The One In Asia

KLN

2026

Interim Report

KLN Logistics Group Limited

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

0636.HK

Quick Facts

59
countries & territories

18,000+
employees worldwide

59M ft^2
land & facilities

2,000+
self-owned operating vehicles

Note: Figures as at 30 June 2026

Contents

Corporate Information & Key Dates

BOARD OF DIRECTORS
Mr WANG Wei
(Chairman, Non-executive Director)
Mr KUOK Khoon Hua
(Vice Chairman, Non-executive Director)

Executive Directors
Mr CHEUNG Ping Chuen Vicky
(Chief Executive Officer)
Mr CHO Kin Lun
Mr HO Chit
Mr WONG Siew Loong

Non-executive Director
Ms CHEN Keren

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

AUDIT AND COMPLIANCE COMMITTEE
Ms WONG Yu Pok Marina (Chairman)
Ms CHEN Keren
Mr LAI Sau Cheong Simon

REMUNERATION COMMITTEE
Mr LAI Sau Cheong Simon (Chairman)
Mr WANG Wei
Mr CHEUNG Ping Chuen Vicky
Mr TAN Chuen Yan Paul
Ms WONG Yu Pok Marina

NOMINATION COMMITTEE
Mr TAN Chuen Yan Paul (Chairman)
Mr WANG Wei
Mr KUOK Khoon Hua
Dr CHEUNG Wai Man
Mr LAI Sau Cheong Simon
Ms WONG Yu Pok Marina

FINANCE COMMITTEE
Mr CHEUNG Ping Chuen Vicky (Chairman)
Mr CHO Kin Lun
Mr HO Chit

RISK MANAGEMENT COMMITTEE#
Mr CHEUNG Ping Chuen Vicky (Chairman)
Mr CHO Kin Lun
Mr WONG Siew Loong

SUSTAINABILITY COMMITTEE#
Mr CHO Kin Lun (Chairman)

plus committee members who are non-members of the Board

COMPANY SECRETARY
Ms LEE Pui Nee

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants and
Registered PIE Auditor

LEGAL ADVISER
Norton Rose Fulbright Hong Kong

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

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
16/F, Kerry Cargo Centre, 55 Wing Kei Road
Kwai Chung, New Territories, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT
Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM 10, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

INVESTOR RELATIONS
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F 852 2480 5958
E IR@kln.com

WEBSITE
www.kln.com

KEY DATES
Closure of Registers of Members
11 September 2026

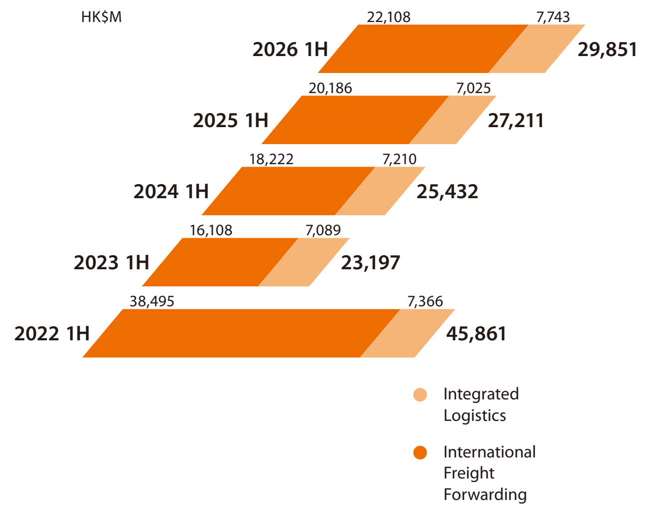
Proposed Payment of Interim Dividend
On or around 25 September 2026

Financial Highlights

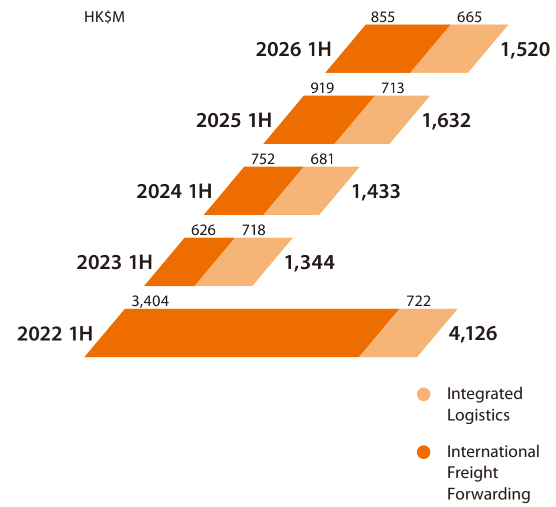
HK$M

REVENUE	29,851	▲ 10%
SEGMENT PROFIT IL	665	▼ 7%
IFF	855	▼ 7%
CORE OPERATING PROFIT	1,236	▼ 8%
CORE NET PROFIT	695	▲ 2%
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS	674	▲ 4%
INTERIM DIVIDEND HK CENTS PER SHARE		12
GEARING		48.8%/15.8% (GROSS / NET)

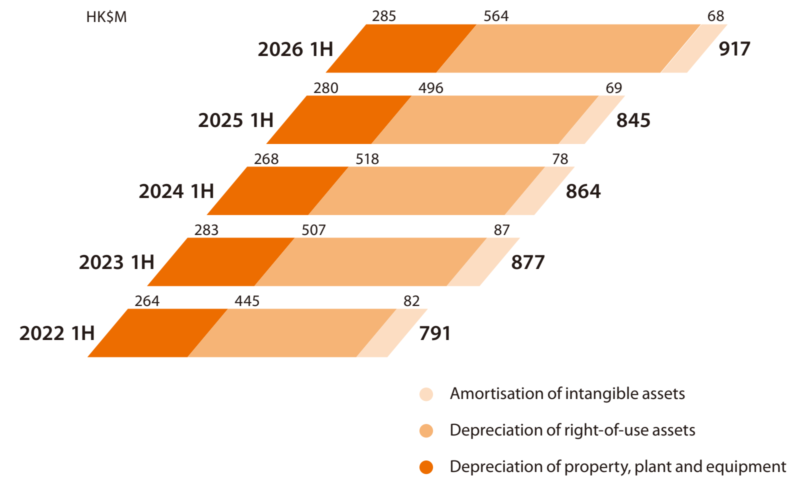
REVENUE BY SEGMENT*



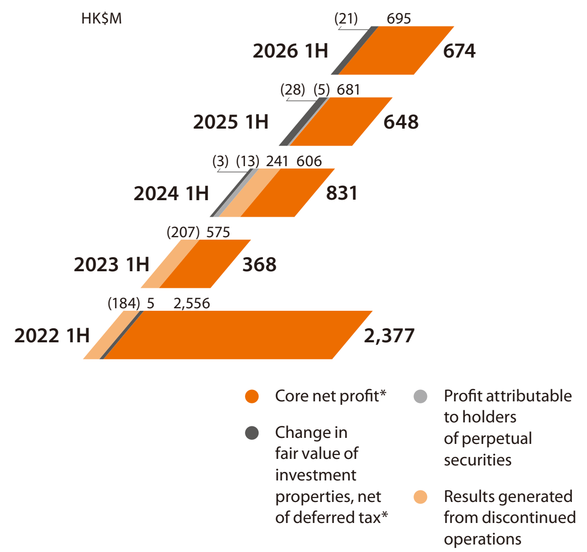
SEGMENT PROFIT*



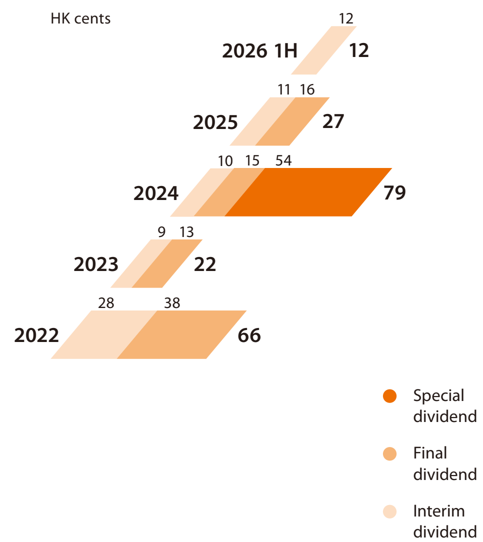
DEPRECIATION AND AMORTISATION*



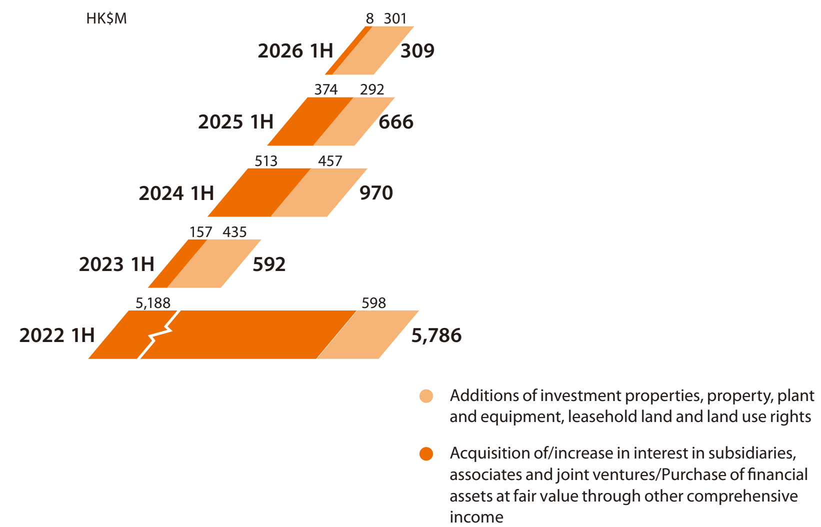
PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS



DIVIDEND PER SHARE



CAPEX



* *For continuing operations only*

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Results Overview

The Group recorded a growth in revenue of 10% to HK$29,851 million in 2026 1H (2025 1H: HK$27,211 million). Core operating profit dropped by 8% to HK$1,236 million (2025 1H: HK$1,348 million). Despite the decline in core operating profit, core net profit increased slightly by 2% year-on-year to HK$695 million (2025 1H: HK$681 million) primarily due to more effective management of finance cost and taxes. Profit attributable to the Shareholders achieved a 4% growth in 2026 1H, amounted to HK$674 million (2025 1H: HK$648 million).

