(4,245,179)	(1,275,146)
4. Effect of foreign exchange rate changes on cash and cash equivalents		(28,170)	127,046	(8)	-
5. Net (decrease)/increase in cash and cash equivalents		(7,932,319)	(4,645,355)	(109,029)	314,236
Add: Cash and cash equivalents at the beginning of the period	4(50)(b)	40,448,308	40,279,947	138,046	812,181
6. Cash and cash equivalents at the end of the period	4(50)(b)	32,515,989	35,634,592	29,017	1,126,417

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

Legal representative: Wang Wei Chief Financial Officer (Head of finance): Ho Chit Accounting director: Hu Xiaofei

S.F. HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

		For the six months ended 30 June 2023 (Unaudited)									
		Equity attributable to shareholders of the Company									
	Note	Share Capital	Capital reserves	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity
Balance at 1 January 2023		4,895,202	43,996,237	(2,040,377)	4,538,027	493,048	-	1,010,253	33,371,351	12,022,308	98,286,049
Movements for the six months ended 30 June 2023											
Total comprehensive income											
Net profit		-	-	-	-	-	-	-	4,176,282	(282,042)	3,894,240
Other comprehensive income		-	-	-	639,549	-	-	-	-	(209,747)	429,802
Capital contribution and withdrawal by shareholders											
Capital contribution by shareholders		-	890	-	-	-	-	-	-	59,056	59,946
Share repurchase	4(33)	-	-	(59,936)	-	-	-	-	-	-	(59,936)
Share-based payment included in equity	9	-	151,413	-	-	-	-	-	-	2,048	153,461
Others		-	(11,444)	-	-	-	-	-	-	(3,728)	(15,172)
Business combinations involving entities not under common control		-	-	-	-	-	-	-	-	52,226	52,226
Profit distribution											
Distribution to shareholders	4(36)	-	-	-	-	-	-	-	(1,213,616)	(377,890)	(1,591,506)
Transfer within equity											
Transfer from other comprehensive income to retained earnings		-	-	-	(18)	-	-	-	18	-	-
Movements in other capital reserve		-	(3,041)	-	-	-	-	-	-	-	(3,041)
Safety reserve											
Appropriation		-	-	-	-	-	18,568	-	-	-	18,568
Utilisation		-	-	-	-	-	(18,568)	-	-	-	(18,568)
Balance at 30 June 2023		4,895,202	44,134,055	(2,100,313)	5,177,558	493,048	-	1,010,253	36,334,035	11,262,231	101,206,069

S.F. HOLDING CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

		For the six months ended 30 June 2024 (Unaudited)									
		Equity attributable to shareholders of the Company									
	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	General risk reserve	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity
Balance at 1 January 2024		4,895,202	43,164,085	(2,575,532)	5,532,428	524,376	-	2,413,786	38,835,999	10,493,316	103,283,660
Movements for the six months ended 30 June 2024											
Total comprehensive income											
Net profit		-	-	-	-	-	-	-	4,806,714	(45,792)	4,760,922
Other comprehensive income		-	-	-	(1,060,319)	-	-	-	-	(399,358)	(1,459,677)
Capital contribution and withdrawal by shareholders											
Capital contribution by shareholders		-	127	-	-	-	-	-	-	28,447	28,574
Share repurchase	4(33)	-	-	(1,378,503)	-	-	-	-	-	-	(1,378,503)
Treasury stock cancellation	4(33)	(79,291)	(3,496,254)	3,575,545	-	-	-	-	-	-	-
Share-based payments included in equity	9	-	62,186	-	-	-	-	-	-	7,754	69,940
Others		-	(3,760,142)	-	-	-	-	-	-	420,549	(3,339,593)
Business combinations involving enterprises not under common control		-	-	-	-	-	-	-	-	17,333	17,333
Profit distribution											
Distribution to shareholders	4(36)	-	-	-	-	-	-	-	(2,889,210)	(182,096)	(3,071,306)
Transfer within equity											
Transfer from other comprehensive income to retained earnings		-	-	-	5,060	-	-	-	(5,060)	-	-
Safety reserve											
Appropriation		-	-	-	-	-	272,081	-	-	-	272,081
Utilisation		-	-	-	-	-	(272,081)	-	-	-	(272,081)
Balance at 30 June 2024		4,815,911	35,970,002	(378,490)	4,477,169	524,376	-	2,413,786	40,748,443	10,340,153	98,911,350

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

Legal representative: Wang Wei Chief Financial Officer (Head of finance): Ho Chit Accounting director: Hu Xiaofei

S.F. HOLDING CO., LTD.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

		For the six months ended 30 June 2023 (Unaudited)					
	Note	**Share capital**	**Capital reserve**	**Less: Treasury stock**	**Surplus reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2023		4,895,202	71,743,948	(2,040,377)	857,208	1,573,109	77,029,090
Movements for the six months ended 30 June 2023							
Total comprehensive income							
Net profit		-	-	-	-	19,253	19,253
Capital contribution and withdrawal by shareholders							
Share repurchase	4(33)	-	-	(59,936)	-	-	(59,936)
Share-based payment included in equity	9(1)(a)	-	137,562	-	-	-	137,562
Profit distribution							
Distribution to shareholders	4(36)	-	-	-	-	(1,213,616)	(1,213,616)
Balance at 30 June 2023		4,895,202	71,881,510	(2,100,313)	857,208	378,746	75,912,353

		For the six months ended 30 June 2024 (Unaudited)					
	Note	**Share capital**	**Capital reserve**	**Less: Treasury stock**	**Surplus reserve**	**Retained earnings**	**Total equity**
Balance at 1 January 2024		4,895,202	71,890,640	(2,575,532)	2,260,741	12,991,294	89,462,345
Movements for the six months ended 30 June 2024							
Total comprehensive income							
Net profit		-	-	-	-	(2,115)	(2,115)
Capital contribution and withdrawal by shareholders							
Share repurchase	4(33)		-	(1,378,503)	-	-	(1,378,503)
Treasury stock cancellation		(79,291)	(3,496,254)	3,575,545	-	-	-
Share-based payment included in equity	9(1)(a)	-	51,896	-	-	-	51,896
Profit distribution							
Distribution to shareholders	4(36)	-	-	-	-	(2,889,210)	(2,889,210)
Balance at 30 June 2024		4,815,911	68,446,282	(378,490)	2,260,741	10,099,969	85,244,413

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

Legal representative: Wang Wei Chief Financial Officer (Head of finance) :Ho Chit Accounting director: Hu Xiaofei

1 General information

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

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

As at 30 June 2024, the total share capital of the Company was RMB 4,815,911,220 at the par value of RMB 1 per share.

The actual business operations of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") include: domestic and international express services (excluding postal enterprises' franchise business); general freight services; large objects transportation services; refrigerated truck transportation services; third-party pharmaceutical modern logistics business services; urban distribution services; supply chain solution consulting services; domestic and international freight agency business services; air cargo transportation services; warehousing services; property leasing services; and industrial investment.

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

Kerry Logistics Network Limited ("Kerry Logistics"), a subsidiary of the Company, is a company listed on the main board of the Stock Exchange of Hong Kong Limited, primarily providing services such as comprehensive logistics and international freight.

Kerry Express (Thailand) Public Company Limited ("KEX"), a subsidiary of the Company, is a company listed on the Main Board of the Stock Exchange of Thailand Limited, primarily providing express transportation and other services.

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

These financial statements are authorised for issue by the Company's Board of Directors on 28 August 2024.

2 Basis of preparation and summary of significant accounting policies and accounting estimates

(1) Basis of preparation

The interim financial statements are prepared in accordance with the *Accounting Standard for Business Enterprises - Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereinafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CASs"). The interim financial statements are prepared and disclosed in accordance with the requirements of the *CAS 32 - Interim Financial Reporting and* the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 3 - Contents and Formats of Semi-annual Reports* issued by the China Securities Regulatory Commission, and therefore do not include all information and disclosures in the annual financial statements.

The financial statements are prepared on a going concern basis.

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

The interim financial statements are in compliance with *CAS 32 - Interim Financial Reporting*.

(3) Accounting policies and accounting estimates

(a) Accounting policies

On 25 October 2023, the Ministry of Finance issued the *Circular on Issuing Interpretation No. 17 of Accounting Standards for Business Enterprises* (Cai Kuai [2023] No. 21) (Interpretation No. 17). It provides for the classification of current liabilities and non-current liabilities, the disclosure of supplier financing arrangements and the accounting treatment of sale-leaseback transactions, which came into effect on 1 January 2024. The Group has prepared the interim financial statements in accordance with Interpretation No. 17 above and Interpretation No. 17 has no material impact on the interim financial statements of the Group and the Company.

During the reporting period, except for the above-mentioned changes in accounting policies, the accounting policies adopted for the interim financial statements are consistent with those adopted by the Group for preparing the financial statements for the year ended 31 December 2023. The interim financial statements shall be read in conjunction with the Group's financial statements for the year ended 31 December 2023.

(b) Accounting estimates

For the aircraft fuselage among the fixed assets, the Group originally depreciated it over 10 years. Based on the objective assessment by the Group's business and technical departments, as well as the actual flight life and utilization of the aircraft fuselage, the Group is of the view that the current depreciable life of the aircraft fuselage can no longer accurately reflect the actual utilization of the asset. In order to more truly and accurately reflect the asset quality and operating results of the Company's aircraft airframes and to better match the depreciable lives of the aircraft airframes with their actual useful lives, the Group made a change in accounting estimate for the depreciable lives of the aircraft airframes. This change in accounting estimate is effective from January 1, 2024 using the future applicable method. A comparison of the change in depreciation method for aircraft airframes is set out below:

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

2 Basis of preparation and summary of significant accounting policies and accounting estimates (Continued)

(3) Accounting policies and accounting estimates(Continued)

(b) Accounting estimates(Continued)

	Estimated service life	Projected net residual value rate	Annual depreciation rate
Before the change	10 years	5.00%	9.50%
After the change	10-20 years	5.00%	9.50%-4.75%

Apart from the above accounting estimates, there were no significant changes in the significant accounting estimates and key judgments adopted by the Group compared with the previous year.

3 Taxation

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

Category	Tax rate	Tax base
Enterprise income tax	Note (1)	Taxable income
Value-added tax ("VAT")	13%, 9%, 6%, 1% (small-scale taxpayers)	Taxable value-added amount (Tax payable is calculated using the taxable sales amount/taxable service income multiplied by the applicable tax rate less deductible VAT input of the current period or taxable turnover amount multiplied by the VAT rate)
City maintenance and construction tax	7%, 5%, 1%	Amount of VAT paid
Educational surcharge	3%	Amount of VAT paid
Local educational surcharge	2%	Amount of VAT paid
Customs duty	At applicable tax rate	Customs dutiable value through examination and approval of the Customs

(1) Enterprise income tax

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

The Group's overseas subsidiaries recognise their income taxes in accordance with the laws and regulations of the countries or regions where they operate. Specifically, the subsidiaries located in Hong Kong SAR, Macao SAR, Singapore, Japan, South Korea, USA and Thailand are subject to enterprise income tax at the rates ranging from 12% to 24% in the reporting period.

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

3 Taxation (Continued)

(2) Preferential tax policy and approval documents

During the reporting period, there were no significant changes in the tax rates and policies of preferential tax rate applicable to the Company and its subsidiaries from the previous year.

4 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	30 June 2024	31 December 2023
Cash on hand	15,408	14,391
Cash at bank	12,895,351	18,641,306
Balances with central bank from Group Finance Company	927,411	1,490,498
Including: Statutory deposit reserve (a)	917,644	1,476,938
Excess deposit reserve (b)	9,767	13,560
Balances with other banks from Group Finance Company	19,473,506	21,674,309
Other cash balances (c)	147,162	105,684
Interest accrued	26,515	48,317
	33,485,353	41,974,505
Including: Overseas deposits	4,452,938	5,455,811

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

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

(c) As at 30 June 2024, the Group's restricted cash at bank and on hand amounted to 111,600,000 (31 December 2023: RMB 99,558,000).

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

4 Notes to the consolidated financial statements (Continued)

(2) Financial assets held for trading

	30 June 2024	31 December 2023
Structured deposits	17,770,993	6,542,881
Fund investments and others	276,330	266,861
	18,047,323	6,809,742

(3) Accounts receivable

	30 June 2024	31 December 2023
Accounts receivable	27,190,757	26,512,152
Less: Provision for bad debts (Note 4(18))	(1,339,136)	(1,378,665)
	25,851,621	25,133,487

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

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

	30 June 2024	31 December 2023
Within 1 year (inclusive)	26,082,178	25,492,152
1 to 2 years (inclusive)	450,741	490,411
Over 2 years	657,838	529,589
	27,190,757	26,512,152

(b) As at 30 June 2024, the five largest accounts receivable and contract assets aggregated by debtor were summarised and analysed as follows:

	Balances of accounts receivable and contract assets	Provision for bad debts	% of total balance
Sum of the five largest accounts receivable and contract assets	2,946,077	129,175	10.08%

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

4 Notes to the consolidated financial statements (Continued)

(3) Accounts receivable (Continued)

(c) Provision for bad debts

For accounts receivable, the Group recognises the loss provision based on the lifetime ECL regardless of whether there is any significant financing component.

The provision for bad debts of accounts receivable is analysed by category as follows:

	30 June 2024				31 December 2023			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis (i)	482,863	1.78%	(482,863)	100.00%	657,488	2.48%	(657,488)	100.00%
Provision for bad debts on a collective basis (ii)	26,707,894	98.22%	(856,273)	3.21%	25,854,664	97.52%	(721,177)	2.79%
	27,190,757	100.00%	(1,339,136)	4.92%	26,512,152	100.00%	(1,378,665)	5.20%

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

4 Notes to the consolidated financial statements (Continued)

(3) Accounts receivable (Continued)

(c) Provision for bad debts (Continued)

(i) As at 30 June 2024 and 31 December 2023, there were no accounts receivable with significant amounts of provision for bad debts made on an individual basis.

(ii) As at 30 June 2024, provision for bad debts made on a collective basis for accounts receivable is analysed as follows:

	Gross carrying amount	Lifetime ECL rates	Provision for bad debts
Group of related parties (Note 8(4)(a))	553,823	7.21%	(39,929)
Group of non-related parties	26,154,071	3.12%	(816,344)
	26,707,894		(856,273)

As at 31 December 2023, provision for bad debts made on a collective basis for accounts receivable is analysed as follows:

	Gross carrying amount	Lifetime ECL rates	Provision for bad debts
Group of related parties (Note 8(4)(a))	124,569	19.10%	(23,790)
Group of non-related parties	25,730,095	2.71%	(697,387)
	25,854,664		(721,177)

(d) For the six months ended 30 June 2024, the Group's comprehensive provision and reversal for bad debts amounted to a provision of RMB 165,988,000 (for the six months ended 30 June 2023: a reversal of RMB 65,858,000), of which the impairment test provision reversed for bad debts tested individually was RMB 24,664,000 (for the six months ended 30 June 2023: RMB 28,975,000) (Note 4(18)).

(e) For the six months ended 30 June 2024, accounts receivable that were written off amounted to RMB 209,411,000 (for the six months ended 30 June 2023: RMB 51,717,000) and no accounts receivable with amounts that were individually significant were written off (Note 4(18)).

(4) Advances to suppliers

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

	30 June 2024		31 December 2023	
Ageing	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	2,715,217	97.21%	3,179,005	97.90%
1 to 2 years (inclusive)	38,552	1.38%	42,025	1.29%
Over 2 years	39,285	1.41%	26,264	0.81%
	2,793,054	100.00%	3,247,294	100.00%

As at 30 June 2024, advances to suppliers with ageing over one year were mainly prepayment to suppliers, etc. That is because relevant business transactions were still being performed.

4 Notes to the consolidated financial statements (Continued)

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

4 Notes to the consolidated financial statements (Continued)

(4) Advances to suppliers (Continued)

(b) As at 30 June 2024, the five largest advances to suppliers aggregated by debtor were summarised and analysed as follows:

	30 June 2024	
	Amount	% of total balance
Sum of the five largest advances to suppliers	385,036	13.79%

(5) Other receivables

	30 June 2024	31 December 2023
Current accounts receivable from related parties (Note 8(4)(d))	258,935	633,373
Guarantees and deposits receivable	1,535,427	1,523,589
Cash to collect on behalf of other parties	720,869	659,441
Tax paid on behalf of others	118,780	168,971
Employee borrowings receivable and petty cash	78,217	85,491
Receivables from equity transfer	194,500	76,500
Receivables from airlines subsidies and financial rebates	14,160	15,371
Social insurance premium prepaid	41,924	38,154
Others	571,956	592,137
	3,534,768	3,793,027
Less: Provision for bad debts (Note 4(18))	(223,430)	(223,719)
	3,311,338	3,569,308

The Group does not have deposits at other parties under a centralised management arrangement that are presented as other receivables.

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

	30 June 2024	31 December 2023
Within 1 year (inclusive)	2,466,310	2,841,698
1 to 2 years (inclusive)	367,440	266,128
Over 2 years	701,018	685,201
	3,534,768	3,793,027

As at 30 June 2024, other receivables with ageing over 1 year mainly represented deposits and guarantees and receivables from equity transfer.

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

4 Notes to the consolidated financial statements (Continued)

(5) Other receivables (Continued)

(b) Movements in provision for losses and their gross carrying amounts

The Group measures the loss provision for other receivables based on the ECL for the next twelve months or the entire duration.

