THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in KLN Logistics Group Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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KLN Logistics Group Limited

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

Stock Code 636

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS UNDER
(1) THE 2024 CGSA FRAMEWORK AGREEMENT;
(2) THE 2024 KLN LOGISTICS SERVICES FRAMEWORK AGREEMENT; AND
(3) THE 2024 SF LOGISTICS SERVICES FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

Ignite Capital

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 10 to 30 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 31 and 32 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 59 of this circular.

A notice convening the SGM electronically via the eVoting Portal on Friday, 20 November 2026 at 2:30 p.m. (or any adjournment thereof) is set out on pages 67 to 69 of this circular.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kln.com).

Whether or not you are able to attend the meeting electronically via the eVoting Portal, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to 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, or submit it via the designated URL (https://evoting.vistra.com/#/636) by using the log-in username and password provided on the notification letter sent by the Company, not less than 48 hours before the time appointed for holding the SGM, i.e. by no later than 2:30 p.m. on Wednesday, 18 November 2026. Completion and return of the form of proxy shall not preclude you from attending and voting electronically via the eVoting Portal at the SGM or any adjourned meeting thereof should you so desire.

29 October 2026

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In this circular, the following expressions have the following meanings unless the context otherwise requires:

"2022 CGSA Framework Agreement"	the framework agreement dated 29 July 2022 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
"2022 KLN Logistics Services Framework Agreement"	the framework agreement dated 29 July 2022 (as amended and supplemented by the supplemental agreement dated 28 October 2022) 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
"2022 SF Logistics Services Framework Agreement"	the framework agreement dated 28 June 2022 (as amended and supplemented by the supplemental agreement dated 28 October 2022) 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
"2024 Announcement"	the announcement of the Company dated 31 July 2024 in relation to, among other things, the continuing connected transactions under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement
"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
"Air Cargo Business"	the business of carriage of cargoes by air flight operations of SFTS Group
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"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
"CGSA Services"	the sales and promotion of the Air Cargo Business
"CGSA Transaction(s)"	transaction(s) entered into and to be entered into between the Group and SFTS Group with respect to the CGSA Services
"Chinese Mainland"	the PRC and, for the purpose of this circular, shall exclude Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company" or "KLN"	KLN Logistics Group Limited, a company 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)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Existing Annual Cap(s)"	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
"eVoting Portal"	electronic platform for the registered Shareholders, proxies and corporate representatives attending the SGM via internet
"Flourish Harmony"	Flourish Harmony Holdings Company Limited, an indirect wholly-owned subsidiary of SF Holding
"FY2023"	the financial year ended 31 December 2023
"FY2024"	the financial year ended 31 December 2024
"FY2025"	the financial year ended 31 December 2025
"FY2026"	the financial year ending 31 December 2026
"FY2027"	the financial year ending 31 December 2027

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HY2025"	the six months ended 30 June 2025
"HY2026"	the six months ended 30 June 2026
"Inbound Flights"	all scheduled international flights inbound from any airport outside the Chinese Mainland to any airport within the Chinese Mainland operated by SFTS Group, excluding chartered flights and flights for certain regional routes as set out in the 2024 CGSA Framework Agreement
"Independent Board Committee"	the independent committee of the Board comprising Dr CHEUNG Wai Man, Mr LAI Sau Cheong Simon, Mr TAN Chuen Yan Paul and Ms WONG Yu Pok Marina, being all the INEDs, established for the purpose of advising the Independent Shareholders in respect of the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps
"Independent Financial Adviser" or "Ignite Capital"	Ignite Capital (Asia Pacific) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps

"Independent Shareholders"	the Shareholders other than those who are required to abstain from voting on the proposed resolutions at the SGM approving the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps
"independent third party(ies)"	any entity or person who, to the best knowledge of our Directors, is independent of the Company and its connected persons
"INED(s)"	the independent non-executive Director(s) of the Company
"Kerry TJ"	Kerry TJ Logistics Company Limited, incorporated under the laws of Taiwan and listed on Taiwan Stock Exchange (stock code: 2608)
"KGL"	Kerry Group Limited, one of the controlling shareholders of the Company
"KHL"	Kerry Holdings Limited, a wholly-owned subsidiary of KGL and one of the controlling shareholders of the Company
"KLN Logistics Services"	(a) international freight forwarding services, including cross-border international cargo carriage services for SFTS Group's cargo and parcels and various ancillary services through the Group's global network; and (b) integrated logistics services, including storage, inventory management and other value-added services, trucking and distribution, returns management and various ancillary services mainly outside the Chinese Mainland, Hong Kong and Macau
"KLN Transaction(s)"	transaction(s) entered into and to be entered into between the Group and SFTS Group with respect to the KLN Logistics Services
"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 a substantial shareholder of the Company

"Latest Practicable Date"	22 October 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macau"	the 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
"Outbound Flights"	all scheduled international flights outbound from any airport within the Chinese Mainland to any airport outside the Chinese Mainland operated by SFTS Group, excluding chartered flights and flights for certain regional routes as set out in the 2024 CGSA Framework Agreement
"PRC"	the People's Republic of China
"Revised Annual Caps"	the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps
"Revised CGSA Annual Cap(s)"	the revised 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
"Revised KLN Annual Cap(s)"	the revised 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
"Revised SF Annual Cap(s)"	the revised 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

"SF 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
"SF Holding HK"	SF Holding (HK) Limited, a company incorporated in Hong Kong, an indirect wholly-owned subsidiary of SF Holding
"SF Logistics Services"	(a) the carriage of cargoes by air flight operations through SFTS Group's flight network (comprising scheduled flights and charter flights) and various ancillary services; (b) freight forwarding services, including co-loading of cargoes; (c) express services of (i) collecting and obtaining customs clearance of cargoes and parcels at designated international arrival ports for; and (ii) sorting, distribution and delivery of such cargoes and parcels to, customers of the Group and/or their designated consignees; and (d) integrated logistics services, including storage, inventory management and other value-added services, trucking and distribution, returns management and various ancillary services, within the Chinese Mainland, Hong Kong and Macau
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"SF Transaction(s)"	transaction(s) entered into and to be entered into between the Group and SFTS Group with respect to the SF Logistics Services
"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 SF Holding incorporated in the PRC with limited liability and a connected person of the Company
"SFTS Group"	SFTS and its subsidiaries

"SGM"	the special general meeting of the Company to be held electronically via the eVoting Portal on Friday, 20 November 2026 at 2:30 p.m., or where the context so admits, any adjournment thereof
"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
"Share Award Scheme"	share award scheme of the Company
"Shareholder(s)"	holder(s) of any Share(s)
"Shenzhen Mingde"	Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司), one of the controlling shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"United States" or "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*

The SGM will be an electronic meeting. All registered Shareholders will be able to join the SGM electronically via the eVoting Portal. The eVoting Portal can be accessed from any location with access to the internet via smartphone, tablet device or computer.

Through the eVoting Portal, registered Shareholders will be able to view the live video broadcast of the SGM and participate in voting and submit questions online. Login details and information will be included in our letters to registered Shareholders regarding the eVoting Portal which will be despatched on 29 October 2026.

HOW TO ATTEND AND VOTE ELECTRONICALLY VIA THE EVOTING PORTAL

Shareholders who wish to attend the SGM and exercise their voting rights can do one of the following:

(1) attend the SGM via the eVoting Portal which enables live streaming and interactive platform for submitting questions and voting online; or

(2) appoint the chairman of the SGM or other person(s) as your proxy(ies) by providing their email address(es) for receiving the designated log-in username and password to attend and vote electronically on your behalf via the eVoting Portal.

Your proxy's authority and instruction will be revoked if you attend and vote electronically via the eVoting Portal at the SGM.

If you are a non-registered Shareholder, you may consult directly with your banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (as the case may be) for necessary arrangement to attend and vote electronically via the eVoting Portal at the SGM if you so wish.

If you have any questions relating to the SGM, please contact the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, as follows:

Address:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email:	is-enquiries@vistra.com
Telephone:	(852) 2980 1333 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday, excluding Hong Kong public holidays

KLN Logistics Group Limited

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

Stock Code 636

Chairman, Non-executive Director:
Mr WANG Wei

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

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

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

29 October 2026

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS UNDER
(1) THE 2024 CGSA FRAMEWORK AGREEMENT;
(2) THE 2024 KLN LOGISTICS SERVICES FRAMEWORK AGREEMENT; AND
(3) THE 2024 SF LOGISTICS SERVICES FRAMEWORK AGREEMENT
AND
NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 August 2026, in relation to, among others, the revision of annual caps under the CCT Agreements.

The purpose of this circular is to provide you with, *inter alia*, (i) further details of the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement, and the transactions contemplated under such agreements, as well as the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps in connection thereto; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and to give you the notice of the SGM.

2. 2024 CGSA FRAMEWORK AGREEMENT

On 31 July 2024 (after trading hours), the Company and SFTS entered into the 2024 CGSA Framework Agreement to set out a framework for the provision of the CGSA Services by the Group to SFTS Group. The principal terms of the 2024 CGSA Framework Agreement are set out below:

Date

31 July 2024

Parties

(1) the Company; and

(2) SFTS.

Term

The 2024 CGSA Framework Agreement has a term which commenced on 1 January 2025 and will expire on 31 December 2027, unless earlier terminated pursuant to its terms. The 2024 CGSA Framework Agreement can be extended for a further term of three years with mutual agreement of the Company and SFTS, subject to compliance with applicable Listing Rules requirements.

Subject Matter

Pursuant to the 2024 CGSA Framework Agreement, SFTS Group has agreed to appoint the Group as an exclusive cargo general sales agent to provide the CGSA Services, i.e. sales and promotion of the Air Cargo Business for the Inbound Flights and the Outbound Flights, and as a cargo sales agent to provide CGSA Services for SFTS Group's chartered flights on a non-exclusive basis, on normal commercial terms or better and on an arm's length basis, or on terms no less favourable to the Group than those made available by the Group or to SFTS Group to or from their respective independent third parties.

The Company and SFTS have entered into and will from time to time enter into cargo general sales agency agreements or other definitive agreement(s) in respect of the air flights operated by SFTS Group with respect to the CGSA Services. Each of such agreements contains and will contain only provisions which are in all material respects consistent with the terms of the 2024 CGSA Framework Agreement.

Pricing policy

The Group shall be entitled to a monthly commission at the rates of 7% and 3% of the total sales revenue of the Air Cargo Business sold by the Group for the Inbound Flights and inbound chartered flights, and Outbound Flights and outbound chartered flights, respectively, or at such revised rates which the Group and SFTS Group may agree from time to time after taking into account various factors including but not limited to: (i) performance and respective expected costs (including, among others, labour costs and administrative costs) for the provision of the CGSA Services for the Inbound Flights and inbound chartered flights, and the Outbound Flights and outbound chartered flights; and (ii) the then prevailing market rate charged for providing similar services.

Payment terms

The Group and SFTS Group may, from time to time enter into individual definitive agreements pursuant to the terms of the 2024 CGSA Framework Agreement to determine the pricing and specific payment terms of the relevant transactions. The specific payment terms may vary based on several factors, mainly including freight or logistics mode, transaction volume, applicable market practice and industry norms. Generally, the services fees shall be payable by cheque payment or bank transfer, with credit period ranging from 30-60 days.

Historical transaction amounts

The table below sets out the (i) the historical actual transaction amounts paid by SFTS Group to the Group for the provision of CGSA Services based on the audited accounts of the Company; (ii) the historical approved annual caps under the 2024 CGSA Framework Agreement or the 2022 CGSA Framework Agreement (as the case may be); and (iii) the respective utilisation rates of the historical approved annual caps, for each of the three years ended 31 December 2025:

	Year ended 31 December		
	2023	**2024**	**2025**
		(HK$' million)	
Historical transaction amounts	155.5	164.6	228.0
Historical approved annual caps	520.0	676.0	274.3
Utilisation rates	29.9%	24.3%	83.1%

The historical transaction amounts paid by SFTS Group to the Group for the provision of CGSA Services for the three years ended 31 December 2025 based on the audited accounts of the Company, and for the six months ended 30 June 2026 based on the unaudited management accounts of the Company, were approximately HK$155.5 million, HK$164.6 million, HK$228.0 million and HK$148.7 million, respectively.

The Existing CGSA Annual Caps and the Revised CGSA Annual Caps

The table below sets out the Existing CGSA Annual Caps and the proposed Revised CGSA Annual Caps under the 2024 CGSA Framework Agreement:

	Year ending 31 December	
	2026	**2027**
	(HK$)	*(HK$)*
Existing CGSA Annual Caps	362.1 million	458.1 million
Revised CGSA Annual Caps	400.0 million	570.0 million

For the year ended 31 December 2025, the aggregate fees paid by SFTS Group to the Group for the provision of CGSA Services were approximately HK$228.0 million. The transaction amount in respect of the CGSA Services continued to increase substantially in the second half of 2025 and the first half of 2026 mainly due to the increase in prevailing market freight rates, as well as the increase in flights and routes operated by SF Airlines Company Limited, which in turn led to an increase in demand from SFTS Group for the CGSA Services. The Board foresees that the actual transaction amounts under the 2024 CGSA Framework Agreement will continue to increase as a result of the increase in demand from SFTS Group for the CGSA Services over time, and may approach or exceed the levels originally contemplated when the Existing CGSA Annual Caps were determined. In particular, the aggregate fees to be paid by SFTS Group for the year ending 31 December 2026 with respect to the CGSA Services are projected to be approximately HK$292.0 million, which represents a utilisation rate of approximately 80.7% of the Existing CGSA Annual Caps for the year ending 31 December 2026.

While such projected utilisation remains below the Existing CGSA Annual Caps, the Board considers that the remaining headroom may not provide sufficient flexibility to accommodate potential increases, volatility and unpredictability in transaction volume and transaction amounts. Given the nature of the CGSA Services and the pricing mechanism under the 2024 CGSA Framework Agreement, the transaction amounts under the 2024 CGSA Framework Agreement may fluctuate materially within a relatively short period of time. Pursuant to the 2024 CGSA Framework Agreement, the Group is entitled to receive commission calculated as a percentage of total sales revenue generated from the Air Cargo Business procured by the Group as cargo general sales agent for the relevant flight routes. Accordingly, the aggregate commission payable by SFTS Group to the Group is directly linked to the total sales revenue generated from the Air Cargo Business and is therefore affected by, among other things, the number of flight routes operated by SFTS Group, the frequency and capacity of the relevant flights, prevailing market freight rates, the cargo volume generated from the relevant routes and the timing of commencement or expansion of such routes. An increase in any of these factors may lead to higher cargo sales revenue, which would in turn increase the commission payable by SFTS Group to the Group. In particular, the launch of one or more additional flight routes, or an increase in flight frequency or available cargo capacity on existing routes, may result in a substantial increase in the aggregate transaction amounts payable to the Group for the relevant period. During the first half of 2026, increases in air cargo volumes, prevailing freight rates and flight network deployment exceeded the levels contemplated at the time of the previous proposed annual cap revision under the 2025 Announcement. As a result, the transaction amounts under the 2024 CGSA

Framework Agreement increased more rapidly than originally anticipated. Furthermore, in light of the expected continued expansion of SFTS Group's flight network in the second half of 2026 and into 2027, as well as the potential impact of fluctuations in freight rates, cargo volumes and air cargo capacity on transaction amounts, the Board considers that the Existing CGSA Annual Caps for the year ending 31 December 2027 may also not provide sufficient flexibility to accommodate the expected level of transactions. As the proposed revision of the annual caps covers the remaining term of the 2024 CGSA Framework Agreement, being the years ending 31 December 2026 and 2027, the Board considers it necessary and prudent to further revise the Existing CGSA Annual Caps for the years ending 31 December 2026 and 2027 to provide sufficient flexibility to accommodate potential fluctuations and growth in transaction volume and transaction amounts under the 2024 CGSA Framework Agreement while ensuring ongoing compliance with Chapter 14A of the Listing Rules.