	2026 1H HK$ million	2025 1H HK$ million	
Segment profit			
IL	665	713	-7%
IFF	855	919	-7%
	1,520	1,632	
Unallocated administrative expenses and others	(284)	(284)	
Core operating profit	1,236	1,348	-8%
Core net profit	695	681	+2%
Changes in fair value of investment properties, net of deferred tax	(21)	(28)	
Profit attributable to holders of perpetual convertible securities	–	(5)	
Profit attributable to the Shareholders	674	648	+4%

Management Discussion and Analysis

BUSINESS REVIEW

MARKET OVERVIEW

In the first half of 2026, global trade and supply chains continued to be shaped by geopolitical tensions, tariff uncertainty and uneven economic conditions across major markets. Front-loading activity remained prevalent across key trade lanes, while the Middle East escalation disrupted global air and ocean freight routes, leading to higher fuel costs and volatile freight rates.

The "China Plus One" strategy and supply chain diversification continued to drive sourcing and production shifts across Asia, while technology reshoring and continued investment in AI infrastructure supported volume from Asia to the US.

Against this backdrop, KLN Group's consolidated revenue increased by 10% year-on-year to HK$29,851 million, driven by enhanced service offerings and customer-focused solutions resulting in strong customer acquisition across key markets. Core operating profit declined by 8% year-on-year to HK$1,236 million amid market pressures and a competitive landscape. Core net profit rose by 2% year-on-year to HK$695 million, supported by the Group's disciplined financial management, including treasury optimisation through cash pooling scheme, resulting in lower finance costs, and effective tax management.

INTEGRATED LOGISTICS

The Group's IL division recorded a 19% year-on-year increase in revenue (before elimination) during the period, driven by significant new account wins in its two key markets, Hong Kong and the Chinese Mainland. Segment profit declined by 7% primarily due to customer-driven rate reductions, inventory destocking and higher fuel costs. Profitability was also affected by the IL division's increased investment in talent and commercial capabilities.

HONG KONG

Revenue (before elimination) in the Hong Kong IL business increased by 26% year-on-year. Growth was driven by approximately 60 new customer wins during the period. The healthcare sector delivered solid growth, supported by additional distributorship contracts, while the construction logistics business began contributing to performance. However, soft consumer spending and the partial supply chain relocation by certain retail customers to Southern China continued to affect local business volumes.

THE CHINESE MAINLAND

The IL business in the Chinese Mainland recorded a 19% year-on-year increase in revenue (before elimination), underpinned by strong business development efforts and the introduction of new service offerings including cold chain and commodity transportation. Growth was further supported by improved activity in high-tech manufacturing and exports. While consumer spending remained soft in the retail and food & beverage sectors, the Group continued to benefit from new business wins and expanded market presence.

REST OF ASIA PACIFIC

Revenue (before elimination) in the rest of Asia Pacific IL business increased by 8% year-on-year. Several markets delivered strong growth, including Malaysia, Vietnam and Cambodia, benefitting from the "China Plus One" strategy, supply chain diversification and infrastructure investments. KLN Seaport in Thailand also recorded double-digit growth. However, weaker performance in the Philippines partially offset these gains.

INTERNATIONAL FREIGHT FORWARDING

The Group's IFF division recorded a 12% year-on-year increase in revenue (before elimination) during the period, propelled by strong volume growth across air and ocean freight activities. Nevertheless, segment profit was down by 7% due to competitive market pressures. In addition, higher fuel costs could not be fully passed on to customers as the Group placed its priority on maintaining customer relationships.

AIR FREIGHT

Air freight volumes handled by the IFF division recorded solid mid-teens growth, led by the Chinese Mainland and Europe, with North America recording the strongest growth among major trade lanes. Growth was also supported by the strong performance of the General Sales Agent (GSA) business. KLN Group outperformed the market, with all key trade lanes delivering double-digit growth attributable to new customer acquisitions across most verticals. Demand for AI infrastructure on the Asia-US corridor remained robust during the period.

Ezhou Shunjia Aviation Ground Service Co., Ltd., which provides ground handling services for international flights at Ezhou Airport in Central China, contributed HK$212 million in revenue in the first half of 2026. With ground handling volume increasing by 11.8% year-on-year to more than 3,500 flights, air freight ancillary services have become an important growth driver for the Group's IFF business in the Chinese Mainland. Furthermore, it achieved all four IATA CEIV certifications: Pharma, Lithium Batteries, Fresh and Live Animals, underscoring its commitment to the highest global standards in special cargo handling.

OCEAN FREIGHT

Ocean freight volumes handled by the IFF division posted strong mid-teens growth, underpinned by rising exports from Asia, supply chain diversification and tariff-driven front-loading of shipments. Freight rates remained volatile due to capacity constraints and elevated fuel costs across key trade lanes. The Group remained the global No.1 Trans-Pacific NVOCC on the Asia-US trade lane during the period while growing its presence in Asia-Europe and intra-Asia trades.

PROJECT LOGISTICS

The KLN Project business recorded revenue of approximately HK$1.9 billion in the first half of 2026, compared with HK$1.7 billion in the corresponding period last year. Revenue growth was driven by the continued execution of the Group's Engineering, Procurement and Construction (EPC) projects, together with steady growth in its traditional project logistics business serving the energy, power, renewables, construction and industrial sectors. Segment profit also increased year-on-year during the period.

KLN Group was the global No. 1 Trans-Pacific NVOCC from Asia to the US for 2026 1H

SUSTAINABILITY

KLN Group continues to deliver lasting value for its stakeholders, the environment and society by advancing sustainable logistics solutions guided by its principles of Commitment, Action and Transparency.

During the period, the Group enhanced its sustainability governance, data management and internal reporting processes in preparation for the new climate disclosure requirements of Stock Exchange. The Group also continued to assess value-chain emissions and climate-related risks to support its long-term transition planning.

In supporting low-carbon logistics, KLN Group continued to strategically invest in innovative solutions, actively exploring the adoption of renewable diesel, the promotion of sustainable fuels and investment in future EV charging infrastructure. The Group also advanced its KLN 2.0 strategy by leveraging AI, robotics and automation technologies to enhance operational efficiency, optimise resource utilisation and strengthen ESG management across its global logistics network. The Group's commitment to technological innovation was also highlighted in Bloomberg Businessweek Chinese Edition as a benchmark for global logistics transformation towards a low-carbon economy.

The Group's commitment to transparency and sustainable business practices was further recognised through its achievement of an MSCI ESG Rating of AAA and the HKQAA Hong Kong Green and Sustainability Contribution Awards 2026 – Outstanding ESG Disclosure Contribution Pioneer Excellence Award.

OUTLOOK

Looking ahead to the second half of 2026, the current operating environment is expected to persist amid ongoing geopolitical tensions, tariff uncertainty and evolving global trade patterns. Supply chain diversification, technology reshoring and continued investment in AI infrastructure are set to support cross-border trade flows and create opportunities, particularly across Asia and North America, while developments in the Middle East, freight rate volatility and fuel price fluctuations may continue to affect logistics costs.

The Group will stay focused on supporting customers in adapting to changing supply chain requirements through its diversified network, expanded service offerings and customer-centric solutions. Under KLN 2.0, continued investments in commercial capabilities, digitalisation, technology and network development will strengthen the Group's growth prospects over the longer term.

In the IL business, the commercial pipeline is expected to remain healthy, with multiple new customer implementations scheduled for the second half of the year. New initiatives in recycling logistics and specialised transportation services are expected to contribute to incremental growth. The Group will also continue to drive productivity through warehouse optimisation, automation and AI-enabled applications, while advancing the expansion of its IL capabilities into selected overseas markets, including the US, Europe and Australia.

In the IFF business, the overall market is expected to remain challenging but demand should stay resilient. KLN Group is well positioned to support customers in managing the complexity through alternative solutions, strategic capacity procurement and its diversified trade lane network. While freight rates and transportation costs may remain volatile, the commercial pipeline remains healthy, supported by the Group's continued investments in sales capabilities, strategic account development and customer acquisition initiatives.

Overall, the Group remains cautiously optimistic about its growth prospects for the remainder of the year. Leveraging its global network, diversified service portfolio and ongoing KLN 2.0 transformation initiatives, the Group is well positioned to support customers in navigating an increasingly complex operating environment while pursuing sustainable long-term growth.

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FINANCIAL REVIEW

The Group has centralised financing policies which apply to all business units within the network.

The policies are reviewed on a periodical basis along with the change in market situation and financial position of the Group.