The provision for bad debts of other receivables is analysed by category as follows:

	30 June 2024				31 December 2023			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on an individual basis	227,993	6.45%	(216,505)	94.96%	221,458	5.84%	(209,970)	94.81%
Provision for bad debts on a collective basis	3,306,775	93.55%	(6,925)	0.21%	3,571,569	94.16%	(13,749)	0.38%
	3,534,768	100.00%	(223,430)	6.32%	3,793,027	100.00%	(223,719)	5.90%

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

4 Notes to the consolidated financial statements (Continued)

(5) Other receivables (Continued)

(b) Movements in provision for losses and their gross carrying amounts (Continued)

Movements of provision for bad debts are as follows:

	Stage 1 12-month ECL (group)	Stage 3 Lifetime ECL (credit impaired)	Total
31 December 2023	13,749	209,970	223,719
Provision/(Reversal) in the current year	4,270	(4,384)	(114)
Write-off in the current year	(1,273)	-	(1,273)
Transfer to Stage 3	(10,919)	10,919	-
Disposals and others	1,098	-	1,098
30 June 2024	6,925	216,505	223,430

As at 30 June 2024 and 31 December 2023, the Group did not have other receivables at Stage 2. Other receivables at Stage 1 and Stage 3 are analysed as follows:

(i) As at 30 June 2024 and 31 December 2023, the Group did not have any other receivables at Stage 1 for which the related provision for bad debts was provided on an individual basis.

As at 30 June 2024, other receivables at Stage 1 for which the related provision for bad debts was provided on a collective basis are analysed as follows:

	Gross carrying amount	12-month ECL rates	Provision for bad debts	Reason
Provision on a collective basis:				
Group of related parties	258,935	-	-	Loss allowance is recognized at the amount of expected redit losses over the next 12 months
Group of non-related parties	3,047,840	0.23%	(6,925)	
	3,306,775		(6,925)	

As at 31 December 2023, other receivables at Stage 1 for which the related provision for bad debts was provided on a collective basis are analysed as follows:

	Gross carrying amount	12-month ECL rates	Provision for bad debts	Reason
Provision on a collective basis:				
Group of related parties	633,373	-	-	Loss provision based on 12-month ECL
Group of non-related parties	2,938,196	0.47%	(13,749)	
	3,571,569		(13,749)	

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

4 Notes to the consolidated financial statements (Continued)

(5) Other receivables (Continued)

(b) Movements in provision for losses and their gross carrying amounts (Continued)

(ii) As at 30 June 2024 and 31 December 2023, the Group did not have any other receivables at Stage 3 for which the related provision for bad debts was provided on a collective basis.

As at 30 June 2024, other receivables at Stage 3 for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Gross carrying amount	Lifetime ECL	Provision for bad debts	Reason
Provision on an individual basis:				
Receivables from equity transfer	76,500	100.00%	(76,500)	The debtor encountered financial distress
Guarantees and deposits receivable	44,041	73.92%	(32,553)	The debtor encountered financial distress
Others	107,452	100.00%	(107,452)	The debtor encountered financial distress
	227,993		(216,505)	

As at 31 December 2023, other receivables at Stage 3 for which the related provision for bad debts was provided on an individual basis are analysed as follows:

	Gross carrying amount	Lifetime ECL	Provision for bad debts	Reason
Provided on an individual basis:				
Receivables from equity transfer	76,500	100.00%	(76,500)	The debtor encountered financial distress
Guarantees and deposits receivable	48,425	76.28%	(36,937)	The debtor encountered financial distress
Others	96,533	100.00%	(96,533)	The debtor encountered financial distress
	221,458		(209,970)	

(c) For the six months ended 30 June 2024, the Group's comprehensive provision and reversal for bad debts amounted to a reversal of RMB 114,000 (for the six months ended 30 June 2023: a provision of RMB 3,935,000), of which the impairment test provision reversed for bad debts tested individually was RMB 4,384,000 (for the six months ended 30 June 2023: RMB 1,000,000) (Note 4(18)).

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

4 Notes to the consolidated financial statements (Continued)

(5) Other receivables (Continued)

(d) For the six months ended 30 June 2024, the Group's other receivables that were written off amounted to RMB 1,273,000 (for the six months ended 30 June 2023: RMB 955,000) (Note 4(18)), and no other receivables with amounts that were individually significant were written off (for the six months ended 30 June 2023: none).

(e) As at 30 June 2024, the five largest other receivables aggregated by debtor are summarised and analysed as follows:

	Nature of business	Ageing	30 June 2024 Gross carrying amount	Provision for bad debts	% of total balance
Company 1	Agency collection and payment	Within 1 year	188,918	-	5.34%
Company 2	Agency collection and payment	Within 1 year	146,868	-	4.15%
Company 3	Receivables from equity transfers and capital reductions	Within 1 year	118,000	-	3.34%
Company 4	Agency collection and payment	Within 1 year	117,573	-	3.33%
Company 5	Deposits and guarantees	Over 2 years	58,251	-	1.65%
			629,610	-	17.81%

(6) Other current assets

	30 June 2024	31 December 2023
Input VAT to be deducted	3,862,436	4,641,173
Prepaid enterprise income tax	367,288	551,327
Others	69,754	23,043
	4,299,478	5,215,543

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

4 Notes to the consolidated financial statements (Continued)

(7) Long-term receivables and current portion of non-current assets

	30 June 2024	31 December 2023
Lease payments under a finance lease	282,054	399,135
Less: Unrealised financing income	(15,413)	(25,021)
Amortised cost of finance lease	266,641	374,114
Deposit for house purchase	277,904	277,904
Loans to employees	16,281	42,029
Others	-	3,281
Less: Provision for bad debts (Note 4(18))	(13,646)	(15,178)
Current portion of Long-term receivables	(225,525)	(314,080)
	321,655	368,070

(8) Long-term equity investments

	Joint ventures	Associates	Total
31 December 2023	3,258,703	4,120,128	7,378,831
Decrease in investments	(309,443)	(28,284)	(337,727)
Investment (loss)/income recognised under the equity method	(90,621)	28,041	(62,580)
Other comprehensive income and changes in equity recognised under the equity method	(5)	(7,084)	(7,089)
Cash dividends/profits distributed	-	(136,496)	(136,496)
Effect of translation of foreign currency financial statements	3,135	21,739	24,874
30 June 2024	2,861,769	3,998,044	6,859,813
Including: Balance of provision for impairment loss at the end of the period	(416)	(338,892)	(339,308)

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

4 Notes to the consolidated financial statements (Continued)

(8) Long-term equity investments (Continued)

(a) Joint ventures

		Movements in the current period							Provision for impairment	
	31 December 2023	Decrease in investments	Share of net profit/(loss) under equity method	Share of other changes in equity	Cash dividends/ profits distributed	Provision for impairment	Differences on translation of foreign currency financial statements	30 June 2024	30 June 2024	31 December 2023
Hubei International Logistics Airport Co., Ltd.	2,065,538	-	(98,860)	-	-	-	-	1,966,678	-	-
Jinfeng Borun (Xiamen) Equity Investment Partnership (Limited Partnership)	314,121	(101,195)	4,021	-	-	-	-	216,947	-	-
ZBHA Group Co., Ltd. ("ZBHA")	240,936	-	217	-	-	-	-	241,153	-	-
Gem-shunxin Industrial Technology Co., Ltd.	209,730	(208,167)	(1,558)	(5)	-	-	-	-	-	-
CC SF China Logistics Properties Investment Fund, L.P.	116,899	-	-	-	-	-	2,623	119,522	-	-
Others	311,479	(81)	5,559	-	-	-	512	317,469	(416)	(408)
	3,258,703	(309,443)	(90,621)	(5)	-	-	3,135	2,861,769	(416)	(408)

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

4 Notes to the consolidated financial statements (Continued)

(8) Long-term equity investments (Continued)

(b) Associates

		Movements in the current period								Provision for impairment	
	31 December 2023	Increase/ (Decrease) in investments	Share of net profit/(loss) under equity method	Share of other comprehensive income	Share of other changes in equity	Cash dividends/ profits distributed	Provision for impairment	Differences on translation of foreign currency financial statements	30 June 2024	30 June 2024	31 December 2023
SF Real Estate Investment Trust ("SF REITs")	1,153,690	13,631	4,794	(9,833)	-	(36,711)	-	26,621	1,152,192	-	-
Chiwan Container Terminal Co., Ltd.	958,153	-	55,807	-	-	(60,604)	-	12,985	966,341	-	-
Giao Hang Tiet Kiem Joint Stock Company	425,581	-	(13,848)	-	-	(38,969)	-	1,756	374,520	-	-
Amass Freight International Co., Ltd.	265,604	-	8	-	-	-	-	-	265,612	-	-
PT. Puninar Saranaraya	250,420	-	4,634	-	-	-	-	(17,118)	237,936	-	-
Zhejiang Galaxis Technology Group Co., Ltd. ("Galaxis Technology")	196,119	-	(6,942)	-	-	-	-	-	189,177	-	-
Others	870,561	(41,915)	(16,412)	(537)	3,286	(212)	-	(2,505)	812,266	(338,892)	(345,816)
	4,120,128	(28,284)	28,041	(10,370)	3,286	(136,496)	-	21,739	3,998,044	(338,892)	(345,816)

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

4 Notes to the consolidated financial statements (Continued)

(9) Investments in other equity instruments

	30 June 2024	31 December 2023
Equity of listed companies	1,120,309	2,418,842
Equity of unlisted companies	7,223,984	7,070,693
	8,344,293	9,489,535

	30 June 2024	31 December 2023
Equity of listed companies		
- Costs	1,917,389	1,881,825
- Accumulated changes in fair value	(797,080)	537,017
	1,120,309	2,418,842
Equity of unlisted companies		
- Costs	3,775,731	3,666,581
- Accumulated changes in fair value	3,448,253	3,404,112
	7,223,984	7,070,693

Including: the changes in cost and accumulated fair value of RMB 105,373,000 and RMB 94,529,000 respectively in the current period were due to differences in translation of foreign currency statements.

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

4 Notes to the consolidated financial statements (Continued)

(10) Investment properties

	Buildings	Land use rights	Total
Cost			
31 December 2023	5,261,718	1,480,379	6,742,097
Reclassification of other long-term assets in the current period (Note 4(11), 4(12), 4(14))	455,539	95,277	550,816
Purchase in the current period	1,819	133	1,952
Decrease in the current period	(155,309)	(30,838)	(186,147)
Effect of translation of foreign currency financial statements	(13,837)	(395)	(14,232)
30 June 2024	5,549,930	1,544,556	7,094,486
Accumulated depreciation			
31 December 2023	206,425	116,952	323,377
Increase in the current period	49,347	27,746	77,093
Reclassification of other long-term assets in the current period (Note 4(11), 4(14))	36,935	4,606	41,541
Other decreases	(7,514)	(2,984)	(10,498)
Effect of translation of foreign currency financial statements	1,468	2,965	4,433
30 June 2024	286,661	149,285	435,946
Carrying amount			
30 June 2024	5,263,269	1,395,271	6,658,540
31 December 2023	5,055,293	1,363,427	6,418,720

(i) In January 2024, the Group acquired 100% equity interest in Beijing Jieyutai Enterprise Management Co., Ltd. ("Beijing Jieyutai"). The total transfer price of the equity interest in this transaction was approximately RMB 559,289,000. The transaction was completed on January 18, 2024 (the "Purchase Day").

The Purchase satisfies the concentration test. In accordance with the asset purchase principle, the aggregate fair value of the purchased investment properties (buildings and land use rights), fixed assets (buildings) and intangible assets (land use rights) amounted to approximately RMB 835,700,000, which was recognized on the Purchase Day.

(ii) As at 30 June 2024, the Group was still in the process of applying for certificates of ownership for certain buildings and land use rights with carrying amount of RMB 42,217,000 (31 December 2023: carrying amount of RMB 580,127,000).

(iii) As at 30 June 2024, investment properties with carrying amount of RMB 110,919,000 (31 December 2023: RMB 111,124,000) were pledged as collateral for long-term borrowings (Note 4(26)(c)).

(iv) As at 30 June 2024 and 31 December 2023, the Group assessed that no provision for impairment should be made for investment properties.

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

4 Notes to the consolidated financial statements (Continued)

(11) Fixed assets

	Buildings	Motor vehicles	Computers and electronic equipment	Aircraft, aircraft engines, rotables and high-value maintenance tools	Machinery and equipment	Office equipment and other equipment	Total
Cost							
31 December 2023	29,185,339	7,434,951	5,126,023	15,497,033	14,999,446	10,839,453	83,082,245
Transfers from construction in progress (Note 4(12))	1,681,863	-	19,056	828,980	655,384	18,364	3,203,647
Transfer from investment properties in the current period (Note 4(10))	495,316	-	-	-	-	-	495,316
Purchase in the current period	888,879	293,188	165,954	162,499	139,515	72,492	1,722,527
Business combinations involving entities not under common control	-	3,936	3,739	-	6	2,113	9,794
Transfer to investment properties in the current period (Note 4(10))	(814,347)	-	-	-	-	-	(814,347)
Decrease in disposals of subsidiaries in the current period	(309,843)	-	-	-	-	-	(309,843)
Other decreases in the current period	(10,373)	(528,198)	(142,336)	(34,354)	(148,807)	(404,656)	(1,268,724)
Effect of translation of foreign currency financial statements	26,245	(2,052)	(22,979)	35	(88,827)	(8,165)	(95,743)
30 June 2024	31,143,079	7,201,825	5,149,457	16,454,193	15,556,717	10,519,601	86,024,872
Accumulated depreciation							
31 December 2023	2,918,323	4,806,341	3,779,913	6,643,870	4,363,601	6,638,702	29,150,750
Transfer from investment properties in the current period (Note 4(10))	15,436	-	-	-	-	-	15,436
Increase in the current period	430,708	562,419	336,799	681,070	829,503	646,211	3,486,710
Business combinations involving entities not under common control	-	2,632	2,992	-	6	1,513	7,143
Transfer to investment properties in the current period (Note 4(10))	(52,371)	-	-	-	-	-	(52,371)
Decrease in disposals of subsidiaries in the current period	(8,731)	-	-	-	-	-	(8,731)
Other decreases in the current period	(25)	(503,281)	(141,933)	(34,257)	(68,139)	(260,926)	(1,008,561)
Effect of translation of foreign currency financial statements	(8,650)	(4,071)	(20,018)	7	(36,312)	(17,000)	(86,044)
30 June 2024	3,294,690	4,864,040	3,957,753	7,290,690	5,088,659	7,008,500	31,504,332
Provision for impairment							
31 December 2023	-	-	-	-	1,633	8	1,641
Differences on translation of foreign currency financial statements and others	-	-	-	-	-	-	-
30 June 2024	-	-	-	-	1,633	8	1,641
Carrying amount							
30 June 2024	27,848,389	2,337,785	1,191,704	9,163,503	10,466,425	3,511,093	54,518,899
31 December 2023	26,267,016	2,628,610	1,346,110	8,853,163	10,634,212	4,200,743	53,929,854

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

4 Notes to the consolidated financial statements (Continued)

(11) Fixed assets (Continued)

(i) As at 30 June 2024, the Group's holdings of buildings included freehold land that did not require depreciation.

(ii) For the sixth months ended 30 June 2024, the amounts of depreciation expense charged to cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses were RMB 3,481,474,000 (for the sixth months ended 30 June 2023: RMB 3,133,243,000).

(iii) As at 30 June 2024, fixed assets with carrying amount of RMB 498,743,000 (31 December 2023: RMB 536,746,000) were pledged as collateral for short-term and long-term borrowings (Note 4(19)(b) and Note 4(26)(c)).

(iv) Fixed assets with pending certificates of ownership

	30 June 2024			
	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	5,640,189	(193,114)	-	5,447,075

	31 December 2023			
	Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	6,230,244	(154,749)	-	6,075,495

In addition, as at 30 June 2024, buildings with carrying amount of RMB 17,451,000 (cost of RMB RMB 29,844,000) (31 December 2023: carrying amount of RMB 18,155,000 and cost of RMB 29,844,000) represented public rental houses with restricted property rights purchased by the Group for enterprise talents.

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

4 Notes to the consolidated financial statements (Continued)

(11) Fixed assets (Continued)

(v) Disposals of aircraft engines, rotables and high-value maintenance tools

	Reason for disposal	For the six months ended 30 June 2024 Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Aircraft rotables	Scrapped	1,38	(651		73
Aircraft rotables	Sold	2	(5		1
High-value aircraft maintenance tools	Scrapped	22	(24		19
		1,62	(680		94

	Reason for disposal	For the six months ended 30 June 2023 Cost	Accumulated depreciation	Provision for impairment	Carrying amount
Aircraft rotables	Scrapped	5,66	(2,255		3,41
Aircraft rotables	Sold	47	(201		27
High-value aircraft maintenance tools	Scrapped	4,88	(3,211		1,67
	-	11,03	(5,667		5,36

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

4 Notes to the consolidated financial statements (Continued)

(12) Construction in progress

	30 June 2024	31 December 2023
Industrial Park Projects	1,241,923	2,252,284
Project of Distribution Hubs	257,653	474,378
Aircraft import and refit	293,177	164,643
Others	1,146,363	1,141,579
	2,939,116	4,032,884
Including: Balance of provision for impairment at the end of the period	-	(17,324)

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

4 Notes to the consolidated financial statements (Continued)

(12) Construction in progress (Continued)

Project name	Budget	31 December 2023	Increase in the current year	Transfer to other long-term assets in the current year (ii)	Provision for impairment in the current year	Other decreases in the current year	30 June 2024	% of project investment in budget (i)	Progress of project	Accumulative amount of capitalised borrowing costs	Including: Borrowing costs capitalised in the current year	Capitalisation rate	Source of funds
Industrial Park Projects	20,905,902	2,252,284	644,395	(1,653,871)	(885)	-	1,241,923	84.31%	84.31%	233,720	21,521	2.35%	Self-owned funds and loans from financial institutions
Project of Distribution Hubs	20,472,968	474,378	578,504	(794,653)	-	(576)	257,653	80.89%	80.89%	-	-	0.00%	Self-owned funds
Aircraft import and refit	2,403,936	164,643	978,128	(848,135)	-	(1,459)	293,177	41.02%	41.02%	-	-	0.00%	Self-owned funds
Others		1,141,579	531,510	(499,855)	-	(26,871)	1,146,363			7,516	7,516	2.42%	Self-owned funds and loans from financial institutions
		4,032,884	2,732,537	(3,796,514)	(885	(28,906)	2,939,116			241,236	29,037		

(i) The Group considers the proportion of the budget amount of a single project to total assets to determine whether there are significant projects of construction in progress. As at 30 June 2024, the Group had no projects of construction in progress with significant individual amount.

