

The One In Asia



2025 Interim Report

KLN Logistics Group Limited

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

0636.HK

Quick Facts

59

countries & territories

18,000+

employees worldwide

56M ft²

land & facilities

2,300+

self-owned operating vehicles

Note: Figures as at 30 June 2025



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Corporate Information & Key Dates

BOARD OF DIRECTORS

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

Executive Directors
Mr CHEUNG Ping Chuen Vicky
(Chief Executive Officer)
Mr CHENG Chi Wai
Mr HO Chit

Non-executive Directors
Ms CHEN Keren
Ms OOI Bee Ti

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

AUDIT AND COMPLIANCE COMMITTEE

Ms WONG Yu Pok Marina (Chairman)
Mr LAI Sau Cheong Simon
Ms OOI Bee Ti

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

FINANCE COMMITTEE

Mr CHEUNG Ping Chuen Vicky (Chairman)
Mr CHENG Chi Wai
Mr HO Chit

RISK MANAGEMENT COMMITTEE*

Mr CHEUNG Ping Chuen Vicky (Chairman)
Mr CHENG Chi Wai

SUSTAINABILITY COMMITTEE*

Mr CHENG Chi Wai (Chairman)

* plus committee member(s) who is/are non-member(s) of the Board

COMPANY SECRETARY

Ms LEE Pui Nee

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered PIE Auditor

LEGAL ADVISER

Norton Rose Fulbright Hong Kong

REGISTERED OFFICE

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

CORPORATE HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16/F, Kerry Cargo Centre, 55 Wing Kei Road
Kwai Chung, New Territories, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM 10, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

INVESTOR RELATIONS

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KEY DATES

Closure of Registers of Members
11 to 12 September 2025

Proposed Payment of Interim Dividend
On or around 23 September 2025

Financial Highlights

HK\$M

REVENUE

27,211

▲ 7%*

SEGMENT PROFIT
IL

713

▲ 5%*

IFF

919

▲ 22%*

CORE OPERATING PROFIT

1,348

▲ 12%*

CORE NET PROFIT

681

▲ 12%*

PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS

648

▲ 34%^

INTERIM DIVIDEND

HK CENTS PER SHARE

11

GEARING

53.0%/17.2%

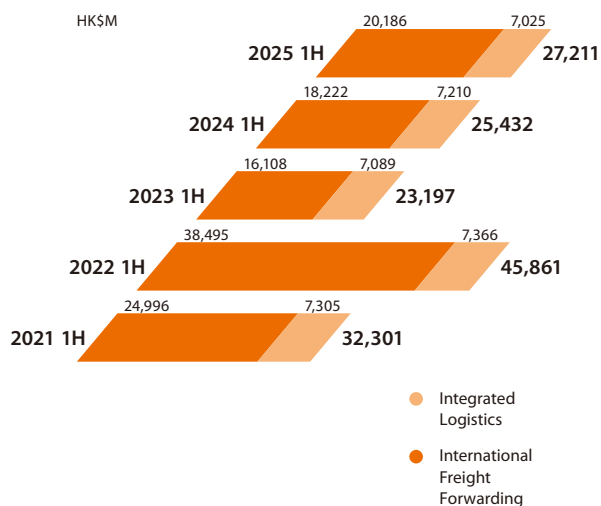
GROSS

NET

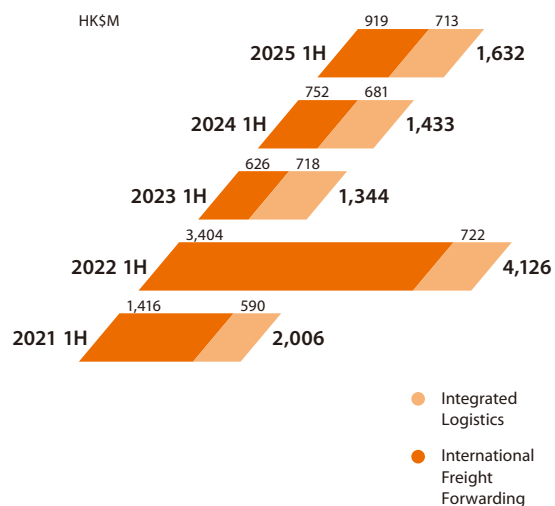
* For continuing operations in 2024 1H only

^ Excluding the one-off gain on distribution/cessation of the Group's express operations in 2024 1H

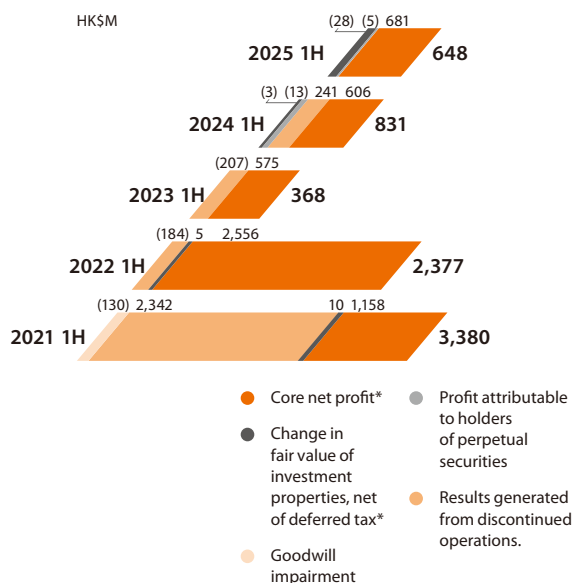
REVENUE BY SEGMENT*



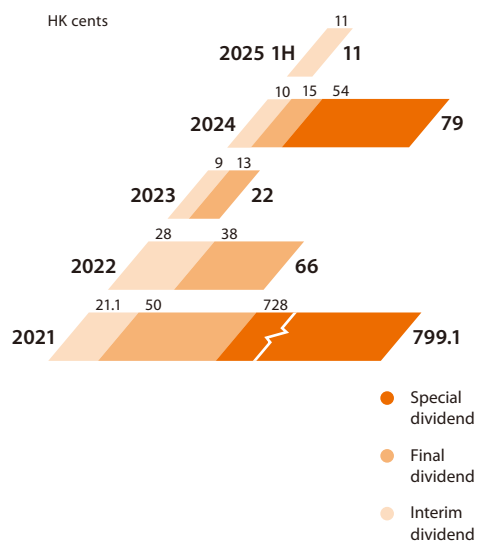
SEGMENT PROFIT*



PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS

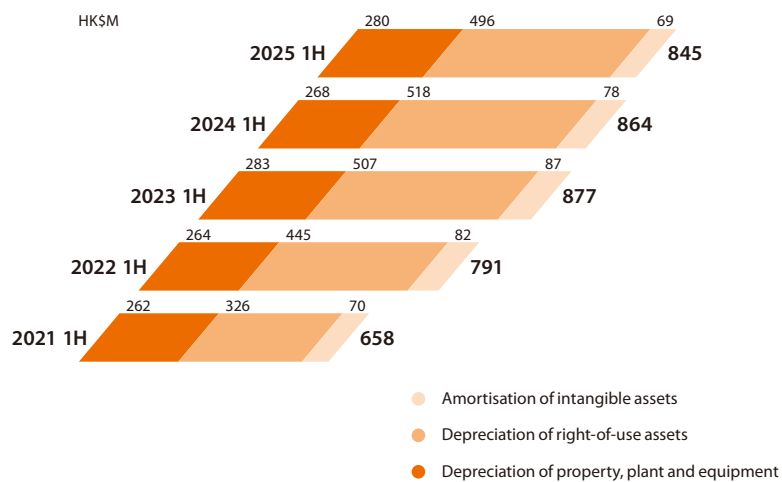


DIVIDEND PER SHARE

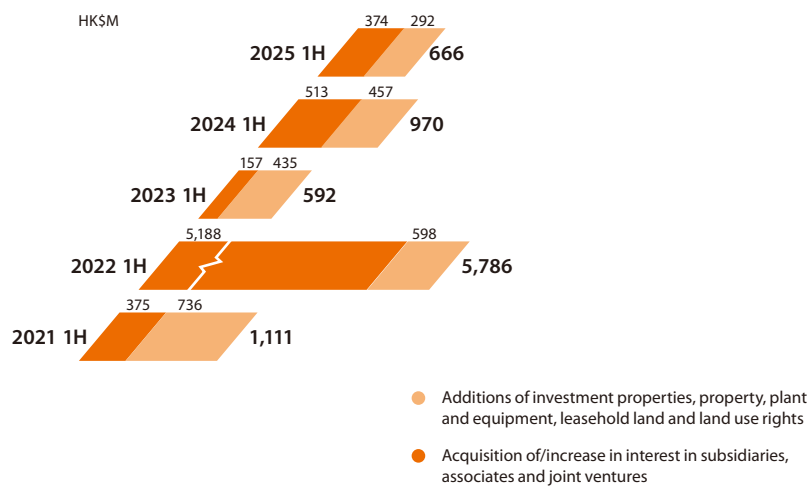


* For continuing operations only

DEPRECIATION AND AMORTISATION*



CAPEX



* For continuing operations only

Results Overview

The Group recorded a growth in revenue of 7% to HK\$27,211 million in 2025 1H (2024 1H*: HK\$25,432 million). Core operating profit increased by 12% to HK\$1,348 million (2024 1H*: HK\$1,200 million). Core net profit also increased by 12% year-on-year to

HK\$681 million (2024 1H*: HK\$606 million). Excluding the one-off gain on distribution/cessation of the Group's express operations in 2024 1H, Profit attributable to the Shareholders achieved a 34% growth in 2025 1H, amounted to HK\$648 million (2024 1H: HK\$485 million).