Most of the Group's assets and liabilities are denominated in different functional currencies of the overseas subsidiaries' respective countries. The Group generally does not enter into foreign exchange hedges in respect of its long-term equity investments in overseas subsidiaries, associates and a joint venture. For the foreign currency exposure arising from business activities, certain subsidiaries used forward contracts to hedge their foreign exchange exposure from trading transactions during the period, the amount of which was insignificant to the Group. The Group will continue to closely monitor its foreign exchange position and if necessary, hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 30 June 2026, total foreign currency borrowings amounted to the equivalent of HK$4,752 million (including HK$3,993 million denominated in Renminbi and HK$322 million denominated in Singaporean dollar), which represented approximately 54% of the Group's total bank loans of HK$8,804 million. Out of the Group's total bank loans as at 30 June 2026, HK$2,918 million (representing approximately 33%) was repayable within one year, HK$3,250 million (representing approximately 37%) in the second year, HK$2,489 million (representing approximately 28%) in the third to fifth years and HK$147 million (representing approximately 2%) over five years. The Group maintains most of its bank loans on an unsecured basis, with unsecured debt accounting for approximately 99% of total bank loans. In relation to the secured bank loans of HK$116 million as at 30 June 2026, the securities provided for the secured banking facilities available to the Group include legal charges over certain non-current assets with aggregate net book value of HK$689 million, assignments of insurance proceeds of certain properties, and certain balances of restricted and pledged deposits. A majority of the bank loans were borrowed at floating interest rates and were not held for hedging purposes.

As at 30 June 2026, the gearing ratio for the Group was 48.8% (31 December 2025: 49.9%). The ratio was calculated as total bank loans and overdrafts, divided by equity attributable to the Shareholders.

As at 30 June 2026, the Group had total undrawn bank loan and overdraft facilities of HK$10,979 million which may be used to fund material capital expenditure. The Group will also continue to secure financing as and when the need arises.

As at 30 June 2026, the Group had no material contingent liabilities.

STAFF AND REMUNERATION POLICIES

As at 30 June 2026, the Group had approximately 18,500 employees. The remuneration to employees includes salaries maintained at competitive levels while bonuses are granted on a discretionary basis. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees. Other employee benefits include provident fund, insurance, medical, sponsorship for educational or training programmes and share award scheme.

Corporate Governance and Other Information

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

As at 30 June 2026, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

(I) THE COMPANY

	Ordinary Shares in the Company					
Directors	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	Approximate percentage of issued share capital[1]
WANG Wei[2]	–	–	931,209,117	–	931,209,117	51.52%
KUOK Khoon Hua[3]	600,428	–	–	1,132,479	1,732,907	0.10%
CHEUNG Ping Chuen Vicky[4]	3,983,178	–	–	–	3,983,178	0.22%
WONG Yu Pok Marina[5]	20,796	–	–	–	20,796	< 0.01%

Notes:
(1) Based on 1,807,429,342 Ordinary Shares in issue as at 30 June 2026.
(2) Mr Wang is interested in 931,209,117 Ordinary Shares held through his controlled corporations.
(3) Mr Kuok is interested in (i) 600,428 Ordinary Shares as beneficial owner; and (ii) 1,132,479 Ordinary Shares held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.
(4) Mr Cheung is interested in 3,983,178 Ordinary Shares as beneficial owner.
(5) Ms Wong is interested in 20,796 Ordinary Shares as beneficial owner.

(II) ASSOCIATED CORPORATIONS

Shenzhen Mingde Holding Development Co., Ltd.

Director	Registered capital of Shenzhen Mingde: Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	Approximate percentage of registered capital[1]
WANG Wei[2]	RMB113,286,600	–	–	–	RMB113,286,600	99.90%

Notes:
(1) *Based on a total registered capital of Shenzhen Mingde of RMB113,400,000 as at 30 June 2026.*
(2) *Mr Wang is interested in registered capital of Shenzhen Mingde in the amount of RMB113,286,600 as beneficial owner.*

S.F. Holding Co., Ltd.

Directors	Type of shares	Ordinary shares in S.F. Holding: Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	Approximate percentage of issued share capital
HO Chit[3]	A Shares	787,494	–	–	–	787,494	0.02%[1]
WONG Siew Loong[4]	H Shares	5,000	–	–	–	5,000	<0.01%[2]

Notes:
(1) *Based on 4,799,430,409 ordinary shares (A Shares) in S.F. Holding in issue as at 30 June 2026.*
(2) *Based on 465,877,669 ordinary shares (H Shares) in S.F. Holding in issue as at 30 June 2026.*
(3) *Mr Ho is interested in (i) 122,000 ordinary shares (A Shares) in S.F. Holding as beneficial owner; and (ii) options granted under the 2022 stock option incentive plan of S.F. Holding to subscribe for 244,000 ordinary shares (A Shares) in S.F. Holding.*
Mr Ho signed a grant agreement on 26 September 2025, pursuant to which he was granted 2,300,000 virtual share units under S.F. Holding Employees "Grow Together" Shareholding Scheme (A Shares). Following the relevant calculation, the said virtual share units were fully vested on 30 March 2026 and corresponded to 421,494 ordinary shares (A Shares) in S.F. Holding. He will enjoy full rights attached to such shares upon the service period ends on 30 March 2035.
(4) *Mr WONG is interested in 5,000 ordinary shares (H Shares) in S.F. Holding as beneficial owner.*

Save as disclosed above, as at 30 June 2026, the Company is not aware of any other Director or the chief executive of the Company who has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As at 30 June 2026, the following are the persons, other than the Directors or the chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Capacity/Nature of interest	Number of Ordinary Shares	Approximate percentage of shareholding in the total issued share capital[1]
WANG Wei	Interest of controlled corporations	931,209,117[7]	51.52%
Shenzhen Mingde Holding Development Co., Ltd.[2]	Interest of controlled corporations	931,209,117[7]	51.52%
S.F. Holding Co., Ltd.[3]	Interest of controlled corporations	931,209,117[7]	51.52%
Kerry Group Limited[4]	Interest of controlled corporations	595,928,608[8]	32.97%
Kerry Holdings Limited[5]	Interest of controlled corporations	572,100,979[8]	31.65%
Kerry Properties Limited[6]	Beneficial owner	376,702,721[8]	20.84%

Notes:
(1) *Based on 1,807,429,342 Ordinary Shares in issue as at 30 June 2026.*
(2) *Mr WANG Wei is the executive director of Shenzhen Mingde.*
(3) *Mr WANG Wei is the chairman of the board of directors, an executive director, the general manager and the chief executive officer of S.F. Holding. Mr HO Chit is an executive director, a deputy general manager and the chief financial officer of S.F. Holding.*
(4) *Mr KUOK Khoon Hua is a director of KGL. Ms CHEN Keren is the group co-general counsel, the company secretary and the director of corporate services of KGL.*
(5) *Mr KUOK Khoon Hua is the chairman and a director of KHL.*
(6) *Mr KUOK Khoon Hua is the chairman, the chief executive officer and an executive director of KPL.*
(7) *Flourish Harmony is interested in 931,209,117 Ordinary Shares as beneficial owner. It is indirectly wholly-owned by S.F. Holding. S.F. Holding is a subsidiary of Shenzhen Mingde which is in turn controlled by Mr WANG Wei. Accordingly, S.F. Holding, Shenzhen Mingde and Mr WANG Wei are deemed to be interested in the interest held by Flourish Harmony in the Company pursuant to the disclosure requirements under the SFO.*
(8) *KPL is a subsidiary of KHL. KHL is a wholly-owned subsidiary of KGL. Accordingly, KHL is deemed to be interested in the interest held by KPL in the Company and KGL is deemed to be interested in the interest held by each of KHL and KPL in the Company pursuant to the disclosure requirements under the SFO.*

Save as disclosed above, as at 30 June 2026, the Company is not aware of any other person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme by a resolution of the Board on 25 January 2019. The Share Award Scheme is subject to the requirements under Chapter 17 of the Listing Rules starting from 1 January 2023. Pursuant to the Share Award Scheme, Shares to be awarded to any selected eligible persons will be acquired by the trustee of the Share Award Scheme through on-market transactions at the prevailing market price using the necessary funds provided by the Company and held on trust for the relevant selected participant until such awarded Shares are vested in accordance with the Share Award Scheme.

During the six months ended 30 June 2026, no awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 30 June 2026, a total of 11,973,196 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.66% and 0.66% of the issued share capital of the Company as at 30 June 2026 and the date of this interim report, respectively), of which 492,778 have forfeited, 11,480,418 have vested and no awarded Shares remain unvested.

Movements of the awarded Shares, which were granted under the Share Award Scheme, during the six months ended 30 June 2026 were as follows:

		Number of awarded Shares						
Category	Date of grant	Unvested as at 01/01/2026	Granted during the six months ended 30/06/2026 (Note a)	Forfeited during the six months ended 30/06/2026 (Note b)	Vested (Notes a and c)	Unvested as at 30/06/2026	Purchase price HK$	Vesting period (Note d)
1 Directors								
CHEUNG Ping Chuen Vicky	01/04/2023	33,007	–	–	33,007	–	N/A	01/04/2023-01/04/2026
CHENG Chi Wai (retirement effective from 30 April 2026)	01/04/2023	31,121	–	–	31,121	–	N/A	01/04/2023-01/04/2026
2 Continuous Contract Employees	01/04/2023	67,600	–	–	67,600	–	N/A	01/04/2023-01/04/2026
Total:		**131,728**	–	–	**131,728**	–		

Notes:

a. During the six months ended 30 June 2026, no awarded Shares was granted, transferred from/to other category, cancelled or lapsed under the Share Award Scheme.

b. For selected participants who have ceased to be eligible persons, the unvested awarded Shares are forfeited in accordance with the Share Award Scheme. The forfeited Shares are held under the trust set up by the Share Award Scheme for future awards to eligible persons.

c. The weighted average closing price of the Ordinary Shares immediately before the date on which the awarded Shares were vested was HK$6.59.

d. The vesting period of the awarded Shares is from the date of grant until the date of vesting.

e. There are no participants with awarded Shares granted in excess of the individual limit and no grants to suppliers of goods and services.

f. For the awarded Shares granted under the Share Award Scheme, the amounts to be recognised as expenses are determined by reference to the fair value of the awarded Shares granted, taking into account all market performance conditions (e.g. the Company's share price) and non-vesting conditions associated with the grants as at the date of grant, excluding the impact of any service and non-market performance vesting conditions. The total expense amount is recognised over the relevant vesting periods. At the end of each reporting period, the Group revises its estimates of the number of awarded Shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. The fair value of the awarded Shares is determined based on the closing market price of the Ordinary Shares as at the date of grant, excluding the present value of dividends expected to be paid during the vesting period.