(ii) For aircraft import and refit, the percentage of project investment in budget is related to the investment for the current period; for the other projects, the percentage of project investment in budget is related to the accumulative investment.

(iii) The construction in progress transferred to long-term assets for the current period amounted to RMB 3,796,514,000, including RMB 3,203,647,000 transferred to fixed assets, RMB 136,508,000 transferred to investment properties and RMB 456,359,000 transferred to long-term prepaid expenses.

(iv) For the buildings in the Group's self-constructed industrial park projects, distribution hub projects and other projects, the part that has been completed and accepted and is available for its intended use during the reporting period shall be transferred to fixed assets and investment properties accordingly.

4 Notes to the consolidated financial statements (Continued)

(12) Construction in progress (Continued)

(v) For the Group's purchased aircraft, the part that has been modified during the reporting period and has met the design requirements and is available for its intended use after installation, debugging and acceptance, shall be transferred to fixed assets accordingly.

(vi) As at 30 June 2024, no construction in progress was pledged as collateral for long-term borrowings (31 December 2023:RMB 272,393,000 of construction in progress was pledged as collateral for long-term loans) (Note 4(26)(c)).

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

4 Notes to the consolidated financial statements (Continued)

(13) Right-of-use assets

	Buildings	Motor vehicles	Machinery and equipment, and others	Total
Cost				
31 December 2023	30,624,525	554,218	79,692	31,258,435
Increase in the current period	2,781,941	15,576	16,715	2,814,232
Decrease in the current period	(920,002)	(45,846)	(24,820)	(990,668)
Effect of translation of foreign currency financial statements	36,706	(47,366)	(1,402)	(12,062)
30 June 2024	32,523,170	476,582	70,185	33,069,937
Accumulated depreciation				
31 December 2023	16,931,970	220,297	32,597	17,184,864
Increase in the current period	3,238,874	79,772	13,120	3,331,766
Decrease in the current period	(509,061)	(40,302)	(5,533)	(554,896)
Effect of translation of foreign currency financial statements	11,574	(21,800)	(1,090)	(11,316)
30 June 2024	19,673,357	237,967	39,094	19,950,418
Carrying amount				
30 June 2024	12,849,813	238,615	31,091	13,119,519
31 December 2023	13,692,555	333,921	47,095	14,073,571

As at 30 June 2024 and 31 December 2022, the Group considered that no impairment loss should be recognised for right-of-use assets.

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

4 Notes to the consolidated financial statements (Continued)

(14) Intangible assets

	Land use rights	Purchased software	Self-developed software	Trademarks	Customer relationships	Others	Total
Cost							
31 December 2023	7,702,755	857,547	7,276,600	4,966,033	5,952,090	358,340	27,113,365
Transfer from other long-term assets in the current period (Note 4(10) and Note 4(15))	83,045	-	314,119	-	-	-	397,164
Increase in business combinations involving entities not under common control	-	1,464	-	-	13,253	11,629	26,346
Purchase in the current period	331,225	17,832	-	3,296	-	1,852	354,205
Transfer to other long-term assets in the current year (Note 4(10))	(178,322)	-	-	-	-	-	(178,322)
Decrease in disposals of subsidiaries in the current period	(110,846)	-	-	-	-	-	(110,846)
Other disposals in the current period	(37,569)	(24,006)	(73,286)	(1,228)	-	(421)	(136,510)
Effect of translation of foreign currency financial statements	27,694	(3,476)	-	116,207	122,433	1,647	264,505
30 June 2024	7,817,982	849,361	7,517,433	5,084,308	6,087,776	373,047	27,729,907

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

4 Notes to the consolidated financial statements (Continued)

(14) Intangible assets (Continued)

	Land use rights	Purchased software	Self-developed software	Trademarks	Customer relationships	Others	Total
Accumulated amortisation							
31 December 2023	880,885	679,279	5,098,778	842,331	1,150,340	211,727	8,863,340
Transfer from other long-term assets in the current period (Note 4(10))	6,793	-	-	-	-	-	6,793
Increase in business combinations involving entities not under common control	-	1,076	-	-	-	-	1,076
Increase in the current period	97,150	57,411	889,919	121,335	170,010	16,057	1,351,882
Transfer to other long-term assets in the current year (Note 4(10))	(11,399)	-	-	-	-	-	(11,399)
Decrease in disposals of subsidiaries in the current period	(10,569)	-	-	-	-	-	(10,569)
Other disposals in the current period	(165)	(56,765)	(19,416)	(601)	-	(294)	(77,241)
Effect of translation of foreign currency financial statements	2,328	(2,288)	-	19,237	17,679	1,216	38,172
30 June 2024	965,023	678,713	5,969,281	982,302	1,338,029	228,706	10,162,054
Provision for impairment							
31 December 2023	5,394	-	97,428	4	-	6	102,832
Increase in the current period	-	-	-	-	-	-	-
Decrease in the current period	(5,394)	-	(13,779)	-	-	-	(19,173)
30 June 2024	-	-	83,649	4	-	6	83,659
30 June 2024	6,852,959	170,648	1,464,503	4,102,002	4,749,747	144,335	17,484,194
31 December 2023	6,816,476	178,268	2,080,394	4,123,698	4,801,750	146,607	18,147,193

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

4 Notes to the consolidated financial statements (Continued)

(14) Intangible assets (Continued)

(a) For the six months ended 30 June 2024, the aggregate amount of amortisation expenses charged to cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses was RMB 1,286,487,000 (for the six months ended 30 June 2023: RMB 1,156,248,000).

(b) As at 30 June 2024, intangible assets with carrying amount of RMB 261,868,000 (31 December 2023: RMB 292,495,000) were pledged as collateral for long-term borrowings, of which intangible assets with a carrying value of RMB 131,594,000 (December 31, 2023:RMB 144,678,000) were pledged as collateral for short-term borrowings at the same time (Note 4(19)(b) and Note 4(26)(c)).

(c) As at 30 June 2024, the Group was still in the process of applying for certificates of ownership for land use rights with carrying amount of RMB 139,222,000 (with cost of RMB 151,135,000) (31 December 2023: carrying amount of RMB 157,465,000 and cost of RMB 167,949,000).

(d) As at 30 June 2024, the intangible assets developed by the Group accounted for 8.38% (31 December 2023: 11.46%) of the carrying amount of intangible assets.

(15) Research and development expenditures

The Group's total expenditures on research and development for the six months ended 30 June 2024 are listed by nature as follows:

	For the six months ended 30 June 2024		
	Research and development expenses	Development costs	Total
Employee benefits	664,346	236,486	900,832
Depreciation and amortisation	531,917	34,140	566,057
Others	105,192	29,385	134,577
	1,301,455	300,011	1,601,466

	For the six months ended 30 June 2023		
	Research and development expenses	Development costs	Total
Employee benefits	627,894	427,464	1,055,358
Depreciation and amortisation	431,138	35,994	467,132
Others	115,938	106,743	222,681
	1,174,970	570,201	1,745,171

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

4 Notes to the consolidated financial statements (Continued)

(15) Research and development expenditures (Continued)

The changes in the Group's capitalised development expenditures for the six months ended 30 June 2024 are analysed as follows:

	31 December 2023	Increase in the current period	Transfer to intangible assets in the current period (Note 4(14))	Other decreases in the current period	30 June 2024
System development	129,845	300,011	(314,119)	(25,682)	90,055

(a) For the six months ended 30 June 2024, the Group had no impairment on development expenditures (for the six months ended 30 June 2023: none).

(b) The Group considers the proportion of opening balance or ending balance of individual research and development project to total assets to determine whether there are significant research and development projects. As at 30 June 2024, the Group had no research and development projects with significant individual amount.

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

4 Notes to the consolidated financial statements (Continued)

(16) Goodwill

	31 December 2023	Increase in the current period (a)	Restructuring in the current period (b)	Effect of foreign currency translation	30 June 2024
Cost:					
Kerry Logistics Business	5,889,255	70,732	(62,430)	133,657	6,031,214
KEX	-	-	62,430	1,459	63,889
SF Supply Chain Business	3,082,119	-	-	72,056	3,154,175
SF/HAVI China Logistics (Cayman islands) ("HAVI")	367,896	-	-	8,598	376,494
Guangdong Shunxin Freight Co., Ltd.	149,587	-	-	-	149,587
Others	84,014	4,053	-	431	88,498
	9,572,871	74,785	-	216,201	9,863,857
Less: Provisions for impairment (Note 4(18))					
Others	(2,435)	-	-	-	(2,435)
	9,570,436	74,785	-	216,201	9,861,422

(a) The increase in goodwill of the Group in the current period was mainly attributable to the acquisition of 65.00% equity in Business By Air SAS ("BBA") (Note 5(1)(a)).

4 Notes to the consolidated financial statements (Continued)

(16) Goodwill (Continued)

(b) During the reporting period, Kerry Logistics distributed a special interim dividend to its eligible shareholders with 907,200,000 shares in KEX, which accounts for approximately 52.1% of all issued KEX shares. After the distribution, the Group acquired a total of 467,373,855 shares of KEX, accounting for approximately 26.8% of all issued KEX shares, triggering a mandatory takeover bid for KEX under the Thailand Code (which refers to rules, Conditions and Procedures for the Acquisition of Securities in Business Acquisitions (as amended) and any other relevant rules, regulations and circulars issued thereunder in the Securities and Exchange Act of Thailand B.E. 2535 (1992) (as amended) and the Capital Market Supervisory Board Circular No. Tor Jor. 12/2554). The Group has made a tender offer to KEX shareholders at a price of THB 5.5 per share to acquire the KEX shares held by them. On 26 March 2024 (the "Reorganization Date"), the interim dividend distribution and the offer acquisition in the above transaction were completed. The Group acquired a total of 1,091,818,327 shares of KEX, accounting for 62.7% of the issued shares of KEX.

After the completion of the above transaction, KEX is no longer directly held, managed and controlled by Kerry Logistics. The Group will split the Kerry Logistics business into two asset groups, including the Kerry Logistics business (excluding the KEX business) and the KEX business. The goodwill arising from the acquisition of Kerry Logistics is allocated in proportion to the fair value of the asset group combination of the Kerry Logistics business (excluding KEX business) asset group and the KEX business asset group on the restructuring date.

(c) During the goodwill impairment test, the Group compares the carrying amount of the relevant assets or combinations of asset groups (including goodwill) with their recoverable amount. If the recoverable amount is lower than the carrying amount, the difference shall be included in profit or loss for the current period. As at 30 June 2024 and 31 December 2023, the Group assessed that no provision for impairment should be made for goodwill.

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

4 Notes to the consolidated financial statements (Continued)

(17) Long-term prepaid expenses

	31 December 2023	Increase in the current period	Amortisation in the current period	Other decreases in the current period	30 June 2024
Improvements to right-of-use assets	2,141,678	553,443	(535,193)	(40,816)	2,119,112
Settling-in allowance and introduction fee for pilots	805,415	21,880	(53,109)	-	774,186
Others	214,311	30,608	(24,528)	(3,801)	216,590
	3,161,404	605,931	(612,830)	(44,617)	3,109,888

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

4 Notes to the consolidated financial statements (Continued)

(18) Provision for credit/asset impairment and losses

	31 December 2023	Provision/ (Reversal)	Write-off	Differences on translation of foreign currency financial statements and others	30 June 2024
Provision for bad debts	1,617,562	164,256	(210,684)	5,078	1,576,212
Including: Provision for bad debts of accounts receivable (Note 4(3))	1,378,665	165,988	(209,411)	3,894	1,339,136
Provision for bad debts of other receivables (Note 4(5))	223,719	(114)	(1,273)	1,098	223,430
Provision for bad debts of long-term receivables (Note 4(7))	15,178	(1,618)	-	86	13,646
Provision for bad debts of factoring receivables	123,815	-	-	-	123,815
Provision for bad debts of loans and advances	8,704	(4,699)	-	438	4,443
Sub-total	1,750,081	159,557	(210,684)	5,516	1,704,470
Provision for impairment of long-term equity investments (Note 4(8))	346,224	-	-	(6,916)	339,308
Provision for impairment of fixed assets (Note 4(11))	1,641	-	-	-	1,641
Provision for impairment of intangible assets (Note 4(14))	102,832	-	-	(19,173)	83,659
Provision for decline in the value of inventories	2,782	424	-	69	3,275
Provision for impairment of contract assets	3,552	315	-	(54)	3,813
Provision for impairment of goodwill (Note 4(16))	2,435	-	-	-	2,435
Provision for impairment of construction in progress (Note 4(12))	17,324	885	-	(18,209)	-
Sub-total	476,790	1,624	-	(44,283)	434,131
	2,226,871	161,181	(210,684)	(38,767)	2,138,601

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

4 Notes to the consolidated financial statements (Continued)

(19) Short-term borrowings

	30 June 2024	31 December 2023
Unsecured borrowings	23,172,135	12,959,996
Guaranteed borrowings (a)	448,933	5,156,012
Secured borrowings (b)	70,138	105,969
Pledged borrowings	290	-
	23,691,496	18,221,977

(a) As at 30 June 2024, guaranteed borrowings of RMB 448,933,000 (31 December 2023: RMB 5,156,012,000) were guaranteed by subsidiaries within the Group.

(b) As at 30 June 2024, secured borrowings of RMB 70,138,000 were secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for long-term borrowings
Fixed assets	498,743	498,743
Intangible assets	131,594	131,594
	630,337	630,337

As at 31 December 2023, secured borrowings of RMB 105,969,000 were secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for long-term borrowings
Fixed assets	536,746	536,746
Intangible assets	144,678	144,678
	681,424	681,424

(c) As at 30 June 2024, the Group had no overdue short-term borrowings, and the interest rate range of short-term borrowings was 2.27% to 6.77% (31 December 2023: 2.20% to 7.47%) per annum.

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

4 Notes to the consolidated financial statements (Continued)

(20) Accounts payable

	30 June 2024	31 December 2023
Payables to related parties (Note 8(4)(h))	397,211	421,194
Payables for services and purchases	23,404,030	24,424,941
	23,801,241	24,846,135

As at 30 June 2024, accounts payable with ageing over one year amounted to RMB 283,072,000 (31 December 2023: RMB 408,452,000), including outsourcing cost and transportation cost payable. The final settlement of the payment has not been made because the Group has not received the invoice from the suppliers.

(21) Employee benefits payable

	30 June 2024	31 December 2023
Short-term employee benefits payable (a)	4,427,694	5,547,556
Defined contribution plans payable (b)	77,566	61,053
	4,505,260	5,608,609

(a) Short-term employee benefits

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Wages and salaries, bonus, allowances and subsidies	5,016,325	13,650,837	(14,684,134)	3,983,028
Staff welfare	106,885	927,780	(890,735)	143,930
Social security contributions	22,891	408,488	(410,403)	20,976
Including: Medical insurance	19,483	360,502	(361,729)	18,256
Work injury insurance	2,449	38,532	(39,444)	1,537
Maternity insurance	959	9,454	(9,230)	1,183
Housing funds	10,487	218,420	(217,274)	11,633
Labour union funds and employee education funds	367,710	206,834	(332,876)	241,668
Others	23,258	176,865	(173,664)	26,459
	5,547,556	15,589,224	(16,709,086)	4,427,694

(b) Defined contribution plans

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Basic pensions	59,872	704,223	(687,554)	76,541
Unemployment insurance	1,181	23,647	(23,803)	1,025
	61,053	727,870	(711,357)	77,566

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

4 Notes to the consolidated financial statements (Continued)

(22) Taxes payable

	30 June 2024	31 December 2023
Enterprise income tax payable	1,221,636	1,394,250
Unpaid VAT	581,780	538,510
Others	175,192	196,955
	1,978,608	2,129,715

(23) Other payables

	30 June 2024	31 December 2023
Accounts payable to related parties (Note 8(4)(j))	95,908	134,589
Engineering equipment payable	3,209,908	4,345,119
Deposits payable	2,037,026	1,849,724
Payables of cash collected on delivery service on behalf of other parties	1,442,384	1,534,338
Recharge payable	1,151,727	1,014,895
Payables to banks for supply chain finance products/re-factoring	191,941	543,389
Warranty payments payable	479,205	505,725
Management fees payable	236,592	159,211
Professional service fees payable	135,058	134,607
Dividends payable	148,200	142,507
Payable for equity acquisition	281,790	267,886
Others	929,077	862,851
	10,338,816	11,494,841

As at 30 June 2024, other payables with ageing over one year amounted to RMB 1,804,829,000 (31 December 2023: RMB 1,149,236,000), mainly the undue deposits of continuing business and the unsettled engineering equipment funds.