The Revised CGSA Annual Caps have been determined with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts in the second half of 2025 and for the six months ended 30 June 2026; (ii) prevailing market rates charged for providing similar services; (iii) prevailing market rates for the services of carriage of cargoes by air; (iv) maximum available capacity of SF Airlines Company Limited's fleet of freighter aircraft for providing cargo carriage services by air; (v) existing and expected schedules, flight frequencies and route network for the Inbound Flights and Outbound Flights respectively; and (vi) inflation and expected growth of SFTS Group's demand for the CGSA Services.

The Revised CGSA Annual Caps for the year ending 31 December 2026 were derived by (i) annualising the actual transaction amounts of the CGSA Services for the second half of 2025 and the first half of 2026; (ii) applying an annual incremental rate of approximately 30%; and (iii) applying an annual buffer rate of approximately 10%. An annual incremental rate of approximately 30% and an additional buffer rate of approximately 10% would then be applied on the Revised CGSA Annual Caps for the year ending 31 December 2026 (i.e., approximately HK$400.0 million) to derive the Revised CGSA Annual Caps for the year ending 31 December 2027 (i.e., approximately HK$570.0 million), to anticipate any unexpected growth should they arise in such services between the Group and SFTS Group for the two years ending 31 December 2027. When the Group determined and applied an annual incremental rate of approximately 30% to the annual caps, they have considered factors such as (i) the anticipated increasing trend in the transaction volume and expected growth in demand for the CGSA Services for the two years ending 31 December 2027, in view of the increased historical transaction amounts and volume for the CGSA Transactions in the first half of 2026 of over 30% as compared to the first half of 2025, which was mainly attributable to the enhanced business collaboration between the Company and the SFTS Group, increasing prevailing market freight rates, and the continued expansion of flight network deployment, flight frequency and available cargo capacity; (ii) the expected growth in business volume for approximately 20% during the two years ending 31 December 2027 in view of the historical growth in transaction amounts, expected growth in cargo volume, flight frequency, available cargo capacity and anticipated customer demand on existing routes; and (iii) the continued expansion of SFTS Group's flight network and routes which is expected to raise the transaction amounts and business volume for approximately 10%. The Group applied an additional buffer rate of approximately 10% to the annual caps to account for any additional demand for related services, currency fluctuations, any potential increase in market price of the relevant services and other unforeseeable circumstances. Based on the above, the Board considers that each of the annual incremental rate and annual buffer rate is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

3. 2024 KLN LOGISTICS SERVICES FRAMEWORK AGREEMENT

On 31 July 2024 (after trading hours), the Company and SFTS entered into the 2024 KLN Logistics Services Framework Agreement to set out a framework for the provision of the KLN Logistics Services by the Group to SFTS Group. The principal terms of the 2024 KLN Logistics Services Framework Agreement are set out below:

Date

31 July 2024

Parties

(1) the Company; and

(2) SFTS.

Term

The 2024 KLN Logistics Services Framework Agreement has a term which commenced on 1 January 2025 and will expire on 31 December 2027, unless earlier terminated pursuant to its terms. The 2024 KLN Logistics Services Framework Agreement can be extended for a further term of three years with mutual agreement of the Company and SFTS, subject to compliance with applicable Listing Rules requirements.

Subject Matter

Pursuant to the 2024 KLN Logistics Services Framework Agreement, the Group has agreed to provide to SFTS Group the KLN Logistics Services as set out below on normal commercial terms or better and on an arm's length basis, or on terms no less favourable to the Group than those made available by the Group or to SFTS Group to or from their respective independent third parties:

(a) international freight forwarding services, including cross-border international cargo carriage services for SFTS Group's cargo and parcels and various ancillary services through the Group's global network; and

(b) integrated logistics services, including storage, inventory management and other value-added services, trucking and distribution, returns management and various ancillary services mainly outside the Chinese Mainland, Hong Kong and Macau.

The Group and SFTS Group have entered into and will from time to time enter into individual air waybill(s), invoice(s), receipt(s), or other definitive agreement(s) with respect to the KLN Transactions. Each of such agreements contains and will contain only provisions which are in all material respects consistent with the terms of the 2024 KLN Logistics Services Framework Agreement.

Condition Precedent

The 2024 KLN Logistics Services Framework Agreement was conditional upon the passing by the independent shareholders of the Company of an ordinary resolution to approve the 2024 KLN Logistics Services Framework Agreement and the transactions contemplated thereunder.

Pricing policy

For each KLN Transaction, the Group shall be entitled to a service fee determined with reference to various factors (as applicable) including but not limited to: (i) weight, volume, value and type of cargo/parcel; (ii) type and availability of cargo/parcel/storage space required; (iii) prevailing cargo tariff and/or fees charged by independent third party carriers, local handling agents and/or service providers for similar services; (iv) cost of providing the KLN Logistics Services; and/or (v) contemporaneous quotations from at least two independent third party providers in respect of similar services or quotations provided by the Group to other independent third parties for similar services.

Payment terms

The Group and the SFTS Group may, from time to time enter into individual definitive agreements pursuant to the terms of the 2024 KLN Logistics Services Framework Agreement to determine the pricing and specific payment terms of the relevant transactions. The specific payment terms may vary based on several factors, mainly including freight or logistics mode, transaction volume, applicable market practice and industry norms. Generally, the services fees shall be payable by cheque payment or bank transfer, with credit period ranging from 30-60 days.

Historical transaction amounts

The table below sets out the (i) the historical actual transaction amounts paid by SFTS Group to the Group for the provision of KLN Logistics Services based on the audited accounts of the Company; (ii) the historical approved annual caps under the 2024 KLN Logistics Services Framework Agreement or the 2022 KLN Logistics Services Framework Agreement (as the case may be); and (iii) the respective utilisation rates of the historical approved annual caps, for each of the three years ended 31 December 2025:

	Year ended 31 December		
	2023	**2024**	**2025**
		(HK$' million)	
Historical transaction amounts	301.3	1,858.2	2,481.8
Historical approved annual caps	2,340.0	2,931.0	2,718.0
Utilisation rates	12.9%	63.4%	91.3%

The historical transaction amounts paid by SFTS Group to the Group for the provision of KLN Logistics Services for the three years ended 31 December 2025 based on the audited accounts of the Company, and for the six months ended 30 June 2026 based on the unaudited management accounts of the Company, were approximately HK$301.3 million, HK$1,858.2 million, HK$2,481.8 million and HK$1,765.9 million, respectively.

The Existing KLN Annual Caps and the Revised KLN Annual Caps

The table below sets out the Existing KLN Annual Caps and the proposed Revised KLN Annual Caps under the 2024 KLN Logistics Services Framework Agreement:

	Year ending 31 December	
	2026	**2027**
	(HK$)	*(HK$)*
Existing KLN Annual Caps	3,288.7 million	3,979.4 million
Revised KLN Annual Caps	5,270.0 million	7,550.0 million

For the year ended 31 December 2025, the aggregate fees paid by SFTS Group to the Group for the provision of KLN Logistics Services were approximately HK$2,481.8 million. The transaction amount in respect of the KLN Logistics Services continued to increase substantially in the second half of 2025 and the first half of 2026 primarily due to the overall upsurge of the prevailing market freight rates, which positively impacted the international freight forwarding sector. Furthermore, there was a significant boost in the inter-group business volumes in the second half of 2025 and the first half of 2026 due to the enhanced business collaboration between the Company and SFTS Group, particularly in key regions such as the Chinese Mainland, the United States and several Asian countries. The continuous expansion of SFTS Group's businesses in the second half of 2025 and the first half of 2026 also contributed to the increase in demand for KLN Logistics Services, thereby raising the transaction volume, reflecting the successful synergy between the Company and SFTS Group in capturing market opportunities and meeting increased logistical needs.

In light of the increasing trend in the transaction volume and the expected growth in demand from SFTS Group for KLN Logistics Services over time, the Board foresees that the actual transaction amounts with respect to the KLN Logistics Services for the remainder of the year and the year ending 31 December 2027 will continue to increase, and the Existing KLN Annual Caps will not be sufficient to meet the expected transaction amounts under the 2024 KLN Logistics Services Framework Agreement. In particular, the aggregate fees to be received by the Group for the year ending 31 December 2026 with respect to the KLN Logistics Services are projected to be approximately HK$4,467.0 million, which represents a utilisation rate of approximately 135.8% of the Existing KLN Annual Caps for the year ending 31 December 2026.

The Revised KLN Annual Caps have been determined with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts in the second half of 2025 and for the six months ended 30 June 2026; (ii) prevailing market rates charged by independent third parties for providing similar services; and (iii) inflation and expected growth of SFTS Group's demand for the KLN Logistics Services.

The table below sets out a breakdown of the components of the Revised KLN Annual Caps:

	Year ending 31 December	
	2026	**2027**
	(HK$' million)	
Amounts receivable by the Group from SFTS Group		
International freight forwarding services income – the Chinese Mainland outbound	690.0	987.0
International freight forwarding services income – the Chinese Mainland inbound	476.0	680.0
Ground handling management services income	285.0	408.0
Express delivery services income	3,295.0	4,712.0
Miscellaneous logistics services income	524.0	763.0
Total	**5,270.0**	**7,550.0**

Each of the key components of the Revised KLN Annual Caps for the year ending 31 December 2026 was derived by (i) annualising the actual transaction amounts of each of the key components for the second half of 2025 and the first half of 2026; (ii) applying an annual incremental rate of approximately 30%; and (iii) applying an annual buffer rate of approximately 10%. An annual incremental rate of approximately 30% and an additional buffer rate of approximately 10% would then be applied on the Revised KLN Annual Caps for the year ending 31 December 2026 (i.e., approximately HK$5,270.0 million) to derive the Revised KLN Annual Caps for the year ending 31 December 2027 (i.e., approximately HK$7,550.0 million), to anticipate any unexpected growth should they arise in such services between the Group and SFTS Group for the two years ending 31 December 2027. When the Group determined and applied an annual incremental rate of approximately 30% to the annual caps, they have considered factors such as (i) the anticipated increasing trend in the transaction volume and expected growth in demand for the KLN Logistics Services for the two years ending 31 December 2027, in view of the increased historical transaction volume for the KLN Transactions in the first half of 2026 of over 200% as compared to the first half of 2025, which was mainly attributable to the enhanced business collaboration between the Company and the SFTS Group; (ii) the business collaboration and integration between the Company and the SFTS Group which is expected to be more extensive during the two years ending 31 December 2027; (iii) the freight forwarding services cost, air freight volume and express delivery services which are expected to grow by approximately 30% per annum during the two years ending 31 December 2027 after considering the historical growth trend for 2025; and (iv) growth in revenue of SF Holding of approximately 9.9% in the second half of FY2025 as compared to the first half of FY2025. The Group applied an additional buffer rate of approximately 10% to the annual caps to account for any additional demand for related services, currency fluctuations, any potential increase in market price of the relevant services and other unforeseeable circumstances. Based on the above, the Board considers that each of the annual incremental rate and annual buffer rate is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

4. 2024 SF LOGISTICS SERVICES FRAMEWORK AGREEMENT

On 31 July 2024 (after trading hours), the Company and SFTS entered into the 2024 SF Logistics Services Framework Agreement to set out a framework for the provision of the SF Logistics Services by SFTS Group to the Group. The principal terms of the 2024 SF Logistics Services Framework Agreement are set out below:

Date

31 July 2024

Parties

(1) the Company; and

(2) SFTS.

Term

The 2024 SF Logistics Services Framework Agreement has a term which commenced on 1 January 2025 and will expire on 31 December 2027, unless earlier terminated pursuant to its terms. The 2024 SF Logistics Services Framework Agreement can be extended for a further term of three years with mutual agreement of the Company and SFTS, subject to compliance with applicable Listing Rules requirements.

Subject Matter

Pursuant to the 2024 SF Logistics Services Framework Agreement, SFTS Group has agreed to provide to the Group the SF Logistics Services as set out below on normal commercial terms or better and on an arm's length basis, or on terms no less favourable to the Group than those made available by SFTS Group or to the Group to or from their respective independent third parties:

(a) the carriage of cargoes by air flight operations through SFTS Group's flight network (comprising scheduled flights and charter flights) and various ancillary services;

(b) freight forwarding services, including co-loading of cargoes;

(c) express services of (i) collecting and obtaining customs clearance of cargoes and parcels at designated international arrival ports for; and (ii) sorting, distribution and delivery of such cargoes and parcels to, customers of the Group and/or their designated consignees; and

(d) integrated logistics services, including storage, inventory management and other value-added services, trucking and distribution, returns management and various ancillary services, within the Chinese Mainland, Hong Kong and Macau.

The Group and SFTS Group have entered into and will from time to time enter into individual air waybill(s), invoice(s), receipt(s), or other definitive agreement(s) with respect to the SF Transactions. Each of such agreements contains and will contain only provisions which are in all material respects consistent with the terms of the 2024 SF Logistics Services Framework Agreement.

Condition Precedent

The 2024 SF Logistics Services Framework Agreement was conditional upon the passing by the independent shareholders of the Company of an ordinary resolution to approve the 2024 SF Logistics Services Framework Agreement and the transactions contemplated thereunder.

Pricing policy

For each SF Transaction, the Group shall pay a service fee to SFTS Group determined with reference to various factors (as applicable) including but not limited to: (i) the cargo freight tariff applicable to the relevant flight route as pre-determined by the parties on a quarterly basis with reference to prevailing freight rates charged by independent third party carriers for similar services; (ii) weight, volume, value and type of cargo/parcel; (iii) type and availability of cargo/parcel/storage space required; (iv) prevailing fees chargeable by independent third party local handling agents or service providers for similar services; (v) (in relation to charter flight service) billable flight time; and/or (vi) quotations obtained by the Group from at least two independent third parties.