SUMMARY OF THE SHARE AWARD SCHEME

Details		Share Award Scheme
1.	Purpose	To support the long-term growth of the Group and enhance its reputation as an employer-of-choice in the industry, to attract and incentivise suitable personnel for the further development of the Group, to recognise contributions by participants, to retain talent and to help align the interests of the Directors and senior management of the Group with the Group's long-term performance
2.	Participants	Eligible persons include any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group unless otherwise necessary or expedient to be excluded
3.	Maximum number of Shares	During the six months ended 30 June 2026, no awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 30 June 2026, a total of 11,973,196 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.66% and 0.66% of the issued share capital of the Company as at 30 June 2026 and the date of this interim report, respectively), of which 492,778 have forfeited, 11,480,418 have vested and no awarded Shares remain unvested The maximum number of the Shares which can be awarded under the Share Award Scheme is 180,742,934 Shares representing 10% of the total issued Shares as at the date of this interim report As at 1 January 2026 and 30 June 2026, being the beginning and the end of the period under review, the number of awards available for grant under the Share Award Scheme limit was 168,769,738
4.	Maximum entitlement of each participant	1% of the issued share capital of the Company from time to time
5.	Vesting period	The Board may, from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested The Board may in its absolute discretion decide whether any award shall lapse or shall be subject to such conditions or limitations as the Board may decide
6.	Acceptance of offer	N/A
7.	Purchase price	N/A
8.	Remaining life of the scheme	It shall be valid and effective for the award period, which commences on the adoption date, namely 25 January 2019, and ends on the business day immediately prior to the 10th anniversary of the adoption date

COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in Part 2 of the CG Code and its corporate governance practices are based on such principles and code provisions. The Directors consider that during the six months ended 30 June 2026, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors (including Mr CHO Kin Lun and Mr WONG Siew Loong, the Executive Directors, whose appointments became effective on 21 May 2026) and the Directors have confirmed that they have complied with the Model Code (i) during the six months ended 30 June 2026; or (ii) during the period from their respective appointment dates up to 30 June 2026, as the case may be.

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the six months ended 30 June 2026.

REVIEW OF INTERIM REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The interim report has been reviewed by the audit and compliance committee of the Company and the unaudited condensed consolidated interim financial statements have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the audit and compliance committee of the Company. The report on review of interim financial information is set out on page 22.

EVENTS AFTER THE REPORTING PERIOD

References are made to:

(i) the 2024 Announcement and the 2024 Circular in relation to, among other things, the existing continuing connected transactions contemplated under the CCT Agreements, as appropriate;

(ii) the 2025 Announcement in relation to, among other things, the proposed revision of the annual caps for the financial years ending 31 December 2025, 2026 and 2027 in respect of the continuing connected transactions under the CCT Agreements; and

(iii) the 2025 Circular in relation to, among other things, the proposed revision of the annual caps for the financial years ending 31 December 2025, 2026 and 2027 under the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement, which were subsequently approved by the independent Shareholders of the Company at the special general meeting of the Company held on 26 May 2025.

The Existing Annual Caps represent the annual caps currently in effect for the financial years ending 31 December 2026 and 2027 under the CCT Agreements. Based on the Group's historical transaction amounts in the second half of 2025, and the unaudited management accounts of the Company and operational data for the six months ended 30 June 2026, it has come to the attention of the Board that the actual transaction amounts contemplated under the CCT Agreements may exceed the Existing Annual Caps. The transaction amounts under the CCT Agreements are sensitive to fluctuations in freight rates, shipment volumes, route mix, available cargo capacity and customer demand. During the first half of 2026, these factors experienced a higher degree of volatility than anticipated at the time of the previous proposed annual cap revision under the 2025 Announcement and the 2025 Circular, resulting in transaction volumes increasing beyond the assumptions underlying the Existing Annual Caps.

In light of the above, and the expected growth in demand from the Group and SFTS Group (as applicable) of the relevant services, the Board anticipates that the Existing Annual Caps for the financial years ending 31 December 2026 and 2027 will not be sufficient to meet the expected transaction amounts under the CCT Agreements. Accordingly, the Board proposes to further revise the Existing Annual Caps in compliance with the requirements under Chapter 14A of the Listing Rules. Save for the revision of the Existing Annual Caps, all the terms of the CCT Agreements, including the pricing policies and principal payment terms, and the internal control measures, remain unchanged. Please refer to the announcement of the Company dated 28 August 2026 in relation to the revision of annual caps under the CCT Agreements for further details.

Save as disclosed above, there were no important events affecting the Group which have occurred since 30 June 2026.

CHANGES IN THE INFORMATION OF THE DIRECTORS SINCE LAST ANNUAL REPORT

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

Directors	Details of Changes
WANG Wei	• Appointed as a non-executive director of J&T Global Express Limited (a company listed on the main board of the Stock Exchange, stock code: 1519) with effect from August 2026.
CHO Kin Lun	• Reference is made to the announcements published by the Company dated 30 March 2026 and 30 June 2026 in relation to, among others, the appointment of Mr CHO Kin Lun (i) as the chief financial officer of the Company with effect from 1 April 2026; (ii) as an Executive Director, a member of the finance committee and the chairman and a member of the sustainability committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 21 May 2026; and (iii) as a member of the risk management committee of the Company with effect from 30 June 2026. No separate director's fee or salary is payable to Mr Cho in respect of his appointment as an Executive Director. Mr Cho is entitled to receive other emoluments, including discretionary bonuses and other benefits, as may be determined by the remuneration committee of the Company with reference to his duties and responsibilities with the Company, his individual performance, the Company's results and the prevailing market rate. Such emoluments are not covered by Mr Cho's letter of appointment in respect of his appointment as an Executive Director. For the six months ended 30 June 2026, Mr Cho is entitled to receive emoluments of HK$3,947,500 in total, comprising salary of HK$1,417,500 (in respect of his role as the chief financial officer of the Company), estimated money value of other benefits of HK$2,500,000 and employer's contribution to a retirement benefit scheme of HK$30,000. No bonus was payable to Mr Cho for the six months ended 30 June 2026. The emoluments set out above are for the six months ended 30 June 2026. Subsequent changes in the directors' emoluments (if any) will be reflected in the next published annual report of the Company. • Mr Cho has assumed additional responsibilities as the strategic leader for the China & North Asia Region with effect from 1 August 2026. In his expanded capacity, Mr Cho oversees the Company's strategy and business performance in the China & North Asia Region. • Mr Cho is a director of various subsidiaries of the Company.
WONG Siew Loong	• Reference is made to the announcement published by the Company dated 30 March 2026 in relation to, among others, the appointment of Mr WONG Siew Loong, the existing chief operating officer of the Company, as an Executive Director and as a member of the risk management committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 21 May 2026. No separate director's fee or salary is payable to Mr Wong in respect of his appointment as an Executive Director. Mr Wong is entitled to receive other emoluments, including discretionary bonuses and other benefits, as may be determined by the remuneration committee of the Company with reference to his duties and responsibilities with the Company, his individual performance, the Company's results and the prevailing market rate. Such emoluments are not covered by Mr Wong's letter of appointment in respect of his appointment as an Executive Director. For the six months ended 30 June 2026, Mr Wong is entitled to receive emoluments of HK$3,469,878 in total, comprising salary of HK$3,180,103 (in respect of his role as the chief operating officer of the Company), estimated money value of other benefits of HK$236,886 and employer's contribution to a retirement benefit scheme of HK$52,889. No bonus was payable to Mr Wong for the six months ended 30 June 2026. The emoluments set out above are for the six months ended 30 June 2026. Subsequent changes in the directors' emoluments (if any) will be reflected in the next published annual report of the Company.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed on Friday, 11 September 2026 in order to determine the entitlement of the Shareholders to the interim dividend. The record date for the proposed interim dividend is Friday, 11 September 2026. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Thursday, 10 September 2026. The interim dividend is payable on or around Friday, 25 September 2026 to the Shareholders whose names appear on the Registers of Members on Friday, 11 September 2026.