(24) Current portion of Non-current liabilities

	30 June 2024	31 December 2023
Current portion of lease liabilities (Note 4(28))	5,540,079	5,769,965
Current portion of long-term borrowings (Note 4(26))	2,594,948	2,813,385
Current portion of debentures payable (a)	113,666	615,295
Current portion of long-term payables	22,349	23,571
Current portion of cash-settled share-based payments	-	263,732
	8,271,042	9,485,948

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

4 Notes to the consolidated financial statements (Continued)

(24) Current portion of Non-current liabilities (Continued)

(a) Current portion of debentures payable to be settled within one year

	31 December 2023	Interest accrual	Amortisation of premium/discount	Reclassification from debentures payable in the current period (Note 4(27))	Repayment for the current period	Effect of translation of foreign currency financial statements	30 June 2024
Green Corporate Debentures of 2021 (1st instalment)	512,866	6,006	78	-	(518,950)	-	-
Other debentures payable	102,429	-	-	271,513	(258,322)	(1,954)	113,666
	615,295	6,006	78	271,513	(777,272)	(1,954)	113,666

4 Notes to the consolidated financial statements (Continued)

(25) Other current liabilities

	30 June 2024	31 December 2023
Output VAT to be recognised arising from contract liabilities	113,155	129,212
Ultra short-term commercial notes (a)	2,310,195	-
Others	31,892	38,456
	2,455,242	167,668

(a) The ultra short-term commercial notes are detailed as follows:

	Par value (RMB'000)	Date of issue	Term	Interest rate	Default or not
The First Phase of 2024	1,000,000	8 March 2024	270 days	2.24%	No
The Second Phase of 2024	500,000	15 March 2024	270 days	2.24%	No
The Third Phase of 2024	800,000	21 June 2024	270 days	1.85%	No

(26) Long-term borrowings

	30 June 2024	31 December 2023
Guaranteed borrowings (a)	5,731,171	5,633,173
Pledged borrowings (b)	1,669,853	2,150,466
Unsecured borrowings	4,588,063	5,113,058
Secured borrowings (c)	1,267,327	1,271,929
	13,256,414	14,168,626
Less: Current portion of ong-term borrowings (Note 4(24))		
Guaranteed borrowings	(270,838)	(914,982)
Pledged borrowings	(998,003)	(668,094)
Unsecured borrowings	(1,276,707)	(1,156,039)
Secured borrowings	(49,400)	(74,270)
	(2,594,948)	(2,813,385)
	10,661,466	11,355,241

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

4 Notes to the consolidated financial statements (Continued)

(26) Long-term borrowings (Continued)

(a) As at 30 June 2024, the Group's guaranteed borrowings of RMB 5,711,171,000 (31 December 2023: RMB 5,608,173,000) were guaranteed by subsidiaries within the Group and guaranteed borrowings of RMB 20,000,000 (31 December 2023: RMB 25,000,000) were guaranteed by Shenzhen S.F. Taisen Holdings (Group) Co., Ltd. ("Taisen Holdings") and Havi.

(b) As at 30 June 2024, the entitlement to receivables arising from aircraft financial leasing business of subsidiary SF Airlines Company Limited ("SF Airlines") was pledged by subsidiary Shunyuan Financial Leasing (Tianjin) Co., Ltd. ("Shunyuan Financial Leasing") for the pledged bank borrowings of RMB 1,669,853,000 (31 December 2023: RMB 2,150,466,000). As at 30 June 2024, balance of receivables pledged was RMB 2,797,164,000 (31 December 2023: RMB 2,496,880,000).

(c) As at 30 June 2024, secured borrowings of RMB 1,267,327,000 were secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for short-term borrowings
Fixed assets	498,743	498,743
Intangible assets	261,868	131,594
Investment properties	110,919	-
	871,530	630,337

As at 31 December 2023, secured borrowings of RMB 1,271,929,000 were secured by the following assets respectively:

	Carrying amount of secured assets	Including: also secured for short-term borrowings
Fixed assets	536,746	536,746
Intangible assets	292,495	144,678
Investment properties	111,124	-
Construction in progress	272,393	-
	1,212,758	681,424

Besides, as at 30 June 2024, Taisen Holdings provided a full joint and several liability guarantee for RMB 1,240,920,000 (31 December 2023: RMB 1,239,787,000) of the above secured borrowings.

(d) As at 30 June 2024, the Group had no overdue long-term borrowings, and the interest rate range of long-term borrowings was 2.44% to 5.30% (31 December 2023: 2.20% to 6.91%) per annum.

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

4 Notes to the consolidated financial statements (Continued)

(27) Debentures payable

	31 December 2023	Issued in the period	Issuance expenses	Repurchase in the period	Interest accrual	Amortisation of premium/ discount	Effect of translation of foreign currency financial statements	Debentures payable to be settled within one year (Note 4(24))	30 June 2024
Overseas debentures denominated in USD of 2020	4,926,684	-	-	(114,649)	70,627	4,687	111,987	(70,627)	4,928,709
Overseas debentures denominated in USD of 2021	8,470,887	-	-	(253,802)	121,132	7,717	190,962	(121,132)	8,415,764
Overseas debentures denominated in USD of 2022	4,897,492	-	-	(151,192)	66,916	11,297	110,477	(66,916)	4,868,074
Smooth Freight Logistics Debentures (1st instalment)	499,719	-	-	-	6,937	80	-	(6,937)	499,799
The First Debentures of 2024	-	500,000	(236)	-	3,526	23	-	(3,526)	499,787
Middle-term notes of 2024	-	500,000	(1,179)	-	2,375	42	-	(2,375)	498,863
	18,794,782	1,000,000	(1,415)	(519,643)	271,513	23,846	413,426	(271,513)	19,710,996

4 Notes to the consolidated financial statements (Continued)

(27) Debentures payable (Continued)

	Issuer	Currency	Par value (RMB'000)	Date of issue	Term	Issued amount (equivalent to RMB)	Nominal interest rate	Default or not
Overseas debentures denominated in USD of 2020	SF Holding Investment Limited	USD	700,000	20 February 2020	10 years	5,088,193	2.88%	No
Overseas debentures denominated in USD of 2021	SF Holding Investment 2021 Limited	USD	400,000	17 November 2021	5 years	2,907,539	2.38%	No
Overseas debentures denominated in USD of 2021	SF Holding Investment 2021 Limited	USD	300,000	17 November 2021	7 years	2,180,654	3.00%	No
Overseas debentures denominated in USD of 2021	SF Holding Investment 2021 Limited	USD	500,000	17 November 2021	10 years	3,634,424	3.13%	No
Overseas debentures denominated in USD of 2022	SF Holding Investment 2021 Limited	USD	400,000	28 January 2022	5 years	2,907,539	2.38%	No
Overseas debentures denominated in USD of 2022	SF Holding Investment 2021 Limited	USD	300,000	28 January 2022	10 years	2,180,654	3.13%	No
Smooth Freight Logistics Debentures (1st instalment)	Taisen Holdings	RMB	500,000	22 September 2022	3 years	500,000	2.79%	No
The First Debentures of 2024	Taisen Holdings	RMB	500,000	13 March 2024	3 years	500,000	2.60%	No
Middle-term notes of 2024	Taisen Holdings	RMB	500,000	23 April 2024	5 years	500,000	2.55%	No

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

4 Notes to the consolidated financial statements (Continued)

(28) Lease liabilities

	30 June 2024	31 December 2023
Lease liabilities	13,012,472	13,808,460
Less: Current portion of lease liabilities (Note 4(24))	(5,540,079)	(5,769,965)
	7,472,393	8,038,495

(29) Deferred income

Government grants	31 December 2023	Increase in the current period	Amount recognised in other income in the current period (Note 4(43))	30 June 2024
Government support funds for industrial park	567,729	109,056	(5,997)	670,788
Huanggang Baitan Lake Organising Committee Project	437,304	20,000	(3,668)	453,636
Others	85,611	11,587	(10,751)	86,447
	1,090,644	140,643	(20,416)	1,210,871

The above government grants are all government grants related to assets.

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

4 Notes to the consolidated financial statements (Continued)

(30) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offsetting

	30 June 2024		31 December 2023	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deductible losses	3,975,562	885,930	4,011,713	900,683
Depreciation and amortisation differences	3,546,780	833,879	3,671,061	849,888
Accrued expenses	1,856,472	419,746	2,018,943	480,077
Lease liabilities	11,732,568	2,797,992	12,542,513	2,998,695
Provision for asset impairment	797,756	192,309	722,267	174,813
Unrealised profits from internal transactions	376,409	94,102	449,497	112,374
Others	337,668	81,220	344,204	82,661
	22,623,215	5,305,178	23,760,198	5,599,191
Including:				
Expected to be recovered within one year (inclusive)		1,851,494		2,002,169
Expected to be recovered after one year		3,453,684		3,597,022
		5,305,178		5,599,191

(b) Deductible losses and deductible temporary differences that are not recognised as deferred tax assets are analysed as follows:

	30 June 2024	31 December 2023
Deductible losses (c)	18,770,064	18,873,618
Deductible temporary differences	1,439,951	1,113,144
	20,210,015	19,986,762

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

4 Notes to the consolidated financial statements (Continued)

(30) Deferred tax assets and deferred tax liabilities (Continued)

(c) The following table shows unrecognised deductible losses based on its expiration date:

	30 June 2024	31 December 2023
2024	1,035,858	1,270,206
2025	3,527,250	3,954,921
2026	4,246,723	4,468,234
2027	2,933,073	3,254,460
2028	1,830,209	2,146,335
2029 and subsequent years	5,196,951	3,779,462
	18,770,064	18,873,618

(d) Deferred tax liabilities before offsetting

	30 June 2024		31 December 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation in asset value arising from business combinations involving entities not under common control	12,333,385	2,970,490	12,385,409	2,971,543
Depreciation and amortisation differences	7,497,693	1,737,948	6,823,020	1,606,602
Changes in fair value of financial assets	1,379,287	345,151	1,436,715	359,178
Right-of-use assets	11,025,949	2,626,955	11,850,559	2,830,561
Others	472,190	107,921	525,038	118,411
	32,708,504	7,788,465	33,020,741	7,886,295
Including:				
Expected to be recovered within one year (inclusive)		1,773,587		1,861,507
Expected to be recovered after one year		6,014,878		6,024,788
		7,788,465		7,886,295

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

4 Notes to the consolidated financial statements (Continued)

(30) Deferred tax assets and deferred tax liabilities (Continued)

(e) The net balances of deferred tax assets and deferred tax liabilities after offsetting are as follows:

	30 June 2024	31 December 2023
Deferred tax assets, net	2,053,570	2,263,870
Deferred tax liabilities, net	4,536,857	4,550,974

(31) Share capital

	31 December 2023	Increase in the current period	Decrease in the current period (Note 4(33))	30 June 2024
Ordinary shares denominated in RMB	4,895,202	-	(79,291)	4,815,911

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Ordinary shares denominated in RMB	4,895,202	-	-	4,895,202

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

4 Notes to the consolidated financial statements (Continued)

(32) Capital reserve

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Share premium				
- Capital contribution/(deduction) by shareholders	34,978,720	127	(3,496,254)	31,482,593
- Transfer of convertible corporate debentures to share capital	5,758,688	-	-	5,758,688
- Capital reserve from transactions with minority shareholders	(810,357)	-	(3,760,142)	(4,570,499)
- Transfer of convertible corporate debentures issued by subsidiaries to share capital	1,980,870	-	-	1,980,870
- Business combinations involving entities under common control	(76,633)	-	-	(76,633)
- Exercise of share-based payments	43,898	-	-	43,898
Other capital reserve				
- Share-based payments included in capital reserve	833,189	62,186	-	895,375
- Others	455,710	-	-	455,710
	43,164,085	62,313	(7,256,396)	35,970,002

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Share premium				
- Capital contribution by shareholders	34,978,720	890	-	34,979,610
- Transfer of convertible corporate debentures to share capital	5,758,688	-	-	5,758,688
- Capital reserve from transactions with minority shareholders	225,677	-	(11,444)	214,233
- Transfer of convertible corporate debentures issued by subsidiaries to share capital	1,980,870	-	-	1,980,870
- Business combinations involving entities under common control	(76,633)	-	-	(76,633)
Other capital reserve				
- Share-based payments included in capital reserve	675,189	151,413	-	826,602
- Others	453,726	-	(3,041)	450,685
	43,996,237	152,303	(14,485)	44,134,055

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

4 Notes to the consolidated financial statements (Continued)

(33) Treasury stock

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Treasury stock	2,575,532	1,378,503	(3,575,545)	378,490

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Treasury stock	2,040,377	59,936	-	2,100,313

(i) In accordance with the *Proposal of Repurchasing Shares by Centralised Price Bidding* passed in the 22nd session of the fifth Board of Directors on 2 March 2022 and the 28th session of the fifth Board of Directors on 22 September 2022, the Company repurchased a portion of shares issued to the public for employee stock ownership plan or share-based incentive through centralised price bidding by self-owned funds. As at 21 September 2023, the above share repurchase had been completed. The Company repurchased a total of 59,471,139 shares, of which 8,420,193 shares had been used for the exercise of the first exercise period of stock options granted for the first time under the stock option incentive plan in 2022, and the remaining of 51,050,946 shares had not been used as at 31 December 2023.

(ii) In accordance with the *Proposal of Repurchasing Shares by Centralised Price Bidding* passed in the 11st session of the sixth Board of Directors on 30 January 2024, the Company repurchased a portion of shares issued to the public for employee stock ownership plan or share-based incentive through centralised price bidding by self-owned funds. As at 26 April 2024, the Company's share repurchase plan was implemented, with a total of 28,240,207 shares repurchased and treasury stock of RMB 1,000,013,000 recognized. As at the completion of this repurchase, the total number of unused shares repurchased by the Company after the aforesaid share repurchase plan was 79,291,153 shares.

(iii) In accordance with the *Proposal of Changing the Purpose of Repurchased Shares and Cancelling the Shares* passed in the 12th session of the sixth Board of Directors on 26 March 2024 and the 2023 shareholders' meeting on 30 April 2024, the Company changed the purpose of the repurchased shares in the share repurchase plan in March and September 2022 and January 2024. On 20 June 2024, the Company completed the cancellation of 79,291,153 repurchased shares, with a total write-off of treasury stock of RMB 3,575,545,000, of which the share capital was decreased by RMB 79,291,000 and the capital reserve was decreased by RMB 3,496,254,000.

(iv) In accordance with the *Proposal of the Second Phase of Share Repurchase Plan in 2024* passed in the 13th session of the sixth Board of Directors on 29 April 2024, the Company repurchased a portion of shares issued to the public for employee stock ownership plan or share-based incentive through centralised price bidding by self-owned funds. As at 30 June 2024, the Company had repurchased an aggregate of 10,199,584 shares and recognized RMB 378,490,000 of treasury stock.

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

4 Notes to the consolidated financial statements (Continued)

(34) Special reserve

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Safety reserve	-	272,081	(272,081)	-

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Safety reserve	-	18,568	(18,568)	-

Pursuant to the *Administrative Measures for the Collection and Utilisation of Enterprise Work Safety Funds* (Cai Zi [2022] No. 136) issued by the Ministry of Finance and the State Administration of Work Safety on 21 November 2022, 1% of the income from the "common cargo transportation business" which is operated by certain subsidiaries of the Group is appropriated to safety reserve. The safety reserve are recognised in profit or loss as the "special reserve" item for the current period. When the accrued safety reserve are used under the prescribed conditions, they are written off against the original amount directly.

(35) Surplus reserve

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Statutory surplus reserve	2,413,786	-	-	2,413,786

	31 December 2022	Increase in the current period	Decrease in the current period	30 June 2023
Statutory surplus reserve	1,010,253	-	-	1,010,253

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

4 Notes to the consolidated financial statements (Continued)

(36) Retained earnings

	For the six months ended 30 June 2024	2023
Retained earnings at the beginning of the period	38,835,999	33,371,351
Add: Net profit attributable to shareholders of the parent company for the current period	4,806,714	4,176,282
Transfer from other comprehensive income to retained earnings	(5,060)	18
Less: Ordinary share dividends payable (a)	(2,889,210)	(1,213,616)
Retained earnings at the end of the period	40,748,443	36,334,035

(a) The Company held a shareholders' meeting on 30 April 2024. On the basis of the total share capital at the registration date on which the 2023 profit distribution plan was implemented less the special shares repurchased by the Company, a total of RMB 2,889,210,000 of cash dividends were distributed to all shareholders at RMB 6.00 (including tax) per 10 shares, without bonus shares being given or capital reserve being transferred into the share capital.