Payment terms

The Group and SFTS Group may, from time to time enter into individual definitive agreements pursuant to the terms of the 2024 SF Logistics Services Framework Agreement to determine the pricing and specific payment terms of the relevant transactions. The specific payment terms may vary based on several factors, mainly including freight or logistics mode, transaction volume, applicable market practice and industry norms. Generally, the services fees shall be payable by cheque payment or bank transfer, with credit period ranging from 30-60 days.

Historical transaction amounts

The table below sets out (i) the historical actual transaction amounts paid by the Group to SFTS Group for the provision of SF Logistics Services based on the audited accounts of the Company; (ii) the historical approved annual caps under the 2024 SF Logistics Services Framework Agreement or the 2022 SF Logistics Services Framework Agreement (as the case may be); and (iii) the respective utilisation rates of the historical approved annual caps, for each of the three years ended 31 December 2025:

	Year ended 31 December		
	2023	2024	2025
		(HK$' million)	
Historical transaction amounts	911.7	1,201.6	1,944.9
Historical approved annual caps	4,189.0	5,844.0	1,981.5
Utilisation rates	21.8%	20.6%	98.2%

The historical transaction amounts paid by the Group to SFTS Group for the provision of SF Logistics Services for the three years ended 31 December 2025 based on the audited accounts of the Company, and for the six months ended 30 June 2026 based on the unaudited management accounts of the Company, were approximately HK$911.7 million, HK$1,201.6 million, HK$1,944.9 million and HK$1,248.7 million, respectively.

The Existing SF Annual Caps and the Revised SF Annual Caps

The table below sets out the Existing SF Annual Caps and the proposed Revised SF Annual Caps under the 2024 SF Logistics Services Framework Agreement:

	Year ending 31 December	
	2026	2027
	(HK$)	*(HK$)*
Existing SF Annual Caps	2,397.6 million	2,901.1 million
Revised SF Annual Caps	3,600.0 million	5,150.0 million

For the year ended 31 December 2025, the aggregate fees paid by the Group to SFTS Group for the provision of SF Logistics Services were approximately HK$1,944.9 million. The transaction amount in respect of the SF Logistics Services continued to increase substantially in the second half of 2025 and the first half of 2026. This growth in transaction amount was driven by several factors, including the increase in the number of flights and routes operated by SF Airlines Company Limited, as well as the increase in the prevailing market freight rates. These factors, collectively contributed to a significant increase in transaction volume within the freight forwarding sector. Additionally, there was a notable boost in the inter-group business volumes during the second half of 2025 and the first half of 2026 as a result of the enhanced business collaboration between the Company and SFTS Group, particularly in key regions such as the Chinese Mainland, the United States and several Asian countries. In the Chinese Mainland, the Company is increasingly leveraging SFTS Group's well-established infrastructure network, which has significantly boosted transaction volumes within the integrated logistics sector.

In light of the increasing trend in the transaction volume and the expected growth in demand from the Group for SF Logistics Services over time, the Board foresees that the actual transaction amounts with respect to the SF Logistics Services for the remainder of the year and the year ending 31 December 2027 will continue to increase, and the Existing SF Annual Caps will not be sufficient to meet the expected transaction amounts under the 2024 SF Logistics Services Framework Agreement. In particular, the aggregate fees to be paid by the Group for the year ending 31 December 2026 with respect to the SF Logistics Services are projected to be approximately HK$3,046.0 million, which represents a utilisation rate of approximately 127.0% of the Existing SF Annual Caps for the year ending 31 December 2026.

The Revised SF Annual Caps have been determined with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts in the second half of 2025 and for the six months ended 30 June 2026; (ii) prevailing market rates and forecasted rates that may be charged by independent third parties for similar services; (iii) maximum available cargo/parcel/storage capacity; (iv) (in relation to sale of cargo space) existing flight routes and schedules; and (v) inflation and expected growth of the Group's demand for the SF Logistics Services.

The table below sets out a breakdown of the components of the Revised SF Annual Caps:

	Year ending 31 December	
	2026	**2027**
	(HK$' million)	
Amounts payable by the Group to SFTS Group		
Scheduled flight services cost – the Chinese Mainland outbound	1,927.0	2,755.0
Scheduled flight services cost – the Chinese Mainland inbound	117.0	168.0
Charter flight services cost	229.0	327.0
Express delivery services cost	969.0	1,386.0
Miscellaneous logistics services cost	358.0	514.0
Total	**3,600.0**	**5,150.0**

Each of the key components of the Revised SF Annual Caps for the year ending 31 December 2026 was derived by (i) annualising the actual transaction amounts of each of the key components for the second half of 2025 and the first half of 2026; (ii) applying an annual incremental rate of approximately 30%; and (iii) applying an annual buffer rate of approximately 10%. An annual incremental rate of approximately 30% and an additional buffer rate of approximately 10% would then be applied on the Revised SF Annual Caps for the year ending 31 December 2026 (i.e., approximately HK$3,600.0 million) to derive the Revised SF Annual Caps for the year ending 31 December 2027 (i.e., approximately HK$5,150.0 million), to anticipate any unexpected growth should they arise in such services between the Group and SFTS Group for the two years ending 31 December 2027. When the Group determined and applied an annual incremental rate of approximately 30% to the annual caps, they have considered factors such as (i) the anticipated increasing trend in transaction volume and expected growth in demand for the SF Logistics Services for the two years ending 31 December 2027, in view of the increased transaction volume for the SF Transactions in the first half of 2026 of over 85%

as compared to the first half of 2025; (ii) the business collaboration and integration between the Company and SFTS Group which is expected to be more extensive during the two years ending 31 December 2027, including, among other things, (a) the potential increase in the procurement of freight services provided by SFTS Group as SF Airlines Company Limited has been operating increasing number of flights and routes; and (b) broadening the usage of the well-established express delivery services and integrated logistics services provided by SFTS Group in the Chinese Mainland; (iii) flight service and express delivery service costs which are expected to grow by approximately 30% per annum during the two years ending 31 December 2027 after considering the historical growth trend for 2025. The Group applied an additional buffer rate of approximately 10% to the annual caps to account for any additional demand for related services, currency fluctuations, any potential increase in market price of the relevant services and other unforeseeable circumstances. Based on the above, the Board considers that each of the annual incremental rate and annual buffer rate is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

5. LISTING RULES IMPLICATIONS

SFTS is a wholly-owned subsidiary of SF Holding, which is a controlling shareholder of the Company. SFTS is therefore a connected person of the Company. As such, each of the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to further revise the Existing Annual Caps, the Company will have to re-comply with the applicable requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised CGSA Annual Caps exceeds 5%, the revision of the annual caps under the 2024 CGSA Framework Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised KLN Annual Caps exceeds 5%, the revision of the annual caps under the 2024 KLN Logistics Services Framework Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised SF Annual Caps exceeds 5%, the revision of the annual caps under the 2024 SF Logistics Services Framework Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

6. REASONS FOR AND BENEFITS OF REVISION OF THE EXISTING ANNUAL CAPS

The Group is principally engaged in the integrated logistics and international freight forwarding businesses. Following the strategic alliance made between the Company and SF Holding since 2021, the Board is of the view that the Group's competitive position in the market will continue to be enhanced by creating synergies with SF Holding through extensive collaborations.

By engaging each other for the relevant services under the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement, respectively, the Group and SFTS Group can coordinate and streamline their operations, reconfigure resources and refocus on services which the Group and SFTS Group have the respective strengths and core competencies, thereby bringing efficiencies of scale to their business operations. By engaging the cargo flight services, express and last-mile fulfilment services, and ancillary logistics services of SFTS Group in the Chinese Mainland and, in tandem, providing to SFTS Group increasing international freight forwarding services and integrated logistics business mainly outside of the Chinese Mainland, Hong Kong and Macau, the Group is able to (i) leverage on SFTS Group's flight network and the SF Airlines Company Limited's flight services, the resources and extensive infrastructure in the Chinese Mainland, thereby reducing administrative costs and allowing it to grow and further expand the scale and geographical coverage of its operations, and (ii) focus on its strategic plans and centre resources on its core business of international freight forwarding and integrated logistics, with an aim to enhancing its overall performance and prospects. On the other hand, SFTS Group would benefit from the Company's (i) extensive overseas international freight forwarding network, (ii) well-developed logistics infrastructure throughout Asia, and (iii) other manpower and strong local support capabilities in various countries outside the Chinese Mainland, in providing comprehensive and complementary support to SFTS Group's business operations.

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, 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, as appropriate, resulting in transaction volumes under the CCT Agreements increasing more rapidly than originally anticipated and beyond the assumptions underlying the Existing Annual Caps.

In particular, under the 2024 CGSA Framework Agreement, the aggregate transaction amounts may fluctuate materially within a relatively short period of time, as they are affected by, among other things, the number of flight routes operated by SFTS Group, flight frequency, available cargo capacity, cargo volume generated from the relevant routes and prevailing market freight rates. Notably, the launch of additional flight routes, or an increase in flight frequency or available cargo capacity on existing routes, may result in a substantial increase in the aggregate transaction amounts payable by SFTS Group to the Group. Accordingly, the Board considers it necessary and prudent to further revise the Existing CGSA Annual Caps for the years ending 31 December 2026 and 2027 to provide sufficient flexibility to accommodate potential fluctuations and growth in transaction volume and transaction amounts under the 2024 CGSA Framework Agreement while ensuring ongoing compliance with Chapter 14A of the Listing Rules.

In view of the expected growth in demand from the Group and SFTS Group (as applicable) of the relevant services and the actual transaction amounts incurred or made to date under the CCT Agreements, and the potential fluctuation in transaction amounts under the 2024 CGSA Framework Agreement as described in this circular, the Board considers that the Existing Annual Caps for the financial years ending 31 December 2026 and 2027 may not provide sufficient flexibility to accommodate the anticipated level of transactions during the remaining term of the CCT Agreements. The Revised Annual Caps would enable the Group and SFTS Group to continue and expand their cooperation and utilisation of their respective resources, services and strengths, thereby bringing efficiencies of scale to their business operations and further enhancing the business collaboration between the Company and SFTS Group. Accordingly, the Board proposes and considers it beneficial for the Company to increase the annual caps to the Revised Annual Caps.

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.

The Board (including the INEDs whose views are set forth in the "Letter from the Independent Board Committee" in this circular, after considering the advice from the Independent Financial Adviser, and excluding each of Mr WANG Wei and Mr HO Chit who has abstained from voting on the relevant resolutions approving the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements (including the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps)) is of the view that the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements are in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms which are fair and reasonable, will not have material adverse impact on the Company's financial position or operation results nor will it affect the independence of the Company, and are in the interests of the Company and the Shareholders as a whole, and that the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps are fair and reasonable.

Mr WANG Wei, the chairman of the Board and a non-executive Director, is the chairman of the board of directors, an executive director, the general manager, the chief executive officer and controlling shareholder of SF Holding. Mr HO Chit, an executive Director, is an executive director, a deputy general manager and the chief financial officer of SF Holding. As at the Latest Practicable Date, Mr HO Chit was interested in an aggregate of 634,994 ordinary shares (A Shares) in SF Holding (representing approximately 0.01% of the issued share capital (A Shares) of SF Holding), comprising (i) 91,500 ordinary shares (A Shares) in SF Holding; (ii) options granted under the 2022 stock option incentive plan of SF Holding to subscribe for 122,000 ordinary shares (A Shares) in SF Holding; and (iii) 2,300,000 virtual share units pursuant to a grant agreement signed on 26 September 2025 under SF Holding Employees "Grow Together" Shareholding Scheme (A Shares), pursuant to which such virtual share units were fully vested on 30 March 2026 and corresponded to 421,494 ordinary shares (A Shares) in SF Holding following the relevant calculation, and Mr HO Chit will enjoy full rights attached to such shares upon the service period ends on 30 March 2035. In addition, Mr HO Chit was granted 1,700,000 virtual share units pursuant to a grant agreement signed on 15 September 2026 under SF Holding Employees "Grow Together" Shareholding Scheme (A Shares), and the A Shares corresponding to said 1,700,000 virtual share units are expected to be calculated and vested in the first quarter of 2027. Further, Mr HO Chit entered into a share donation agreement with Shenzhen One Foundation* (深圳壹基金公益基金會) ("**SOF**") on 18 September 2026, under which he voluntarily agreed to donate 122,000 A Shares of SF Holding held by him to SOF in batches in the future, and pursuant to which 30,500 A Shares of SF Holding held by him were transferred to SOF on 23 September 2026. Each of Mr WANG Wei and Mr HO Chit therefore abstained from voting on the relevant resolutions of the Board approving the revision of annual caps under the CCT Agreements and the transactions contemplated under such agreements (including the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps). Save as disclosed above, none of the other Directors has a material interest in the Revised Annual Caps, or is required to abstain from voting on the relevant resolutions of the Board.

7. INFORMATION ON THE PARTIES

Information about the Group

The Group operates as a leading logistics service provider in Asia with a highly diversified business portfolio and global presence in 59 countries and territories. Headquartered in Hong Kong, the Group offers a broad range of supply chain solutions from integrated logistics, international freight forwarding (air, ocean, road, rail and multimodal), industrial project logistics, to cross-border e-commerce. As at the Latest Practicable Date, SF Holding and its associate(s) were interested in approximately 51.52% of the total number of issued Shares of the Company and SF Holding is ultimately controlled by Mr WANG Wei.

Information about SFTS and SF Holding

SFTS is a company incorporated in the PRC with limited liability, and is principally engaged in investments in industrial businesses, investment consulting and other information consulting, supply chain management, asset management, capital management and investment management. SFTS is a wholly-owned subsidiary of SF Holding, which is ultimately controlled by Mr WANG Wei, who was interested in approximately 48.22% of the total issued share capital of SF Holding as at the Latest Practicable Date. SF Holding is a leading global integrated logistics services provider. Among other businesses, SFTS Group operates a fleet of freight aircraft and carries on the business of carriage of cargoes by air flight operations and provides international courier services to carry cargoes, parcels and goods into and out of the PRC.

8. INTERNAL CONTROL MEASURES

The Company has implemented internal control procedures for monitoring, reporting and ensuring that the Group conducts the transactions entered into or to be entered into under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement in accordance with the pricing policy and guidelines stated above, and in compliance with the Listing Rules.

