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CN Logistics International Holdings Limited
嘉泓物流國際控股有限公司

(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2130)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

The Group recorded an increase in revenue of approximately 32.3% for FY2021, from approximately HK\$2,020.6 million in FY2020 to approximately HK\$2,673.4 million in FY2021.

The net profit attributable to (1) the Company and (2) the equity shareholders of the Company for FY2021 were approximately HK\$123.3 million and HK\$83.4 million, respectively, representing an increase of approximately of 50.4% and 50.2%, respectively, as compared to the net profit attributable to (1) the Company and (2) the equity shareholders of the Company in FY2020.

Ocean freight forwarding business recorded an increase in revenue of approximately 163.0% in segment result for FY2021, from approximately HK\$250.9 million in FY2020 to approximately HK\$659.8 million in FY2021.

Air freight forwarding business recorded an increase in revenue of approximately 14.0% in segment results for FY2021, from approximately HK\$1,424.1 million in FY2020 to approximately HK\$1,623.6 million in FY2021.

The Board recommended the payment of a final dividend of HK12 cents per ordinary Share for FY2021 (FY2020: HK15 cents per ordinary Share). In addition to the final dividend, the Board also recommended the payment of a special dividend of HK9 cents per ordinary Share to the Shareholders. The payment of the final dividend and the special dividend is subject to the approval of the Shareholders at the forthcoming AGM.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (“**FY2021**”), together with the comparative figures for the year ended 31 December 2020 (“**FY2020**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 December 2021

(Expressed in Hong Kong dollars)

| | <i>Note</i> | 2021 \$'000 | 2020 \$'000 |
|---|-------------|-----------------------|--------------------|
| Revenue | 2 | 2,673,424 | 2,020,562 |
| Cost of services | | <u>(2,170,696)</u> | <u>(1,626,254)</u> |
| Gross profit | | 502,728 | 394,308 |
| Other income | | 1,316 | 15,384 |
| Other net gain/(loss) | | 2,643 | (2,810) |
| Administrative and other operating expenses | | <u>(329,690)</u> | <u>(279,021)</u> |
| Profit from operations | | 176,997 | 127,861 |
| Finance costs | 3(a) | (7,969) | (11,751) |
| Share of profits of associates and joint ventures | | <u>956</u> | <u>594</u> |
| Profit before taxation | 3 | 169,984 | 116,704 |
| Income tax | 4 | <u>(46,635)</u> | <u>(34,693)</u> |
| Profit for the year | | <u>123,349</u> | <u>82,011</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 83,413 | 55,521 |
| Non-controlling interests | | <u>39,936</u> | <u>26,490</u> |
| Profit for the year | | <u>123,349</u> | <u>82,011</u> |
| Earnings per share (Hong Kong cents) | 5 | | |
| Basic | | 32.9 | 41.2 |
| Diluted | | <u>32.9</u> | <u>41.2</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 December 2021

(Expressed in Hong Kong dollars)

| | 2021 \$'000 | 2020 \$'000 |
|---|-----------------------|----------------------|
| Profit for the year | 123,349 | 82,011 |
| Other comprehensive income for the year (after tax) | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | |
| Remeasurement of defined benefit retirement obligations | 846 | (2,089) |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences on translation of financial statements of subsidiaries outside Hong Kong | <u>(5,096)</u> | <u>12,559</u> |
| Total comprehensive income for the year | <u>119,099</u> | <u>92,481</u> |
| Attributable to: | | |
| Equity shareholders of the Company | 77,296 | 63,751 |
| Non-controlling interests | <u>41,803</u> | <u>28,730</u> |
| Total comprehensive income for the year | <u>119,099</u> | <u>92,481</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Expressed in Hong Kong dollars)