By Order of the Board
WANG Wei
Chairman

Hong Kong, 28 August 2026

Report on Review of Interim Financial Information

羅兵咸永道

TO THE BOARD OF DIRECTORS OF
KLN LOGISTICS GROUP LIMITED
(incorporated in the British Virgin Islands and continued into Bermuda as an exempted company with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 24 to 48, which comprises the condensed consolidated interim statement of financial position of KLN Logistics Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2026 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the HKICPA. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2026

Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2026

	Note	Unaudited 2026 HK$'000	Unaudited 2025 HK$'000
Revenue	3	29,850,957	27,211,248
Direct operating expenses	4	(27,084,322)	(24,277,775)
Gross profit		2,766,635	2,933,473
Other income and net gains	5	60,636	76,889
Administrative expenses	4	(1,530,463)	(1,596,588)
Operating profit before fair value change of investment properties		1,296,808	1,413,774
Change in fair value of investment properties	10	(28,515)	(37,580)
Operating profit		1,268,293	1,376,194
Finance expenses	6	(221,207)	(267,322)
Share of results of associates and a joint venture		57,838	29,624
Profit before taxation		1,104,924	1,138,496
Taxation	7	(274,228)	(317,640)
Profit for the period		830,696	820,856
Profit attributable to:			
Company's shareholders		674,624	648,208
Non-controlling interests		156,072	167,782
Holders of perpetual convertible securities		–	4,866
		830,696	820,856
Earnings per share	9		
– Basic		HK$0.37	HK$0.36
– Diluted		HK$0.37	HK$0.36

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Unaudited 2026 HK$'000	Unaudited 2025 HK$'000
Profit for the period	830,696	820,856
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Fair value change on financial assets at fair value through other comprehensive income	7,572	1,966
Fair value gain recognised upon the transfer from property, plant and equipment to investment properties (net of tax)	–	67,533
Item that may be reclassified to profit or loss		
Net translation differences on foreign operations	49,994	974,056
Other comprehensive income for the period (net of tax)	57,566	1,043,555
Total comprehensive income for the period	888,262	1,864,411
Total comprehensive income attributable to:		
Company's shareholders	651,003	1,588,334
Non-controlling interests	237,259	271,211
Holders of perpetual convertible securities	–	4,866
	888,262	1,864,411

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Intangible assets	10	5,608,686	5,647,143
Investment properties	10	3,015,283	2,984,430
Property, plant and equipment	10	7,205,944	7,242,806
Right-of-use assets		2,938,937	3,105,697
Associates and a joint venture		1,411,592	1,497,844
Financial assets at fair value through other comprehensive income		230,331	357,768
Investment in convertible bonds		4,479	4,536
Other non-current assets		171,950	165,053
Deferred taxation		271,141	215,247
		20,858,343	21,220,524
Current assets			
Financial assets at fair value through profit or loss		475	496
Inventories		424,440	348,013
Accounts receivable, prepayments and deposits	11	17,803,601	15,572,179
Tax recoverable		147,149	151,053
Amounts due from fellow subsidiaries		12,951	64,088
Amounts due from related companies		2,610	1,112
Amounts due from associates		92,496	9,803
Restricted and pledged bank deposits		94,142	83,839
Cash at bank and in hand		5,959,326	6,339,675
		24,537,190	22,570,258

	Note	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Current liabilities			
Lease liabilities		1,078,692	1,061,874
Accounts payable, deposits received and accrued charges	12	12,181,826	10,833,990
Supplier financing payables		174,754	126,225
Amounts due to fellow subsidiaries		71,142	126,709
Amounts due to related companies		50,021	142,401
Taxation		355,440	350,651
Short-term bank loans and current portion of long-term bank loans	13	2,917,653	3,327,627
Bank overdrafts	13	14,460	18,081
		16,843,988	15,987,558
Non-current liabilities			
Loans from non-controlling interests		200,853	198,547
Long-term bank loans	13	5,886,453	5,496,812
Lease liabilities		1,241,074	1,426,473
Deferred taxation		402,251	419,515
Retirement benefit obligations		44,822	41,945
Other non-current liabilities	12	59,336	60,634
		7,834,789	7,643,926
ASSETS LESS LIABILITIES		20,716,756	20,159,298
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	14	903,715	903,715
Share premium		4,074,218	4,074,218
Shares held for share award scheme		(34,000)	(37,221)
Retained profits and other reserves		13,135,196	12,777,874
		18,079,129	17,718,586
Non-controlling interests		2,637,627	2,440,712
TOTAL EQUITY		20,716,756	20,159,298

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Unaudited 2026 HK$'000	Unaudited 2025 HK$'000
Operating activities		
Net cash generated from operations	1,056,223	2,081,344
Interest paid	(172,289)	(216,965)
Income tax paid	(337,571)	(447,189)
Net cash generated from operating activities	546,363	1,417,190
Investing activities		
Additions of property, plant and equipment	(301,089)	(292,247)
Additions of right-of-use assets – leasehold land and land use rights	–	(83)
Additions of other non-current assets	(41,496)	(12,308)
Disposal of financial assets at fair value through other comprehensive income	141,081	–
Purchase of financial assets at fair value through other comprehensive income	(5,890)	–
Proceeds from sale of property, plant and equipment	31,367	16,826
Cash consideration received from prior year's disposal of subsidiaries	17,178	–
Proceeds from sale of an associate	–	1,252
Dividend received from financial assets at fair value through other comprehensive income	–	31
Dividends received from associates	135,126	111,502
Net increase in balances with associates and a joint venture	(35,459)	(200)
Interest received	61,129	65,846
Interest received from convertible bond	937	954
Cash consideration paid for prior year's acquisition	–	(2,342)
Increase in restricted and pledged bank deposits	(10,303)	(9,893)
Net cash used in investing activities	(7,419)	(120,662)

	Unaudited 2026 HK$'000	Unaudited 2025 HK$'000
Financing activities		
Repayment of bank loans	(3,647,795)	(5,553,345)
Drawdown of bank loans	3,532,103	5,662,078
Dividends of subsidiaries paid to non-controlling interests	(45,955)	(203,392)
Advances received from supplier financing arrangements	288,670	148,550
Repayment of supplier financing arrangements	(240,141)	–
Capital injection from non-controlling interests	5,702	10,722
Reduction of capital by non-controlling interest	–	(19,004)
Increase in loans from non-controlling interests	1,850	–
Repayment of loans from non-controlling interests	–	(23,266)
Payments of lease liabilities	(588,009)	(534,012)
Repurchase of perpetual convertible securities	–	(744,500)
Net cash consideration paid to non-controlling interests without change of control	(2,250)	(351,020)
Interest paid for perpetual convertible securities	–	(4,866)
Dividends paid	(289,189)	(271,114)
Net cash used in financing activities	(985,014)	(1,883,169)
Decrease in cash and cash equivalents	(446,070)	(586,641)
Effect of exchange rate changes	69,342	255,026
Cash and cash equivalents at beginning of the period	6,321,594	6,409,635
Cash and cash equivalent at end of the period	5,944,866	6,078,020
Analysis of balances of cash and cash equivalents		
Cash and bank balances	5,959,326	6,092,495
Bank overdrafts	(14,460)	(14,475)
	5,944,866	6,078,020

Major non-cash Transaction:

Part of the additions of property, plant and equipment of HK$30,470,000 (2025: HK$56,266,000) have been prepaid in previous financial years.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Shares held for share award scheme HK$'000	Other reserves HK$'000	Retained profits HK$'000	Proposed dividend HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
(unaudited)									
Balance at 1 January 2026	903,715	4,074,218	(37,221)	(7,662,031)	20,150,716	289,189	17,718,586	2,440,712	20,159,298
Profit for the period	–	–	–	–	674,624	–	674,624	156,072	830,696
Net translation differences on foreign operations	–	–	–	(31,212)	–	–	(31,212)	81,206	49,994
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	7,591	–	–	7,591	(19)	7,572
Total comprehensive income for the six months ended 30 June 2026	–	–	–	(23,621)	674,624	–	651,003	237,259	888,262
Dividends of subsidiaries to non-controlling interests	–	–	–	–	–	–	–	(45,344)	(45,344)
2025 final dividend paid	–	–	–	–	–	(289,189)	(289,189)	–	(289,189)
2026 proposed interim dividend	–	–	–	–	(216,892)	216,892	–	–	–
Transfer	–	–	–	116,839	(116,839)	–	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	5,702	5,702
Changes in ownership of interests in subsidiaries without change of control (note 15)	–	–	–	(1,548)	–	–	(1,548)	(702)	(2,250)
Share-based compensation under share award scheme	–	–	–	277	–	–	277	–	277
Vesting of shares under share award scheme	–	–	3,221	(3,221)	–	–	–	–	–
Total transactions with owners	–	–	3,221	112,347	(333,731)	(72,297)	(290,460)	(40,344)	(330,804)
Balance at 30 June 2026	903,715	4,074,218	(34,000)	(7,573,305)	20,491,609	216,892	18,079,129	2,637,627	20,716,756

	Attributable to shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Shares held for share award scheme HK$'000	Other reserves HK$'000	Retained profits HK$'000	Proposed dividend HK$'000	Total HK$'000	Perpetual convertible securities HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
(unaudited)										
Balance at 1 January 2025	903,715	4,074,218	(43,955)	(8,594,639)	19,371,200	271,114	15,981,653	774,101	2,323,377	19,079,131
Profit for the period	–	–	–	–	648,208	–	648,208	4,866	167,782	820,856
Net translation differences on foreign operations	–	–	–	870,607	–	–	870,607	–	103,449	974,056
Fair value gain recognised upon the transfer from property, plant and equipment to investment properties (net of tax)	–	–	–	67,533	–	–	67,533	–	–	67,533
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	1,986	–	–	1,986	–	(20)	1,966
Total comprehensive income for the six months ended 30 June 2025	–	–	–	940,126	648,208	–	1,588,334	4,866	271,211	1,864,411
Dividends of subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	(79,830)	(79,830)
2024 final dividend paid	–	–	–	–	–	(271,114)	(271,114)	–	–	(271,114)
2025 proposed interim dividend	–	–	–	–	(198,817)	198,817	–	–	–	–
Transfer	–	–	–	57,287	(57,287)	–	–	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	10,722	10,722
Reduction of capital by non-controlling interests	–	–	–	–	–	–	–	–	(19,004)	(19,004)
Changes in ownership of interests in subsidiaries without change of control	–	–	–	(319,942)	–	–	(319,942)	–	(31,078)	(351,020)
Repurchase of perpetual convertible securities	–	–	–	–	29,601	–	29,601	(774,101)	–	(744,500)
Share-based compensation under share award scheme	–	–	–	473	–	–	473	–	–	473
Distribution paid on perpetual convertible securities (note 17)	–	–	–	–	–	–	–	(4,866)	–	(4,866)
Vesting of shares under share award scheme	–	–	6,734	(6,734)	–	–	–	–	–	–
Total transactions with owners	–	–	6,734	(268,916)	(226,503)	(72,297)	(560,982)	(778,967)	(119,190)	(1,459,139)
Balance at 30 June 2025	903,715	4,074,218	(37,221)	(7,923,429)	19,792,905	198,817	17,009,005	–	2,475,398	19,484,403

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

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

These unaudited condensed consolidated interim financial information are prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the disclosure requirements of Appendix D2 to the Listing Rules.

These unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2025.

(I) ADOPTION OF AMENDMENTS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are effective for the Group's accounting period of the Group beginning on 1 January 2026:

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

Annual Improvements to HKFRS Accounting Standards – Volume 11

Amendments to HKFRS 7 and HKFRS 9, 'Contracts Referencing Nature – dependent Electricity'

Amendments to HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37, 'Disclosures about Uncertainties in the Financial Statements'

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

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

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

HKFRS 18, 'Presentation and Disclosure in Financial Statements'[1]

HKFRS 19, 'Subsidiaries without Public Accountability: Disclosures and its amendments'[1]

Amendments to HKAS 21, 'Translation to a Hyperinflationary Presentation Currency'[1]

Amendments to Hong Kong Interpretation 5, 'Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause'[1]

Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'[2]

1 *Effective for annual periods beginning on or after 1 January 2027*
2 *Effective date to be determined*

HKFRS 18 will replace HKAS 1, 'Presentation of financial statements', introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated income statement and providing management-defined performance measures within the consolidated financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for HKFRS 18, none of the above is expected to have a significant effect on the consolidated financial statements of the Group.

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

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2025 except for the adoption of amendments to existing standards as set out above.

2 FINANCIAL RISK MANAGEMENT

(a) FINANCIAL RISK FACTORS

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

These condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual consolidated financial statements; and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2025. There have been no changes in the Group's financial risk management structure and policies since the year end.

(b) FAIR VALUE ESTIMATION

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

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

There were no transfers between levels during the period (2025: nil).

The following table presents the Group's financial instruments that are measured at fair value as at 30 June 2026 and 31 December 2025.

At 30 June 2026	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Investment in convertible bonds	–	–	4,479	4,479
Financial assets at fair value through other comprehensive income	–	–	230,331	230,331
Financial assets at fair value through profit or loss	475	–	–	475
Total assets	475	–	234,810	235,285

At 31 December 2025	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Investment in convertible bonds	–	–	4,536	4,536
Financial assets at fair value through other comprehensive income	132,772	–	224,996	357,768
Financial assets at fair value through profit or loss	496	–	–	496
Total assets	133,268	–	229,532	362,800

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) FAIR VALUE ESTIMATION (CONTINUED)

LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents the changes in level 3 instruments.

Six months ended 30 June 2026	Financial assets at fair value through other comprehensive income HK$'000	Investment in convertible bonds HK$'000
Opening balance	224,996	4,536
Fair value adjustment	(62)	–
Additions	5,890	–
Disposals	(675)	–
Exchange adjustment	182	(57)
Closing balance	230,331	4,479

Six months ended 30 June 2025	Financial assets at fair value through other comprehensive income HK$'000	Investment in convertible bonds HK$'000
Opening balance	222,015	5,714
Fair value adjustment	(6,293)	–
Exchange adjustment	7,384	(993)
Closing balance	223,106	4,721

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

There were no changes in valuation techniques during the period (2025: nil).

VALUATION PROCESSES OF THE GROUP

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

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

INVESTMENT IN CONVERTIBLE BONDS

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) FAIR VALUE ESTIMATION (CONTINUED)

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The fair value of the following financial assets and liabilities approximate their carrying amount as at 30 June 2026 and 31 December 2025:

- Accounts receivable, deposits, other receivables, amounts due from associates, fellow subsidiaries and related companies
- Cash at bank and in hand
- Accounts payable, accrued charges and amounts due to fellow subsidiaries and related companies
- Loans from non-controlling interests
- Bank loans and overdrafts
- Supplier financing payables
- Other non-current liabilities

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

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

	Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
Integrated logistics	7,742,734	7,025,603
International freight forwarding	22,108,223	20,185,645
	29,850,957	27,211,248

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(b) An analysis of the Group's financial results by operating segment and geographical area for the six months ended 30 June 2026, together with comparative figures for the six months ended 30 June 2025 is as follows:

	Six months ended 30 June							
	Integrated logistics		International freight forwarding		Elimination		Consolidation	
	2026 HK$'000	2025 HK$'000 (restated)	2026 HK$'000	2025 HK$'000 (restated)	2026 HK$'000	2025 HK$'000 (restated)	2026 HK$'000	2025 HK$'000 (restated)
Revenue								
Revenue	7,742,734	7,025,603	22,108,223	20,185,645	–	–	29,850,957	27,211,248
Inter-segment revenue	1,489,360	716,851	3,960,934	3,157,218	(5,450,294)	(3,874,069)	–	–
	9,232,094	7,742,454	26,069,157	23,342,863	(5,450,294)	(3,874,069)	29,850,957	27,211,248
Revenue by geographic area								
Hong Kong	3,920,485	3,122,171	847,339	817,962	(849,907)	(376,278)	3,917,917	3,563,855
Chinese Mainland	3,406,640	2,854,460	8,644,073	7,114,550	(2,519,418)	(1,899,105)	9,531,295	8,069,905
Asia Pacific	1,904,969	1,765,823	3,092,879	2,784,007	(788,799)	(687,845)	4,209,049	3,861,985
Americas	–	–	7,018,408	6,974,516	(356,879)	(355,127)	6,661,529	6,619,389
EMEA	–	–	6,466,458	5,651,828	(935,291)	(555,714)	5,531,167	5,096,114
	9,232,094	7,742,454	26,069,157	23,342,863	(5,450,294)	(3,874,069)	29,850,957	27,211,248
Segment profit by geographic area								
Hong Kong	174,023	239,592	19,686	19,823	–	–	193,709	259,415
Chinese Mainland	186,119	194,765	366,326	377,901	–	–	552,445	572,666
Asia Pacific	305,006	278,933	152,962	168,159	–	–	457,968	447,092
Americas	–	–	143,097	229,063	–	–	143,097	229,063
EMEA	–	–	173,051	124,029	–	–	173,051	124,029
	665,148	713,290	855,122	918,975	–	–	1,520,270	1,632,265
Less: Unallocated administration expenses							(284,591)	(284,337)
Core operating profit							1,235,679	1,347,928
Interest income							61,129	65,846
Finance expenses							(221,207)	(267,322)
Share of results of associates and a joint venture							57,838	29,624
Profit before taxation*							1,133,439	1,176,076
Taxation*							(281,533)	(327,193)
Profit for the period*							851,906	848,883
Non-controlling interests*							(156,558)	(168,359)
Core net profit							695,348	680,524
Change in fair value of investment properties							(28,515)	(37,580)
Deferred tax of change in fair value of investment properties							7,305	9,553
Less: Non-controlling interests' share of change in fair value of investment properties and its related deferred tax							486	577
Profit attributable to Company's shareholders and holders of perpetual convertible securities							674,624	653,074
Holders of perpetual convertible securities							–	(4,866)
Profit attributable to Company's shareholders							674,624	648,208
Depreciation and amortisation	657,040	599,646	259,757	245,216	–	–	916,797	844,862

* *Excluding the change in fair value of investment properties and its related deferred tax.*

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(c) DISAGGREGATION OF REVENUE

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

	Six months ended 30 June							
	2026				2025			
By operating segment	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Rental income HK$'000	Total HK$'000	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Rental income HK$'000	Total HK$'000
Revenue from contracts with customers								
Integrated logistics	1,161,063	6,518,288	63,383	7,742,734	823,553	6,137,205	64,845	7,025,603
International freight forwarding	–	22,108,223	–	22,108,223	–	20,185,645	–	20,185,645
	1,161,063	28,626,511	63,383	29,850,957	823,553	26,322,850	64,845	27,211,248

	Six months ended 30 June							
	2026				2025			
By geographical area	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Rental income HK$'000	Total HK$'000	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000 (restated)	Rental income HK$'000	Total HK$'000 (restated)
Revenue from contracts with customers								
Hong Kong	943,514	2,974,403	–	3,917,917	781,001	2,782,854	–	3,563,855
Chinese Mainland	208,913	9,284,626	37,756	9,531,295	33,083	7,996,455	40,367	8,069,905
Asia Pacific	8,636	4,174,786	25,627	4,209,049	9,469	3,828,038	24,478	3,861,985
Americas	–	6,661,529	–	6,661,529	–	6,619,389	–	6,619,389
EMEA	–	5,531,167	–	5,531,167	–	5,096,114	–	5,096,114
	1,161,063	28,626,511	63,383	29,850,957	823,553	26,322,850	64,845	27,211,248

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

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

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

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

To better align with the Group's internal management reporting structure, the Group revised its regional classification during the current period. Accordingly, the "Asia" region was renamed "Asia Pacific", "Oceania" was included within "Asia Pacific", and certain operations previously included in Asia were reclassified to EMEA. Prior period corresponding segment information has been reclassified to conform to the current period presentation.