Prior to agreeing with SFTS Group on:

(i) the respective rates of commission for providing the CGSA Services for Inbound Flights and Outbound Flights, the Group has estimated the respective expected costs and conducted research on the prevailing market rate charged for providing similar services;

(ii) the service fees payable in relation to the KLN Logistics Services, the Group will obtain and compare contemporaneous quotations from at least two independent third party providers in respect of similar services or quotations provided by the Group to other independent third parties for similar services. The service fees will be determined by the heads of local business units after taking into consideration such quotations. The entire process will be documented to facilitate the review by the Group's finance team; and

(iii) in relation to the SF Logistics Services, (a) the cargo freight tariffs applicable to relevant flight routes at the beginning of each financial quarter, the Group will obtain and compare contemporaneous quotations from at least two independent third party carriers for similar services; (b) the rates chargeable for express delivery services at the beginning of each financial quarter, the Group will obtain and compare contemporaneous quotations from at least two independent third party service providers for similar services; and (c) the rates chargeable for integrated logistics services, the Group will obtain and compare contemporaneous quotations from at least two independent third party service providers for similar services. The service fees will be determined by the heads of local business units after taking into consideration such quotations. The entire process will be documented to facilitate the review by the Group's finance team.

The Company's finance team will (i) monitor the continuing connected transactions by communicating regularly with the regional heads of the finance teams of the Group in respect of the terms and pricing policies of the continuing connected transactions, and collect monthly financial data together with underlying agreements for analysis and reporting; and (ii) review the actual transaction amounts incurred under the continuing connected transactions on a regular basis to ensure that these are conducted in accordance with established procedures and internal controls, to assess the effectiveness of such measures and to report to management where it expects that any of the relevant annual caps will soon be exceeded. If, based on monthly management accounts and management updates, adjustment(s) to the relevant annual cap(s) becomes necessary, or a material change to the terms of any of the framework agreements is required, the Company will re-comply with the relevant Listing Rules requirements.

The INEDs will conduct an annual review of the continuing connected transactions, and confirm the matters required under Rule 14A.55 of the Listing Rules in the Company's subsequent annual reports. Further, the Company will engage external auditors to conduct an annual review of its continuing connected transactions, and to report to the Board on matters required under Rule 14A.56 of the Listing Rules.

9. VOTING BY POLL

All the resolutions set out in the notice of the SGM would be decided by poll in accordance with the Listing Rules and the bye-laws of the Company. The chairman of the SGM would explain the detailed procedures for conducting a poll at the commencement of the SGM.

The poll results will be published on the Company's website at (www.kln.com) and the Stock Exchange's website at (www.hkexnews.hk) after the conclusion of the SGM.

10. SGM

The SGM will be held electronically via the eVoting Portal on Friday, 20 November 2026 at 2:30 p.m., or where the context so admits, any adjournment thereof for considering and, if thought fit, approving the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps.

Notice of the SGM is set out on pages 67 to 69 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting electronically via the eVoting Portal, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to 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, or submit it via the designated URL (https://evoting.vistra.com/#/636) by using the log-in username and password provided on the notification letter sent by the Company, not less than 48 hours before the time appointed for holding the SGM, i.e. by no later than 2:30 p.m. on Wednesday, 18 November 2026. Completion and return of the form of proxy will not prevent you from attending and voting electronically via the eVoting Portal at the SGM if you so wish.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, (i) holders of Treasury Shares (if any) shall abstain from voting on matters that require Shareholders' approval at the SGM; (ii) SF Holding and its associate(s) are interested in 931,209,117 Shares, which constituted approximately 51.52% of the total number of issued Shares; and (iii) the trustee of the Share Award Scheme (the "**Trustee**") held 5,301,005 Shares (none of which were unvested Shares awarded under the Share Award Scheme). Save for SF Holding and its associate(s) who will abstain from voting on the resolutions in respect of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps to be proposed at the SGM, to the best knowledge of the Company having made all reasonable enquiries, no other Shareholder is materially interested in the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps and the transactions contemplated thereunder and is required to abstain from voting at the SGM. The Trustee is required to abstain, and will abstain from voting at the SGM pursuant to Rule 17.05A of the Listing Rules.

11. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the INEDs (namely, Dr CHEUNG Wai Man, Mr LAI Sau Cheong Simon, Mr TAN Chuen Yan Paul and Ms WONG Yu Pok Marina) has been formed to advise the Independent Shareholders, and Ignite Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, in relation to the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps.

12. RECOMMENDATION

Your attention is drawn to (i) the letter of advice from the Independent Board Committee to the Independent Shareholders advising on the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders advising on the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps.

The Board (including the INEDs whose views are set forth in the "Letter from the Independent Board Committee" in this circular, after considering the advice from the Independent Financial Adviser, and excluding each of Mr WANG Wei and Mr HO Chit who has abstained from voting on the relevant resolutions approving the revision of annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps) is of the view that the revision of the annual caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps are in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms which are fair and reasonable, will not have material adverse impact on the Company's financial position or operation results nor will it affect the independence of the Company, and are in the interests of the Company and the Shareholders as a whole, and that the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps are fair and reasonable. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of all resolutions to be proposed at the SGM.

13. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
KLN Logistics Group Limited
WANG Wei
Chairman

The following is the text of the letter from the Independent Board Committee to the Independent Shareholders in respect of the revision of the Existing Annual Caps under the CCT Agreements and the transactions contemplated under such agreements (including the Revised Annual Caps) for inclusion in this circular.

KLN Logistics Group Limited

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

Stock Code 636

29 October 2026

To the Independent Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS UNDER
(1) THE 2024 CGSA FRAMEWORK AGREEMENT;
(2) THE 2024 KLN LOGISTICS SERVICES FRAMEWORK AGREEMENT; AND
(3) THE 2024 SF LOGISTICS SERVICES FRAMEWORK AGREEMENT

We refer to the circular issued by the Company to its Shareholders dated 29 October 2026 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to form an independent board committee to consider and advise you as to whether the revision of the Existing Annual Caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps (i) are fair and reasonable, and on normal commercial terms; and (ii) are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Ignite Capital has been appointed to act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board as set out on pages 10 to 30 of the Circular, and a letter of advice from the Independent Financial Adviser as set out on pages 33 to 59 of the Circular.

Having considered the revision of the Existing Annual Caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps, the advice and recommendation from the Independent Financial Adviser and the relevant information contained in the letter from the Board, we are of the opinion that the revision of the Existing Annual Caps under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements, as well as the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps (i) are fair and reasonable, and on normal commercial terms; and (ii) are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of all the resolutions to be proposed at the SGM.

Yours faithfully,
For and on behalf of the Independent Board Committee
CHEUNG Wai Man
LAI Sau Cheong Simon
TAN Chuen Yan Paul
WONG Yu Pok Marina
Independent non-executive Directors

The following is the full text of the letter of advice from Ignite Capital to the Independent Board Committee and the Independent Shareholders in relation to the Revision of Annual Caps, which has been prepared for the purpose of inclusion in the Circular.



Unit A, 15th Floor, CMA Building
64-66 Connaught Road Central
Central, Hong Kong

29 October 2026

To: The Independent Board Committee and the Independent Shareholders of KLN Logistics Group Limited

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
REVISION OF ANNUAL CAPS UNDER
(1) THE 2024 CGSA FRAMEWORK AGREEMENT;
(2) THE 2024 KLN LOGISTICS SERVICES FRAMEWORK AGREEMENT; AND
(3) THE 2024 SF LOGISTICS SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of the Existing Annual Caps under the CCT Agreements (the "**Revision of Annual Caps**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 29 October 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

References are made to (i) the 2024 Circular in relation to, among other things, the existing continuing connected transactions (the "**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 then independent shareholders of the Company at the special general meeting of the Company held on 26 May 2025.

As stated in the Letter from the Board, 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 first half of FY2026, 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) for 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.

LISTING RULES IMPLICATIONS

As set out in the Letter from the Board, SFTS is a wholly-owned subsidiary of SF Holding, which is a controlling shareholder of the Company. SFTS is therefore a connected person of the Company. As such, each of the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps exceed 5%, the Revision of Annual Caps is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr WANG Wei, the chairman of the Board and a non-executive Director, is the chairman of the board of directors, an executive director, the general manager, the chief executive officer and controlling shareholder of SF Holding. Mr HO Chit, an executive Director, is an executive director, a deputy general manager and the chief financial officer of SF Holding. Each of Mr WANG Wei and Mr HO Chit therefore abstained from voting on the relevant resolutions of the Board approving the revision of annual caps under the CCT Agreements and the transactions contemplated under such agreements (including the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps). Save as disclosed above, none of the other Directors has a material interest in the Revised Annual Caps, or is required to abstain from voting on the relevant resolutions of the Board.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, (i) holders of Treasury Shares (if any) shall abstain from voting on matters that require Shareholders' approval at the SGM, (ii) SF Holding and its associate(s) are interested in 931,209,117 Shares, which constitute approximately 51.52% of the total number of issued Shares and (iii) the Trustee held 5,301,005 Shares (none of which were unvested Shares awarded under the Share Award Scheme). Save for SF Holding and its associate(s) who will abstain from voting on the resolutions in respect of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps to be proposed at the SGM, to the best knowledge of the Company having made all reasonable enquiries, no other Shareholder is materially interested in the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps and the transactions contemplated thereunder and is required to abstain from voting at the SGM. The Trustee is required to abstain, and will abstain, from voting at the SGM pursuant to Rule 17.05A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Dr CHEUNG Wai Man, Mr LAI Sau Cheong Simon, Mr TAN Chuen Yan Paul and Ms WONG Yu Pok Marina, being all the INEDs, was established to consider and to advise the Independent Shareholders on the Revision of Annual Caps and the transactions contemplated under the CCT Agreements, as well as the adoption of the Revised Annual Caps. We, Ignite Capital, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Save for our appointment as the independent financial adviser to provide our independent advice to the Independent Board Committee and the Independent Shareholders of the Company 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 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement, details of which are set out in the 2025 Circular, as at the Latest Practicable Date, Ignite Capital did not have any other relationship or connection, financial or otherwise, with or any interests in the Company, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates that could reasonably be regarded as relevant to our independence.

In the last two years immediately prior to this letter, save for our appointment as the Independent Financial Adviser in connection with the 2025 Circular, there was no engagement between the Group and Ignite Capital. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, or the Directors, chief executive or substantial Shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Revision of Annual Caps under Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

(i) the 2024 Announcement;

(ii) the 2025 Announcement;

(iii) the 2024 Circular;

(iv) the 2025 Circular;

(v) the 2024 CGSA Framework Agreement;

(vi) the 2024 KLN Logistics Services Framework Agreement;

(vii) the 2024 SF Logistics Services Framework Agreement;

(viii) the Company's interim report for the six months ended 30 June 2026 (the "**2026 Interim Report**");

(ix) the Company's annual report for the year ended 31 December 2025 (the "**2025 Annual Report**"); and

(x) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the SGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial condition and affairs of the Group or its future prospects.

The Directors collectively and individually accept full responsibility for the information contained in the Circular, which includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or in the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the Revision of Annual Caps, as well as the adoption of the Revised Annual Caps, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Revision of Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Information of the Parties

The Group

As set out in the Letter from the Board, the Group operates as a leading logistics service provider in Asia with a highly diversified business portfolio and global presence in 59 countries and territories. Headquartered in Hong Kong, the Group offers a broad range of supply chain solutions from integrated logistics, international freight forwarding (air, ocean, road, rail and multimodal), industrial project logistics, to cross-border e-commerce.

Table 1: Highlights of the financial results of the Group

	HY2026	**HY2025**	**FY2025**	**FY2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Unaudited	*Unaudited*	*Audited*	*Audited*
Revenue	29,850,957	27,211,248	56,335,842	58,274,404
Gross profit	2,766,635	2,933,473	5,890,876	5,647,072
Profit attributable to the Shareholders	674,624	648,208	1,410,926	1,320,290

Note: All financial information presented in the above table relates to the Group's continuing operations. For details of the discontinued operations, please refer to note 39 to the financial statements in the 2025 Annual Report.

HY2026 vs HY2025

During HY2026, the Group recorded revenue of approximately HK$29,851.0 million, representing an increase of approximately 9.7% from approximately HK$27,211.2 million in HY2025. As disclosed in the 2026 Interim Report, such increase was primarily driven by enhanced service offerings and customer-focused solutions which resulted in strong customer acquisition across key markets. The Group's gross profit decreased by approximately 5.7% from approximately HK$2,933.5 million in HY2025 to approximately HK$2,766.6 million in HY2026. As a result, the gross profit margin decreased from approximately 10.8% in HY2025 to approximately 9.3% in HY2026. We note that the Group's IL and IFF businesses were affected by, among other things, customer-driven rate reductions, inventory destocking, higher fuel costs and competitive market pressures during HY2026. Despite the decline in gross profit, the profit attributable to the Shareholders increased by approximately 4.1% from approximately HK$648.2 million in HY2025 to approximately HK$674.6 million in HY2026, which was mainly attributable to more effective management of finance costs and taxes.

FY2025 vs FY2024

During FY2025, the Group recorded revenue of approximately HK$56,335.8 million, representing a decrease of approximately 3.3% from approximately HK$58,274.4 million from continuing operations in FY2024. As disclosed in the 2025 Annual Report, the decline in revenue was mainly attributable to subdued global economic conditions, policy uncertainty, elevated tariffs and persistent geopolitical tensions, which affected global logistics demand. The Group's gross profit increased by approximately 4.3% to approximately HK$5,890.9 million for FY2025 from approximately HK$5,647.1 million from continuing operations for FY2024. Accordingly, the gross profit margin increased from approximately 9.7% for FY2024 to approximately 10.5% for FY2025. The Group recorded profit attributable to the Shareholders of approximately HK$1,410.9 million, representing an increase of approximately 6.9% from approximately HK$1,320.3 million from continuing operations for FY2024. As disclosed in the 2025 Annual Report, the increase in profit attributable to the Shareholders was mainly attributable to disciplined cost management and operational adaptability.

Table 2: Highlights of the financial position of the Group

	As at 30 June 2026	**As at 31 December 2025**	**As at 31 December 2024**
	HK$'000	*HK$'000*	*HK$'000*
	Unaudited	*Audited*	*Audited*
Non-current assets	20,858,343	21,220,524	20,417,237
Current assets	24,537,190	22,570,258	22,285,248
Non-current liabilities	7,834,789	7,643,926	8,103,658
Current liabilities	16,843,988	15,987,558	15,519,696
Equity attributable to the Shareholders	18,079,129	17,718,586	15,981,653

30 June 2026 vs 31 December 2025

As at 30 June 2026, the total assets of the Group amounted to approximately HK$45,395.5 million, representing an increase of approximately 3.7% from approximately HK$43,790.8 million as at 31 December 2025. Such increase was mainly attributable to the increase in accounts receivable, prepayments and deposits of approximately HK$2,231.4 million, partially offset by the decreases in cash and bank balances of approximately HK$380.3 million, right-of-use assets of approximately HK$166.8 million, financial assets at fair value through other comprehensive income of approximately HK$127.4 million, and interests in associates and a joint venture of approximately HK$86.3 million.