(37) Revenue and cost of revenue

	For the six months ended 30 June 2024	2023
Revenue from main operations (a)	134,220,484	124,148,438
Revenue from other operations (a)	189,236	217,160
Total revenue	134,409,720	124,365,598
Cost of revenue from main operations	115,695,398	107,411,483
Cost of revenue from other operations	89,374	143,797
Total cost of revenue	115,784,772	107,555,280

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

4 Notes to the consolidated financial statements (Continued)

(37) Revenue and cost of sales (Continued)

(a) The Group's revenue is disaggregated as follows:

	For the six months ended 30 June 2024			
	Logistics and freight forwarding services	Sales of goods	Others	Total
Revenue from main operations				
Including: Recognised at a point in time	-	3,216,236	208,598	3,424,834
Recognised over a period of time	130,207,965	-	413,658	130,621,623
Lease income	-	-	174,027	174,027
	130,207,965	3,216,236	796,283	134,220,484
Revenue from other operations				
Including: Recognised at a point in time	-	-	34,616	34,616
Recognised over a period of time	-	-	72,947	72,947
Lease income	-	-	81,673	81,673
	-	-	189,236	189,236
Total	130,207,965	3,216,236	985,519	134,409,720

	For the six months ended 30 June 2023			
	Logistics and freight forwarding services	Sales of goods	Others	Total
Revenue from main operations				
Including: Recognised at a point in time	-	2,754,076	198,951	2,953,027
Recognised over a period of time	120,855,099	-	188,156	121,043,255
Lease income	-	-	152,156	152,156
	120,855,099	2,754,076	539,263	124,148,438
Revenue from other operations				
Including: Recognised at a point in time	-	-	33,265	33,265
Recognised over a period of time	-	-	75,201	75,201
Lease income	-	-	108,694	108,694
	-	-	217,160	217,160
Total	120,855,099	2,754,076	756,423	124,365,598

As at 30 June 2024, the Group's performance obligations that had been entered into but had not yet been performed or not been fully performed were part of a contract for an estimated period of not more than one year.

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

4 Notes to the consolidated financial statements (Continued)

(38) Selling and distribution expenses

	For the six months ended 30 June	
	2024	2023
Outsourcing staff expenses	498,454	449,632
Employee benefits	383,303	390,973
Depreciation and amortisation expenses	195,380	183,934
Others	393,755	368,216
	1,470,892	1,392,755

(39) General and administrative expenses

	For the six months ended 30 June	
	2024	2023
Employee benefits	7,289,904	7,407,612
Depreciation and amortisation expenses	301,638	279,889
Outsourcing staff expenses	222,013	240,235
Others	1,152,886	1,012,845
	8,966,441	8,940,581

(40) Research and development expenses

	For the six months ended 30 June	
	2024	2023
Employee benefits	664,346	627,894
Depreciation and amortisation expenses	531,917	431,138
Others	105,192	115,938
	1,301,455	1,174,970

(41) Financial costs

	For the six months ended 30 June	
	2024	2023
Interest on borrowings	997,654	866,130
Add: Interest expenses on lease liabilities	262,301	289,013
Less: Capitalised interest (Note 4(12))	(29,037)	(62,470)
Interest expenses	1,230,918	1,092,673
Less: Interest income	(415,064)	(292,849)
Net gains or losses on exchange	(4,703)	133,258
Commission expenses and others	82,831	59,397
	893,982	992,479

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

4 Notes to the consolidated financial statements (Continued)

(42) Expenses by nature

The cost of revenue, selling and distribution expenses, general and administrative expenses and research and development expenses in the income statement are listed as follows by nature:

	For the six months ended 30 June	
	2024	2023
Transportation costs	24,040,343	21,120,397
Including: Aircraft maintenance costs	248,687	209,844
Outsourcing staff expenses	46,426,202	41,999,886
Outsourcing transportation costs	18,725,511	18,187,306
Employee benefits	16,170,240	16,270,441
Depreciation and amortisation expenses	5,457,884	4,889,967
Depreciation of right-of-use assets	3,331,766	3,608,140
Venue usage expenses	3,599,946	3,381,074
Others	9,771,668	9,606,375
	127,523,560	119,063,586

(i) For the six months ended 30 June 2024, the Group's government grants which were offset against costs and expenses amounted to RMB 511,053,000 (for the six months ended 30 June 2023: RMB 97,625,000). Therein, the amount that was recognised in non-recurring profit or loss amounted to RMB 62,237,000 (for the six months ended 30 June 2023: RMB 68,977,000).

(ii) The Group directly recognises the lease payments of short-term leases and low value leases in profit or loss. For the six months ended 30 June 2024, the amount was RMB 1,885,251,000 (for the six months ended 30 June 2023: RMB 1,774,416,000).

(43) Other income

	For the six months ended 30 June	
	2024	2023
Tax preference	249,934	534,683
Fiscal appropriation and subsidies	133,009	185,478
Amortisation of deferred income (Note 4(29))	20,416	27,515
	403,359	747,676

For the six months ended 30 June 2024, the amount of other income that was recognised in non-recurring profit or loss amounted to RMB 262,460,000 (for the six months ended 30 June 2023: RMB 351,691,000).

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

4 Notes to the consolidated financial statements (Continued)

(44) Investment income

	For the six months ended 30 June	
	2024	2023
Investment income from financial assets held for trading	142,287	253,799
Investment income from disposals of subsidiaries	91,950	244,982
Investment income from disposals of other investments	62,153	12,269
Investment income from dividends of financial assets not held for trading	426	2,535
Share of net gains/(losses) of investees under equity method	(62,580)	(13,486)
Others	124,632	498
	358,868	500,597

(45) Non-operating income and expenses

(a) Non-operating income

	For the six months ended 30 June			
	2024	Amount recognised in non-recurring profit or loss	2023	Amount recognised in non-recurring profit or loss
Compensation income	32,008	32,008	26,070	26,070
Government grants	1,552	1,552	4,561	4,561
Others	135,405	135,405	99,562	99,562
	168,965	168,965	130,193	130,193

(b) Non-operating expenses

	For the six months ended 30 June			
	2024	Amount recognised in non-recurring profit or loss	2023	Amount recognised in non-recurring profit or loss
Losses on disposals of long-term assets	26,810	26,810	112,632	112,632
Compensation expenses	48,787	48,787	40,973	40,973
Others	131,837	131,837	35,349	35,349
	207,434	207,434	188,954	188,954

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

4 Notes to the consolidated financial statements (Continued)

(46) Income tax expenses

	For the six months ended 30 June	
	2024	2023
Current income tax	1,421,021	1,606,404
Deferred income tax	138,114	(80,294)
	1,559,135	1,526,110

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the income statement to the income tax expenses is set out as below:

	For the six months ended 30 June	
	2024	2023
Total profit	6,320,057	5,420,350
Income tax expenses calculated at the standard tax rate of 25%	1,580,014	1,355,088
Income not subject to tax	(42,290)	(105,771)
Costs, expenses and losses not deductible for tax purposes	136,854	82,601
Effect of tax filing	(19,336)	(20,207)
Effect of different tax rates among subsidiaries and branches on income tax expenses	(83,097)	(139,095)
Effect of tax preference	(77,079)	(78,994)
Deductible losses and deductible temporary differences for which no deferred tax asset was recognised in the current period	348,380	571,816
Reversal of deductible tax losses for which deferred tax assets were recognised in prior period	27,527	-
Utilisation of deductible losses and other deductible temporary differences for which no deferred tax asset was recognised in prior periods	(213,421)	(139,328)
Recognition of deductible losses and other deductible temporary differences for which no deferred tax asset was recognised in prior period	(98,417)	-
Income tax expenses	1,559,135	1,526,110

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

4 Notes to the consolidated financial statements (Continued)

(47) Earnings per share

(a) Basic earnings per share

Basic earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the parent company:

	For the six months ended 30 June	
	2024	2023
Consolidated net profit attributable to ordinary shareholders of the parent company	4,806,714	4,176,282
Weighted average number of outstanding ordinary shares of the Company	4,829,673	4,854,831
Basic earnings per share (RMB/share)	1.00	0.86
Including:		
- Basic earnings per share from continuing operations (RMB/share)	1.00	0.86

(b) Diluted earnings per share

Diluted earnings per share are calculated by dividing consolidated net profit attributable to ordinary shareholders of the parent company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of outstanding ordinary shares of the Company. For the six months ended 30 June 2024, the Company didn't have any potential dilutive ordinary shares (it did for the six months ended 30 June 2023).

	For the six months ended 30 June	
	2024	2023
Consolidated net profit attributable to ordinary shareholders of the parent company	4,806,714	4,176,282
Adjusted consolidated net profit attributable to ordinary shareholders of the parent company for calculation of earnings per share	4,806,714	4,176,282
Weighted average number of outstanding ordinary shares of the Company	4,829,673	4,854,831
Add: Effect of the Group's share-based payments plan	-	10,250
Weighted average number of outstanding diluted ordinary shares	4,829,673	4,865,081
Diluted earnings per share	1.00	0.86

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

4 Notes to the consolidated financial statements (Continued)

(48) Other comprehensive income

Other comprehensive income, the related income tax effect and the reclassifications to profit or loss for the six months ended 30 June 2024 and the six months ended 30 June 2023:

	Other comprehensive income in the balance sheet				Other comprehensive income in income statement for the six months ended 30 June 2024			
	31 December 2023	Attributable to the parent company in the current period - net of tax	Other comprehensive income transferred to retained earnings	30 June 2024	Amount incurred before income tax for the current period	Less: Income tax credits	Attributable to the parent company - net of tax	Attributable to minority shareholders - net of tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss								
Changes in fair value of investments in other equity instruments	3,573,383	(1,296,131)	5,060	2,282,312	(1,362,163)	2,467	(1,296,131)	(63,565)
Other comprehensive income items which will not be transferred to profit or loss under the equity method	(3,093)	-	-	(3,093)	-	-	-	-
Other comprehensive income items which will be reclassified subsequently to profit or loss								
Cash flow hedging reserve	-	(1,012)	-	(1,012)	(1,012)	-	(1,012)	-
Other comprehensive income items which will be transferred to profit or loss under the equity method	(23,994)	(10,370)	-	(34,364)	(10,370)	-	(10,370)	-
Effect of translation of foreign currency financial statements	1,986,132	247,194	-	2,233,326	(88,599)	-	247,194	(335,793)
	5,532,428	(1,060,319)	5,060	4,477,169	(1,462,144)	2,467	(1,060,319)	(399,358)

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

4 Notes to the consolidated financial statements (Continued)

(48) Other comprehensive income (Continued)

	Other comprehensive income in the balance sheet				Other comprehensive income in income statement for the six months ended 30 June 2023			
	31 December 2022	Attributable to the parent company in the current period - net of tax	Other comprehensive income transferred to retained earnings	30 June 2023	Amount incurred before income tax for the current period	Less: Income tax credits	Attributable to the parent company - net of tax	Attributable to minority shareholders - net of tax
Other comprehensive income items which will not be reclassified subsequently to profit or loss								
Changes in fair value of investments in other equity instruments	2,965,732	(30,021)	(18)	2,935,693	(53,984)	1,244	(30,021)	(22,719)
Other comprehensive income items which will not be transferred to profit or loss under the equity method	(2,764)	-	-	(2,764)	-	-	-	-
Other comprehensive income items which will be reclassified subsequently to profit or loss								
Cash flow hedging reserve	(12,002)	8,740	-	(3,262)	8,740	-	8,740	-
Other comprehensive income items which will be transferred to profit or loss under the equity method	(18,740)	9,171	-	(9,569)	9,171	-	9,171	-
Effect of translation of foreign currency financial statements	1,605,801	651,659	-	2,257,460	464,631	-	651,659	(187,028)
	4,538,027	639,549	(18)	5,177,558	428,558	1,244	639,549	(209,747)

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

4 Notes to the consolidated financial statements (Continued)

(49) Notes to the cash flow statement

The Group has no cash flows presented on a net basis, and significant cash flow items are set out below:

(a) Cash received relating to other operating activities

	For the six months ended 30 June	
	2024	2023
Inflows from cash collected on behalf of other parties	45,441,709	42,809,014
Others	2,074,746	2,505,769
	47,516,455	45,314,783

(b) Cash paid relating to other operating activities

	For the six months ended 30 June	
	2024	2023
Outflows from goods payments collected on behalf of other parties	45,234,587	42,788,819
Others	8,630,920	9,563,206
	53,865,507	52,352,025

(c) Cash received from disposals of investments

	For the six months ended 30 June	
	2024	2023
Cash received from disposals of associates and joint ventures	341,706	3,000
Cash received from disposals of financial assets	9,325	167,533
	351,031	170,533

(d) Cash paid to acquire investments

	For the six months ended 30 June	
	2024	2023
Cash paid to acquire financial assets	56,655	1,447,437
Cash paid to acquire associates and joint ventures	14,141	15,930
	70,796	1,463,367

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

4 Notes to the consolidated financial statements (Continued)

(49) Notes to the cash flow statement (Continued)

(e) Net cash paid from acquire of subsidiaries

	For the six months ended 30 June	
	2024	2023
Consideration for acquisition of subsidiaries by business combinations	104,706	141,000
Add: Cash paid in the current period for acquisition of subsidiaries in prior periods	40,894	800,227
Less: Consideration to be paid in subsequent periods	(10,271)	(9,774)
Cash and cash equivalents held by subsidiaries at the acquisition date	(19,744)	(2,898)
Net cash paid for acquisition of subsidiaries by business combinations	115,585	928,555
Consideration for acquisition of assets	559,289	-
Less: Consideration to be paid in future periods	(3,846)	-
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	(56,644)	
Net cash paid for acquisition of assets	498,799	-
Total net cash paid to acquire subsidiaries	614,384	928,555

(f) Cash received/paid relating to other investing activities

Cash received/paid relating to other investing activities by the Group represents cash inflows and outflows from redemption/purchase of bank wealth management products and structured deposits.

(g) Cash paid relating to other financing activities

	For the six months ended 30 June	
	2024	2023
Repayments of lease liabilities	3,704,784	3,891,543
Acquisition of minority interests	3,353,487	132,490
Repurchase of shares	1,378,503	59,936
Others	413,091	496,532
	8,849,865	4,580,501

For the six months ended 30 June 2024, total cash outflows for leases paid by the Group amounted to RMB 5,703,150,000 (for the six months ended 30 June 2023: RMB 5,645,946,000) which is classified as cash paid relating to financing activities for repayments of lease liabilities and operating activities for the remainder.

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

4 Notes to the consolidated financial statements (Continued)

(50) Supplementary information to the cash flow statement

(a) Reconciliation from net profit to cash flows from operating activities

	For the six months ended 30 June	
	2024	2023
Net profit	4,760,922	3,894,240
Add: Asset impairment losses	1,624	806
Losses on/(Reversal of) credit impairment	159,557	(64,802)
Depreciation of right-of-use assets	3,331,766	3,608,140
Depreciation and amortisation expenses	5,457,884	4,889,967
(Gains)/Losses on disposals of long-term assets	(39,097)	64,740
Gains or losses arising from changes in fair value	(10,904)	(21,870)
Financial expenses	1,230,918	1,225,931
Investment income	(358,868)	(500,597)
Recognised expenses on share-based payments	69,940	153,461
Decrease/(increase) in deferred tax assets	210,300	(127,417)
(Decrease)/Increase in deferred tax liabilities	(72,186)	47,123
Amortisation of deferred income	(20,416)	(27,515)
Increase in inventories	(119,277)	(87,948)
Decrease in operating receivables	896,436	3,737,276
Decrease in operating payables	(1,776,330)	(2,966,708)
Net cash flows from operating activities	13,722,269	13,824,827

(b) Cash and cash equivalents

	30 June 2024	31 December 2023
Cash on hand	15,408	14,391
Cash at bank that can be readily drawn on demand	32,378,624	40,329,175
Other cash balances that can be readily drawn on demand	35,562	6,126
Other balances that can be readily drawn on demand	86,395	98,616
	32,515,989	40,448,308

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

4 Notes to the consolidated financial statements (Continued)

(50) Supplementary information to the cash flow statement (Continued)

(c) Significant operating, investing and financing activities that do not involve cash receipts and payments

	For the six months ended 30 June	
	2024	2023
Increase in right-of-use assets in the current period	2,814,232	3,192,368
Long-term asset purchases paid for by bank supply chain financial products/re-factoring	57,753	409,201
	2,871,985	3,601,569

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

4 Notes to the consolidated financial statements (Continued)

(50) Supplementary information to the cash flow statement (Continued)

(d) Changes in liabilities from financing activities

	Bank borrowings (including bank borrowings to be settled within one year)	Debentures payable and ultra short-term commercial notes (including debentures payable and ultra short-term commercial notes to be settled within one year)	Lease liabilities (including lease liabilities to be settled within one year)	Payables to banks for supply chain finance products/re-factoring	Others	Total
31 December 2023	32,390,603	19,410,077	13,808,460	543,389	361,946	66,514,475
Net cash inflows/(outflows) from financing activities	3,640,401	2,057,853	(3,704,784)	(411,637)	5,542	1,587,375
Interest accrued in the current year (Note 4(41))	675,023	311,638	262,301	10,318	675	1,259,955
Changes that do not involve cash receipts and payments	241,883	355,289	2,646,495	49,871	(7,769)	3,285,769
30 June 2024	36,947,910	22,134,857	13,012,472	191,941	360,394	72,647,574

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

4 Notes to the consolidated financial statements (Continued)

(51) Monetary items denominated in foreign currency

(a) As at 30 June 2024 and 31 December 2023, the Group's companies whose recording currency is RMB held financial assets and financial liabilities denominated in non-recording currencies held by companies (mainly USD, HKD and EUR), excluding financial assets and financial liabilities denominated in non-recording currencies held by subsidiaries within the Group, of which the equivalent amounts in RMB (presentation currency of these financial statements) are listed as below:

