KLN Logistics Group Limited

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

Stock Code 636

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2026, together with comparative figures for the six months ended 30 June 2025.

GROUP'S FINANCIAL HIGHLIGHTS AND DIVIDEND

- Revenue grew by 10% year-on-year to HK$29,851 million (2025 1H: HK$27,211 million).
- Core operating profit dropped by 8% to HK$1,236 million (2025 1H: HK$1,348 million).
- Core net profit increased by 2% year-on-year to HK$695 million (2025 1H: HK$681 million).
- Profit attributable to the Shareholders achieved a 4% growth in 2026 1H, amounted to HK$674 million (2025 1H: HK$648 million).
- IL business recorded a segment profit of HK$665 million (2025 1H: HK$713 million), which represents a drop of 7%.
- IFF business recorded a segment profit of HK$855 million (2025 1H: HK$919 million), which represents a drop of 7%.
- Interim dividend of 12 HK cents per Share to be payable on or around Friday, 25 September 2026.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2026

	Note	Unaudited 2026 HK$'000	Unaudited 2025 HK$'000
Revenue	2	29,850,957	27,211,248
Direct operating expenses	3	(27,084,322)	(24,277,775)
Gross profit		2,766,635	2,933,473
Other income and net gains		60,636	76,889
Administrative expenses	3	(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		(28,515)	(37,580)
Operating profit		1,268,293	1,376,194
Finance expenses	4	(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	5	(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	7		
– 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		5,608,686	5,647,143
Investment properties		3,015,283	2,984,430
Property, plant and equipment		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	8	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
Current liabilities			
Lease liabilities		1,078,692	1,061,874
Accounts payable, deposits received and accrued charges	9	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	10	2,917,653	3,327,627
Bank overdrafts	10	14,460	18,081
		16,843,988	15,987,558

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	Unaudited As at 30 June 2026 HK$'000	Audited As at 31 December 2025 HK$'000
Non-current liabilities			
Loans from non-controlling interests		200,853	198,547
Long-term bank loans	10	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	9	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		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

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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'

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 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

An analysis of the Group's financial results by operating segment and geographical area for the six months ended 30 June 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.*

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.

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

By operating segment	2026 Revenue recognised at a point in time HK$'000	2026 Revenue recognised over time HK$'000	2026 Rental income HK$'000	2026 Total HK$'000	2025 Revenue recognised at a point in time HK$'000	2025 Revenue recognised over time HK$'000	2025 Rental income HK$'000	2025 Total HK$'000
	Six months ended 30 June							
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

By geographical area	2026 Revenue recognised at a point in time HK$'000	2026 Revenue recognised over time HK$'000	2026 Rental income HK$'000	2026 Total HK$'000	2025 Revenue recognised at a point in time HK$'000	2025 Revenue recognised over time HK$'000 (restated)	2025 Rental income HK$'000	2025 Total HK$'000 (restated)
	Six months ended 30 June							
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

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$'000	Segment non-current assets# As at 31 December 2025 HK$'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.

3 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'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	285,175	279,956
Depreciation of right-of-use assets	564,005	495,943
Amortisation of intangible assets	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

4 FINANCE EXPENSES

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'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

5 TAXATION

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'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

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 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.

6 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.

7 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

8 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

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

	As at 30 June 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	5,181,064	4,861,697
	17,803,601	15,572,179

9 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

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

	As at 30 June 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
Deposits received, accrued charges and other payables	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

10 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

11 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

12 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.

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%

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.

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.

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

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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the audit and compliance committee of the Company. The review report of the independent auditor will be included in the interim report to be sent to the Shareholders.

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.

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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

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

DEFINITIONS

"1H"	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 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 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 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 announcement only, excludes Greater China and Middle East
"Asia Pacific"	Oceania and Asia continent, for the purpose of this announcement 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 announcement 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 announcement 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
"Greater China"	for the purpose of this announcement 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
"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 announcement only, Australia and New Zealand
"PRC"	the People's Republic of China
"Registers of Members"	registers of members of the Company
"Renminbi"	the lawful currency of the PRC
"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
"S.F. Holding"	S.F. Holding Co., Ltd., a joint stock company established in the PRC with limited liability, the domestic 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), and one of the Controlling Shareholders of the Company
"Share(s)"	share(s) of nominal value of HK$0.50 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company
"Shareholders"	the holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	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*

By Order of the Board
WANG Wei
Chairman

Hong Kong, 28 August 2026

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

Chairman, Non-executive Director:
Mr WANG Wei

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

Executive Directors:
Mr CHEUNG Ping Chuen Vicky, Mr CHO Kin Lun, Mr HO Chit and 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 and Ms WONG Yu Pok Marina