	2025 1H HK\$ million	2024 1H HK\$ million	
Segment profit*			
IL	713	681	+5%
IFF	919	752	+22%
	1,632	1,433	
Unallocated administrative expenses and others	(284)	(233)	
Core operating profit*	1,348	1,200	+12%
Core net profit*	681	606	+12%
Changes in fair value of investment properties, net of deferred tax	(28)	(3)	
Profit attributable to holders of perpetual convertible securities	(5)	(13)	
Profit generated from continuing operations attributable to the Shareholders	648	590	+10%
Operating loss generated from discontinued operations	–	(105)	
Profit attributable to the Shareholders[^]	648	485	+34%

* For continuing operations in 2024 1H only

[^] Excluding the one-off gain on distribution/cessation of the Group's express operations in 2024 1H



Management Discussion and Analysis

BUSINESS REVIEW

MARKET OVERVIEW

2025 1H was characterised by a significant rise in trade restrictions and the unpredictability in the international policy environment, which slowed down global growth. The substantial surge in tariffs, compounded by escalated geopolitical tensions, increased uncertainty and elevated global inflation, disrupted the recovery of international trade and investment.

Rapid shifts in trade policies challenged and reshaped the global logistics industry, leading to high volatility in freight rates in 2025 1H. A rollercoaster ride of backlogs, blank sailings and frontloading in response to US tariff announcements and retaliation from the Mainland of China, the European Union and beyond from early April to July 2025 plunged the industry into a state of chaos and dread.

Against this backdrop, KLN Group withstood the shocks leveraging its diversified business portfolio and customer mix alongside its solid presence in the Southeast Asian region. The Group successfully captured new business opportunities arising from the reshuffling of global supply chains and the international expansion strategies of Chinese corporations. KLN Group's agile response to rapidly changing market conditions and its commitment to supporting its customers' evolving business needs enabled it to outperform the market, demonstrated by a 7% increase in revenue and a 12% growth in core net profit in 2025 1H.

INTEGRATED LOGISTICS

In 2025 1H, the segment profit of KLN Group's IL business recorded a 5% increase. The key markets, Hong Kong and the Mainland of China, remained under the impact of global trade tensions and changes in consumption patterns. Notwithstanding the tough operating environment in the two markets, the Group was able to offset the segment profit drop by capitalising on growth in other Asian markets and strengthened cost control measures across the network.

The Hong Kong economy continued to face significant headwinds. Changing consumption patterns of local citizens and tourists have adversely impacted Hong Kong's F&B and retail sectors. A number of well-known brands have announced closures or scaled back operations. The increasing prevalence of online shopping and cross-border e-commerce has also intensified competitive pressure on brick-and-mortar retailers. Moreover, a few key accounts relocated the majority of their warehouse operations to Qianhai in Shenzhen to reduce overall operating costs. The segment profit of Hong Kong's IL business division declined by 7%.

In the Mainland of China, B2C retail sales, e-commerce and service consumption experienced a slight improvement, fuelled by government stimulus measures such as the consumer goods trade-in programme. However, the segment profit of the IL division in the Mainland of China reported a drop of 5%, primarily due to subdued domestic B2B demand, heightened industry competition and the “China Plus One” supply chain strategy which drove more corporations to relocate all or part of their supply chains to other countries or regions. Consumption downgrading further weighed on performance across the electronics and fashion verticals, with high-end goods experiencing muted demand. The disposal of KIMS in June 2025 represents the continuation of the Group’s strategy to streamline its operations and reconfigure resources to strengthen its strategic core business position in the Mainland of China. Please refer to the announcements of the Company dated 10 June 2025 and 2 July 2025 for further details.

In the rest of Asia, uncertain tariff policies further accelerated some corporations’ shifts of the entirety or part of their supply chains from the Mainland of China to neighbouring countries, in particular Southeast Asia and South Asia. Riding on its diversified customer mix and solid presence in the region, the Group’s IL division benefitted from new business demands driven by increasing manufacturing activities as well as satisfactory performance of KLN Seaport in Thailand and the stable growth in South Asia, recording a 27% increase in segment profit in the rest in Asia.



KLN Group was the No. 1 Trans-Pacific NVOCC from Asia to the US for 2025 1H



KLN Group delivered a large-scale fertiliser plant, including an ammonia converter weighing up to 643.50 tonnes, from South Korea to Nigeria via road freight between May and July 2025

INTERNATIONAL FREIGHT FORWARDING

In 2025 1H, the international freight forwarding market faced an array of challenges that stemmed from trade policy shifts, geopolitical tensions, volatile tariffs and the unresolved Red Sea Crisis. Despite the highly disruptive market conditions, KLN Group's IFF business reported a 22% growth in segment profit, leveraging its diversified product portfolio across sectors and trade lanes.

As the No.1 Trans-Pacific NVOCC (from Asia to the US), the Group's IFF business was severely impacted by the turbulent US-China trade environment. When the US introduced 145% tariffs on Chinese imports, many importers paused shipments. But as soon as a 90-day tariff suspension was announced, there was a rush to move goods, driving up Trans-Pacific container demand and spot rates by over 117%. The Group leveraged this window by providing secured capacity and expedited services, responding swiftly to

shifting strategies among importers who scrambled to replenish inventory.

The Group also capitalised on rising demand across alternative trade lanes, notably the Asia-Europe and Intra-Asia corridors, which experienced stable growth amid supply chain shifts and tariff-driven realignments.

Driven by the execution of the EPC (Engineering, Procurement and Construction) project, and the revival of the traditional industrial project logistics market, KLN Group's project logistics business under the IFF division recorded a revenue of HK\$1.7 billion in 2025 1H, nearly matching the business's full-year revenue in 2024.

The joint venture between KLN Group and S.F. Holding, which provides ground handling services for international flights at the Ezhou Airport, has doubled its business scale. In 2025 1H, the joint venture contributed more than HK\$180 million in revenue.

SUSTAINABILITY

KLN Group is actively advancing sustainable logistics through its unwavering commitment to decarbonisation, operational excellence, and inclusive growth.

The Group is actively preparing to meet the new climate disclosure requirements set out by the Stock Exchange of Hong Kong, which are closely aligned with the ISSB S2 Standards. To improve transparency, the Group is gathering deeper operational insights on greenhouse gas emissions and identifying areas with significant environmental impact. KLN is also exploring alternative fuels, such as sustainable marine and aviation fuel options, to support its net-zero goals.

The Group's commitment to sustainability was recognised with the Best Sustainability-Linked Loan – Logistics Award at The Asset Triple A Sustainable Finance Awards 2025 for its pioneering HK\$1 billion syndicated Sustainability-linked & Social Term Loan Facility, signed in 2024. As Asia Pacific's first ESG-linked syndicated loan of its kind, the oversubscribed facility affirms the Group's leadership in supporting social initiatives focused on employment access, essential services, and infrastructure.

Through the continued expansion of the Group's WE KARE initiative, KLN fosters a diverse and inclusive workplace. KLN is investing in employee development and strengthening connections with educational institutions to attract future talents. In parallel, KLN is actively establishing partnerships with Social Enterprises and Non-Governmental Organizations to broaden community impact.

OUTLOOK

As 2025 2H unfolds, the global economy continues to navigate persistent uncertainty. Growth is expected to remain subdued, influenced by ongoing trade tensions and unpredictable policy landscapes. Consumer demand is anticipated to remain under pressure, and manufacturing activity is likely to reflect lingering effects of prior inventory rebalancing tied to shifting trade dynamics. Logistics demand, which accelerated earlier in the year, is projected to normalise in the coming quarters alongside stabilising global trade flows.

In the short term, KLN Group will continue implementing cost control measures to enhance efficiency, maintain profitability and safeguard operational resilience. These measures include renegotiating supplier contracts and restructuring service packages with key customers to align with current market conditions, as well as optimising the workforce to maximise cost efficiency.

The Group expects its IL business to improve in 2025 2H as macroeconomic conditions stabilise and logistics demand increases in its key markets. Growth opportunities in the Hong Kong market are expected to be driven by pharmaceutical and medical logistics, fuelled by the Group's strengthened 4PL service capabilities and growing demand for healthcare services. Additionally, newly acquired customers in sectors such as construction, clean energy and government-related projects, are anticipated to contribute to business growth in 2025.