| | Note | 2021 \$'000 | 2020 \$'000 |
|---|------|----------------|----------------|
| Non-current assets | | | |
| Property, plant and equipment | | 226,667 | 235,197 |
| Prepayment for acquisition of property, plant and equipment | | 14,485 | 25,167 |
| Intangible assets | | 2,222 | 576 |
| Goodwill | | 25,142 | 24,633 |
| Interests in associates | | 8,856 | 2,676 |
| Interests in joint ventures | | 2,219 | – |
| Other financial assets | | 408 | 404 |
| Deferred tax assets | | 2,622 | 2,551 |
| | | <u>282,621</u> | <u>291,204</u> |
| Current assets | | | |
| Trade and other receivables and contract assets | 7 | 578,677 | 374,395 |
| Amounts due from Cargo Services Group | | 8,109 | 36,729 |
| Amounts due from EV Cargo Group | | 98,632 | 84,113 |
| Amounts due from associates | | 354 | 513 |
| Amounts due from joint ventures | | 1,508 | – |
| Pledged bank deposits | | 5,827 | 2,323 |
| Cash and cash equivalents | | 295,143 | 255,323 |
| | | <u>988,250</u> | <u>753,396</u> |
| Current liabilities | | | |
| Trade and other payables and contract liabilities | 8 | 472,673 | 316,781 |
| Amounts due to Cargo Services Group | | 8,147 | 6,000 |
| Amounts due to EV Cargo Group | | 9,416 | 100 |
| Amounts due to associates | | 187 | 873 |
| Amounts due to joint ventures | | 623 | – |
| Bank loans and overdrafts | | 158,948 | 87,845 |
| Lease liabilities | | 50,049 | 54,761 |
| Current taxation | | 25,954 | 16,601 |
| | | <u>725,997</u> | <u>482,961</u> |
| Net current assets | | <u>262,253</u> | <u>270,435</u> |
| Total assets less current liabilities | | <u>544,874</u> | <u>561,639</u> |

| | <i>Note</i> | 2021 \$'000 | 2020 \$'000 |
|--|-------------|------------------------------|-----------------------|
| Non-current liabilities | | | |
| Bank loans | | 2,648 | 908 |
| Lease liabilities | | 62,472 | 93,078 |
| Defined benefit retirement obligations | | 12,249 | 12,808 |
| Deferred tax liabilities | | 2,990 | 5,645 |
| | | <u>80,359</u> | <u>112,439</u> |
| NET ASSETS | | <u>464,515</u> | <u>449,200</u> |
| CAPITAL AND RESERVES | | | |
| | 9 | | |
| Share capital | | 2,154 | 1,950 |
| Reserves | | 400,953 | 350,707 |
| Total equity attributable to equity shareholders of the Company | | 403,107 | 352,657 |
| Non-controlling interests | | 61,408 | 96,543 |
| TOTAL EQUITY | | <u>464,515</u> | <u>449,200</u> |

NOTES:

(Expressed in Hong Kong dollars unless otherwise indicated)

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Changes in Accounting Policies

The financial results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2021, but are derived from those financial statements.

The Group's consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The Group's consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group's consolidated financial statements have been prepared on the historical cost basis except for investments in equity securities which are stated at their fair values.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to the Group's consolidated financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS39, HKFRS7, HKFRS4 and HKFRS 16 Definition of a Business
- Amendment to HKFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021

Amendment to HKFRS 16, COVID-19-related rent concessions beyond 30 June 2021

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balances of equity at 1 January 2021.

Except as described above, the application of the new and amendments to HKFRSs in the current year has no material effect on the Group's financial position and performance for the current and prior years/ or disclosures set out in the Group's consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Air freight: this segment provides freight forwarding services by air
- Ocean freight: this segment provides freight forwarding services by sea
- Distribution and logistics: this segment provides cost-effective supply chain solutions

(a) Segment results by business lines

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and costs of services are allocated to the reportable segments with reference to service income generated by those segments and the direct costs incurred by those segments, including the depreciation or amortisation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

| | 2021 | | | |
|---|--------------------|----------------------|-----------------------------------|------------------|
| | Air freight | Ocean freight | Distribution and logistics | Total |
| | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> |
| Reportable segment revenue | | | | |
| – external sales | <u>1,623,642</u> | <u>659,763</u> | <u>390,019</u> | <u>2,673,424</u> |
| Reportable segment gross profit | 262,275 | 181,819 | 58,634 | 502,728 |
| Other income | | | | 1,316 |
| Other net gain | | | | 2,643 |
| Administrative and other operating expenses | | | | (329,690) |
| Finance costs | | | | (7,969) |
| Share of profits of associates and joint ventures | | | | <u>956</u> |
| Profit before taxation | | | | <u>169,984</u> |