As at 30 June 2026, the liabilities of the Group amounted to approximately HK$24,678.8 million, representing an increase of approximately 4.4% from approximately HK$23,631.5 million as at 31 December 2025. Such increase was mainly attributable to the increase in accounts payable, deposits received and accrued charges of approximately HK$1,347.8 million.

As a result, the equity attributable to the Shareholders increased from approximately HK$17,718.6 million as at 31 December 2025 to approximately HK$18,079.1 million as at 30 June 2026, representing an increase of approximately 2.0%. Such increase was mainly attributable to the profit attributable to the Shareholders generated during HY2026.

31 December 2025 vs 31 December 2024

As at 31 December 2025, the total assets of the Group amounted to approximately HK$43,790.8 million, representing an increase of approximately 2.5% from approximately HK$42,702.5 million as at 31 December 2024. Such increase was mainly attributable to the increases in accounts receivable, prepayments and deposits of approximately HK$987.3 million, investment properties of approximately HK$465.9 million, right-of-use assets of approximately HK$255.5 million, and property, plant and equipment of approximately HK$220.1 million. The increase was partially offset by the decreases in amounts due from fellow subsidiaries of approximately HK$393.5 million, cash and bank balances of approximately HK$238.3 million, tax recoverable of approximately HK$163.5 million, and interests in associates and a joint venture of approximately HK$94.5 million.

As at 31 December 2025, the total liabilities of the Group amounted to approximately HK$23,631.5 million, which remained broadly stable compared to approximately HK$23,623.4 million as at 31 December 2024.

As a result of the increase in total assets while total liabilities remained stable, the equity attributable to the Shareholders increased from approximately HK$15,981.7 million as at 31 December 2024 to approximately HK$17,718.6 million as at 31 December 2025, representing an increase of approximately 10.9%. Such increase was mainly attributable to the profit attributable to the Shareholders generated during FY2025 and the net translation gains arising from foreign operations recognised during FY2025.

SFTS

As set out in the Letter from the Board, SFTS is a company incorporated in the PRC with limited liability, and is principally engaged in investments in industrial businesses, investment consulting and other information consulting, supply chain management, asset management, capital management and investment management. SFTS is a wholly-owned subsidiary of SF Holding, which is a leading global integrated logistics services provider. Among other businesses, SFTS Group operates a fleet of freight aircraft and carries on the business of carriage of cargoes by air flight operations and provides international courier services to carry cargoes, parcels and goods into and out of the PRC.

2. Industry outlook

According to the Air Cargo Market Analysis – June 2026 published by the International Air Transport Association ("**IATA**"), international air cargo demand, measured in cargo tonne-kilometres (CTK), increased by approximately 5.2% year-on-year during HY2026. At the regional level, international air cargo demand of Asia-Pacific, North American and European carriers increased by approximately 9.6%, 17.1% and 7.2% year-on-year, respectively, during the same period.

Looking ahead, according to IATA's Global Outlook for Air Transport in 2026, air cargo is expected to remain robust, notwithstanding a potential slowdown in trade growth, supported by, among other factors, growing demand for high-value and time-sensitive goods and the structural shift towards e-commerce.

We note that SF Airlines Company Limited ("**SF Airlines**"), a member of SFTS Group and an air cargo carrier based in the Chinese Mainland, operates an international cargo network extending to, among other regions, North America, Europe and other parts of Asia. In this regard, the growth in international air cargo demand in HY2026, particularly in the regions served by SF Airlines, provides a supportive operating backdrop for the provision and procurement of the relevant services under the CCT Agreements.

According to the State Post Bureau of the Chinese Mainland, the volume of international and Hong Kong, Macau and Taiwan express delivery services amounted to approximately 2.2 billion parcels during HY2026, representing a year-on-year increase of approximately 6.6%. During the same period, the overall express delivery volume and revenue in the Chinese Mainland increased by approximately 5.0% and 7.3% year-on-year, respectively.

Looking ahead, according to the Postal Industry Development Plan for the 15th Five-Year Plan Period jointly issued by the State Post Bureau, the National Development and Reform Commission and the Ministry of Transport of the Chinese Mainland, the development objectives for the express delivery industry in the Chinese Mainland include further expansion in its scale, service capacity and international express delivery network by 2030.

In light of the above, the continued growth in overall and international express delivery activities, together with the planned expansion in the scale, service capacity and international network coverage of the express delivery industry in the Chinese Mainland, provides a supportive operating backdrop for the provision and procurement of the relevant services under the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement.

According to the Air Freight Outlook 2026 Mid-Year Update published by Xeneta (a freight rate benchmarking and market intelligence platform founded in Oslo in 2012), global air cargo rates, comprising spot and long-term rates, increased by approximately 17% year-on-year during HY2026, with spot rates and long-term rates increasing by approximately 22% and 11%, respectively.

Based on the above, we note that the international air cargo and express delivery activities relevant to the CCT Agreements continued to expand during HY2026, while prevailing air freight rates increased during the same period. Having also considered the industry outlook published by IATA and the development plan for the express delivery industry in the Chinese Mainland, we consider that the relevant markets are expected to continue to grow.

3. Reasons for and benefits of the Revision of Annual Caps

As stated in the Letter from the Board, following the strategic alliance between the Company and SF Holding since 2021, the Group and SFTS Group have continued to enhance their business collaboration by coordinating and streamlining their operations, reconfiguring their resources and focusing on the services in which they possess their respective strengths and core competencies. Such collaboration enables the Group and SFTS Group to utilise their respective flight networks, logistics infrastructure, international freight forwarding networks, geographical coverage and local support capabilities, thereby achieving operational synergies and efficiencies of scale.

In particular, the Group is able to leverage SFTS Group's flight network, cargo flight services and extensive infrastructure in the Chinese Mainland, while SFTS Group is able to utilise the Group's international freight forwarding network, logistics infrastructure and local support capabilities outside the Chinese Mainland. The provision of the CGSA Services by the Group to SFTS Group also allows the parties to utilise the Group's sales and promotional capabilities in supporting the Air Cargo Business of SFTS Group. We consider that the CCT Agreements are complementary in nature and facilitate the continued business collaboration between the Group and SFTS Group.

As stated in the Letter from the Board, based on the historical transaction amounts in the second half of 2025 and the unaudited management accounts and operational data for HY2026, the transaction amounts under the CCT Agreements increased substantially and at a faster pace than anticipated when the Existing Annual Caps were previously determined. As further noted in the Letter from the Board, the increases were mainly attributable to, among other things, the enhanced business collaboration between the Group and SFTS Group, the growth in inter-group business volumes, the expansion of SFTS Group's businesses, the increase in the number of flights and routes operated by SF Airlines, and changes in prevailing market freight rates.

We further note that the transaction amounts under the 2024 CGSA Framework Agreement may fluctuate materially within a relatively short period of time, as the commission payable to the Group is linked to the sales revenue generated from the Air Cargo Business and is affected by, among other things, the number of flight routes, flight frequency, available cargo capacity, cargo volume, prevailing market freight rates and the timing of the commencement or expansion of the relevant routes. Accordingly, the commencement of additional routes, or an increase in flight frequency or available cargo capacity on existing routes, may result in a substantial increase in the transaction amounts under the 2024 CGSA Framework Agreement.

The Management expects that the collaboration and integration between the Group and SFTS Group will continue and become more extensive. In view of the growth in the transaction amounts under the CCT Agreements and the expected demand from the Group and SFTS Group, as applicable, for the relevant services, the Board anticipates that the Existing Annual Caps for FY2026 and FY2027 will not be sufficient to accommodate the expected transaction amounts under the respective CCT Agreements.

The Revised Annual Caps would enable the Group and SFTS Group to continue and expand their cooperation and utilisation of their respective resources, services and strengths, thereby achieving operational synergies and efficiencies of scale, while providing sufficient flexibility to accommodate potential growth in the transactions under the CCT Agreements and facilitating the Company's ongoing compliance with the Listing Rules. We also note that, save for the Revision of Annual Caps, all other terms of the CCT Agreements, including the pricing policies, principal payment terms and internal control measures, remain unchanged.

Having considered that (i) the relevant air cargo and express delivery industries are expected to continue to grow, as discussed in the section headed "2. Industry outlook" in this letter; (ii) the transaction amounts under the CCT Agreements increased substantially during the second half of 2025 and the first half of 2026, at a faster pace than previously anticipated; (iii) the collaboration and integration between the Group and SFTS Group are expected to continue and become more extensive; (iv) the CCT Agreements enable the Group and SFTS Group to utilise their respective networks, resources and operational strengths; (v) the Revised Annual Caps would provide sufficient flexibility to accommodate the expected demand for the relevant services; and (vi) save for the Revision of Annual Caps, the other terms of the CCT Agreements remain unchanged, we are of the view that the Revision of Annual Caps is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the CCT Agreements

As stated in the Letter from the Board, 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 2024 Announcement and the 2024 Circular for further details of the terms of the CCT Agreements.

5. Proposed Revised CGSA Annual Caps

Existing CGSA Annual Caps and historical transaction amounts

As set out in the Letter from the Board, the table below sets out (i) the historical actual transaction amounts paid by SFTS Group to the Group for the provision of the CGSA Services (the "**CGSA Transaction Amounts**"); (ii) the historical approved annual caps; and (iii) the respective utilisation rates of the Existing CGSA Annual Caps:

Table 3: The Existing CGSA Annual Caps and the CGSA Transaction Amounts for FY2023, FY2024, FY2025 and HY2026

	FY2023	FY2024	FY2025	HY2026 *Note*
		HK$' million		
CGSA Transaction Amounts	155.5	164.6	228.0	148.7
Historical approved annual caps	520.0	676.0	274.3	362.1
Utilisation rates	29.9%	24.3%	83.1%	41.1%

Note: The CGSA Transaction Amount and the corresponding utilisation rate for HY2026 were calculated based on the unaudited management accounts of the Company for HY2026 and the historical approved annual cap for FY2026.

As illustrated above, the CGSA Transaction Amounts amounted to approximately HK$155.5 million, HK$164.6 million and HK$228.0 million for FY2023, FY2024 and FY2025, respectively, representing utilisation rates of approximately 29.9%, 24.3% and 83.1%, respectively. The CGSA Transaction Amounts increased by approximately 38.5% from FY2024 to FY2025, while the utilisation rate increased significantly from approximately 24.3% to 83.1% during the same period.

We understand from the Management that the relatively low utilisation rates recorded for FY2023 and FY2024 were mainly attributable to (i) the business integration between the Group and SFTS Group being still in progress and the decline in the overall freight volume and rates during the post-pandemic period, and (ii) lower recovery in market demand and lower-than-expected transaction volumes following the assumptions adopted when the annual caps were formulated, resulting in actual transaction amounts being below the forecast levels for FY2023 and FY2024.

Based on the unaudited management accounts of the Company, the CGSA Transaction Amount amounted to approximately HK$148.7 million for HY2026. On a simple annualised basis, the CGSA Transaction Amount for FY2026 would amount to approximately HK$297.4 million, representing (i) an increase of approximately 30.4% as compared with the CGSA Transaction Amount of approximately HK$228.0 million for FY2025; and (ii) a utilisation rate of approximately 82.1% of the Existing CGSA Annual Cap of approximately HK$362.1 million for FY2026.

As disclosed in the Letter from the Board and based on our discussion with the Management, the increase in the CGSA Transaction Amounts during FY2025 and HY2026 was mainly attributable to (i) increases in prevailing market freight rates; (ii) the expansion of flight network deployment, flight frequency and available cargo capacity; and (iii) growth in cargo volumes handled under the CGSA Transactions. The principal contributing regions were North America and Europe, which accounted for a substantial portion of the growth in the CGSA Transaction Amounts during the period. The Management further expects that these growth drivers will continue during the remainder of FY2026 and in FY2027, having considered (i) the expected continued expansion of SFTS Group's flight network; (ii) the increased flight frequency and cargo capacity available under the CGSA network; (iii) potential fluctuations in prevailing freight rates; and (iv) the expected growth in cargo volumes on major trade lanes, particularly the North America and Europe routes.

We note that the historical approved annual cap for FY2025 was comparatively lower than those for FY2023 and FY2024. This was attributable to the downward revision of the annual caps in 2025 based on the then prevailing business circumstances and assessment, as set out in the 2025 Announcement.

As disclosed in the Letter from the Board, the aggregate fees to be paid by SFTS Group to the Group for FY2026 in respect of the CGSA Services are projected to be approximately HK$292.0 million (the "**CGSA Projection**"), representing a utilisation rate of approximately 80.7% of the Existing CGSA Annual Cap for FY2026. We note that the CGSA Projection is broadly comparable to the simple annualised CGSA Transaction Amount of approximately HK$297.4 million referred to above.

The Management considers that, notwithstanding that the CGSA Projection remains below the Existing CGSA Annual Cap for FY2026, the remaining headroom may not provide sufficient flexibility to accommodate potential increases, volatility and unpredictability in transaction volume and transaction amounts. Given the nature of the CGSA Services and the pricing mechanism under the 2024 CGSA Framework Agreement, the transaction amounts under the 2024 CGSA Framework Agreement may fluctuate materially within a relatively short period of time. Pursuant to the 2024 CGSA Framework Agreement, the Group is entitled to receive commission calculated as a percentage of total sales revenue generated from the Air Cargo Business procured by the Group as cargo general sales agent for the relevant flight routes. Accordingly, the aggregate commission payable by SFTS Group to the Group is directly linked to the total sales revenue generated from the Air Cargo Business and is therefore affected by, among other things, the number of flight routes operated by SFTS Group, the frequency and capacity of the relevant flights, prevailing market freight rates, the cargo volume generated from the relevant routes and the timing of commencement or expansion of such routes. An increase in any of these factors may lead to higher cargo sales revenue, which would in turn increase the commission payable by SFTS Group to the Group. In particular, the launch of one or more additional flight routes, or an increase in flight frequency or available cargo capacity on existing routes, may result in a substantial increase in the aggregate transaction amounts payable to the Group for the relevant period.

During the first half of 2026, increases in air cargo volumes, prevailing freight rates and flight network deployment exceeded the levels contemplated at the time of the previous proposed annual cap revision under the 2025 Announcement. As a result, the transaction amounts under the 2024 CGSA Framework Agreement increased more rapidly than originally anticipated. Furthermore, in light of the expected continued expansion of SFTS Group's flight network in the second half of 2026 and into 2027, as well as the potential impact of fluctuations in freight rates, cargo volumes and air cargo capacity on transaction amounts, the Board considers that the Existing CGSA Annual Caps for the year ending 31 December 2027 may also not provide sufficient flexibility to accommodate the expected level of transactions. As the Revision of Annual Caps covers the remaining term of the 2024 CGSA Framework Agreement, being the years ending 31 December 2026 and 2027, the Board considers it necessary and prudent to further revise the Existing CGSA Annual Caps for the years ending 31 December 2026 and 2027 to provide sufficient flexibility to accommodate potential fluctuations and growth in transaction volume and transaction amounts under the 2024 CGSA Framework Agreement while ensuring ongoing compliance with Chapter 14A of the Listing Rules.