In the medium term, KLN Group will enhance and expand its capabilities in specialised products such as project, industrial and material science (IMS) and pharmaceutical logistics, while developing and scaling up its 4PL expertise empowered by AI and technology to meet evolving customer needs. Across the rest of Asia, the Group's solid presence and extensive operations are expected to capture additional opportunities, driven by rising logistics demand resulting from ongoing supply chain relocation and accelerating manufacturing activities in the region. Outside of Asia, the Group will continue to develop the newly entered markets in Sri Lanka, Dubai and Mexico to tap into emerging growth opportunities and expand the IL business's global market presence.

KLN Group's IFF business remains highly sensitive to global geopolitical and trade dynamics. Freight rate volatility, largely influenced by tariff decisions, is likely to continue into 2025 2H. Frontloading in 2025 1H has disrupted demand patterns and a traditional peak season is unlikely to be seen in 2025. Additional shifts in US tariffs could further disrupt trade routes and impact both air and ocean freight demand. The Group will continue to closely monitor trade developments and proactively offer alternative multimodal solutions to support customers during challenging periods.

Continued focus on core strengths, particularly its deep expertise and solid presence in Asia, will be key to sustaining KLN Group's long-term performance.

By consolidating its project management and engineering strengths, the Group's industrial project logistics business will continue delivering innovative EPC and logistics solutions aligned with evolving client needs, while actively pursuing new project opportunities globally, particularly in regions experiencing rising infrastructure investment and increasingly complex supply chain requirements.

Starting from August 2025, KLN Group has further strengthened its charter operations in partnership with S.F. Holding. The initiative includes four weekly charter flights from Ezhou, China to Chicago and Miami, US to capture new growth opportunities in international trade. The Group is also utilising Ezhou Airport as a strategic cargo hub to facilitate shipments originating from Southeast Asia to the US and EMEA. This initiative is expected to streamline logistics, offer flexibility and enhance connectivity between key markets across the globe, supporting KLN Group's long-term growth in international cargo operations.

Looking ahead, KLN Group remains cautious yet committed to navigating the challenges of a fast-changing logistics landscape. Over the long term, the Group will continue strengthening its capabilities across three Strategic Pillars – coverage, product and service qualities – to compete effectively with global players. Strengthening its European presence will be a key priority to increase competitiveness in Asia-Europe and Trans-Atlantic trade lanes. Alongside this, KLN Group is committed to enforcing a customer-centric organisation powered by technology and its people, supporting the ecosystem to ensure the Group achieves sustainable growth that benefits both shareholders and stakeholders alike.

Continued focus on core strengths, particularly its deep expertise and solid presence in Asia, will be key to sustaining KLN Group's long-term performance. The Group will also adopt proactive supply chain strategies, respond swiftly to market shifts, and deliver flexible solutions in a complex and evolving global environment. KLN Group trusts that these efforts will continue to drive sustainable results and deliver long-term value to shareholders.

FINANCIAL REVIEW

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

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

Most of the Group's assets and liabilities are denominated in different functional currencies of the overseas subsidiaries' respective countries. The Group generally does not enter into foreign exchange hedges in respect of its long-term equity investments in overseas subsidiaries, associates and a joint venture. For the foreign currency exposure arising from business activities, certain subsidiaries used forward contracts to hedge their foreign exchange exposure from trading transactions during the period, the amount of which was insignificant to the Group. The Group will continue to closely monitor its foreign exchange position and if necessary, hedge its foreign exchange exposure by entering into appropriate hedging instruments. As at 30 June 2025, total foreign currency borrowings amounted to the equivalent of HK\$1,958 million (including HK\$1,298 million denominated in Renminbi and HK\$341 million denominated in Singaporean dollar), which represented approximately 22% of the Group's total bank loans of HK\$9,002 million. Out of the Group's total bank loans as at 30 June 2025, HK\$2,751 million (representing approximately 30%) was repayable within one year, HK\$1,775 million (representing approximately 20%) in the second year, HK\$4,375 million (representing approximately 49%) in the third to fifth years and HK\$101 million (representing approximately 1%) over five years. The Group maintains most of its bank loans on an unsecured basis, with unsecured debt accounting for approximately 98% of total bank loans. In relation to the secured bank loans of HK\$190 million as at 30 June 2025, the securities provided for the secured banking facilities available to the Group include legal charges over certain non-current assets with aggregate net book value of HK\$729 million, assignments of insurance proceeds of certain properties, and certain balances of restricted and pledged deposits. A majority of the bank loans were borrowed at floating interest rates and were not held for hedging purposes.

As at 30 June 2025, the gearing ratio for the Group was 53.0% (31 December 2024: 53.6%). The ratio was calculated as total bank loans and overdrafts, divided by equity attributable to the Shareholders.

As at 30 June 2025, the Group had total undrawn bank loan and overdraft facilities of HK\$9,455 million which may be used to fund material capital expenditure. The Group will also continue to secure financing as and when the need arises.

As at 30 June 2025, the Group had no material contingent liabilities.

STAFF AND REMUNERATION POLICIES

As at 30 June 2025, the Group had approximately 18,400 employees. The remuneration to employees includes salaries maintained at competitive levels while bonuses are granted on a discretionary basis. The Group provides training to its staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees. Other employee benefits include provident fund, insurance, medical, sponsorship for educational or training programmes and share award scheme.

Corporate Governance and Other Information

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

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of the associated corporations of the Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

SHARES AND UNDERLYING SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

(I) THE COMPANY

Directors	Ordinary Shares in the Company				Total interests	Approximate percentage of issued share capital ⁽¹⁾
	Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests		
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%
CHENG Chi Wai ⁽⁵⁾	1,167,303	–	–	–	1,167,303	0.06%
WONG Yu Pok Marina ⁽⁶⁾	20,796	–	–	–	20,796	< 0.01%

Notes:

(1) Based on 1,807,429,342 Ordinary Shares in issue as at 30 June 2025.

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

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

(4) Mr Cheung is interested in (i) 3,950,171 Ordinary Shares as beneficial owner; and (ii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 33,007 Ordinary Shares.

(5) Mr Cheng is interested in (i) 1,136,182 Ordinary Shares as beneficial owner; and (ii) award granted under the Share Award Scheme conferring the conditional right upon vesting in the form of 31,121 Ordinary Shares.

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

(II) ASSOCIATED CORPORATIONS

Shenzhen Mingde Holding Development Co., Ltd.

Director	Registered capital of Shenzhen Mingde					Approximate percentage of registered capital ⁽¹⁾
	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	
WANG Wei ⁽²⁾	RMB113,286,600	–	–	–	RMB113,286,600	99.90%

Notes:

(1) Based on a total registered capital of Shenzhen Mingde of RMB113,400,000 as at 30 June 2025.

(2) Mr Wang is interested in registered capital of Shenzhen Mingde in the amount of RMB113,286,600 as beneficial owner.

S.F. Holding Co., Ltd.

Directors	Type of shares	Ordinary shares in S.F. Holding				Total interests	Approximate percentage of issued share capital ⁽¹⁾
		Personal interests (held as beneficial owner)	Family interests (interests of spouse and child under 18)	Corporate interests (interests of controlled corporations)	Other interests		
HO Chit ⁽²⁾	A Shares	366,000	–	–	–	366,000	0.01%
OOI Bee Ti ⁽³⁾	A Shares	207,400	–	–	–	207,400	< 0.01%

Notes:

(1) Based on 4,822,692,017 ordinary shares (A Shares) in S.F. Holding in issue as at 30 June 2025.

(2) Mr Ho is interested in (i) 122,000 ordinary shares (A Shares) in S.F. Holding as beneficial owner; and (ii) options granted under the 2022 stock option incentive plan of S.F. Holding to subscribe for 244,000 ordinary shares (A Shares) in S.F. Holding.

(3) Ms Ooi is interested in (i) 71,400 ordinary shares (A Shares) in S.F. Holding as beneficial owner; and (ii) options granted under the 2022 stock option incentive plan of S.F. Holding to subscribe for 136,000 ordinary shares (A Shares) in S.F. Holding.

Save as disclosed above, as at 30 June 2025, the Company is not aware of any other Director or the chief executive of the Company who has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

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

As at 30 June 2025, the following are the persons, other than the Directors or the chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

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

Notes:

(1) Based on 1,807,429,342 Ordinary Shares in issue as at 30 June 2025.

(2) Mr WANG Wei is the executive director of Shenzhen Mingde.

(3) Mr WANG Wei is an executive director, the chairman of the board of directors and the general manager of S.F. Holding. Mr HO Chit is an executive director, a deputy general manager and the chief financial officer of S.F. Holding. Ms OOI Bee Ti is the head of treasury center of S.F. Holding.