	30 June 2024		
	Amount in the original currency	Exchange rate to RMB	Equivalent to RMB
Cash at bank and on hand -			
USD	40,503	7.1268	288,657
HKD	48,108	0.9127	43,908
EUR	1,794	7.6617	13,745
Receivables -			
USD	87,311	7.1268	622,248
HKD	3,883	0.9127	3,544
EUR	2,863	7.6617	21,935
Payables -			
USD	52,207	7.1268	372,069
HKD	12,431	0.9127	11,346
EUR	12,352	7.6617	94,637
SGD	923	5.2790	4,873

	31 December 2023		
	Amount in the original currency	Exchange rate to RMB	Equivalent to RMB
Cash at bank and on hand -			
USD	35,917	7.0827	254,389
HKD	49,927	0.9062	45,245
EUR	786	7.8592	6,177
Receivables -			
USD	91,642	7.0827	649,073
HKD	30,787	0.9062	27,900
EUR	2,180	7.8592	17,133
Payables -			
USD	55,209	7.0827	391,029
HKD	62,571	0.9062	56,703
EUR	7,216	7.8592	56,712
SGD	1,075	5.3772	5,780

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

4 Notes to the consolidated financial statements (Continued)

(51) Monetary items denominated in foreign currency (Continued)

(b) As at 30 June 2024 and 31 December 2023, the Group's overseas subsidiaries, except for those operating in Hong Kong, held no significant financial assets or financial liabilities denominated in non-recording currencies. Those companies operating in Hong Kong with HKD as recording currency held financial assets and liabilities denominated in non-recording currencies (mainly USD, RMB and EUR), excluding financial assets and liabilities denominated in non-recording currencies held by subsidiaries within the Group, of which the equivalent amounts in HKD (recording currency of companies operating in Hong Kong) and RMB (presentation currency of these financial statements) are listed as below:

	30 June 2024			
	Amount in the original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand -				
RMB	78,149	1.0957	85,628	78,149
USD	44,661	7.8085	348,735	318,290
EUR	6,566	8.3945	55,118	50,306
Accounts receivable -				
RMB	7,559	1.0957	8,282	7,559
USD	15,376	7.8085	120,063	109,582
Accounts payable -				
RMB	9,818	1.0957	10,758	9,819
USD	1,902	7.8085	14,852	13,555
EUR	2,918	8.3945	24,495	22,357

	31 December 2023			
	Amount in the original currency	Exchange rate to HKD	Equivalent to HKD	Equivalent to RMB
Cash at bank and on hand -				
RMB	98,862	1.1035	109,093	98,862
USD	54,329	7.8157	424,617	384,796
EUR	4,420	8.6725	38,332	34,738
Accounts receivable -				
RMB	5,846	1.1035	6,451	5,846
USD	13,417	7.8157	104,863	95,029
Accounts payable -				
RMB	8,046	1.1035	8,879	8,046
USD	13,834	7.8157	108,122	97,982
EUR	655	8.6725	5,680	5,148

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

5 Changes in the consolidation scope

(1) Business combinations involving entities not under common control

Main business combinations involving entities not under common control for the six months ended 30 June 2024:

Acquiree	Timing of acquisition	Acquisition cost	% of interest acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date
BBA	29 February 2024	102,893	65.00%	By cash	29 February 2024	Completion of equity delivery

The revenue, net profit, net cash flows from operating activities and total net cash flows of the above company from the acquisition date to the end of the period are RMB 121,257,000, RMB 8,352,000, RMB -12,113,000 and RMB -12,113,000, respectively.

(2) Disposals of subsidiaries

(a) Information relating to the disposals of major subsidiaries during the period is as follows:

Subsidiaries	Proceeds from disposal	Disposal proportion	Method of disposal	Timing of losing control	Basis for judgement of timing of losing control	Difference between proceeds from disposal after deducting disposal costs and corresponding shares of net assets in the consolidated financial statements
Hangzhou Zhentai Asset Management Co., Ltd.	273,345	100%	Sales of equity	22 February 2024	Transfer of control right	91,950

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

6 Interests in other entities

(1) Interests in subsidiaries

(a) First-tier and second-tier subsidiaries of the Group are as follows:

	Place of incorporation	Principal place of business	registered capital	Nature of business	Shareholding (%) Direct	Shareholding (%) Indirect	Method of acquisition
Taisen Holdings	Shenzhen	Shenzhen	5,000,000	Investment holding	100.00%	-	Reverse acquisitions
S.F. Express Co., Ltd.	Shenzhen	Shenzhen	150,000	International freight forwarding, domestic and international express service, etc.	-	100.00%	Business combinations involving entities under common control
SF Technology Co., Ltd.	Shenzhen	Shenzhen	60,000	Technical maintenance and development service	-	100.00%	By new establishment
Shenzhen Shunlu Logistics Co., Ltd.	Shenzhen	Shenzhen	160,000	Cargo transportation and freight forwarding	-	100.00%	Business combinations involving entities under common control
Anhui S.F. Telecommunication Service Co., Ltd.	Anhui Province	Anhui Province	50,000	Value-added telecommunication service	-	100.00%	By new establishment
Shenzhen Yuhui Management Consulting Co., Ltd.	Shenzhen	Shenzhen	250,000	Consulting service	-	100.00%	Business combinations involving entities under common control
Shenzhen S.F. Supply Chain Co., Ltd.	Shenzhen	Shenzhen	1,500,000	Supply chain management and other services	-	100.00%	By new establishment
S.F Airline Co., Ltd	Shenzhen	Shenzhen	1,510,000	Transport service of aviation cargo	-	100.00%	Business combinations involving entities under common control
Shenzhen Fengtai E-Commerce Industrial Park Asset Management Ltd.	Shenzhen	Shenzhen	9,530,000	E-commerce industrial park management	-	100.00%	Business combinations involving entities under common control
Shenzhen Fengtai Industrial Park Management Service Co., Ltd.	Shenzhen	Shenzhen	58,000	Management consulting	-	100.00%	By new establishment
Shenzhen S. F. Airport Investment Co., Ltd.	Shenzhen	Shenzhen	100,000	Industrial investment	-	100.00%	By new establishment
SF Holding(HK) Limited	Hong Kong	Hong Kong	HKD 8,346,998	Investment holding	-	100.00%	Business combinations involving entities under common control
S.F. Holding (Group) Finance Co., Ltd	Shenzhen	Shenzhen	2,500,000	Financing, wealth management and consulting services	-	100.00%	By new establishment

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

6 Interests in other entities (Continued)

(1) Interests in subsidiaries (Continued)

(a) First-tier and second-tier subsidiaries of the Group are as follows (Continued):

	Place of incorporation	Principal place of business	Registered capital	Nature of business	Shareholding (%) Direct	Shareholding (%) Indirect	Method of acquisition
Shenzhen SF Chuangxing Investment Co., Ltd.	Shenzhen	Shenzhen	330,000	Industrial investment	-	100.00%	By new establishment
Shenzhen Fengnong Technology Co., Ltd.	Shenzhen	Shenzhen	145,000	Retail	-	100.00%	By new establishment
Shenzhen Fenglang Supply Chain Co., Ltd.	Shenzhen	Shenzhen	50,000	Supply chain management and other services	-	70.00%	By new establishment
Shunyuan Leasing (Tianjin) co. LTD	Tianjin	Tianjin	1,500,000	Leasing business	-	100.00%	By new establishment
SF Multimodal Co., Ltd.	Shenzhen	Shenzhen	242,000	Goods delivery and other services	-	100.00%	By new establishment
S.F. Duolian Technology Co., Ltd.	Dongguan	Dongguan	150,000	Technology development	-	100.00%	By new establishment
Dongguan SF Taisen Logistics Management Co., Ltd.	Dongguan	Dongguan	30,010	Property management	-	100.00%	By new establishment
SF Innovative Technology Co., Ltd.	Dongguan	Dongguan	450,000	Information technology service	-	100.00%	By new establishment
Shenzhen Shunheng Rongfeng Supply Chain Technology Co., Ltd.	Shenzhen	Shenzhen	260,000	Consulting service	-	100.00%	Business combinations involving entities under common control
Shenzhen Hengyi Supply Chains Service Co., Ltd.	Shenzhen	Shenzhen	100,000	Freight forwarding service	-	100.00%	Business combinations involving entities under common control
Shenzhen Lefeng Commercial Co., Ltd.	Shenzhen	Shenzhen	92,500	Factoring	-	100.00%	Business combinations involving entities under common control

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

6 Interests in other entities (Continued)

(1) Interests in subsidiaries (Continued)

(a) First-tier and second-tier subsidiaries of the Group are as follows (Continued):

	Place of incorporation	Principal place of business	Registered capital	Nature of business	Shareholding (%) Direct	Shareholding (%) Indirect	Method of acquisition
Hangzhou SF Intra-city Industrial Co., Ltd.	Hangzhou	Hangzhou	933,458	Supply chain management and other services	-	56.87%	By new establishment
SF Sharing Precision Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	7,000	Information technology service	-	100.00%	By new establishment
Hangzhou Shuangjie Supply Chain Co., Ltd.	Hangzhou	Hangzhou	50,000	Supply chain management and other services	-	100.00%	By new establishment
Shenzhen S.F. Express Co., Ltd.	Shenzhen	Shenzhen	1,695,000	Business and supply chain management	-	100.00%	By new establishment
Huanggang Xiufeng Education Investment Co., Ltd.	Huanggang	Huanggang	90,000	Consulting services regarding business information and business management	-	100.00%	By new establishment
Junhe Information Technology (Shenzhen) Co., Ltd.	Shenzhen	Shenzhen	10,000	Information technology and development services	-	100.00%	By new establishment
S.F. Digital Technology (Shenzhen) Services Co., Ltd.	Shenzhen	Shenzhen	250,000	Technology and consulting services	-	100.00%	By new establishment
Shenzhen S.F. International Industry Co., Ltd.	Shenzhen	Shenzhen	15,000	Information technology and consulting services	-	100.00%	By new establishment
Shenzhen S.F. Investment Co., Ltd.	Shenzhen	Shenzhen	1,100,000	Investment holding	-	100.00%	By new establishment
SF Cold Chain Logistics Co., Ltd.	Shenzhen	Shenzhen	97,660	Cargo transportation and freight forwarding	-	100.00%	By new establishment

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

6 Interests in other entities (Continued)

(1) Interests in subsidiaries (Continued)

(b) Subsidiaries in which the Group has significant minority interests:

The Group determines the subsidiaries with significant minority interests by considering factors such as whether the subsidiaries are listed companies, the proportion of minority interests to the Group's consolidated shareholders' equity, and the proportion of profit or loss attributable to minority shareholders to the Group's consolidated net profit, which are set out below:

	Shareholding of minority shareholders	Profit or loss attributable to minority shareholder for the six months ended 30 June 2024	Dividends paid to minority shareholders for the six months ended 30 June 2024	Minority interests as at 30 June 2024
Kerry Logistics and its subsidiaries	48.48%	77,812	(179,649)	9,422,286

Major financial information of material non-wholly-owned subsidiaries of the Group is listed below:

	30 June 2024	31 December 2023
Current assets	19,058,466	18,187,621
Non-current assets	24,116,762	25,760,002
Total assets	43,175,228	43,947,623
Current liabilities	13,009,124	13,130,867
Non-current liabilities	9,523,595	9,017,591
Total liabilities	22,532,719	22,148,458

	For the six months ended 30 June 2024	For the six months ended 30 June 2023
Revenue	23,988,254	22,462,886
Net profit (i)	103,294	102,409
Total comprehensive income (i)	(318,288)	153,958
Cash flows from operating activities	1,157,855	1,449,579

The above financial figures take into account the fair value of identifiable assets and liabilities at the point of acquisition of Kerry Logistics' equity and the adjustment effect of uniform accounting policies.

6 Interests in other entities (Continued)

(1) Interests in subsidiaries (Continued)

(b) Subsidiaries in which the Group has significant minority interests (Continued)

(i) For Kerry Logistics and its subsidiaries, the net profit attributable to shareholders of the parent company for the six months ended 30 June 2024 was RMB 25,482,000 (for the six months ended 30 June 2023: RMB 83,039,000), and the total comprehensive income attributable to shareholders of the parent company for the six months ended 30 June 2024 was RMB -29,708,000 (for the six months ended 30 June 2023: RMB 348,315,000).

(ii) For the six months ended 30 June 2024 and the six months ended 30 June 2023, minority interests of the Group's subsidiaries except Kerry Logistics, had no significant influence on the Group.

(2) Interests in joint ventures and associates

The Group determines significant joint ventures and associates by considering factors such as whether the joint ventures and associates are listed companies, the proportion of their carrying amounts to the Group's consolidated total assets, and the proportion of income from long-term equity investments accounted for under the equity method to the Group's consolidated net profit.

For the six months ended 30 June 2024 and the six months ended 30 June 2023, the Group's joint ventures and associates had no significant influence on the Group. As at 30 June 2024 and 31 December 2023, the Group's main long-term equity investments are detailed in Note 4(8).

7 Segment information

The reportable segments of the Group are the business units that provide different logistics and freight forwarding services. Different businesses require different technologies and marketing strategies, and the Group, therefore, independently manages their operations and evaluates operating results, in order to make decisions about resources allocations and performance evaluations.

For the six months ended 30 June 2024, the Group mainly had three reportable segments, including:

- Express and freight segment, which provides time-define express and economy express, medical product and cold chain delivery service and freight service;
- Intra-city instant delivery segment, which provides intra-city instant delivery service and the "last kilometre" delivery service to vendors and consumers;
- Supply chain and international business segment, which provides international express service, international freight transport and forwarding service, as well as supply chain service.

Inter-segment transfer prices are determined by reference to pricing policy of related party transactions.

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

7 Segment information (Continued)

(a) Segment information for the six months ended 30 June 2024 and as at 30 June 2024 is as follows:

	Express and freight segment	Supply chain and international business segment	Intra-city instant delivery segment	Undistributed units	Inter-segment elimination	Total
Revenue from external customers	96,820,175	32,914,104	4,022,952	652,489	-	134,409,720
Inter-segment revenue	6,340,531	447,518	2,855,518	2,545,639	(12,189,206)	-
Cost of sales	87,580,849	30,588,004	6,405,187	2,323,885	(11,113,153)	115,784,772
Total profit/(loss)	5,842,143	(236,145)	80,572	606,498	26,989	6,320,057
Income tax expenses	1,046,410	338,068	18,398	156,427	(168)	1,559,135
Net profit/(loss)	4,795,733	(574,213)	62,174	450,071	27,157	4,760,922
Total assets	106,075,703	64,294,283	4,117,315	162,056,001	(116,677,371)	219,865,931
Total liabilities	71,306,112	56,051,461	1,355,096	91,319,878	(99,077,966)	120,954,581
Depreciation of right-of-use assets	2,885,910	836,623	8,252	44,247	(443,266)	3,331,766
Depreciation and amortisation expenses	3,279,143	808,175	24,862	1,347,872	(2,168)	5,457,884
Credit impairment losses	41,533	122,046	3,835	19,289	(27,146)	159,557

For the six months ended 30 June 2024, no revenue from a single customer exceeded 10% or more of the total revenue.

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

7 Segment information (Continued)

(b) Segment information for the six months ended 30 June 2023 and as at 30 June 2023 is as follows:

	Express and freight segment	Supply chain and international business segment	Intra-city instant delivery segment	Undistributed units	Inter-segment elimination	Total
Revenue from external customers	90,058,986	30,283,063	3,406,837	616,712	-	124,365,598
Inter-segment revenue	5,283,237	314,393	2,355,281	7,209,639	(15,162,550)	-
Cost of revenue	81,392,677	28,052,376	5,377,625	6,659,244	(13,926,642)	107,555,280
Total profit/(loss)	5,412,546	(221,230)	31,344	146,029	51,661	5,420,350
Income tax expenses	1,292,805	86,845	1,030	130,843	14,587	1,526,110
Net profit/(loss)	4,119,741	(308,075)	30,314	15,186	37,074	3,894,240
Total assets	100,203,287	64,443,045	3,888,569	152,920,781	(103,415,251)	218,040,431
Total liabilities	68,606,705	51,662,519	986,574	84,017,974	(88,439,410)	116,834,362
Depreciation of right-of-use assets	2,993,058	854,228	13,137	40,982	(293,265)	3,608,140
Depreciation and amortisation expenses	3,587,688	819,313	30,545	465,391	(12,970)	4,889,967
Credit impairment losses	(82,372)	34,806	3,921	40,848	(62,005)	(64,802)

For the six months ended 30 June 2023, no revenue from a single customer exceeded 10% or more of the total revenue.

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

8 Related parties and related party transactions

(1) General information of the controlling shareholder and subsidiaries

The general information and other related information of subsidiaries are set out in Note 6(1).

(a) General information of the controlling shareholder

	Place of incorporation	Nature of business
Mingde Holdings	Shenzhen	Investment

The Company's ultimate holding company is Mingde Holdings, and the ultimate controlling person is Wang Wei.