The Revised CGSA Annual Caps

The table below sets out the Revised CGSA Annual Caps:

Table 4: The Revised CGSA Annual Caps

	FY2026	**FY2027**
	HK$' million	
Revised CGSA Annual Caps	400.0	570.0

As stated in the Letter from the Board, the Revised CGSA Annual Caps have been determined with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts in the second half of 2025 and for the first half of 2026; (ii) prevailing market rates charged for providing similar services; (iii) prevailing market rates for the services of carriage of cargoes by air; (iv) maximum available capacity of SF Airlines' fleet of freighter aircraft for providing cargo carriage services by air; (v) existing and expected schedules, flight frequencies and route network for the Inbound Flights and Outbound Flights; and (vi) inflation and expected growth of SFTS Group's demand for the CGSA Services.

In assessing the fairness and reasonableness of the Revised CGSA Annual Caps, we have discussed with the Management the basis and underlying assumptions adopted in determining the Revised CGSA Annual Caps. We have also obtained from the Management and reviewed the computation worksheets for the Revised CGSA Annual Caps, including the relevant calculations and breakdowns (the "**CGSA Caps Computation**").

Based on our review of the CGSA Caps Computation, we note that the Revised CGSA Annual Cap for FY2026 was determined based on the aggregate CGSA Transaction Amounts for the second half of 2025 and the first half of 2026. In determining the Revised CGSA Annual Cap for FY2026, the Management applied an annual incremental rate of approximately 30% (the "**Annual Incremental Rate**") and an additional buffer rate of approximately 10% (the "**Annual Buffer Rate**") to such historical transaction amounts. The Revised CGSA Annual Cap for FY2027 was determined by applying the Annual Incremental Rate and the Annual Buffer Rate to the Revised CGSA Annual Cap for FY2026.

We understand from the Management that, in determining the Annual Incremental Rate, the Management considered, among other things, (i) the increase of approximately 38.5% in the CGSA Transaction Amount from FY2024 to FY2025; (ii) the increase of approximately 30.4% in the simple annualised CGSA Transaction Amount for HY2026 as compared with the CGSA Transaction Amount for FY2025; (iii) the expected increase in business volume of approximately 20%; and (iv) the expected increase attributable to new routes of approximately 10%.

In particular, the assumption of an approximately 20% increase in business volume was not derived from any single factor, but was determined taking into account a combination of factors, including historical growth in transaction amounts, expected cargo volume growth, flight frequency, available cargo capacity and anticipated customer demand on existing routes. The assumption of an approximately 10% increase attributable to new routes was determined taking into account the expected expansion of SFTS Group's flight network and the potential contribution from newly launched or expanded routes during FY2026 and FY2027.

We further understand that the Annual Buffer Rate was applied to accommodate any additional demand for the relevant services, currency fluctuations, potential increases in the market prices of the relevant services and other unforeseen circumstances.

We note that the simple annualised CGSA Transaction Amount for FY2026 of approximately HK$297.4 million represents an increase of approximately 30.4% over the CGSA Transaction Amount for FY2025, which is broadly consistent with the Annual Incremental Rate of approximately 30%. We also note that the CGSA Transaction Amount for FY2025 increased by approximately 38.5% as compared with FY2024. Accordingly, the Annual Incremental Rate is generally in line with the recent historical growth in the CGSA Transaction Amounts.

Having considered (i) the historical growth in the CGSA Transaction Amounts; (ii) the increase of approximately 30.4% in the simple annualised CGSA Transaction Amount for HY2026 as compared with FY2025; (iii) the sensitivity of the commission payable under the 2024 CGSA Framework Agreement to changes in cargo volume, prevailing freight rates, flight routes, flight frequency and available cargo capacity; (iv) the bases for the Annual Incremental Rate and the Annual Buffer Rate as discussed above in this letter; and (v) the industry outlook as described under the section headed "2. Industry outlook" in this letter, we are of the view that the Revised CGSA Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Nevertheless, Independent Shareholders should note that the Revised CGSA Annual Caps relate to future events and have been determined by the Management based on assumptions, including the current estimates of demand for the CGSA Services. The Revised CGSA Annual Caps do not represent a forecast of commission income to be generated from the transactions contemplated under the 2024 CGSA Framework Agreement. Consequently, we express no opinion as to how closely the actual CGSA Transaction Amounts will correspond to the Revised CGSA Annual Caps.

6. Proposed Revised KLN Annual Caps

Existing KLN Annual Caps and historical transaction amounts

As set out in the Letter from the Board, the table below sets out (i) the historical actual transaction amounts paid by SFTS Group to the Group for the provision of KLN Logistics Services (the "**KLN Transaction Amounts**"); (ii) Existing KLN Annual Caps; and (iii) the respective utilisation rates of the historical approved annual caps:

Table 5: The Existing KLN Annual Caps and the KLN Transaction Amounts for FY2023, FY2024, FY2025 and HY2026

	FY2023	FY2024	FY2025	HY2026
		HK$' million		
KLN Transaction Amounts	301.3	1,858.2	2,481.8	1,765.9*Note*
Historical approved annual caps	2,340.0	2,931.0	2,718.0	3,288.7
Utilisation rates	12.9%	63.4%	91.3%	53.7%*Note*

Note: The KLN Transaction Amount and the corresponding utilisation rate for HY2026 were based on the unaudited management accounts of the Company for HY2026 and the historical approved annual cap for FY2026.

As illustrated above, the KLN Transaction Amounts amounted to approximately HK$301.3 million, HK$1,858.2 million and HK$2,481.8 million for FY2023, FY2024 and FY2025, respectively, representing utilisation rates of approximately 12.9%, 63.4% and 91.3%, respectively. The KLN Transaction Amount increased by approximately 33.6% from FY2024 to FY2025, while the utilisation rate increased from approximately 63.4% to 91.3% during the same period.

We understand from the Management that the relatively low utilisation rate recorded for FY2023 was mainly attributable to (i) excess inventories, subdued purchasing power and stagnant export growth, particularly in Asia; and (ii) the disposal by the Group of companies engaging in express delivery services in Asia Pacific and Europe to SF Holding in the third quarter of 2023. As disclosed in the Letter from the Board and based on our discussion with the Management, the rebound in the utilisation rate for FY2024 was mainly attributable to the substantial increase in the KLN Transaction Amounts in the second half of FY2024, which was primarily due to the overall growth of the freight market and the significant increase in inter-group business volumes resulting from the enhanced business integration between the Company and SFTS Group.

Based on the unaudited management accounts of the Company, the KLN Transaction Amount amounted to approximately HK$1,765.9 million for HY2026. On a simple annualised basis, the KLN Transaction Amount for FY2026 would amount to approximately HK$3,531.8 million, representing (i) an increase of approximately 42.3% as compared with the KLN Transaction Amount of approximately HK$2,481.8 million for FY2025; and (ii) a utilisation rate of approximately 107.4% of the Existing KLN Annual Cap of approximately HK$3,288.7 million for FY2026.

As disclosed in the Letter from the Board and based on our review of the KLN Caps Computation (as defined below in this letter) and discussion with the Management, the increase in the KLN Transaction Amounts during FY2025 and HY2026 was mainly attributable to the increase in inter-group business volumes arising from the enhanced business collaboration between the Group and SFTS Group. Based on our review of the KLN Caps Computation, we note that the increase was mainly concentrated in express delivery services, Chinese Mainland outbound international freight forwarding services and miscellaneous logistics services. In particular, the growth in express delivery services was driven by the provision of the last mile delivery services for outbound cargos from the Chinese Mainland to the United States for SFTS Group. The Chinese Mainland outbound international freight forwarding services was driven by the increase in shipment volumes and logistics demand generated through the enhanced business cooperation between the Group and SFTS Group, while the increase in miscellaneous logistics services was attributable to the increased demand for logistics support services as SFTS Group continued to expand its business operations.

The Management expects that these growth drivers will continue during the remainder of FY2026 and in FY2027, having considered (i) the expected continued growth in demand from SFTS Group for the KLN Logistics Services; (ii) the ongoing expansion of SFTS Group's businesses and operating network; and (iii) the continued business collaboration between the Group and SFTS Group across key regions, including the Chinese Mainland, the United States and several Asian countries.

As disclosed in the Letter from the Board, the aggregate fees to be received by the Group for FY2026 in respect of the KLN Logistics Services are projected to be approximately HK$4,467.0 million (the "**KLN Projection**"), representing a utilisation rate of approximately 135.8% of the Existing KLN Annual Cap for FY2026. We note that the KLN Projection exceeds both the simple annualised KLN Transaction Amount of approximately HK$3,531.8 million referred to above and the Existing KLN Annual Cap of approximately HK$3,288.7 million for FY2026.

The KLN Projection was prepared with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts recorded in the second half of 2025 and for the first half of 2026, (ii) prevailing market rates charged by independent third parties for providing similar services, and (iii) inflation and the expected growth in demand from SFTS Group for the KLN Logistics Services. The projected transaction amount for the second half of 2026 is expected to exceed that recorded for the first half of 2026 primarily due to the continued increase in inter-group business volumes arising from the enhanced business collaboration between the Group and SFTS Group, the expected continued expansion of SFTS Group's businesses and the corresponding increase in demand for the KLN Logistics Services, as well as the increasing trend in transaction volumes observed during the second half of 2025 and the first half of 2026. Accordingly, the Management expects the transaction amounts for the remainder of FY2026 to continue to increase and therefore projects that the aggregate fees to be received by the Group for FY2026 in respect of the KLN Logistics Services will be approximately HK$4,467.0 million.

In light of the increasing trend in the KLN Transaction Amounts and the expected growth in demand from SFTS Group for the KLN Logistics Services, the Board foresees that the actual transaction amounts for the remainder of FY2026 and FY2027 will continue to increase and that the Existing KLN Annual Caps will not be sufficient to meet the expected transaction amounts under the 2024 KLN Logistics Services Framework Agreement.

The Revised KLN Annual Caps

The table below sets out the Revised KLN Annual Caps:

Table 6: The Revised KLN Annual Caps

	FY2026	**FY2027**
	(HK$' million)	
Revised KLN Annual Caps	5,270.0	7,550.0

As stated in the Letter from the Board, the Revised KLN Annual Caps have been determined with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts in the second half of 2025 and for HY2026; (ii) prevailing market rates charged by independent third parties for providing similar services; and (iii) inflation and expected growth of SFTS Group's demand for the KLN Logistics Services.

In assessing the fairness and reasonableness of the Revised KLN Annual Caps, we have discussed with the Management the basis and underlying assumptions adopted in determining the Revised KLN Annual Caps. We have also obtained from the Management and reviewed the computation worksheets for the Revised KLN Annual Caps, including the relevant calculations and breakdowns (the "**KLN Caps Computation**"). Set out below is a summary breakdown based on the key components of the Revised KLN Annual Caps:

Table 7: The components of the Revised KLN Annual Caps for FY2026 and FY2027

	FY2026	FY2027
	(HK$' million)	
Amounts receivable by the Group from SFTS Group		
International freight forwarding services income – the Chinese Mainland outbound	690	987
International freight forwarding services income – the Chinese Mainland inbound	476	680
Ground handling management services income	285	408
Express delivery services income	3,295	4,712
Miscellaneous logistics services income	524	763
Total	**5,270**	**7,550**

Based on our review of the KLN Caps Computation, we note that the Revised KLN Annual Cap for FY2026 was determined based on the aggregate KLN Transaction Amounts for the second half of 2025 and the first half of 2026. In determining the Revised KLN Annual Cap for FY2026, the Management applied the Annual Incremental Rate of approximately 30% and the Annual Buffer Rate of approximately 10% to such historical transaction amounts. The Revised KLN Annual Cap for FY2027 was determined by applying the Annual Incremental Rate and the Annual Buffer Rate to the Revised KLN Annual Cap for FY2026.

We understand from the Management that, in determining the Annual Incremental Rate, the Management considered, among other things, (i) the increase of approximately 33.6% in the KLN Transaction Amount from FY2024 to FY2025; (ii) the increase of approximately 42.3% in the simple annualised KLN Transaction Amount for HY2026 as compared with the KLN Transaction Amount for FY2025; (iii) the enhanced business collaboration and the increase in inter-group business volumes between the Group and SFTS Group; (iv) the continuous expansion of SFTS Group's businesses and operating network, particularly in the Chinese Mainland, the United States and several Asian countries, and (v) the overall increase in prevailing market freight rates, which has positively impacted the international freight forwarding sector.

Having considered the above factors, together with the expected growth in demand from SFTS Group for the KLN Logistics Services and the increasing trend in transaction volumes recorded during the second half of 2025 and the first half of 2026, the Management considers that an Annual Incremental Rate of approximately 30% is prudent and reasonable for determining the Revised KLN Annual Caps for FY2026 and FY2027. The Annual Incremental Rate is lower than the recent historical growth rates of approximately 33.6% and 42.3%, and therefore represents a measured growth assumption while providing sufficient flexibility to accommodate the anticipated increase in transaction volumes arising from the continued expansion of business cooperation between the Group and SFTS Group.

We further understand that the Annual Buffer Rate was applied to accommodate any additional demand for the relevant services, currency fluctuations, potential increases in the market prices of the relevant services and other unforeseen circumstances.

We note that the simple annualised KLN Transaction Amount for FY2026 of approximately HK$3,531.8 million represents an increase of approximately 42.3% over the KLN Transaction Amount for FY2025 and exceeds the Existing KLN Annual Cap for FY2026. We also note that the KLN Transaction Amount increased by approximately 33.6% from FY2024 to FY2025. Accordingly, the Annual Incremental Rate of approximately 30% is within, and not higher than, the recent historical growth rates in the KLN Transaction Amounts.

Having considered (i) the historical growth in the KLN Transaction Amounts; (ii) that the simple annualised KLN Transaction Amount for FY2026 exceeds the Existing KLN Annual Cap for FY2026; (iii) the expected growth in demand for the KLN Logistics Services arising from the enhanced business collaboration between the Group and SFTS Group; (iv) the bases for the Annual Incremental Rate and the Annual Buffer Rate as discussed above in this letter; and (v) the industry outlook as described under the section headed "2. Industry outlook" in this letter, we are of the view that the Revised KLN Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Nevertheless, Independent Shareholders should note that the Revised KLN Annual Caps relate to future events and have been determined by the Management based on assumptions, including the current estimates of demand for the KLN Logistics Services. The Revised KLN Annual Caps do not represent a forecast of revenue to be generated from the transactions contemplated under the 2024 KLN Logistics Services Framework Agreement. Consequently, we express no opinion as to how closely the actual KLN Transaction Amounts will correspond to the Revised KLN Annual Caps.