(4) Mr KUOK Khoon Hua is a director of KGL. Ms CHEN Keren is the group co-general counsel, the company secretary and the director of corporate services of KGL.

(5) Mr KUOK Khoon Hua is the chairman and a director of KHL.

(6) Mr KUOK Khoon Hua is the chairman, the chief executive officer and an executive director of KPL.

(7) Flourish Harmony is interested in 931,209,117 Ordinary Shares as beneficial owner. It is indirectly wholly-owned by S.F. Holding. S.F. Holding is a subsidiary of Shenzhen Mingde which is in turn controlled by Mr WANG Wei. Accordingly, S.F. Holding, Shenzhen Mingde and Mr WANG Wei are deemed to be interested in the interest held by Flourish Harmony in the Company pursuant to the disclosure requirements under the SFO.

(8) KPL is a subsidiary of KHL. KHL is a wholly-owned subsidiary of KGL. Accordingly, KHL is deemed to be interested in the interest held by KPL in the Company and KGL is deemed to be interested in the interest held by each of KHL and KPL in the Company pursuant to the disclosure requirements under the SFO.

Save as disclosed above, as at 30 June 2025, the Company is not aware of any other person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE AWARD SCHEME

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

During the six months ended 30 June 2025, no awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 30 June 2025, a total of 11,973,196 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.66% and 0.66% of the issued share capital of the Company as at 30 June 2025 and the date of this interim report, respectively), of which 492,778 have forfeited, 11,348,690 have vested and 131,728 remain unvested.

Movement of the awarded Shares, which were granted under the Share Award Scheme, during the six months ended 30 June 2025 were as follows:

Category	Date of grant	Number of awarded Shares				Vested (Notes a and c)	Unvested as at 30/06/2025	Purchase price HK\$	Vesting period (Note d)
		Unvested as at 01/01/2025	Granted during the six months ended 30/06/2025 (Note a)	Forfeited during the six months ended 30/06/2025 (Note b)					
1 Directors									
CHEUNG Ping Chuen Vicky	01/04/2022	18,360	–	–	18,360	–	N/A	01/04/2022-01/04/2025	
	01/04/2023	33,005	–	–	33,005	–	N/A	01/04/2023-01/04/2025	
	01/04/2023	33,007	–	–	–	33,007	N/A	01/04/2023-01/04/2026	
CHENG Chi Wai	01/04/2022	22,265	–	–	22,265	–	N/A	01/04/2022-01/04/2025	
	01/04/2023	31,120	–	–	31,120	–	N/A	01/04/2023-01/04/2025	
	01/04/2023	31,121	–	–	–	31,121	N/A	01/04/2023-01/04/2026	
2 Continuous Contract Employees									
	01/04/2022	129,236	–	71,924	57,312	–	N/A	01/04/2022-01/04/2025	
	01/04/2023	155,874	–	88,279	67,595	–	N/A	01/04/2023-01/04/2025	
	01/04/2023	155,879	–	88,279	–	67,600	N/A	01/04/2023-01/04/2026	
Total:		609,867	–	248,482	229,657	131,728			

Notes:

- During the six months ended 30 June 2025, no awarded Shares was granted, transferred from/to other category, cancelled or lapsed under the Share Award Scheme.
- For selected participants who have ceased to be eligible persons, the unvested awarded Shares are forfeited in accordance with the Share Award Scheme. The forfeited Shares are held under the trust set up by the Share Award Scheme for future awards to eligible persons.
- The weighted average closing price of the Ordinary Shares immediately before the date on which the awarded Shares were vested was HK\$6.85.
- The vesting period of the awarded Shares is from the date of grant until the date of vesting.
- There are no participants with awarded Shares granted in excess of the individual limit and no grants to suppliers of goods and services.
- For the awarded Shares granted under the Share Award Scheme, the amounts to be recognised as expenses are determined by reference to the fair value of the awarded Shares granted, taking into account all market performance conditions (e.g. the Company's share price) and non-vesting conditions associated with the grants as at the date of grant, excluding the impact of any service and non-market performance vesting conditions. The total expense amount is recognised over the relevant vesting periods. At the end of each reporting period, the Group revises its estimates of the number of awarded Shares that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. The fair value of the awarded Shares is determined based on the closing market price of the Ordinary Shares as at the date of grant, excluding the present value of dividends expected to be paid during the vesting period.

SUMMARY OF THE SHARE AWARD SCHEME

Details	Share Award Scheme
1. Purpose	To support the long-term growth of the Group and enhance its reputation as an employer-of-choice in the industry, to attract and incentivise suitable personnel for the further development of the Group, to recognise contributions by participants, to retain talent and to help align the interests of the Directors and senior management of the Group with the Group's long-term performance
2. Participants	Eligible persons include any individual, being an employee, director, officer, consultant or advisor of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group unless otherwise necessary or expedient to be excluded
3. Maximum number of Shares	<p>During the six months ended 30 June 2025, no awarded Shares were granted under the Share Award Scheme. Since the date of adoption and up to 30 June 2025, a total of 11,973,196 awarded Shares have been granted under the Share Award Scheme (representing approximately 0.66% and 0.66% of the issued share capital of the Company as at 30 June 2025 and the date of this interim report, respectively), of which 492,778 have forfeited, 11,348,690 have vested and 131,728 remain unvested</p> <p>The maximum number of the Shares which can be awarded under the Share Award Scheme is 180,742,934 Shares representing 10% of the total issued Shares as at the date of this interim report</p>
4. Maximum entitlement of each participant	1% of the issued share capital of the Company from time to time
5. Vesting period	<p>The Board may, from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested</p> <p>The Board may in its absolute discretion decide whether any award shall lapse or shall be subject to such conditions or limitations as the Board may decide</p>
6. Acceptance of offer	N/A
7. Purchase price	N/A
8. Remaining life of the scheme	It shall be valid and effective for the award period, which commences on the adoption date, namely 25 January 2019, and ends on the business day immediately prior to the 10th anniversary of the adoption date

COMPLIANCE WITH THE CG CODE

The Company has applied the principles and code provisions as set out in Part 2 of the CG Code. During the six months ended 30 June 2025, the Company has complied with the code provisions as set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2025.

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

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

Save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the six months ended 30 June 2025.

REVIEW OF INTERIM REPORT AND CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The interim report has been reviewed by the audit and compliance committee of the Company and the unaudited condensed consolidated interim financial statements have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the audit and compliance committee of the Company. The review report of the independent auditor is set out on page 20.

EVENTS AFTER THE REPORTING PERIOD

There are no important events affecting the Group which have occurred since 30 June 2025.

CHANGES IN THE INFORMATION OF THE DIRECTORS SINCE LAST ANNUAL REPORT

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

Directors	Details of Changes
TAN Chuen Yan Paul	<ul style="list-style-type: none">Retired from his position as the independent non-executive director of Hua Lien International (Holding) Company Limited (a company listed on the main board of the Stock Exchange, stock code: 969) since June 2025
WONG Yu Pok Marina	<ul style="list-style-type: none">Appointed as a member of the nomination committee of the Company with effective from June 2025

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from Thursday, 11 September 2025 to Friday, 12 September 2025 in order to determine the entitlement of the Shareholders to the interim dividend. All share transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, 10 September 2025. The interim dividend is payable on or around Tuesday, 23 September 2025 to the Shareholders whose names appear on the Registers of Members on Friday, 12 September 2025.

By Order of the Board
WANG Wei
Chairman

Hong Kong, 28 August 2025

Independent Auditor's Review Report



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
KLN LOGISTICS GROUP LIMITED
(FORMERLY KNOWN AS KERRY LOGISTICS
NETWORK LIMITED)**

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 48, which comprises the condensed consolidated interim statement of financial position of KLN Logistics Group Limited (formerly known as Kerry Logistics Network Limited) (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2025 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of cash flows and the

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

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

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2025

Interim Financial Statements

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2025

	Note	Unaudited 2025 HK\$'000	Unaudited 2024 HK\$'000
Continuing operations			
Revenue	3	27,211,248	25,432,488
Direct operating expenses	4	(24,277,775)	(22,914,125)
Gross profit		2,933,473	2,518,363
Other income and net gains	5	76,889	40,171
Administrative expenses	4	(1,596,588)	(1,319,131)
Operating profit before fair value change of investment properties		1,413,774	1,239,403
Change in fair value of investment properties	10	(37,580)	(4,515)
Operating profit		1,376,194	1,234,888
Finance expenses	6	(267,322)	(285,884)
Share of results of associates and a joint venture		29,624	53,772
Profit before taxation		1,138,496	1,002,776
Taxation	7	(317,640)	(260,393)
Profit for the period from continuing operations		820,856	742,383
Discontinued operations			
Profit for the period from discontinued operations	19	–	157,771
Profit for the period		820,856	900,154