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

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

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

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

	Segment non-current assets#	
	As at 30 June 2026 HK$'000	As at 31 December 2025 HK$'000 (restated)
Hong Kong	1,705,222	1,887,210
Chinese Mainland	7,734,766	7,752,709
Asia Pacific	6,427,515	6,458,637
Americas	2,810,051	2,867,143
EMEA	1,674,838	1,677,274
	20,352,392	20,642,973

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

4 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
Business tax and other taxes	9,356	8,576
Cost of goods sold	990,349	676,447
Freight and transportation costs	23,180,662	20,862,992
Depreciation of property, plant and equipment (note 10)	285,175	279,956
Depreciation of right-of-use assets	564,005	495,943
Amortisation of intangible assets (note 10)	67,617	68,963
Provision for impairment of receivables	87,673	64,984
Reversal of provision for impairment of receivables	(13,624)	(33,071)
Rental expenses on land and buildings	145,595	241,613
Employee benefit expenses	2,856,058	2,698,145

5 OTHER INCOME AND NET GAINS

	Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
Interest income from banks	20,767	21,314
Interest income from a fellow subsidiary	–	420
Interest income from an associate	114	114
Other interest income	40,248	43,998
(Loss)/gain on disposal of property, plant and equipment	(56)	10,702
(Loss)/gain on early termination of lease contracts	(437)	310
Dividend income from financial assets at fair value through other comprehensive income	–	31
	60,636	76,889

6 FINANCE EXPENSES

	Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
Interest expenses on bank loans, overdrafts and other finance costs	172,289	217,003
Interest expenses on lease liabilities	48,918	50,319
	221,207	267,322

7 TAXATION

HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) for the six months ended 30 June 2026 on the estimated assessable profit for the period. Income tax on the overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the overseas countries in which the Group operates.

PRC ENTERPRISE INCOME TAX

PRC enterprise income tax has been provided at the rate of 25% (2025: 25%) on the estimated assessable profit for the period.

OECD PILLAR TWO MODEL RULES

The Group is within the scope of the OECD Pillar Two Model Rules. In Hong Kong, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 was enacted on 6 June 2025 to implement the Global Anti-Base Erosion ("GloBE") rules, which comprises the income inclusion rule ("IIR") and undertaxed profits rule ("UTPR"), as well as the Hong Kong minimum top-up tax ("HKMTT"). IIR and HKMTT apply to a fiscal year beginning on or after 1 January 2025, while the UTPR will take effect from a date to be specified by the Secretary for Financial Services and the Treasury at a later stage. For most of the jurisdiction where the Group has operations, the Pillar Two legislation had become effective on or before 1 January 2025. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its GloBE effective tax rate in each jurisdiction and the 15% minimum rate. The Group's assessment indicates that the quantitative impact of the Pillar Two legislation is not material to the Group.

WITHHOLDING TAX ON DISTRIBUTED/ UNDISTRIBUTED PROFITS

Withholding tax in the Group's subsidiaries, associates and a joint venture is levied on profit distribution upon declaration/remittance and in respect of the undistributed earnings for the period at the rates of taxation prevailing in the Chinese Mainland and overseas countries.

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

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

	Six months ended 30 June	
	2026 HK$'000	2025 HK$'000
Hong Kong profits tax		
– Current	34,510	38,881
– Over provision in prior years	–	(3)
– Deferred	(19,830)	(12,072)
	14,680	26,806
PRC taxation		
– Current	99,051	99,685
– Under provision in prior years	235	11,618
– Deferred	(11,132)	(1,940)
	88,154	109,363
Overseas taxation		
– Current	219,547	197,349
– Over provision in prior years	(26,041)	(110)
– Deferred	(22,112)	(15,768)
	171,394	181,471
	274,228	317,640

8 DIVIDENDS

The Directors have declared an interim dividend of 12 HK cents per share for the six months ended 30 June 2026 (for the six months ended 30 June 2025: an interim dividend of 11 HK cents), which is payable on or around Friday, 25 September 2026 to shareholders whose names appear on the Registers of Members on Friday, 11 September 2026. These financial information do not reflect this dividend payable.

9 EARNINGS PER SHARE

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

BASIC

	Six months ended 30 June	
	2026	2025
Adjusted weighted average number of ordinary shares in issue ('000)	1,802,062	1,801,881
Profit attributable to the Company's shareholders (HK$'000)	674,624	648,208
Basic earnings per share (HK$)	0.37	0.36

DILUTED

	Six months ended 30 June	
	2026	2025
Adjusted weighted average number of ordinary shares in issue ('000)	1,802,062	1,801,881
Adjustment for share awards ('000)	66	311
Weighted average number of shares for the purpose of calculating diluted earnings per share ('000)	1,802,128	1,802,192
Profit attributable to the Company's shareholders (HK$'000)	674,624	648,208
Diluted earnings per share (HK$)	0.37	0.36

10 NON-CURRENT ASSETS

	Property, plant and equipment HK$'000	Investment properties HK$'000	Intangible assets HK$'000
Opening net book value at 1 January 2025	7,022,659	2,518,568	5,681,264
Additions	348,513	–	–
Change in fair value	–	(37,580)	–
Revaluation surplus	84,416	–	–
Disposals	(6,124)	–	–
Depreciation and amortisation	(279,956)	–	(68,963)
Transfer	(410,094)	410,094	–
Exchange adjustment	377,394	75,621	172,880
Closing net book value at 30 June 2025	7,136,808	2,966,703	5,785,181
Opening net book value at 1 January 2026	7,242,806	2,984,430	5,647,143
Additions	331,559	–	–
Change in fair value	–	(28,515)	–
Disposals	(31,423)	–	–
Depreciation and amortisation	(285,175)	–	(67,617)
Exchange adjustment	(51,823)	59,368	29,160
Closing net book value at 30 June 2026	7,205,944	3,015,283	5,608,686

Goodwill of HK$5,177,163,000 (at 31 December 2025: HK$5,150,587,000) was included in the balances of intangible assets. Goodwill is allocated to the Group's cash generating units (CGUs) that are expected to benefit from business combination and impairment testing is performed annually and when there is indication that they may be impaired.

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

10 NON-CURRENT ASSETS (CONTINUED)

Management did not identify any major adverse changes indicating any impairment in the carrying amounts of goodwill for all business units at 30 June 2026.

VALUATION OF INVESTMENT PROPERTIES

FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS

	Chinese Mainland HK$'000	Overseas HK$'000	Total HK$'000
Opening balance as at 1 January 2025	2,102,876	415,692	2,518,568
Transfer from property, plant and equipment	–	410,094	410,094
Change in fair value	(42,582)	5,002	(37,580)
Exchange adjustment	62,787	12,834	75,621
Closing balance as at 30 June 2025	2,123,081	843,622	2,966,703
Opening balance as at 1 January 2026	2,138,382	846,048	2,984,430
Change in fair value	(35,728)	7,213	(28,515)
Exchange adjustment	79,499	(20,131)	59,368
Closing balance as at 30 June 2026	2,182,153	833,130	3,015,283

10 NON-CURRENT ASSETS (CONTINUED)

VALUATION OF INVESTMENT PROPERTIES (CONTINUED)

FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS (CONTINUED)

All investment properties are included in level 3 category, which requires recurring fair value measurement at each period end. There were no transfers between levels during the period (2025: nil).

VALUATION PROCESSES OF THE GROUP

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

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

At each financial period end, the finance department:

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

VALUATION TECHNIQUES

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

SIGNIFICANT UNOBSERVABLE INPUTS USED TO DETERMINE FAIR VALUE

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

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

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2026.

11 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

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

	As at 30 June 2026 HK$'000	As at 31 December 2025 HK$'000
Below 1 month	8,095,698	6,711,963
Between 1 month and 3 months	3,249,895	2,993,521
Over 3 months	1,276,944	1,004,998
Total accounts receivable, net	12,622,537	10,710,482
Prepayments, deposits and other receivables (note a)	5,181,064	4,861,697
	17,803,601	15,572,179

Notes:

(a) The balances mainly comprise prepaid freight and transportation costs, rental deposits, deposits to suppliers, and contract assets.

(b) The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. The Group determines the provision for expected credit losses by grouping together accounts and other receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions.

12 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at 30 June 2026 HK$'000	As at 31 December 2025 HK$'000
Accounts payable	7,137,168	5,563,730
Deposits received, accrued charges and other payables (note a)	5,103,994	5,330,894
	12,241,162	10,894,624
Less: Non-current portion of the consideration payable for business combination	(59,336)	(60,634)
	12,181,826	10,833,990

The ageing analysis of accounts payable based on the date of the invoice of the Group is as follows:

	As at 30 June 2026 HK$'000	As at 31 December 2025 HK$'000
Below 1 month	5,161,571	3,880,277
Between 1 month and 3 months	1,255,644	1,106,075
Over 3 months	719,953	577,378
Total accounts payable	7,137,168	5,563,730

Note:

(a) The balances mainly comprise accrued charges for employee benefit expenses, freight and transportation costs, customer deposits, consideration payable for business combination, contract liabilities, freight charges received in advance and value added tax payables.