(b) The balances and changes of registered capital of the controlling shareholder

	31 December 2023	Increase in the current period	Decrease in the current period	30 June 2024
Mingde Holdings	113,406	-	-	113,406

(c) The percentages of shareholding and voting rights in the Company held by the controlling shareholder

	30 June 2024		31 December 2023	
	Shareholding (%)	Voting rights (%)	Shareholding (%)	Voting rights (%)
Mingde Holdings	55.27%	55.27%	54.38%	54.38%

8 Related parties and related party transactions (Continued)

(2) Nature of related parties that do not control/are not controlled by the Company

Major related parties are listed as follows:

	Relationship with the Company
Guangdong Fengxing Zhitu Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen Fengxiang Information Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Hive Box Technology and its subsidiaries	Controlled by the ultimate controlling person of the Company
Shenzhen Fengyi Technology Limited	Controlling shareholder's associate
State Grid E-Commerce Yunfeng Logistics Technology (Tianjin) Co., Ltd.	The Group's associate
SCS Logistics Co., Ltd.	The Group's associate
Shenzhen Shunjie Fengda Express Co., Ltd. and its subsidiaries	The Group's associate
SF Real Estate Investment Trust and its subsidiaries	The Group's associate
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	The Group's associate
KENGIC Intelligent Technology Co., Ltd. and its subsidiaries	The Group's associate
Galaxis Technology	The Group's associate
Shenzhen Fenglian Technology Co., Ltd.	The Group's associate
Yihai Shunfeng (Shanghai) Supply Chain Technology Co., Ltd.	The Group's associate
Giao Hang Tiet Kiem Joint Stock Company	The Group's associate
Global Connect Holding Limited	The Group's joint venture
Ezhou China Communications SF Airport Industrial Park Investment Development Co., Ltd.	The Group's joint venture
CR-SF International Express Co., Ltd.	The Group's joint venture
Beijing Wulian Shuntong Technology Co., Ltd. and its subsidiaries	The Group's joint venture
ZBHA and its subsidiaries	The Group's joint venture
Hubei International Logistics Airport Co., Ltd.	The Group's joint venture
S.F. Public Welfare Foundation	Initiated by the Group's Controlling shareholder and the Company's subsidiaries and in which the Company's executives serve as members of the Board of Directors
Golden Arches (China) Limited and its subsidiaries	Other companies significantly influenced by key management of the Company by December 2022

Note 1: Golden Arches (China) Limited and its subsidiaries are other companies significantly influenced by key management of the Company by December 2022 and is no longer related parties of the Group from January 2024 under the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange.

(3) Related party transactions

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

8 Related parties and related party transactions (Continued)

(a) Pricing policies

The pricing method of transactions and transaction price between the Group and related parties are determined, following arm's length principle, by making reference to the market price or through negotiation between both parties.

(b) Rendering of services/Sales of goods

	Nature of the transaction	For the six months ended 30 June 2024	2023
Entities controlled by the Company's ultimate controlling person	Rendering of services	756,113	63,315
Associates of the Group	Rendering of services	49,066	29,979
Joint ventures of the Group	Rendering of services	14,030	5,989
Associates of controlling shareholder	Rendering of services	7,157	6,643
Entities significantly influenced by the key management of the Company	Rendering of services	646	952,548
Controlling shareholder	Rendering of services	255	203
		827,267	1,058,677

	Nature of the transaction	For the six months ended 30 June 2024	2023
Associates of the Group	Sales of goods	1,640	2,548
Entities controlled by the Company's ultimate controlling person	Sales of goods	1	353
Associates of controlling shareholder	Sales of goods	-	3
		1,641	2,904

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

8 Related parties and related party transactions (Continued)

(3) Related party transactions (Continued)

(c) Receipt of services/Purchase of goods

	Nature of the transaction	For the six months ended 30 June 2024	2023
Joint ventures of the Group	Receipt of services	535,304	621,191
Entities controlled by the Company's ultimate controlling person	Receipt of services	257,627	314,156
Associates of the Group	Receipt of services	273,310	582,813
Associates of controlling shareholder	Receipt of services	187	25
Controlling shareholder	Receipt of services	7	-
Entities significantly influenced by the key management of the Company	Receipt of services	-	41
		1,066,435	1,518,226

	Nature of the transaction	For the six months ended 30 June 2024	2023
Entities controlled by the Company's ultimate controlling person	Purchase of goods	127,564	141,500
Associates of the Group	Purchase of goods	70,499	127,211
Joint ventures of the Group	Purchase of goods	1,946	327
Associates of controlling shareholder	Purchase of goods	3	816
		200,012	269,854

(d) Leases

(i) Right-of-use assets increased in the current period with the Group as the lessee

	Type of the leased asset	For the six months ended 30 June 2024	2023
Entities controlled by the Company's ultimate controlling person	Buildings	2,058	27,183
Associates of the Group	Buildings	265	12,093
		2,323	39,276

(ii) Depreciation and interest expenses borne in the current period by the Group as the lessee

	Type of the leased asset	For the six months ended 30 June 2024	2023
Associates of the Group	Buildings	116,707	113,054
Entities controlled by the Company's ultimate controlling person	Buildings	6,026	5,938
		122,733	118,992

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

8 Related parties and related party transactions (Continued)

(3) Related party transactions (Continued)

(d) Leases (Continued)

(iii) Lease income recognised in the current period with the Group as the lessor

	Type of the leased asset	For the six months ended 30 June 2024	2023
Entities controlled by the Company's ultimate controlling person	Buildings	1,545	809
Associates of controlling shareholder	Buildings	1,391	1,565
Associates of the Group	Buildings	911	1,116
Joint ventures of the Group	Buildings	408	304
Controlling shareholder	Buildings	341	341
		4,596	4,135

(e) The Group as the guarantor

Guarantee	Amount	Starting date	Expiration date	Guarantee been fulfilled
Joint ventures of the Group	782,000	29 September 2021	29 April 2055	No

(f) Purchase of equity

	For the six months ended 30 June 2024	2023
Joint ventures of the Group	559,289	-

(g) Sell of equity

	For the six months ended 30 June 2024	2023
Entities controlled by the Company's ultimate controller	-	85,188

(h) Remuneration of key management

	For the six months ended 30 June 2024	2023
Remuneration of key management	21,359	26,241

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

8 Related parties and related party transactions (Continued)

(4) Receivables from and payables to related parties (Continued)

(4) Receivables from and payables to related parties

(a) Accounts receivable

	30 June 2024	31 December 2023
Entities controlled by the Company's ultimate controlling person	467,204	30,739
Associates of the Group	77,324	83,745
Joint ventures of the Group	5,897	6,404
Associates of controlling shareholder	3,206	3,266
Entities significantly influenced by the key management of the Company	142	358
Controlling shareholder	50	57
	553,823	124,569

(b) Advances to suppliers

	30 June 2024	31 December 2023
Entities controlled by the Company's ultimate controlling person	7,291	2,309
Associates of the Group	7,446	5,996
Joint ventures of the Group	140	3,409
Associates of controlling shareholder	1	1
	14,878	11,715

(c) Loans and advances

	30 June 2024	31 December 2023
Associates of the Group	-	49
Joint ventures of the Group	-	329,933
	-	329,982

(d) Other receivables

	30 June 2024	31 December 2023
Entities controlled by the Company's ultimate controlling person	190,677	561,712
Associates of the Group	66,629	69,647
Joint ventures of the Group	1,115	1,468
Associates of controlling shareholder	378	379
Controlling shareholder	136	167
	258,935	633,373

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

8 Related parties and related party transactions (Continued)

(4) Receivables from and payables to related parties (Continued)

(e) Other non-current assets - Advances for engineering equipment

	30 June 2024	31 December 2023
Associates of the Group	71,749	683
Entities controlled by the Company's ultimate controlling person	-	250
	71,749	933

(f) Long-term receivables (including long-term receivables to be recovered within one year)

	30 June 2024	31 December 2023
Associates of the Group	1,259	57,993
Associates of controlling shareholder	72	72
Entities controlled by the Company's ultimate controlling person	17	17
	1,348	58,082

(g) Deposits from customers

	30 June 2024	31 December 2023
Associates of the Group	71	1,509

(h) Accounts payable

	30 June 2024	31 December 2023
Entities controlled by the Company's ultimate controlling person	149,184	135,957
Joint ventures of the Group	128,144	120,900
Associates of the Group	119,790	164,244
Associates of controlling shareholder	93	93
	397,211	421,194

(i) Contract liabilities

	30 June 2024	31 December 2023
Associates of the Group	1,340	3,621
Joint ventures of the Group	43,255	43,146
Associates of controlling shareholder	1,384	1,210
Entities controlled by the Company's ultimate controlling person	1,156	170
Entities significantly influenced by the key management of the Company	-	8
	47,135	48,155

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

8 Related parties and related party transactions (Continued)

(4) Receivables from and payables to related parties (Continued)

(j) Other payables

	30 June 2024	31 December 2023
Associates of the Group	87,306	125,672
Associates of controlling shareholder	3,589	3,608
Entities controlled by the Company's ultimate controlling person	2,844	2,788
Joint ventures of the Group	2,041	2,393
Controlling shareholder	128	128
	95,908	134,589

(k) Lease liabilities (including lease liabilities to be settled within one year)

	30 June 2024	31 December 2023
Associates of the Group	487,627	598,296
Entities controlled by the Company's ultimate controlling person	90,324	92,060
Joint ventures of the Group	-	98,987
	577,951	789,343

(5) Commitments in relation to related parties

(a) Guarantees provided

	30 June 2024	31 December 2023
Joint ventures of the Group	2,384,180	2,384,180

The above-mentioned guaranteed related party commitments are committed but without guarantees provided to related parties.

9 Share-based payments

(1) Overview of share-based payments

Expenses recognised for the period arising from share-based payments were as follows:

	For the six months ended 30 June	
	2024	2023
Equity-settled share-based payments	69,940	153,461
Cash-settled share-based payments	(10,903)	190,592
	59,037	344,053

9 Share-based payments (Continued)

(2) Information on equity-settled share-based payments

(a) Information on share-based payments of the Company

In May 2022, the Company held the 25th session of the 5th Board of Directors in 2022, at which proposals such as the Stock Option Incentive Plan ("2022 Stock Option Incentive Plan") were approved. The Company granted 47,892,100 share options to 1,449 eligible incentive recipients on 30 May 2022, and the exercise price of the share option is RMB 42.61. If the Company meets the predetermined performance conditions and the incentive recipients meet the performance evaluation indicators, the four quarters of the total share options received by the grantee will come into effect from 30 May 2022 after 12 months, 24 months, 36 months and 48 months respectively.

At each balance sheet date during the vesting period of the incentive plan, the number of share options expected to be exercised will be revised based on subsequent information such as changes in the number of employees who can exercise their share options and the completion of vesting conditions, and the services obtained in the current period will be included in relevant costs and capital reserve based on the fair value of share options at the grant date.

As at 30 June 2024, the equity-settled share-based payments recognised by the Company accumulated to RMB 512,685,000 (31 December 2023: RMB 460,789,000). For the six months ended 30 June 2024, the amount of expenses recognised by the Company for the equity-settled share-based payments was RMB 51,896,000 (for the six months ended 30 June 2023: RMB 137,562,000).

(b) Information on share-based payments of the Company's subsidiaries

The Group granted some equities or share options of several subsidiaries, to the senior management and other employees of the aforesaid companies or other subsidiaries within the Group respectively.

As at 30 June 2024, the equity-settled share-based payments of these companies recognised by the Group accumulated to RMB 619,113,000 (31 December 2023: RMB 601,069,000), including accumulated amounts attributable to shareholders of the parent company of RMB 497,635,000 (31 December 2023: RMB 487,225,000). For the six months ended 30 June 2024, the expenses recognised for the equity-settled share-based payments amounted to RMB 18,044,000 (for the six months ended 30 June 2023: RMB 15,899,000). The fair value at the grant date was recognised based on the discounted cash flow model and the binomial tree model.

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

9 Share-based payments (Continued)

(3) Information on cash-settled share-based payments

Certain subsidiaries of the Group use their shares or the Company's shares as the calculation basis to grant cash-settled share-based payments to eligible employees of those subsidiaries.

As at 30 June 2024, there was no liabilities arising from the cash-settled share-based payments (31 December 2023: RMB 268,453,000). For the six months ended 30 June 2024, the expenses reversed by the Group for cash-settled share-based payments amounted to RMB 10,903,000 (for the six months ended 30 June 2023: RMB 190,592,000). The fair value at the balance sheet date was recognised based on the discounted cash flow model and the binomial tree model.

10 Commitments

(1) Capital commitments

(a) As at the balance sheet date, capital expenditures contracted for but not yet necessary to be recognised by the Group in the balance sheet are as follows:

	30 June 2024	31 December 2023
Buildings, machinery and equipment	2,378,529	1,858,672
Investment contracts that have been signed but not fulfilled or not absolutely fulfilled	129,783	131,895
Others	4,663	944
	2,512,975	1,991,511

11 Contingency

As stated in Note 8(3)(e), subsidiaries of the Group provide loan guarantees to related parties. On 30 June 2024, the total guarantee amount was RMB 782,000,000 (31 December 2023: RMB 782,000,000).

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

12 Events after the balance sheet date

(1) Share repurchase after the balance sheet date

Between July 1, 2024 and July 31, 2024, the Group repurchased approximately 4,736,000 shares of the Group's stock through a special securities account for share repurchase by means of centralized bidding, with a total repurchase amount of approximately RMB 167,734,000 (excluding transaction costs).The aforementioned repurchase complies with the requirements of relevant laws and regulations and aligns with the established repurchase plan.

(2) Issuance of debentures after the balance sheet date

On 18 July 2024, Taisen Holdings, a wholly-owned subsidiary of S.F. Holding, completed the issuance of the 2024 public offering of corporate debentures (2nd instalment) for professional investors. The scale of the issuance is RMB 500 million, with a coupon rate of 2.30% and a maturity of 5 years.

On 22 July 2024, Taisen Holdings completed the issuance of 2024 medium-term notes (2nd instalment). The scale of the issuance is RMB 500 million, with a coupon rate of 2.15% and a maturity of 3 years.

13 Operating lease payments receivable after the balance sheet date

As the lessor, the Group's undiscounted lease payments receivable after the balance sheet date are as follows:

	30 June 2024	31 December 2023
Within 1 year (inclusive)	411,962	371,269
1 to 2 years (inclusive)	308,779	240,171
2 to 3 years (inclusive)	194,476	146,234
3 to 4 years (inclusive)	103,679	90,435
4 to 5 years (inclusive)	64,969	56,615
Over 5 years	177,293	206,636
	1,261,158	1,111,360

14 Business combinations

Refer to Note 5(1).

15 Financial instruments and risks

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The above financial risks and the Group's risk management policies to mitigate the risks are as follows:

The Board of Directors is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has established risk management policies to identify and analyse the risks faced by the Group. These risk management policies specify the risks such as market risk, credit risk and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems or not. The Group's risk management is carried out by the Risk Management Committee under policies approved by the Board of Directors. The Risk Management Committee encourages the departments of the Group to work closely together to identify, evaluate and avoid relevant risks. The internal audit department of the Group conducts periodical audit to the controls and procedures for risk management and reports the audit results to the Audit Committee of the Group.

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in the Chinese mainland and a majority of the transactions are denominated in RMB. Some operational activities are carried out in regions/countries including Hong Kong, USA, Europe and relevant transactions are settled in HKD, USD and EUR. Therefore, the Group is exposed to foreign exchange risk arising from the recognised financial assets and liabilities denominated in non-recording currencies, and future transactions denominated in foreign currencies. Management is responsible for monitoring the amount of financial assets and liabilities, and transactions denominated in non-recording currencies, to reduce foreign exchange risk to the greatest extent.

(i) Foreign exchange risk of companies with RMB as recording currency

As at 30 June 2024 and 31 December 2023, the foreign exchange exposure of financial assets and denominated in non-recording currencies held by the Group's companies whose recording currency is RMB was mainly derived from the USD, HKD and EUR, as stated in Note 4(51)(a).

As at 30 June 2024, for the above various financial assets and liabilities denominated in USD, if the RMB had strengthened/weakened by 5% against the USD while all other variables had been held constant, the Group's profit before tax would have been approximately RMB 26,942,000 (31 December 2023: RMB 25,622,000) lower/higher respectively.

The changes in exchange rate of other foreign currencies against RMB have no significant influence on the Group's operating activities.

15 Financial instruments and risks (Continued)

(1) Market risk (Continued)

(a) Foreign exchange risk (Continued)

(ii) Foreign exchange risk of companies with HKD as recording currency

As at 30 June 2024 and 31 December 2023, the foreign exchange exposure of financial assets and liabilities denominated in non-recording currencies held by companies located in Hong Kong with HKD being their recording currency was mainly derived from the USD. Because the HKD and the USD are linked exchange rates, the foreign exchange risks faced by the above-mentioned companies using HKD as their recording currency are not significant.

(iii) As at 30 June 2024 and 31 December 2023, the Group's overseas subsidiaries, except for those operating in Hong Kong, held no significant financial assets or financial liabilities denominated in non-recording currencies.

(iv) In view of the different recording currencies of subsidiaries within the Group, there is still foreign exchange risk arising even if transactions and balances within the Group are offset. As at 30 June 2024 and 31 December 2023, such foreign exchange risks were not material.

(b) Interest rate risk

The Group's interest rate risk arises from long-term interest bearing debts including long-term bank borrowings and debentures payable. Financial liabilities subject to floating rates expose the Group to cash flow interest rate risk. Financial liabilities subject to fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate to floating rate contracts depending on the prevailing market conditions. As at 30 June 2024, the Group's long-term interest bearing debts were mainly related to floating rate long-term borrowings, and fixed rate debentures payable. Among them, floating rate long-term borrowings amounted to RMB 10,661,466,000 (31 December 2023: RMB 11,355,241,000); the total amount of fixed rate debentures payable denominated in RMB was RMB 1,500,000,000 (31 December 2023: RMB 500,000,000), and the total amount of fixed rate debentures payable denominated in USD was USD 2,528,655,000, equivalent to RMB 18,380,414,000 (31 December 2023: USD 2,600,000,000, equivalent to RMB 18,415,020,000).