	Note	Unaudited 2025 HK\$'000	Unaudited 2024 HK\$'000
Profit/(loss) attributable to:			
Company's shareholders			
From continuing operations		648,208	589,956
From discontinued operations		–	241,167
Non-controlling interests			
From continuing operations		167,782	139,557
From discontinued operations		–	(83,396)
Holders of perpetual convertible securities			
From continuing operations		4,866	12,870
From discontinued operations		–	–
		820,856	900,154
Earnings per share from continuing operations	9		
– Basic		HK\$0.36	HK\$0.33
– Diluted		HK\$0.36	HK\$0.33
Earnings per share from discontinued operations			
– Basic		HK\$Nil	HK\$0.13
– Diluted		HK\$Nil	HK\$0.13

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited 2025 HK\$'000	Unaudited 2024 HK\$'000
Profit for the period	820,856	900,154
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss		
Defined benefit pension plans		
– Actuarial loss	–	(662)
– Deferred income tax	–	133
Fair value change on financial assets at fair value through other comprehensive income	1,966	(139,001)
Fair value gain recognised upon the transfer from property, plant and equipment to investment properties, net of tax	67,533	–
Item that may be reclassified to profit or loss		
Net translation differences on foreign operations	974,056	(469,372)
Other comprehensive income/(loss) for the period (net of tax)	1,043,555	(608,902)
Total comprehensive income for the period	1,864,411	291,252
Total comprehensive income/(loss) attributable to:		
Company's shareholders		
From continuing operations	1,588,334	(87,525)
From discontinued operations	–	379,693
Non-controlling interests	271,211	(13,786)
Holders of perpetual convertible securities	4,866	12,870
	1,864,411	291,252

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Intangible assets	10	5,785,181	5,681,264
Investment properties	10	2,966,703	2,518,568
Property, plant and equipment	10	7,136,808	7,022,659
Right-of-use assets		2,938,289	2,850,160
Associates and a joint venture		1,526,167	1,592,330
Financial assets at fair value through other comprehensive income		309,249	299,899
Investment in convertible bonds		4,721	5,714
Other non-current assets		187,669	223,055
Deferred taxation		242,444	223,588
		21,097,231	20,417,237
Current assets			
Financial assets at fair value through profit or loss		501	496
Inventories		340,069	322,723
Accounts receivable, prepayments and deposits	11	15,227,688	14,584,890
Tax recoverable		359,683	314,586
Amounts due from fellow subsidiaries		116,492	457,578
Amounts due from related companies		6,547	1,744
Amounts due from associates		7,623	4,780
Restricted and pledged bank deposits		30,393	20,500
Cash at bank and in hand		6,092,495	6,577,951
		22,181,491	22,285,248

	Note	Unaudited As at 30 June 2025 HK\$'000	Audited As at 31 December 2024 HK\$'000
Current liabilities			
Lease liabilities		933,928	880,498
Accounts payable, deposits received and accrued charges	12	10,548,544	10,821,919
Supplier financing payables		148,550	–
Amounts due to fellow subsidiaries		248,082	6,329
Amounts due to related companies		134,126	140,547
Taxation		532,627	562,134
Loans from non-controlling interests		–	23,228
Short-term bank loans and current portion of long-term bank loans	13	2,751,005	2,916,725
Bank overdrafts	13	14,475	168,316
		15,311,337	15,519,696
Non-current liabilities			
Loans from non-controlling interests		200,166	202,405
Long-term bank loans	13	6,250,922	5,904,173
Lease liabilities		1,410,633	1,397,015
Deferred taxation		522,141	508,776
Retirement benefit obligations		30,690	31,458
Other non-current liabilities	12	68,430	59,831
		8,482,982	8,103,658
ASSETS LESS LIABILITIES		19,484,403	19,079,131
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	14	903,715	903,715
Share premium		4,074,218	4,074,218
Shares held for share award scheme		(37,221)	(43,955)
Retained profits and other reserves		12,068,293	11,047,675
		17,009,005	15,981,653
Perpetual convertible securities	17	–	774,101
Non-controlling interests		2,475,398	2,323,377
TOTAL EQUITY		19,484,403	19,079,131

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Unaudited 2025 HK\$'000	Unaudited 2024 HK\$'000
Operating activities		
Net cash generated from operations	2,081,344	1,162,293
Interest paid	(216,965)	(239,010)
Income tax (paid)/refund	(447,189)	24,333
Net cash generated from operating activities	1,417,190	947,616
Investing activities		
Additions of property, plant and equipment	(292,247)	(296,073)
Additions of right-of-use assets – leasehold land and land use rights	(83)	(57,218)
Additions of other non-current assets	(12,308)	(73,228)
Disposal of financial assets at fair value through other comprehensive income	–	739
Proceeds from sale of property, plant and equipment	16,826	19,282
Proceeds from sale of an associate	1,252	5,767
Dividend received from financial assets at fair value through other comprehensive income	31	–
Dividends received from associates	111,502	108,437
Net (increase)/decrease in balances with associates and joint ventures	(200)	4,449
Interest received	65,846	39,877
Interest received from convertible bond	954	–
Acquisition of subsidiaries, net of cash and cash equivalents acquired	–	(64,471)
Cash consideration paid for prior year's acquisition	(2,342)	(44,424)
Increase in restricted and pledged bank deposits	(9,893)	(5,913)
Net cash used in investing activities	(120,662)	(362,776)

	Unaudited 2025 HK\$'000	Unaudited 2024 HK\$'000
Financing activities		
Repayment of bank loans	(5,553,345)	(4,903,897)
Drawdown of bank loans	5,662,078	5,172,865
Dividends of subsidiaries paid to non-controlling interests	(203,392)	(77,051)
Advance received from supplier financing	148,550	–
Capital injection from non-controlling interests	10,722	7,049
Reduction of capital by non-controlling interest	(19,004)	–
Increase in loans from non-controlling interests	–	6,001
Repayment of loans from non-controlling interests	(23,266)	–
Payments of lease liabilities	(534,012)	(648,740)
Repurchase of perpetual convertible securities	(744,500)	–
Net cash consideration paid to non-controlling interests without change of control	(351,020)	(370,694)
Interest paid for perpetual convertible securities	(4,866)	(12,870)
Distribution in specie	–	(286,448)
Dividends paid	(271,114)	(234,966)
Net cash used in financing activities	(1,883,169)	(1,348,751)
Decrease in cash and cash equivalents	(586,641)	(763,911)
Effect of exchange rate changes	255,026	(168,298)
Cash and cash equivalents at beginning of the period	6,409,635	6,624,964
Cash and cash equivalent at end of the period	6,078,020	5,692,755
Analysis of balances of cash and cash equivalents		
Cash and bank balances	6,092,495	5,819,024
Bank overdrafts	(14,475)	(126,269)
	6,078,020	5,692,755

Major non-cash Transaction:

Part of the additions of property, plant and equipment of HK\$56,266,000 (2024: HK\$104,458,000) have been prepaid in previous financial years.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

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

Attributable to shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Perpetual convertible securities HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
(unaudited)										
Balance at 1 January 2024	903,715	4,074,218	(27,639)	(5,954,223)	17,581,242	234,966	16,812,279	774,101	2,520,879	20,107,259
Profit for the period	-	-	-	-	831,123	-	831,123	12,870	56,161	900,154
Defined benefit pension plans										
- Actuarial losses	-	-	-	-	(344)	-	(344)	-	(318)	(662)
- Deferred taxation	-	-	-	-	69	-	69	-	64	133
Net translation differences on foreign operations	-	-	-	(402,088)	-	-	(402,088)	-	(67,284)	(469,372)
Fair value change on financial assets at fair value through other comprehensive income	-	-	-	(136,592)	-	-	(136,592)	-	(2,409)	(139,001)
Total comprehensive income for the six months ended 30 June 2024	-	-	-	(538,680)	830,848	-	292,168	12,870	(13,786)	291,252
Dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(80,073)	(80,073)
2023 final dividend paid	-	-	-	-	-	(234,966)	(234,966)	-	-	(234,966)
2024 proposed interim dividend	-	-	-	-	(180,743)	180,743	-	-	-	-
Transfer	-	-	-	60,703	(60,703)	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	32,822	32,822
Special interim dividend by way of a distribution in specie	-	-	-	-	(983,215)	-	(983,215)	-	(177,823)	(1,161,038)
Transfer related to distribution in specie	-	-	-	(1,838,278)	1,838,278	-	-	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	7,049	7,049
Changes in ownership of interests in subsidiaries without change of control	-	-	-	(360,233)	-	-	(360,233)	-	(10,461)	(370,694)
Share-based compensation under share award scheme	-	-	-	10,336	-	-	10,336	-	-	10,336
Distribution paid on perpetual convertible securities (note 17)	-	-	-	-	-	-	-	(12,870)	-	(12,870)
Vesting of shares under share award scheme	-	-	9,315	(9,315)	-	-	-	-	-	-
Total transactions with owners	-	-	9,315	(2,136,787)	613,617	(54,223)	(1,568,078)	(12,870)	(228,486)	(1,809,434)
Closing balance	903,715	4,074,218	(18,324)	(8,629,690)	19,025,707	180,743	15,536,369	774,101	2,278,607	18,589,077

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

To align with the Group’s strategy of focusing on its core business of integrated logistics and international freight forwarding, during the period ended 30 June 2024, the Group completed the distribution of special interim dividend by way of a distribution in specie of all its shares held in KEX Express (Thailand) Public Company Limited (“KEX Express Thailand”) and ceased certain express operations in Asia (together with KEX Express Thailand, “Express Operations”). These constituted discontinued operations (“Discontinued Operations”) under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operation”, the related financial information of the Discontinued Operations is required to be presented separately as discontinued operations of the Group in the condensed consolidated interim financial information for the period ended 30 June 2024. Further detail of the financial information of the Discontinued Operations are set out in note 19.