13 BANK LOANS AND BANK OVERDRAFT

	As at 30 June 2026 HK$'000	As at 31 December 2025 HK$'000
Bank loans:		
Non-current		
– unsecured	5,882,492	5,491,330
– secured	3,961	5,482
	5,886,453	5,496,812
Current		
– unsecured	2,805,478	3,191,083
– secured	112,175	136,544
	2,917,653	3,327,627
Total bank loans	8,804,106	8,824,439
Bank overdrafts:		
Current		
– unsecured	11,055	15,667
– secured	3,405	2,414
Total bank overdrafts	14,460	18,081
Total bank loans and bank overdrafts	8,818,566	8,842,520

14 SHARE CAPITAL

	As at 30 June 2026 No. of shares	As at 30 June 2026 HK$'000	As at 31 December 2025 No. of shares	As at 31 December 2025 HK$'000
Ordinary shares, authorised, issued and fully paid:				
At beginning and end of the period/year	1,807,429,342	903,715	1,807,429,342	903,715

15 TRANSACTION WITH NON-CONTROLLING INTERESTS

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

The effect of this transaction is summarised as follows:

	HK$'000
Cash consideration paid to non-controlling interests	(2,250)
Net decrease in non-controlling interests	702
Changes in equity attributable to the Company's shareholders arising from changes in ownership of interests in subsidiaries without change of control	(1,548)

16 COMMITMENTS

As at 30 June 2026, the Group had capital commitments in respect of property, plant and equipment and acquisition of subsidiaries not provided for in these financial information as follows:

	As at 30 June 2026 HK$'000	As at 31 December 2025 HK$'000
Contracted but not provided for	242,470	502,966

17 PERPETUAL CONVERTIBLE SECURITIES

On 29 March 2023, the Company, Natixis and SF Holding (HK) Limited entered into a subscription and placing agency agreement pursuant to which: (i) the Company agreed to issue perpetual convertible securities in the aggregate principal amount of HK$780,000,000 with distribution rate of 3.30% per annum payable semi-annually (the "Convertible Securities") to SF Holding (HK) Limited; (ii) Natixis conditionally agreed to use all reasonable efforts to procure SF Holding (HK) Limited to subscribe for the Convertible Securities; and (iii) SF Holding (HK) Limited conditionally agreed to subscribe and pay for the Convertible Securities at 100% of the principal amount subject to, and in accordance with, the terms of the subscription and placing agency agreement. There is no fixed redemption date on the Convertible Securities and the redemption is at the option of the Company. Completion of the subscription and placing agency agreement has taken place on 18 May 2023. For the year ended 31 December 2023, after considering the transaction cost, the net proceeds from the issue of the perpetual convertible securities were approximately HK$774,101,000 and have been fully used by the Company for supporting KEX Express Thailand.

Based on the initial conversion price of HK$18.80 per Conversion Share (subject to adjustments) and assuming full conversion of the Convertible Securities, the Convertible Securities will be convertible into 41,489,361 Shares of nominal value of HK$0.50 each in the Company to be allotted and issued by the Company ("Conversion Shares").

They are classified as equity instruments and recorded in equity in the consolidated financial statements.

On 23 January 2025, the purchase contract between the Company and SF Holding (HK) Limited relating to the sale and purchase of the Convertible Securities (the "Repurchase") was approved in the special general meeting. Completion of the Repurchase has taken place on 27 January 2025 and a distribution of HK$4,866,000 was paid.

18 PLEDGE OF ASSETS

As at 30 June 2026, the Group's total bank loans of HK$8,804,106,000 (31 December 2025: HK$8,824,439,000) included an aggregate amount of HK$116,136,000 (31 December 2025: HK$142,026,000) which is secured. The Group's total bank overdrafts of HK$14,460,000 (31 December 2025: HK$18,081,000) included an aggregate amount of HK$3,405,000 (31 December 2025: HK$2,414,000) which are secured. The securities provided for the secured banking facilities available to the Group are as follows:

(i) legal charges over certain investment properties, leasehold land and land use rights, freehold land and buildings, warehouse and logistics centres and port facilities with an aggregate net book value of HK$689,056,000 (31 December 2025: HK$716,506,000);

(ii) assignments of insurance proceeds of certain properties; and

(iii) certain balances of restricted and pledged deposits.

Definitions

"1H"	first half
"2024 Announcement"	the announcement of the Company dated 31 July 2024 in relation to, among other things, the continuing connected transactions under the CCT Agreements
"2024 CGSA Framework Agreement"	the framework agreement dated 31 July 2024 entered into between the Company and SFTS to set out a framework for the provision of the CGSA Services by the Group to SFTS Group
"2024 Circular"	the circular of the Company dated 27 August 2024 in relation to, among other things, the continuing connected transactions under the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement
"2024 KLN Logistics Services Framework Agreement"	the framework agreement dated 31 July 2024 entered into between the Company and SFTS to set out a framework for the provision of the KLN Logistics Services by the Group to SFTS Group
"2024 SF Logistics Services Framework Agreement"	the framework agreement dated 31 July 2024 entered into between the Company and SFTS to set out a framework for the provision of the SF Logistics Services by SFTS Group to the Group
"2025 Announcement"	the announcement of the Company dated 28 March 2025 in relation to, among other things, the proposed revision of the annual caps for the financial years ending 31 December 2025, 2026 and 2027 in respect of the continuing connected transactions under the CCT Agreements
"2025 Circular"	the circular of the Company dated 6 May 2025 in relation to, among other things, the proposed revision of the annual caps for the financial years ending 31 December 2025, 2026 and 2027 under the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement
"AI"	artificial intelligence
"Asia"	Asia continent, for the purpose of this interim report only, excludes Greater China and Middle East
"Asia Pacific"	Oceania and Asia continent, for the purpose of this interim report only, excludes Greater China, Central Asia and Middle East
"Board"	the board of Directors
"CCT Agreements"	collectively, the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement, and the 2024 SF Logistics Services Framework Agreement
"CEIV"	Centre of Excellence for Independent Validators
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules

"CGSA Services"	means the sales and promotion of the Air Cargo Business
"Chinese Mainland"	the PRC and, for the purpose of this interim report only, excludes Hong Kong, Macau and Taiwan
"Company" or "KLN"	KLN Logistics Group Limited, incorporated in the British Virgin Islands and continued into Bermuda to become an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 636)
"Controlling Shareholder(s)"	shall have the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"EMEA"	Europe, Middle East and Africa which, for the purpose of this interim report only, includes Central Asia
"ESG"	environmental, social and governance
"Executive Director(s)"	executive Director(s)
"Existing Annual Caps"	the Existing CGSA Annual Caps, the Existing KLN Annual Caps and the Existing SF Annual Caps
"Existing CGSA Annual Cap(s)"	the existing annual cap(s) on the maximum aggregate amounts of commission payable by SFTS Group to the Group for the two years ending 31 December 2027 with respect to the transactions contemplated under the 2024 CGSA Framework Agreement as disclosed in the 2024 Announcement and as revised pursuant to the 2025 Announcement
"Existing KLN Annual Cap(s)"	the existing annual cap(s) on the maximum aggregate amounts payable by SFTS Group to the Group for the two years ending 31 December 2027 with respect to the transactions contemplated under the 2024 KLN Logistics Services Framework Agreement as disclosed in the 2024 Announcement and the 2024 Circular and as revised pursuant to the 2025 Announcement and the 2025 Circular, which were subsequently approved by the independent Shareholders of the Company at the special general meeting of the Company held on 26 May 2025
"Existing SF Annual Cap(s)"	the existing annual cap(s) on the maximum aggregate amounts payable by the Group to SFTS Group for the two years ending 31 December 2027 with respect to the transactions contemplated under the 2024 SF Logistics Services Framework Agreement as disclosed in the 2024 Announcement and the 2024 Circular and as revised pursuant to the 2025 Announcement and the 2025 Circular, which were subsequently approved by the independent Shareholders of the Company at the special general meeting of the Company held on 26 May 2025
"Flourish Harmony"	Flourish Harmony Holdings Company Limited, an indirect wholly-owned subsidiary of S.F. Holding
"Greater China"	for the purpose of this interim report only, the Chinese Mainland, Hong Kong, Macau and Taiwan
"Group" or "KLN Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standards
"HKFRS"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKQAA"	Hong Kong Quality Assurance Agency
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFF"	international freight forwarding
"IL"	integrated logistics
"KEX Express Thailand"	KEX Express (Thailand) Public Company Limited, a public company with limited liability registered in Thailand, which was formerly listed on The Stock Exchange of Thailand (stock symbol: KEX) and is a subsidiary of S.F. Holding
"KGL"	Kerry Group Limited, one of the Controlling Shareholders of the Company
"KHL"	Kerry Holdings Limited, a wholly-owned subsidiary of KGL
"KPL"	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 683), and is a Substantial Shareholder of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macau"	Macao Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NVOCC"	non-vessel operating common carrier
"Oceania"	for the purpose of this interim report only, Australia and New Zealand
"Ordinary Share(s)" or "Share(s)"	share(s) of nominal value of HK$0.50 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company
"PRC"	the People's Republic of China
"Registers of Members"	registers of members of the Company
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC

"S.F. Holding"	S.F. Holding Co., Ltd., a joint stock company established in the PRC with limited liability, the domestics ordinary shares of which are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ) and the overseas listed foreign ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 06936), is a subsidiary of Shenzhen Mingde and one of the Controlling Shareholders of the Company
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"SFTS"	Shenzhen S.F. Taisen Holding (Group) Co., Ltd.* (深圳順豐泰森控股(集團)有限公司), a wholly-owned subsidiary of S.F. Holding incorporated in the PRC with limited liability and a connected person of the Company
"SFTS Group"	SFTS and its subsidiaries
"Share Award Scheme"	share award scheme of the Company
"Shareholders"	the holders of the Shares
"Shenzhen Mingde"	Shenzhen Mingde Holding Development Co., Ltd., one of the Controlling Shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	shall have the meaning ascribed to it under the Listing Rules
"Substantial Shareholder(s)"	shall have the meaning ascribed to it under the Listing Rules
"US"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"%"	per cent

* *For identification purpose only*