The Group continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new interest bearing borrowing and the interest costs with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial performance. Management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

As at 30 June 2024, if interest rates on borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group's profit before tax would have been approximately RMB 53,307,000 (31 December 2023: RMB 56,776,000) lower/higher respectively.

15 Financial instruments and risks (Continued)

(1) Market risk (Continued)

(c) Other price risk

The Group's other price risk arises mainly from movements in price of various investments in equity instruments measured at fair value that will not be sold within 1 year.

As at 30 June 2024, if the prices of investments in equity instruments had risen/fallen by 10% while all other variables had been held constant, the Group's profit before tax and other comprehensive income before tax would have been approximately RMB 50,831,000 (31 December 2023: approximately RMB 59,000,000) and RMB 834,429,000 (31 December 2023: approximately RMB 948,954,000) higher/lower respectively.

(2) Credit risk

The Group's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable, financing receivables, loans and advances, other receivables, contract assets, non-current assets to be recovered within one year, long-term receivables, investments in debt instruments measured at fair value through profit or loss that are not included in the assessment of impairment. At the balance sheet date, the Group's maximum exposure to credit risk represents the carrying amount of the Group's financial assets, except that the maximum exposure to credit risk of long-term receivables represents the aggregate of its undiscounted contractual cash flows.

The Group expects that there is no significant credit risk associated with cash at bank and on hand since they are mainly deposits at state-owned banks and other medium or large size listed banks with good reputation and a higher credit rating. The Group does not expect that there will be any significant losses from non-performance by these counterparties.

The Group's notes receivable, accounts receivable, financing receivables, other receivables, contract assets, non-current assets to be recovered within one year and long-term receivables include receivables from related parties and receivables from non-related parties. In respect of receivables from related parties, the Group considers that they have low credit risk; in respect of receivables from non-related parties, the Group will develop relevant policies to control the exposure to credit risk. The Group evaluates customers' credit quality based on their financial position, possibility of obtaining guarantees from third parties, credit history and such other factors as current market conditions, and determines the credit term based on the evaluation results. The credit term of accounts receivable ranges from 30 days to 90 days. The Group monitors customers' credit history on a regular basis. In respect of customers with a poor credit history, the Group will use payment reminders, or shorten or cancel credit terms, to ensure the overall credit risk of the Group is limited to a controllable extent.

15 Financial instruments and risks (Continued)

(2) Credit risk (Continued)

The Group's notes receivable, accounts receivable, financing receivables and contract assets mainly arise from rendering of logistics and freight forwarding services and other related services or sales of goods, while other receivables, non-current assets to be recovered within one year and long-term receivables represent advances, goods payments collected on behalf of other parties, deposits and guarantees, loans to employees and finance lease receivables arising from rendering of logistics and freight forwarding services. Management maintains ongoing evaluation on debtors' financial position, but generally does not require debtors' mortgage for outstanding debts. The Group monitors and reviews expected credit losses on outstanding amounts on a regular basis, and takes into account important macroeconomic assumptions and parameters in the calculation of expected credit losses, including the risk of economic downturn, external market conditions, changes in customer conditions, gross domestic product and the consumer price index. Management makes the provision for bad debts based on the evaluation results thereof. Where it is impossible for the Group to reasonably estimate the recoverable amount, the relevant outstanding amount shall be written off accordingly. Indicators for impossibility to reasonably estimate the recoverable amount include debtors' failure to make contract payments as planned or make overdue contract payments, significant financial difficulties, bankruptcy liquidation, etc.

For loans and advances, the Group developed credit policies and operational implementation rules in accordance with the requirements of relevant state regulatory authorities, and implemented standardised management over the entire process of credit granting. In addition, the Group further improved the systems for credit risk monitoring and early warning and defective credit extension management. The Group actively responded to the changes in the credit environment, regularly analysed the situation and dynamic of credit risks and took risk control measures on a forward-looking basis. The Group also established an optimisation management mechanism for defective credit and accelerated the optimisation progress of defective credit to avoid non-performing loans.

In addition, financial guarantee commitments may expose the Group to credit risks from the default of counterparties. The Group has established strict application and approval requirements on financial guarantees and commitments, considering information including internal and external credit ratings, continuously monitor the credit exposure and changes in credit ratings of counterparties and other relevant information, to ensure the overall credit risk of the Group is manageable.

As at 30 June 2024, the Group had no significant collateral or other credit enhancements held as securities from debtors (31 December 2023: none).

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

15 Financial instruments and risks (Continued)

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group. The Group monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

	30 June 2024				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Deposits from customers	173	-	-	-	173
Accounts payable	23,801,241	-	-	-	23,801,241
Other payables	10,338,816	-	-	-	10,338,816
Short-term borrowings	23,995,898	-	-	-	23,995,898
Other current liabilities	2,335,703	-	-	-	2,335,703
Current portion of non-current liabilities	8,820,357	-	-	-	8,820,357
Long-term borrowings	436,855	5,364,646	4,989,277	1,174,645	11,965,423
Debentures payable	576,458	1,065,718	10,101,199	11,748,241	23,491,616
Long-term payables	-	228,220	-	-	228,220
Lease liabilities	-	4,059,170	2,697,029	1,727,398	8,483,597
	70,305,501	10,717,754	17,787,505	14,650,284	113,461,044

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

15 Financial instruments and risks (Continued)

(3) Liquidity risk (Continued)

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below (Continued):

	31 December 2023				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Deposits from customers	1,731	-	-	-	1,731
Accounts payable	24,846,135	-	-	-	24,846,135
Other payables	11,494,841	-	-	-	11,494,841
Short-term borrowings	18,396,510	-	-	-	18,396,510
Other current liabilities	-	-	-	-	-
Current portion of non-current liabilities	9,660,951	-	-	-	9,660,951
Long-term borrowings	206,068	3,120,571	8,171,144	1,218,218	12,716,001
Debentures payable	562,511	1,058,727	8,739,130	10,754,753	21,115,121
Long-term payables	-	247,452	-	-	247,452
Lease liabilities	-	4,569,459	2,529,679	1,784,760	8,883,898
	65,168,747	8,996,209	19,439,953	13,757,731	107,362,640

As at the balance sheet date, the undiscounted contractual cash flows of the Group's financial liabilities, analysed by their maturity dates, are as below:

	30 June 2024	31 December 2023
Within 1 year (inclusive)	901,267	1,344,393
1 to 2 years (inclusive)	464,460	458,299
2 to 3 years (inclusive)	489,738	560,409
Over 3 years	2,717,203	2,834,483
	4,572,668	5,197,584

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

16 Fair value estimates

The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Financial assets and liabilities measured at fair value on a recurring basis

As at 30 June 2024, the financial assets measured at fair value on a recurring basis are analysed by the abovementioned three levels as below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading:				
Structured deposits	-	-	17,770,993	17,770,993
Fund investments and others	79	361	275,890	276,330
Financing receivables:				
Notes receivable	-	125,633	-	125,633
Other non-current financial assets:				
Industry fund investments	-	-	378,654	378,654
Others	-	-	129,659	129,659
Investments in other equity instruments:				
Equity instruments available for sale	1,120,309	-	7,223,984	8,344,293
Total financial assets	1,120,388	125,994	25,779,180	27,025,562

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

16 Fair value estimates (Continued)

(1) Financial assets and liabilities measured at fair value on a recurring basis (Continued)

As at 31 December 2023, the financial assets measured at fair value on a recurring basis are analysed by the abovementioned three levels as below:

	Level 1	Level 2	Level 3	Total
Financial assets held for trading:				
Structured deposits	-	-	6,542,881	6,542,881
Fund investments and others	78	354	266,429	266,861
Financing receivables:				
Notes receivable	-	99,978	-	99,978
Other non-current financial assets:				
Industry fund investments	-	-	499,320	499,320
Others	-	-	90,676	90,676
Investments in other equity instruments:				
Equity instruments available for sale	2,418,842	-	7,070,693	9,489,535
Total financial assets	2,418,920	100,332	14,469,999	16,989,251

As at 30 June 2024, the financial liabilities measured at fair value on a recurring basis are analysed by the abovementioned three levels as below:

	Level 1	Level 2	Level 3	Total
Derivative financial liabilities:				
Others	-	94,614	-	94,614

As at 31 December 2023, the financial liabilities measured at fair value on a recurring basis are analysed by the abovementioned three levels as below:

	Level 1	Level 2	Level 3	Total
Derivative financial liabilities				
Others	-	92,120	-	92,120

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognising the transfers. There were no transfers between different levels for the period.

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

16 Fair value estimates (Continued)

(1) Financial assets and liabilities measured at fair value on a recurring basis (Continued)

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation techniques. The valuation models used mainly comprise discounted cash flow model and guideline publicly-traded comparable method, etc. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and liquidity discount.

The changes in Level 3 assets are analysed below:

	Financial assets held for trading - Structured deposits	Financial assets held for trading - Fund investments and others	Other non-current financial assets - Industry fund investments	Other non-current financial assets - Others	Other equity instruments - Equity instruments available for sale
31 December 2023	6,542,881	266,429	499,320	90,676	7,070,693
Increase in the current period	41,850,000	-	5,977	-	49,785
Reclassification in the current period	-	113,760	(85,348)	38,343	-
Decrease in the current period	(30,809,234)	(112,086)	(4,951)	-	(2,741)
Gains recognised in profit or loss	187,346	2,943	(39,842)	-	-
Gains recognised in other comprehensive income	-	-	-	-	(53,867)
Effect of translation of foreign currency financial statements	-	4,844	3,498	640	160,114
30 June 2024	17,770,993	275,890	378,654	129,659	7,223,984

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

16 Fair value estimates (Continued)

(1) Financial assets and liabilities measured at fair value on a recurring basis (Continued)

	Financial assets held for trading - Structured deposits	Other non-current financial assets - Industry fund investments	Other non-current financial assets Special Scheme equity-class securities	Other non-current financial assets - Others	Other equity instruments - Equity instruments available for sale
31 December 2022	7,351,158	770,637	116,286	125,286	7,079,184
Increase in the current period	55,820,000	9,412	-	1,384,772	36,411
Decrease in the current period	(49,198,870)	(4,092)	-	(697)	-
Gains recognised in profit or loss for the current period	284,136	(25,154)	-	18,306	-
Gains recognised in other comprehensive income	-	-	-	-	(11,090)
Effect of translation of foreign currency financial statements	-	14,512	-	69,556	233,060
30 June 2023	14,256,424	765,315	116,286	1,597,223	7,337,565

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

16 Fair value estimates (Continued)

(2) Financial assets and liabilities not measured at fair values but for which their fair values are disclosed

The Group's financial assets and liabilities measured at amortised cost mainly include cash at bank and on hand, receivables, factoring receivables, loans and advances, non-current assets to be recovered within one year, long-term receivables, short-term borrowings, payables, lease liabilities, long-term borrowings, debentures payable, non-current liabilities to be settled within one year, other current liabilities and long-term payables.

The carrying amount of financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value. The fair value of financial assets and liabilities over one year is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows on the same terms, and categorised within Level 3 of the fair value hierarchy.

17 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as "shareholders' equity" as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements.

As at 30 June 2024 and 31 December 2023, the Group's debt-to-asset ratio was as follows:

	30 June 2024	31 December 2023
Debt-to-asset ratio	55.01%	53.37%

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

18 Notes to the Company's financial statements

(1) Cash at bank and on hand

	30 June 2024	31 December 2023
Cash at bank	29,017	138,046

(2) Other receivables

	30 June 2024	31 December 2023
Funds granted to subsidiaries	15,033,122	16,316,446
Dividends receivable from Taisen Holdings	2,600,000	5,500,000
Others	1,681	1,673
	17,634,803	21,818,119
Less: Provision for bad debts	(8)	(8)
	17,634,795	21,818,111

The Company does not have deposits at other parties under a centralised management arrangement that are presented as other receivables.

The ageing of other receivables is analysed as follows:

	30 June 2024	31 December 2023
Within 1 year (inclusive)	3,138,317	11,219,836
1 to 2 years (inclusive)	5,175,361	2,251,616
Over 2 years	9,321,125	8,346,667
	17,634,803	21,818,119

(3) Long-term equity investments

	30 June 2024	31 December 2023
Subsidiaries (a)	66,962,282	66,933,038
Less: Provision for impairment of long-term equity investments	-	-
	66,962,282	66,933,038

There is no significant restriction on sales of the long-term equity investments held by the Company.

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

18 Notes to the Company's financial statements (Continued)

(3) Long-term equity investments (Continued)

(a) Subsidiaries

	Accounting method	31 December 2023	Movements in the current period	30 June 2024	Shareholding (%)	Voting rights (%)	Explanation of disparity between percentages of shareholding and voting rights	Provision for impairment 30 June 2024	Provision for impairment 31 December 2023	Cash dividends declared in the current period
			Movements in the current period							
Taisen Holdings	Cost method	66,933,038	29,244	66,962,282	100%	100%	Not applicable	-	-	-

18 Notes to the Company's financial statements (Continued)

(4) Investment income

	For the six months ended 30 June	
	2024	2023
Investment income from financial assets held for trading	-	22,167
Others	(117)	-
	(117)	22,167

S.F. HOLDING CO., LTD.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024
(All amounts in RMB'000 Yuan unless otherwise stated)
[English translation for reference only]

1 Statement of non-recurring profit or loss for the six months ended 30 June 2024

	For the six months ended 30 June 2024
Investment income from disposals of subsidiaries	91,950
Gains on disposals of other non-current assets	111,217
Government grants recognised in profit or loss, except those that are closely related to normal course of business, in line with national policies, entitled in accordance with defined criteria, and have sustained impact on the Company's profit or loss	326,249
Gains or losses on changes in fair value of financial assets and financial liabilities, and profit or loss arising from disposals of financial assets and financial liabilities, except for those arising from the effective hedging activities related to the Company's normal course of business	295,092
Reversal of impairment provision for receivables individually assessed for impairment	30,084
Net amount of other non-operating income and expenses	(40,021)
Sub-total	814,571
Less: Income tax effect	(138,875)
Less: Non-recurring profit or loss attributable to minority shareholders	(16,952)
Non-recurring profit or loss attributable to shareholders of the parent company	658,744
Including: Non-recurring profit or loss from continuing operations	658,744

(1) Basis for preparation of statement of non-recurring profit or loss for the six months ended 30 June 2024

China Securities Regulatory Commission issued the *Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profit or Loss* (Revised in 2023) (the "Explanatory Announcement No. 1 (2023)") in 2023, which became effective since the date of issuance. The Group prepared the statement of non-recurring profit or loss for the six months ended 30 June 2024 in accordance with the Explanatory Announcement No. 1 (2023).

Pursuant to the Explanatory Announcement No. 1 (2023), non-recurring profit or loss refers to profit or loss arising from transactions and events those are not directly related to the company's normal course of business, also from transactions and events those even are related to the company's normal course of business, but will interfere with the right judgement of users of the financial statements on the company's operation performance and profitability due to their special nature and occasional occurrence.

(2) Impact of implementation of Explanatory Announcement No. 1 (2023) on non-recurring profit or loss for the six months ended 30 June 2023

Pursuant to the *Explanatory Announcement for Information Disclosure of Companies Offering Securities to the Public No.1 - Non-recurring Profit or Loss* (2008) ("Explanatory Announcement No. 1 (2008)", the Group does not have items that are presented as non-recurring profit or loss for the six months ended 30 June 2023 but which shall be presented as recurring profit or loss in accordance with the relevant provisions of Explanatory Announcement No. 1 (2023).

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

2 Statement of non-recurring profit or loss for the six months ended 30 June 2023

	For the six months ended 30 June 2023
Investment income from disposals of subsidiaries	244,982
Gains on disposals of other non-current assets	45,950
Government grants recognised in profit or loss for the current period (government grants recognised in non-operating income, other income and deducted against related cost and expenses)	425,229
Gains or losses arising from changes in fair value of financial assets and liabilities held for trading and investment income arising from disposals of financial assets and liabilities held for trading	6,787
Reversal of impairment provision for receivables individually assessed for impairment	31,217
Net amount of other non-operating income and expenses	(63,322)
Sub-total	690,843
Less: Income tax effect	(93,843)
Less: Non-recurring profit or loss attributable to minority shareholders	(126,027)
Non-recurring profit or loss attributable to shareholders of the parent company	470,973
Including: Non-recurring profit or loss from continuing operations	470,973

(1) Basis for preparation of statement of non-recurring profit or loss for the six months ended 30 June 2023

The Group prepared the statement of non-recurring profit or loss for the six months ended 30 June 2023 in accordance with the Explanatory Announcement No. 1 (2008).

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

3 Return on net assets and earnings per share

	Weighted average Return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023	2024	2023
Net profit attributable to ordinary shareholders of the Company	5.23%	4.72%	1.00	0.86	1.00	0.86
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	4.51%	4.19%	0.86	0.76	0.86	0.76
Including:	-	-	-	-	-	-
- Continuing operations	-	-	-	-	-	-
Net profit attributable to ordinary shareholders of the Company	5.23%	4.72%	1.00	0.86	1.00	0.86
Net profit attributable to ordinary shareholders of the Company, net of non-recurring profit or loss	4.51%	4.19%	0.86	0.76	0.86	0.76

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Zip Code: 518084 Customer Service Hotline: +86 95338
Website: www.sf-express.com
Address: Block B,TK Chuangzhi Tiandi Building,Keji South 1st Road,
Nanshan District,Shenzhen,Guangdong Province,PR.China