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

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

These unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS as issued by the HKICPA. The accounting policies used in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2024.

(I) ADOPTION OF AMENDMENTS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are effective for the Group’s accounting period of the Group beginning on 1 January 2025:

Amendments to HKFRS 1 and HKAS 21, ‘Lack of Exchangeability’

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

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

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

Amendments to HKFRS 7 and HKFRS 9, 'Classification and Measurement of Financial Instruments'¹

Annual Improvements to HKFRS Accounting Standards – Volume 11¹

HKFRS 18, 'Presentation and Disclosure in Financial Statements'²

HKFRS 19, 'Subsidiaries without Public Accountability: Disclosures'²

Amendments to Hong Kong Interpretation 5, 'Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause'²

Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'³

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ Effective date to be determined

The Group is in the process of assessing the impact of these new standards, amendments to existing standards and interpretation on the Group's accounting policies and consolidated financial statements.

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

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

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2024 except for the adoption of amendments to existing standards as set out above.

2 FINANCIAL RISK MANAGEMENT

(a) FINANCIAL RISK FACTORS

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

These condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual consolidated financial statements; and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. There have been no changes in the Group's financial risk management structure and policies since the year end.

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) FAIR VALUE ESTIMATION

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

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

There were no transfers between levels during the period (2024: nil).

The following table presents the Group's financial instruments that are measured at fair value as at 30 June 2025 and 31 December 2024.

At 30 June 2025	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Investment in convertible bonds	–	–	4,721	4,721
Financial assets at fair value through other comprehensive income	86,143	–	223,106	309,249
Financial assets at fair value through profit or loss	501	–	–	501
Total assets	86,644	–	227,827	314,471

At 31 December 2024	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Investment in convertible bonds	–	–	5,714	5,714
Financial assets at fair value through other comprehensive income	77,884	–	222,015	299,899
Financial assets at fair value through profit or loss	496	–	–	496
Total assets	78,380	–	227,729	306,109

LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents the changes in level 3 instruments.

	Financial assets at fair value through other comprehensive income HK\$'000	Investment in convertible bonds HK\$'000
As at 30 June 2025		
Opening balance	222,015	5,714
Fair value adjustment	(6,293)	–
Exchange adjustment	7,384	(993)
Closing balance	223,106	4,721
As at 30 June 2024		
Opening balance	260,270	5,831
Fair value adjustment	(28,591)	–
Disposals	(739)	–
Exchange adjustment	(2,948)	(260)
Closing balance	227,992	5,571

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) FAIR VALUE ESTIMATION (CONTINUED)

LEVEL 3 FINANCIAL INSTRUMENTS (CONTINUED)

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

There were no changes in valuation techniques during the period (2024: nil).

VALUATION PROCESSES OF THE GROUP

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

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

INVESTMENT IN CONVERTIBLE BONDS

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The fair value of the following financial assets and liabilities approximate their carrying amount as at 30 June 2025 and 31 December 2024:

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

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

- (a) Revenue from continuing operations recognised during the period is as follows:

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000 (restated)
Integrated logistics	7,025,603	7,210,263
International freight forwarding	20,185,645	18,222,225
	27,211,248	25,432,488

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(b) An analysis of the Group's financial results by operating segment and geographical area for the six months ended 30 June 2025, together with comparative figures for the six months ended 30 June 2024 is as follows:

	Six months ended 30 June										
	Continuing operations								Discontinued operations after elimination	Consolidation	
	Integrated logistics		International freight forwarding		Elimination		Consolidation				
	2025 HK\$'000	2024 HK\$'000 (restated)	2025 HK\$'000	2024 HK\$'000 (restated)	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000			
Revenue											
Turnover	7,025,603	7,210,263	20,185,645	18,222,225	-	-	27,211,248	25,432,488	548,169	27,211,248	25,980,657
Inter-segment revenue	716,851	559,702	3,157,218	2,959,682	(3,874,069)	(3,519,384)	-	-	-	-	-
	7,742,454	7,769,965	23,342,863	21,181,907	(3,874,069)	(3,519,384)	27,211,248	25,432,488	548,169	27,211,248	25,980,657
Turnover by geographic area											
Hong Kong	3,122,171	3,103,128	817,962	826,902	(376,278)	(490,398)	3,563,855	3,439,632	-	3,563,855	3,439,632
Mainland of China	2,854,460	3,106,811	7,114,550	6,903,370	(1,899,105)	(1,552,915)	8,069,905	8,457,266	-	8,069,905	8,457,266
Asia	1,674,382	1,480,864	3,141,989	3,133,173	(794,334)	(899,028)	4,022,037	3,715,009	548,169	4,022,037	4,263,178
Americas	-	-	6,974,516	6,352,255	(355,127)	(260,373)	6,619,389	6,091,882	-	6,619,389	6,091,882
EMEA	-	-	4,876,325	3,604,778	(396,121)	(294,625)	4,480,204	3,310,153	-	4,480,204	3,310,153
Oceania	91,441	79,162	417,521	361,429	(53,104)	(22,045)	455,858	418,546	-	455,858	418,546
	7,742,454	7,769,965	23,342,863	21,181,907	(3,874,069)	(3,519,384)	27,211,248	25,432,488	548,169	27,211,248	25,980,657
Segment profit/(loss) by geographic area											
Hong Kong	239,592	256,570	19,823	33,338	-	-	259,415	289,908	-	259,415	289,908
Mainland of China	194,765	204,965	377,901	298,511	-	-	572,666	503,476	-	572,666	503,476
Asia	265,724	209,161	165,087	138,354	-	-	430,811	347,515	(193,689)	430,811	153,826
Americas	-	-	229,063	206,761	-	-	229,063	206,761	-	229,063	206,761
EMEA	-	-	102,075	53,748	-	-	102,075	53,748	-	102,075	53,748
Oceania	13,209	10,720	25,026	21,230	-	-	38,235	31,950	-	38,235	31,950
	713,290	681,416	918,975	751,942	-	-	1,632,265	1,433,358	(193,689)	1,632,265	1,239,669
Less: Unallocated administration expenses							(284,337)	(233,703)	(5)	(284,337)	(233,708)
Core operating profit							1,347,928	1,199,655	(193,694)	1,347,928	1,005,961
Interest income							65,846	39,748	129	65,846	39,877
Finance expenses							(267,322)	(285,884)	(6,171)	(267,322)	(292,055)
Share of results of associates and a joint venture							29,624	53,772	-	29,624	53,772
Profit before taxation*							1,176,076	1,007,291	(199,736)	1,176,076	807,555
Taxation*							(327,193)	(261,549)	(2,647)	(327,193)	(264,196)
Profit for the period*							848,883	745,742	(202,383)	848,883	543,359
Non-controlling interests*							(168,359)	(140,077)	97,668	(168,359)	(42,409)
Core net profit							680,524	605,665	(104,715)	680,524	500,950
Change in fair value of investment properties							(37,580)	(4,515)	-	(37,580)	(4,515)
Deferred tax of change in fair value of investment properties							9,553	1,156	-	9,553	1,156
Less: Non-controlling interests' share of change in fair value of investment properties and its related deferred tax							577	520	-	577	520
Net gain on distribution (net of tax)/cessation of Express Operations							-	-	345,882	-	345,882
Profit attributable to Company's shareholders and holders of perpetual convertible securities							653,074	602,826	241,167	653,074	843,993
Holders of perpetual convertible securities							(4,866)	(12,870)	-	(4,866)	(12,870)
Profit attributable to Company's shareholders							648,208	589,956	241,167	648,208	831,123
Depreciation and amortisation	599,646	625,346	245,216	238,779	-	-	844,862	864,125	86,678	844,862	950,803

* Excluding the change in fair value of investment properties and its related deferred tax, net gain on distribution (net of tax)/cessation of Express Operations.