7. Proposed Revised SF Annual Caps

Existing SF Annual Caps and historical transaction amounts

As set out in the Letter from the Board, the table below sets out (i) the historical actual transaction amounts paid by the Group to SFTS Group for the provision of SF Logistics Services (the "**SF Transaction Amounts**"); (ii) the Existing SF Annual Caps; and (iii) the respective utilisation rate of the Existing SF Annual Caps:

Table 8: The Existing SF Annual Caps and the SF Transaction Amounts for FY2023, FY2024, FY2025 and HY2026

	FY2023	FY2024	FY2025	HY2026
		HK$' million		
SF Transaction Amounts	911.7	1,201.6	1,944.9	1,248.7*Note*
Historical approved annual caps	4,189.0	5,844.0	1,981.5	2,397.6
Utilisation rates	21.8%	20.6%	98.2%	52.1%*Note*

Note: The SF Transaction Amount and the corresponding utilisation rate for HY2026 were based on the unaudited management accounts of the Company for HY2026 and the historical approved annual cap for FY2026.

As illustrated above, the SF Transaction Amounts amounted to approximately HK$911.7 million, HK$1,201.6 million and HK$1,944.9 million for FY2023, FY2024 and FY2025, respectively, representing utilisation rates of approximately 21.8%, 20.6% and 98.2%, respectively. The SF Transaction Amount increased by approximately 61.9% from FY2024 to FY2025, while the utilisation rate increased significantly from approximately 20.6% to 98.2% during the same period.

We understand from the Management that the relatively low utilisation rates recorded for FY2023 and FY2024 were mainly attributable to the business integration between the Group and SFTS Group still being in progress and the decline in overall freight volumes and rates during the post-pandemic period. As disclosed in the Letter from the Board and based on our discussion with the Management, the increase in the SF Transaction Amounts during the second half of 2025 was mainly attributable to the increase in the number of flights and routes operated by SF Airlines, the increase in prevailing market freight rates and the increase in inter-group business volumes arising from the enhanced business collaboration between the Group and SFTS Group.

Based on the unaudited management accounts of the Company, the SF Transaction Amount amounted to approximately HK$1,248.7 million for HY2026. On a simple annualised basis, the SF Transaction Amount for FY2026 would amount to approximately HK$2,497.4 million, representing (i) an increase of approximately 28.4% as compared with the SF Transaction Amount of approximately HK$1,944.9 million for FY2025; and (ii) a utilisation rate of approximately 104.2% of the Existing SF Annual Cap of approximately HK$2,397.6 million for FY2026.

As disclosed in the Letter from the Board and based on our review of the SF Caps Computation (as defined below) and discussion with the Management, the increase in the SF Transaction Amounts during FY2025 and HY2026 was mainly attributable to the increase in inter-group business volumes arising from the enhanced business collaboration between the Group and SFTS Group, including the Group's increased utilisation of the flight network and logistics infrastructure of SFTS Group. Based on our review of the SF Caps Computation (as defined below), we note that the increase was mainly concentrated in Chinese Mainland outbound scheduled flight services, express delivery services and other freight forwarding services.

In particular, the growth in Chinese Mainland outbound scheduled flight services was primarily driven by the increase in the number of flights and routes operated by SF Airlines, as well as the Group's increased utilisation of SFTS Group's flight network to support its freight forwarding and logistics businesses. The increase in express delivery services and other freight forwarding services was mainly attributable to the increase in prevailing market freight rates and the significant growth in inter-group business volumes resulting from the enhanced business collaboration between the Group and SFTS Group, particularly in key regions such as the Chinese Mainland, the United States and several Asian countries. In addition, the Group increasingly leveraged SFTS Group's well-established logistics infrastructure network in the Chinese Mainland, which further contributed to the growth in transaction volumes.

The Management expects that these growth drivers will continue during the remainder of FY2026 and in FY2027, having considered (i) the continued expansion of flight routes and flight schedules operated by SF Airlines, (ii) the continued utilisation of SFTS Group's flight network and logistics infrastructure by the Group, (iii) the expected growth in inter-group business volumes arising from the enhanced business collaboration between the Group and SFTS Group, particularly in key regions such as the Chinese Mainland, the United States and several Asian countries, and (iv) the expected growth in the Group's demand for SF Logistics Services.

As disclosed in the Letter from the Board, the aggregate fees to be paid by the Group for FY2026 in respect of the SF Logistics Services are projected to be approximately HK$3,046.0 million (the "**SF Projection**"), representing a utilisation rate of approximately 127.0% of the Existing SF Annual Cap for FY2026. We note that the SF Projection exceeds both the simple annualised SF Transaction Amount of approximately HK$2,497.4 million referred to above and the Existing SF Annual Cap of approximately HK$2,397.6 million for FY2026.

The SF Projection was prepared with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts recorded in the second half of 2025 and for the first half of 2026, (ii) prevailing market rates and forecasted rates that may be charged by independent third parties for similar services, (iii) maximum available cargo, parcel and storage capacity, (iv) existing flight routes and schedules, and (v) inflation and the expected growth in the Group's demand for the SF Logistics Services. The projected transaction amount for the second half of 2026 is expected to exceed that recorded for HY2026 primarily due to the continued increase in inter-group business volumes arising from the enhanced business collaboration between the Group and SFTS Group, the continued expansion of flight routes and schedules operated by SF Airlines, the Group's increasing utilisation of SFTS Group's flight network and logistics infrastructure, and the expected increase in demand for Chinese Mainland outbound scheduled flight services, express delivery services and other freight forwarding services during the remainder of FY2026.

In light of the increasing trend in the SF Transaction Amounts and the expected growth in demand from the Group for the SF Logistics Services, the Board foresees that the actual transaction amounts for the remainder of FY2026 and FY2027 will continue to increase and that the Existing SF Annual Caps will not be sufficient to meet the expected transaction amounts under the 2024 SF Logistics Services Framework Agreement.

The Revised SF Annual Caps

The table below sets out the Revised SF Annual Caps:

Table 9: The Revised SF Annual Caps

	FY2026	**FY2027**
	HK$' million	
Revised SF Annual Caps	3,600.0	5,150.0

As stated in the Letter from the Board, the Revised SF Annual Caps have been determined with reference to (i) the historical transaction amounts incurred by the parties, including the transaction amounts in the second half of 2025 and for the first half of 2026; (ii) prevailing market rates and forecasted rates that may be charged by independent third parties for similar services; (iii) maximum available cargo/parcel/storage capacity; (iv) (in relation to sale of cargo space) existing flight routes and schedules; and (v) inflation and expected growth of the Group's demand for the SF Logistics Services.

In assessing the fairness and reasonableness of the Revised SF Annual Caps, we have discussed with the Management the basis and underlying assumptions adopted in determining the Revised SF Annual Caps. We have also obtained from the Management and reviewed the computation worksheets for the Revised SF Annual Caps, including the relevant calculations and breakdowns (the "**SF Caps Computation**"). Set out below is a summary breakdown based on the key components of the Revised SF Annual Caps:

Table 10: The components of the Revised SF Annual Caps for FY2026 and FY2027

	FY2026	**FY2027**
	HK$' million	
Amounts payable by the Group to SFTS Group		
Scheduled flight services cost – the Chinese Mainland outbound	1,927	2,755
Scheduled flight services cost – the Chinese Mainland inbound	117	168
Charter flight services cost	229	327
Express delivery services cost	969	1,386
Miscellaneous logistics services cost	358	514
Total	**3,600**	**5,150**

Based on our review of the SF Caps Computation, we note that the Revised SF Annual Cap for FY2026 was determined based on the aggregate SF Transaction Amounts for the second half of 2025 and the first half of 2026. In determining the Revised SF Annual Cap for FY2026, the Management applied the Annual Incremental Rate of approximately 30% and the Annual Buffer Rate of approximately 10% to such historical transaction amounts. The Revised SF Annual Cap for FY2027 was determined by applying the Annual Incremental Rate and the Annual Buffer Rate to the Revised SF Annual Cap for FY2026.

We understand from the Management that, in determining the Annual Incremental Rate, the Management considered, among other things, (i) the increase of approximately 61.9% in the SF Transaction Amount from FY2024 to FY2025; (ii) the increase of approximately 28.4% in the simple annualised SF Transaction Amount for HY2026 as compared with the SF Transaction Amount for FY2025; (iii) the enhanced business collaboration and the increase in inter-group business volumes between the Group and SFTS Group; and (iv) the overall increase in prevailing market freight rates, which has positively impacted the international freight forwarding sector.

Having considered the above factors collectively, the Management considers that an Annual Incremental Rate of approximately 30% is prudent and reasonable for the purpose of determining the Revised SF Annual Caps for FY2026 and FY2027. In particular, whilst the historical growth rates were approximately 61.9% and 28.4% respectively, the adopted Annual Incremental Rate of approximately 30% reflects the expected continued growth in demand for the SF Logistics Services arising from the expanding business cooperation between the Group and SFTS Group, while providing reasonable flexibility to accommodate future business development and operational needs.

We further understand that the Annual Buffer Rate was applied to accommodate any additional demand for the relevant services, currency fluctuations, potential increases in the market prices of the relevant services and other unforeseen circumstances.

We note that the simple annualised SF Transaction Amount for FY2026 of approximately HK$2,497.4 million represents an increase of approximately 28.4% over the SF Transaction Amount for FY2025 and exceeds the Existing SF Annual Cap for FY2026. We also note that the SF Transaction Amount increased by approximately 61.9% from FY2024 to FY2025. Accordingly, the Annual Incremental Rate of approximately 30% is broadly in line with the recent historical growth in the SF Transaction Amounts.

Having considered (i) the historical growth in the SF Transaction Amounts; (ii) that the simple annualised SF Transaction Amount for FY2026 exceeds the Existing SF Annual Cap for FY2026; (iii) the expected growth in demand for the SF Logistics Services arising from the enhanced business collaboration between the Group and SFTS Group; (iv) the bases for the Annual Incremental Rate and the Annual Buffer Rate as discussed above in this letter; and (v) the industry outlook as described under the section headed "2. Industry outlook" in this letter, we are of the view that the Revised SF Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Nevertheless, Independent Shareholders should note that the Revised SF Annual Caps relate to future events and have been determined by the Management based on assumptions, including the current estimates of demand for the SF Logistics Services. The Revised SF Annual Caps do not represent a forecast of costs to be incurred by the Group in respect of the transactions contemplated under the 2024 SF Logistics Services Framework Agreement. Consequently, we express no opinion as to how closely the actual SF Transaction Amounts will correspond to the Revised SF Annual Caps.

8. Internal control

As set out in the Letter from the Board, the Company has implemented internal control procedures for monitoring, reporting and ensuring that the Group conducts the transactions entered into or to be entered into under the 2024 CGSA Framework Agreement, the 2024 KLN Logistics Services Framework Agreement and the 2024 SF Logistics Services Framework Agreement in accordance with the pricing policy and guidelines stated above, and in compliance with the Listing Rules.

Prior to agreeing with SFTS Group on:

(i) the respective rate of commission for providing the CGSA Services for Inbound Flights and Outbound Flights, the Group has estimated the respective expected costs and conducted research on the prevailing market rate charged for providing similar services;

(ii) the service fees payable in relation to the KLN Logistics Services, the Group will obtain and compare contemporaneous quotations from at least two independent third party providers in respect of similar services or quotations provided by the Group to other independent third parties for similar services. The service fees will be determined by the heads of local business units after taking into consideration such quotations. The entire process will be documented to facilitate the review by the Group's finance team; and

(iii) in relation to the SF Logistics Services, (a) the cargo freight tariffs applicable to relevant flight routes at the beginning of each financial quarter, the Group will obtain and compare contemporaneous quotations from at least two independent third party carriers for similar services; (b) the rates chargeable for express delivery services at the beginning of each financial quarter, the Group will obtain and compare contemporaneous quotations from at least two independent third party service providers for similar services; and (c) the rates chargeable for integrated logistics services, the Group will obtain and compare contemporaneous quotations from at least two independent third party service providers for similar services. The service fees will be determined by the heads of local business units after taking into consideration such quotations. The entire process will be documented to facilitate the review by the Group's finance team.

The Company's finance team will (i) monitor the continuing connected transactions by communicating regularly with the regional heads of the finance teams of the Group in respect of the terms and pricing policies of the continuing connected transactions, and collect monthly financial data together with underlying agreements for analysis and reporting; and (ii) review the actual transaction amounts incurred under the continuing connected transactions on a regular basis to ensure that these are conducted in accordance with established procedures and internal controls, to assess the effectiveness of such measures and to report to management where it expects that any of the relevant annual caps will soon be exceeded. If, based on monthly management accounts and management updates, adjustment(s) to the relevant annual cap(s) becomes necessary, or a material change to the terms of any of the framework agreements is required, the Company will re-comply with the relevant Listing Rules requirements.

The INEDs will conduct an annual review of the continuing connected transactions, and confirm the matters required under Rule 14A.55 of the Listing Rules in the Company's subsequent annual reports. Further, the Company will engage external auditors to conduct an annual review of its continuing connected transactions, and to report to the Board on matters required under Rule 14A.56 of the Listing Rules.

In assessing the implementation and effectiveness of the above internal control procedures in respect of the Continuing Connected Transactions, we have obtained on a random basis and reviewed two sample transactions under each of the CCT Agreements, covering one sample transaction from each of FY2025 and FY2026. Our review procedures included examining, where applicable, the relevant agreements, invoices, quotations or comparable transaction records, supporting calculations and internal approval records, with a view to assessing whether the relevant transactions were conducted in accordance with the applicable pricing policies and internal control procedures of the Group.

2024 CGSA Framework Agreement

In respect of the 2024 CGSA Framework Agreement, we reviewed (i) the relevant invoices, supporting documents; and (ii) internal approval records relating to the sample transactions. Based on our review, we noted that the relevant transaction documents had been reviewed, where appropriate, by the relevant responsible personnel and the finance team of the Company. We further noted that Inbound Flights and inbound chartered flights were subject to a commission rate of 7% of the relevant sales revenue, while Outbound Flights and outbound chartered flights were subject to a commission rate of 3% of the relevant sales revenue. As advised by the Management, these commission rates were established at the outset of the collaboration between KLN and SF. They were determined based on (1) the estimated transaction volume; and (2) the estimated staff and back-office costs expected to be incurred by the Group in handling those transactions. The commission rates applied were consistent with the Group's pricing policy set out in the section headed "2. 2024 CGSA Framework Agreement" in the Letter from the Board. Accordingly, we consider that the sample CGSA Transactions were conducted in accordance with the applicable pricing policy and internal control procedures of the Group.