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(c) DISAGGREGATION OF REVENUE

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

By operating segment	Six months ended 30 June							
	2025				2024			
	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Rental income HK\$'000	Total HK\$'000	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000 (restated)	Rental income HK\$'000	Total HK\$'000 (restated)
Revenue from contracts with customers								
Integrated logistics	823,553	6,137,205	64,845	7,025,603	734,706	6,421,044	54,513	7,210,263
International freight forwarding	–	20,185,645	–	20,185,645	–	18,222,225	–	18,222,225
Discontinued operations	–	–	–	–	–	548,169	–	548,169
	823,553	26,322,850	64,845	27,211,248	734,706	25,191,438	54,513	25,980,657

By geographical area	Six months ended 30 June							
	2025				2024			
	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Rental income HK\$'000	Total HK\$'000	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Rental income HK\$'000	Total HK\$'000
Revenue from contracts with customers								
Hong Kong	781,001	2,782,854	–	3,563,855	624,255	2,815,377	–	3,439,632
Mainland of China	33,083	7,996,455	40,367	8,069,905	99,555	8,313,227	44,484	8,457,266
Asia	9,469	3,988,090	24,478	4,022,037	10,896	3,694,084	10,029	3,715,009
Americas	–	6,619,389	–	6,619,389	–	6,091,882	–	6,091,882
EMEA	–	4,480,204	–	4,480,204	–	3,310,153	–	3,310,153
Oceania	–	455,858	–	455,858	–	418,546	–	418,546
Discontinued operations	–	–	–	–	–	548,169	–	548,169
	823,553	26,322,850	64,845	27,211,248	734,706	25,191,438	54,513	25,980,657

3 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

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

The disposed Express Operations were presented under “Discontinued Operations” in 2024.

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

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

Prior period corresponding segment information that is presented for comparative purposes has been reclassified to conform to the reclassification of operations in Mainland of China adopted in the current period.

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

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

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

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

	Segment non-current assets [#]	
	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Hong Kong	1,804,061	1,790,217
Mainland of China	7,609,247	7,356,116
Asia	6,678,641	6,475,224
Americas	2,784,735	2,788,722
EMEA	1,463,612	1,293,973
Oceania	200,521	183,784
	20,540,817	19,888,036

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

4 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Business tax and other taxes	8,576	5,193
Cost of goods sold	676,447	610,371
Freight and transportation costs	20,862,992	19,669,976
Depreciation of property, plant and equipment (note 10)	279,956	268,169
Depreciation of right-of-use assets	495,943	517,806
Amortisation of intangible assets (note 10)	68,963	78,150
Provision for impairment of receivables	64,984	80,378
Reversal of provision for impairment of receivables	(33,071)	(17,068)
Rental expenses on land and buildings	241,613	215,397
Employee benefit expenses (note)	2,698,145	2,466,116

Note:

Government grants amounting to HK\$91,000 (2024: HK\$55,000) have been recognised and deducted in employee benefit expenses for the six months ended 30 June 2025.

5 OTHER INCOME AND NET GAINS

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Interest income from banks	21,314	36,841
Interest income from a fellow subsidiary	420	2,799
Interest income from associates	114	108
Other interest income	43,998	–
Loss on disposal of an associate	–	(110)
Gain on disposal of property, plant and equipment	10,702	14
Gain on early termination of lease contracts	310	519
Dividend income from financial assets at fair value through other comprehensive income	31	–
	76,889	40,171

6 FINANCE EXPENSES

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Interest expenses on bank loans, overdrafts and other finance costs	217,003	236,963
Interest expenses on lease liabilities	50,319	48,921
	267,322	285,884

7 TAXATION

HONG KONG AND OVERSEAS PROFITS TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) for the six months ended 30 June 2025 on the estimated assessable profit for the period. Income tax on the overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the overseas countries in which the Group operates.

PRC ENTERPRISE INCOME TAX

PRC enterprise income tax has been provided at the rate of 25% (2024: 25%) on the estimated assessable profit for the period.

OECD PILLAR TWO MODEL RULES

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

WITHHOLDING TAX ON DISTRIBUTED/UNDISTRIBUTED PROFITS

Withholding tax in the Group’s subsidiaries, associates and a joint venture is levied on profit

distribution upon declaration/remittance and in respect of the undistributed earnings for the period at the rates of taxation prevailing in the Mainland of China and overseas countries.

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

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

	Six months ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Hong Kong profits tax		
– Current	38,881	41,898
– Over provision in prior years	(3)	(4,977)
– Deferred	(12,072)	(23,748)
	26,806	13,173
PRC taxation		
– Current	99,685	101,735
– Under provision in prior years	11,618	514
– Deferred	(1,940)	(2,747)
	109,363	99,502
Overseas taxation		
– Current	197,349	156,427
– (Over)/under provision in prior years	(110)	1,753
– Deferred	(15,768)	(10,462)
	181,471	147,718
	317,640	260,393

8 DIVIDENDS

On 29 December 2023, the Directors declared a special interim dividend, to be effected by way of a distribution in specie of 907,200,000 shares of KEX Express Thailand (representing approximately 52.1% of all issued shares of KEX Express Thailand) indirectly held by the Company to qualifying shareholders, subject to obtaining a waiver from the Securities and Exchange Commission, Thailand (the “Thai SEC”) in respect of its tender offer obligations arising out of the distribution. On 5 February 2024, the Company obtained a waiver from the Thai SEC in respect of its tender offer obligations arising out of the distribution, and that the condition to the distribution was satisfied and the distribution became unconditional. Dividend payable for distribution in specie was approximately HK\$983,215,000 right before the completion date, measured at fair value using the share price of KEX Express Thailand. On

26 March 2024, the distribution was completed, the assets and liabilities held for distribution (the corresponding share in net asset value, excluding non-controlling interests, of KEX Express Thailand was approximately HK\$330,897,000) and dividend payable for distribution in specie were derecognised. The difference between the carrying amount of the net assets distributed and the carrying amount of the dividend payable, net of transaction costs, is recognised in profit or loss in accordance with the HKFRS.

The Directors have declared an interim dividend of 11 HK cents per share for the six months ended 30 June 2025 (for the six months ended 30 June 2024: an interim dividend of 10 HK cents), which is payable on or around Tuesday, 23 September 2025 to shareholders whose names appear on the Registers of Members on Friday, 12 September 2025. These financial information do not reflect this dividend payable.

9 EARNINGS PER SHARE

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

BASIC

	Six months ended 30 June	
	2025	2024
Adjusted weighted average number of ordinary shares in issue ('000)	1,801,881	1,804,097
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	648,208	589,956
From discontinued operations	–	241,167
Basic earnings per share (HK\$)		
From continuing operations	0.36	0.33
From discontinued operations	–	0.13

DILUTED

	Six months ended 30 June	
	2025	2024
Adjusted weighted average number of ordinary shares in issue ('000)	1,801,881	1,804,097
Adjustment for share awards ('000)	311	2,315
Adjustment for perpetual convertible securities ('000)	–	41,489
Weighted average number of shares for the purpose of calculating diluted earnings per share ('000)	1,802,192	1,847,901
Profit attributable to the Company's shareholders (HK\$'000)		
From continuing operations	648,208	589,956
Adjustment for profit attributable to holders of perpetual convertible securities	–	12,870
From continuing operations for the purpose of calculating diluted earning per share	648,208	602,826
From discontinued operations	–	241,167
Diluted earnings per share (HK\$)		
From continuing operations	0.36	0.33
From discontinued operations	–	0.13

10 NON-CURRENT ASSETS

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Intangible assets HK\$'000
Opening net book value at 1 January 2024	6,986,802	2,538,606	5,785,503
Additions (note a)	318,174	–	–
Change in fair value	–	(4,515)	–
Disposals (note b)	(15,731)	–	–
Depreciation and amortisation	(268,169)	–	(78,150)
Acquisition of subsidiaries	1,813	–	101,524
Exchange adjustment	(209,607)	(52,040)	(57,310)
Closing net book value at 30 June 2024	6,813,282	2,482,051	5,751,567
Opening net book value at 1 January 2025	7,022,659	2,518,568	5,681,264
Additions	348,513	–	–
Change in fair value	–	(37,580)	–
Revaluation surplus	84,416	–	–
Disposals	(6,124)	–	–
Depreciation and amortisation	(279,956)	–	(68,963)
Transfer	(410,094)	410,094	–
Exchange adjustment	377,394	75,621	172,880
Closing net book value at 30 June 2025	7,136,808	2,966,703	5,785,181

Notes:

- (a) The amount represents additions of property, plant and equipment of HK\$318,174,000, which excludes HK\$82,357,000 arising from discontinued operations for the six months ended 30 June 2024.
- (b) The amount represents disposal of property, plant and equipment of HK\$15,731,000, which excludes HK\$2,904,000 arising from discontinued operations for the six months ended 30 June 2024.

Goodwill of HK\$5,216,695,000 (at 31 December 2024: HK\$5,058,659,000) was included in the balances of intangible assets. Goodwill is allocated to the Group's cash generating units (CGUs) that are expected to benefit from business combination and impairment testing is performed annually and when there is indication that they may be impaired.

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

10 NON-CURRENT ASSETS (CONTINUED)

Management did not identify any major adverse changes indicating any impairment in the carrying amounts of goodwill for all business units at 30 June 2025.

VALUATION OF INVESTMENT PROPERTIES

FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS

	Mainland of China HK\$'000	Overseas HK\$'000	Total HK\$'000
Opening balance as at 1 January 2024	2,180,041	358,565	2,538,606
Change in fair value	(3,494)	(1,021)	(4,515)
Exchange adjustment	(48,597)	(3,443)	(52,040)
Closing balance as at 30 June 2024	2,127,950	354,101	2,482,051
Opening balance as at 1 January 2025	2,102,876	415,692	2,518,568
Transfer from property, plant and equipment	–	410,094	410,094
Change in fair value	(42,582)	5,002	(37,580)
Exchange adjustment	62,787	12,834	75,621
Closing balance as at 30 June 2025	2,123,081	843,622	2,966,703

10 NON-CURRENT ASSETS (CONTINUED)

VALUATION OF INVESTMENT PROPERTIES (CONTINUED)

FAIR VALUE MEASUREMENT USING SIGNIFICANT UNOBSERVABLE INPUTS (CONTINUED)

All investment properties are included in level 3 category, which requires recurring fair value measurement at each period end. There were no transfers between levels during the period (2024: nil).

VALUATION PROCESSES OF THE GROUP

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

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

At each financial period end, the finance department:

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

VALUATION TECHNIQUES

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

SIGNIFICANT UNOBSERVABLE INPUTS USED TO DETERMINE FAIR VALUE

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

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

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and with information available to management as of 30 June 2025.

11 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

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

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Below 1 month	6,411,531	6,489,494
Between 1 month and 3 months	3,351,013	2,983,034
Over 3 months	1,002,388	986,133
Total accounts receivable, net	10,764,932	10,458,661
Prepayments, deposits and other receivables (note a)	4,462,756	4,126,229
	15,227,688	14,584,890

Notes:

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

12 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Accounts payable	5,206,157	5,276,950
Deposits received, accrued charges and other payables (note a)	5,410,817	5,604,800
	10,616,974	10,881,750
Less: Non-current consideration payable for business combination	(68,430)	(59,831)
	10,548,544	10,821,919

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

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Below 1 month	3,628,281	3,177,254
Between 1 month and 3 months	846,309	1,197,673
Over 3 months	731,567	902,023
Total accounts payable	5,206,157	5,276,950

Note:

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

13 BANK LOANS AND BANK OVERDRAFT

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Bank loans:		
Non-current		
– unsecured	6,243,703	5,895,342
– secured	7,219	8,831
	6,250,922	5,904,173
Current		
– unsecured	2,568,712	2,788,102
– secured	182,293	128,623
	2,751,005	2,916,725
Total bank loans	9,001,927	8,820,898
Bank overdrafts:		
Current		
– unsecured	12,712	167,627
– secured	1,763	689
Total bank overdrafts	14,475	168,316
Total bank loans and bank overdrafts	9,016,402	8,989,214

14 SHARE CAPITAL

	As at 30 June 2025		As at 31 December 2024	
	No. of shares	HK\$'000	No. of shares	HK\$'000
Ordinary shares, authorised, issued and fully paid:				
At beginning and end of the period/year	1,807,429,342	903,715	1,807,429,342	903,715

15 TRANSACTION WITH NON-CONTROLLING INTERESTS

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

The effect of this transaction is summarised as follows:

	HK\$'000
Net cash consideration paid to non-controlling interests	(351,020)
Net decrease in non-controlling interests	31,078
Changes in equity attributable to the Company's shareholders arising from changes in ownership of interests in subsidiaries without change of control	(319,942)

16 COMMITMENTS

As at 30 June 2025, the Group had capital commitments in respect of property, plant and equipment and acquisition of subsidiaries not provided for in these financial information as follows:

	As at 30 June 2025 HK\$'000	As at 31 December 2024 HK\$'000
Contracted but not provided for	308,746	263,982

17 PERPETUAL CONVERTIBLE SECURITIES

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

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

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

During the period, a distribution of HK\$4,866,000 was paid (2024: HK\$12,870,000).

On 23 January 2025, the purchase contract between the Company and SF Holding (HK) Limited relating to the sale and purchase of the Convertible Securities (the “Repurchase”) was approved in the special general meeting. Completion of the Repurchase has taken place on 27 January 2025.

18 PLEDGE OF ASSETS

As at 30 June 2025, the Group’s total bank loans of HK\$9,001,927,000 (31 December 2024: HK\$8,820,898,000) included an aggregate amount of HK\$189,512,000 (31 December 2024: HK\$137,454,000) which is secured. The Group’s total bank overdrafts of HK\$14,475,000 (31 December 2024: HK\$168,316,000) included an aggregate amount of HK\$1,763,000 (31 December 2024: HK\$689,000) which are secured. The securities provided for the secured banking facilities available to the Group are as follows:

- (i) legal charges over certain investment properties, leasehold land and land use rights, freehold land and buildings, warehouse and logistics centres and port facilities with an aggregate net book value of HK\$729,228,000 (31 December 2024: HK\$779,938,000);
- (ii) assignments of insurance proceeds of certain properties; and
- (iii) certain balances of restricted and pledged deposits.

19 DISCONTINUED OPERATIONS

Analysis of the results relating to the Discontinued Operations is presented below:

(A) RESULTS FROM DISCONTINUED OPERATIONS

	2024 HK\$'000
Revenue	548,169
Direct operating expenses	(677,807)
Other income and net gains	953
Administrative expenses	(64,880)
Finance expenses	(6,171)
Loss before taxation	(199,736)
Taxation	(2,647)
Loss after taxation*	(202,383)
Net gain on distribution (net of tax)/cessation of Express Operations	
– Company's shareholders	345,882
– Non-controlling interests	14,272
Profit for the period from discontinued operations	157,771
Exchange differences on translation of discontinued operations	266,618
Other comprehensive income from discontinued operations	(529)

* Include a loss of HK\$104,715,000 attributable to the Company's shareholders and a loss of HK\$97,668,000 attributable to the non-controlling interests.

(B) CASH FLOWS FROM DISCONTINUED OPERATIONS

	2024 HK\$'000
Net cash used in operating activities	(442,155)
Net cash used in investing activities	(33,605)
Net cash generated from financing activities	566,283
Increase in cash and cash equivalents	90,523
Effect of exchange rate changes	17,071
Net cash generated from discontinued operations	107,594

Definitions

"1H" or "2H"	first half or second half
"4PL"	fourth-party logistics
"Asia"	Asia continent, for the purpose of this interim report only, excludes Greater China and Middle East
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Company" or "KLN"	KLN Logistics Group Limited (formerly Kerry Logistics Network Limited), incorporated in the British Virgin Islands and continued into Bermuda to become an exempted company with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 636)
"Controlling Shareholder(s)"	shall have the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"EMEA"	Europe, Middle East and Africa
"F&B"	food and beverage
"Flourish Harmony"	Flourish Harmony Holdings Company Limited, an indirect wholly-owned subsidiary of S.F. Holding
"Greater China"	for the purpose of this interim report only, the Mainland of China, Hong Kong, Macau and Taiwan
"Group" or "KLN Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standards
"HKFRS"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFF"	international freight forwarding
"IL"	integrated logistics
"KEX Express Thailand"	KEX Express (Thailand) Public Company Limited, a public company with limited liability registered in Thailand and listed on The Stock Exchange of Thailand (stock code: KEX), is a subsidiary of S.F. Holding
"KGL"	Kerry Group Limited, one of the Controlling Shareholders of the Company
"KHL"	Kerry Holdings Limited, a wholly-owned subsidiary of KGL

“KIMS”	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)), a limited liability company established in the PRC
“KPL”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 683), and is a Substantial Shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Macau”	Macao Special Administrative Region of the PRC
“Mainland of China”	the PRC and, for the purpose of this interim report only, excludes Hong Kong, Macau and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“NVOCC”	non-vessel operating common carrier
“Oceania”	for the purpose of this interim report only, Australia and New Zealand
“Ordinary Share(s)” or “Share(s)”	share(s) of nominal value of HK\$0.50 each of the Company, or, if there has been a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary share capital of the Company
“PRC”	the People’s Republic of China
“Registers of Members”	registers of members of the Company
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“S.F. Holding”	S.F. Holding Co., Ltd., a joint stock company established in the PRC with limited liability, the domestics ordinary shares of which are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ) and the overseas listed foreign ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 06936), is a subsidiary of Shenzhen Mingde
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share Award Scheme”	share award scheme of the Company
“Shareholders”	the holders of the Shares
“Shenzhen Mingde”	Shenzhen Mingde Holding Development Co., Ltd., one of the Controlling Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“US”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“%”	per cent

* For identification purpose only