2024 KLN Logistics Services Framework Agreement

In respect of the 2024 KLN Logistics Services Framework Agreement, we reviewed (i) the relevant comparable transaction record; and (ii) internal approval records relating to the sample transactions, which covered inbound and outbound international freight forwarding services. For comparison purposes, we also reviewed contemporaneous transaction records relating to similar services provided by the Group to independent third-party customers. Based on our review, we noted that the relevant transaction documents had been reviewed, where appropriate, by the relevant responsible personnel and the finance team of the Company, and that the prices charged by the Group to SFTS Group under the sample transactions were no less favourable to the Group than those charged by the Group to independent third-party customers for similar services. Accordingly, we consider that the sample KLN Transactions were conducted in accordance with the applicable pricing policy and internal control procedures of the Group.

2024 SF Logistics Services Framework Agreement

In respect of the 2024 SF Logistics Services Framework Agreement, we reviewed (i) the relevant quotations or comparable transaction records; and (ii) internal approval records relating to the sample transactions, which covered scheduled flight services and miscellaneous logistics services. For comparison purposes, we also reviewed contemporaneous quotations or transaction records relating to similar services offered to the Group by independent third-party carriers or service providers. Based on our review, we noted that the relevant transaction documents had been reviewed, where appropriate, by the relevant responsible personnel and the finance team of the Company, and that the prices charged by SFTS Group under the sample transactions were no less favourable to the Group than those offered to the Group by independent third-party carriers or service providers for similar services. Accordingly, we consider that the sample SF Transactions were conducted in accordance with the applicable pricing policy and internal control procedures of the Group.

Based on the review procedures performed and the sample transaction documents examined, nothing has come to our attention that would cause us to doubt the effectiveness of the implementation of the internal control measures in respect of the Continuing Connected Transactions.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons as discussed above in this letter, we are of the view that the Revision of Annual Caps, the transactions contemplated under the CCT Agreements and the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps (i) are fair and reasonable and on normal commercial terms; and (ii) are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions in respect of the Revision of Annual Caps and the adoption of the Revised CGSA Annual Caps, the Revised KLN Annual Caps and the Revised SF Annual Caps at the SGM.

Yours faithfully,
For and on behalf of
Ignite Capital (Asia Pacific) Limited

Li Lan	**Tin Ming Kit**
Managing Director	*Director*

Mr. Li Lan is a Managing Director of Ignite Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Li has over 20 years of corporate finance experience in Hong Kong and has participated in and completed various financial advisory and independent financial advisory transactions.

Mr. Tin Ming Kit is a Director of Ignite Capital and is licensed under the SFO as a licensed person to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Tin has over 20 years of investment banking and corporate finance experience in Hong Kong and has participated in and completed various initial public offerings, corporate financial advisory and independent financial advisory transactions.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, 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 its associated corporations (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:

(I) The Company

	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 Shares in issue as at the Latest Practicable Date.

(2) Mr Wang is interested in 931,209,117 Shares held through his controlled corporations.

(3) Mr Kuok is interested in (i) 600,428 Shares as beneficial owner; and (ii) 1,132,479 Shares held through discretionary trusts of which Mr Kuok is a discretionary beneficiary.

(4) Mr Cheung is interested in 3,983,178 Shares as beneficial owner.

(5) Ms Wong is interested in 20,796 Shares as beneficial owner.

(II) Associated Corporations

Shenzhen Mingde Holding Development Co., Ltd.

	Registered capital of Shenzhen Mingde					
Director	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests	Total interests	Approximate percentage of 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 the Latest Practicable Date.

(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.

		Ordinary shares in SF Holding					
Directors	Type of shares	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	634,994	–	–	–	634,994	0.01%[1]
WONG Siew Loong[4]	H Shares	5,000	–	–	–	5,000	<0.01%[2]

Notes:

(1) Based on 4,639,270,409 ordinary shares (A Shares) in SF Holding in issue as at the Latest Practicable Date.

(2) Based on 465,877,669 ordinary shares (H Shares) in SF Holding in issue as at the Latest Practicable Date.

(3) Mr Ho is interested in (i) 91,500 ordinary shares (A Shares) in SF Holding as beneficial owner; (ii) options granted under the 2022 stock option incentive plan of SF Holding to subscribe for 122,000 ordinary shares (A Shares) in SF Holding; and (iii) 2,300,000 virtual share units pursuant to a grant agreement signed on 26 September 2025 under SF Holding Employees "Grow Together" Shareholding Scheme (A Shares), pursuant to which such virtual share units were fully vested on 30 March 2026 and corresponded to 421,494 ordinary shares (A Shares) in SF Holding following the relevant calculation, and Mr Ho will enjoy full rights attached to such shares upon the service period ends on 30 March 2035.

Mr Ho signed a grant agreement on 15 September 2026, pursuant to which he was granted 1,700,000 virtual share units under SF Holding Employees "Grow Together" Shareholding Scheme (A Shares) of SF Holding. The A Shares corresponding to said 1,700,000 virtual share units are expected to be calculated and vested in the first quarter of 2027.

Mr Ho entered into a share donation agreement with SOF on 18 September 2026, under which he voluntarily agreed to donate 122,000 A Shares of SF Holding held by him to SOF in batches in the future, pursuant to which 30,500 A Shares of SF Holding held by him were transferred to SOF on 23 September 2026.

(4) Mr Wong is interested in 5,000 ordinary shares (H Shares) in SF Holding as beneficial owner.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had registered an interest or a short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations 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.

(b) Substantial shareholders who have an interest and/or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as it is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (other than a Director or the chief executive of the Company) had, or were deemed or taken to have, an interest or a short position in the Shares and underlying Shares, which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of 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 Shares in issue as at the Latest Practicable Date.

(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 SF Holding. Mr HO Chit is an executive director, a deputy general manager and the chief financial officer of SF 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 Shares as beneficial owner. Flourish Harmony is an indirect wholly-owned subsidiary of SF Holding. SF Holding is a subsidiary of Shenzhen Mingde which is in turn controlled by Mr WANG Wei. Accordingly, SF 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 the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. COMPETING INTERESTS

Mr WANG Wei, the chairman of the Board and a non-executive Director, is the chairman of the board of directors, an executive director, the general manager, the chief executive officer and the controlling shareholder of SF Holding. Mr HO Chit, an executive Director, is an executive director, a deputy general manager and the chief financial officer of SF Holding. SF Holding and its subsidiaries are primarily engaged in the provision of integrated logistics services.

Mr KUOK Khoon Hua, the vice chairman of the Board and a non-executive Director, is the chairman and a director of KHL as well as a director of KGL. Ms CHEN Keren, a non-executive Director, is the group co-general counsel, the company secretary and the director of corporate services of KGL. KGL wholly owns KHL which, in turn, is the controlling shareholder of Kerry TJ. Kerry TJ is primarily engaged in providing less-than-truckload transportation, warehousing, refrigerated delivery, express delivery, pharmaceutical logistics, and high-tech logistics services in Taiwan, as well as international freight forwarding services.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business, apart from the Group's business, that competes or is likely to compete, either directly or indirectly, with the Group's business.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save as disclosed in the sections headed "Events After The Year Ended 31 December 2025", "Significant Acquisition/Disposal and Discloseable and Connected Transactions" and "Continuing Connected Transactions" in the Company's annual report for the year ended 31 December 2025 on pages 74, 80 to 86, the 2024 Announcement, the 2024 Circular, the 2025 Announcement, the 2025 Circular, the announcement of the Company dated 28 August 2026 and this circular, in relation to, among other things, (i) the 2024 CGSA Framework Agreement; (ii) the 2024 KLN Logistics Services Framework Agreement; (iii) the 2024 SF Logistics Services Framework Agreement; (iv) the framework services agreement dated 31 July 2024 entered into between the Company and KHL to set out a framework for, among other things, (a) the provision of the logistics and freight services by the Group to KHL and its certain subsidiaries; and (b) the provision of the logistics and freight services, and lease of certain properties in Hong Kong including but not limited to office premises, staff quarters and warehouses, by KHL and its certain subsidiaries to the Group; and (v) the further revision of annual caps under the CCT Agreements, the Company's announcements dated 10 June 2025 and 2 July 2025 in relation to the disposal of the entire equity interests in Shanghai Shunjia Chemical Co., Ltd.* (上海順嘉化工有限責任公司) (formerly Kerry IMS Chemical Storage and Transport (Shanghai) Co., Ltd.* (嘉里化工儲運(上海)有限公司)) through KLN Management (Zhangjiagang) Ltd.* (嘉順達企業管理(張家港)有限公司) (formerly Kerry IMS Chemical Logistics Ltd.* (嘉里化工物流有限公司), an indirect wholly-owned subsidiary of the Company) to Guangdong Shunhe Supply Chain Management Co., Ltd.* (廣東順合供應鏈管理有限公司) (an indirect wholly-owned subsidiary of SF Holding), none of the Directors or entities connected with the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the Group's business.

As at the Latest Practicable Date, save as disclosed in the announcement of the Company dated 28 August 2026 and this circular, none of the Directors had any interest, directly or indirectly, in any assets which had been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions contained in and referred to in this circular:

Name	Qualification
Ignite Capital (Asia Pacific) Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the Independent Financial Adviser had no shareholding in any member of the Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no interest, directly or indirectly, in any assets which had been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The letter from the Independent Financial Adviser is set out on pages 33 to 59 of this circular and is given for incorporation in this circular.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MISCELLANEOUS

(a) The Company's registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The Company's principal place of business in Hong Kong is at 16/F, Kerry Cargo Centre, 55 Wing Kei Road, Kwai Chung, New Territories, Hong Kong.

(b) The Company's company secretary is Ms LEE Pui Nee. Ms Lee is a Chartered Secretary, a Chartered Governance Professional, an Associate of The Chartered Governance Institute and an Associate of The Hong Kong Chartered Governance Institute.

(c) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, whose business address is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website at (www.kln.com) and the Stock Exchange's website at (www.hkexnews.hk) from the date of this circular and up to and including the date which is 14 days from the date of this circular:

(a) the 2024 CGSA Framework Agreement;

(b) the 2024 KLN Logistics Services Framework Agreement;

(c) the 2024 SF Logistics Services Framework Agreement;

(d) the letter from the Independent Board Committee to the Independent Shareholders dated 29 October 2026, the text of which is set out on pages 31 to 32 of this circular;

(e) the letter from the Independent Financial Adviser dated 29 October 2026, the text of which is set out on pages 33 to 59 of this circular; and

(f) the written consent from the Independent Financial Adviser dated 29 October 2026 referred to in the paragraph headed "7. Expert and Consent" in this appendix.

KLN Logistics Group Limited

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

Stock Code 636

NOTICE IS HEREBY GIVEN THAT the special general meeting (the "**SGM**") of KLN Logistics Group Limited (the "**Company**") will be held electronically via the eVoting Portal on Friday, 20 November 2026 at 2:30 p.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions with or without amendments. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as defined in the circular of the Company dated 29 October 2026 of which this notice forms part.

ORDINARY RESOLUTIONS

1. **"THAT:**

   (a) the revision of annual caps under the 2024 CGSA Framework Agreement and the transactions contemplated under such agreement be and are hereby confirmed, approved and ratified;

   (b) the Revised CGSA Annual Caps be and are hereby approved; and

   (c) any one Director (or one Director and the Company's company secretary or any two Directors, in the case of execution of documents under seal) be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to, the Revised CGSA Annual Caps and all transactions contemplated under the 2024 CGSA Framework Agreement."

2. **"THAT:**

   (a) the revision of annual caps under the 2024 KLN Logistics Services Framework Agreement and the transactions contemplated under such agreement be and are hereby confirmed, approved and ratified;

   (b) the Revised KLN Annual Caps be and are hereby approved; and

(c) any one Director (or one Director and the Company's company secretary or any two Directors, in the case of execution of documents under seal) be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to, the Revised KLN Annual Caps and all transactions contemplated under the 2024 KLN Logistics Services Framework Agreement."

3. **"THAT:**

(a) the revision of annual caps under the 2024 SF Logistics Services Framework Agreement and the transactions contemplated under such agreement be and are hereby confirmed, approved and ratified;

(b) the Revised SF Annual Caps be and are hereby approved; and

(c) any one Director (or one Director and the Company's company secretary or any two Directors, in the case of execution of documents under seal) be and is/are hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with the implementation of and giving effect to, the Revised SF Annual Caps and all transactions contemplated under the 2024 SF Logistics Services Framework Agreement."

By Order of the Board
KLN Logistics Group Limited
LEE Pui Nee
Company Secretary

Hong Kong, 29 October 2026

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

Notes:

1. The SGM will be held electronically via the eVoting Portal. All registered Shareholders have the option of attending, participating and voting at the SGM electronically via the eVoting Portal. Shareholders attending and participating in the SGM electronically will also be counted towards the quorum and they will be able to cast their votes and submit questions through the eVoting Portal.

2. Registered Shareholders are requested to provide a valid email address of himself/herself or his/her proxy (except for the appointment of the chairman of the SGM) for the proxy to receive the log-in username and password to participate online in the eVoting Portal where applicable.

3. All registered Shareholders will be able to join the SGM electronically via the eVoting Portal. The eVoting Portal can be accessed from any location with access to the internet via any smartphone, tablet device or computer. All non-registered Shareholders may consult directly with their banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (as the case may be) for necessary arrangement to attend and vote electronically via the eVoting Portal at the SGM if they wish.

4. Every member entitled to attend and vote electronically at the SGM (or at any adjournment thereof) is entitled to appoint up to two individuals as his/her proxies. A proxy need not be a member of the Company. The number of proxies appointed by a clearing house (or its nominee) is not subject to the aforesaid limitation.

5. Where there are joint holders of any share, only ONE PAIR of log-in username and password for the eVoting Portal will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such share(s) as if he/she was solely entitled thereto.

6. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power or authority), must be deposited at 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, or submitted via the designated URL (https://evoting.vistra.com/#/636) by using the log-in username and password provided on the notification letter sent by the Company, not less than 48 hours before the time appointed for the holding of the SGM, i.e. by no later than 2:30 p.m. on Wednesday, 18 November 2026. Completion and return of the form of proxy will not preclude a member from attending the SGM and voting electronically via the eVoting Portal if he/she so wishes.

7. The registers of members of the Company (the "**Registers of Members**") will be closed from Tuesday, 17 November 2026 to Friday, 20 November 2026, during which period no transfer of shares will be effected. The record date for ascertaining right to attend the SGM is Friday, 20 November 2026. In order to be entitled to attend and vote electronically at the SGM, all transfers accompanied by the relevant share certificates must be lodged for registration with Tricor Investor Services Limited at the above address before 4:30 p.m. on Monday, 16 November 2026.

8. All the resolutions set out in this notice shall be decided by poll.

9. If Typhoon Signal No. 8 or above is expected to be hoisted or a Black Rainstorm Warning Signal is expected to be in force or Extreme Conditions are announced any time after 9:00 a.m. on the date of the SGM, then the SGM will be postponed and the Shareholders will be informed of the date, time and venue of the rescheduled meeting by a supplementary notice posted on the Company's website at (www.kln.com) and the Stock Exchange's website at (www.hkexnews.hk).

10. The SGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force.