| | 2020 | | | |
|---|-----------------------|----------------------------|---|------------------|
| | Air freight \$'000 | Ocean freight \$'000 | Distribution and logistics \$'000 | Total \$'000 |
| Reportable segment revenue | | | | |
| – external sales | <u>1,424,147</u> | <u>250,851</u> | <u>345,564</u> | <u>2,020,562</u> |
| Reportable segment gross profit | 259,315 | 75,309 | 59,684 | 394,308 |
| Other income | | | | 15,384 |
| Other net loss | | | | (2,810) |
| Administrative and other operating expenses | | | | (279,021) |
| Finance costs | | | | (11,751) |
| Share of profits of associates | | | | <u>594</u> |
| Profit before taxation | | | | <u>116,704</u> |

(b) Geographic information

The following table sets out information about the geographical locations of the Group's revenue from external customers and the amounts of specified non-current assets (other than deferred tax assets and other financial assets). The geographical locations of revenue from customers are based on the locations at which the services are provided. The geographical locations of the non-current assets are based on the physical locations of the assets, in the case of property, plant and equipment, the locations of the operations to which they are allocated, in the case of goodwill and intangible assets, and the locations of operations, in the case of interests in associates and joint ventures.

| | 2021 \$'000 | 2020 \$'000 |
|--|------------------|------------------|
| Revenue from external customers | | |
| Hong Kong | 644,090 | 822,637 |
| Mainland China | 965,990 | 684,323 |
| Italy | 752,973 | 326,987 |
| Taiwan | 144,741 | 96,213 |
| Other countries and regions | <u>165,630</u> | <u>90,402</u> |
| | <u>2,673,424</u> | <u>2,020,562</u> |
| Specified non-current assets | | |
| Hong Kong | 70,586 | 101,808 |
| Mainland China | 115,160 | 92,362 |
| Italy | 58,612 | 66,495 |
| Taiwan | 26,513 | 26,449 |
| Other countries and regions | <u>8,720</u> | <u>1,135</u> |
| | <u>279,591</u> | <u>288,249</u> |

3. PROFIT BEFORE TAXATION

| | 2021 \$'000 | 2020 \$'000 |
|---|-----------------------|-----------------------|
| (a) Finance costs | | |
| Interest on bank loans and overdrafts | 2,569 | 3,869 |
| Interest on amounts due to Cargo Services Group* | – | 247 |
| Interest on lease liabilities | <u>5,400</u> | <u>7,635</u> |
| | <u>7,969</u> | <u>11,751</u> |
| <p>* Cargo Services Group consists of Cargo Services Group Limited, CS Logistics Holdings Ltd., and their subsidiaries and associates (excluding EV Cargo Group defined below and the Group). Cargo Services Group Limited, CS Logistics Holdings Ltd. and the Group are members of the same group throughout the years ended 31 December 2021 and 2020.</p> <p>EV Cargo Group consists of EV Cargo Global Forwarding Limited (“EV Cargo”) and its subsidiaries and associates. EV Cargo Group is a non-controlling interest of a subsidiary of the Group throughout the years ended 31 December 2021 and 2020.</p> | | |
| (b) Staff costs | | |
| Contribution to defined contribution retirement plans | 25,037 | 15,299 |
| Expenses recognised in respect of defined benefit retirement plans | 2,217 | 2,279 |
| Salaries, wages and other benefits | <u>243,233</u> | <u>198,843</u> |
| | <u>270,487</u> | <u>216,421</u> |
| (c) Other operating expenses (note (i)) | | |
| Auditors’ remuneration | 4,181 | 4,260 |
| Listing expenses | – | 25,492 |
| Net (reversal of)/provision for impairment loss on trade receivables | (1,183) | 1,844 |
| Bad debts written off | 594 | 1,519 |
| Communication expenses | 2,835 | 2,710 |
| Repair and maintenance expenses | 2,366 | 1,997 |
| Management fee expenses | | |
| – related parties | 2,337 | 2,861 |
| – other parties (note (ii)) | 211 | 1,288 |
| Others | <u>6,437</u> | <u>5,911</u> |
| | <u>17,778</u> | <u>47,882</u> |
| (d) Other items | | |
| Depreciation charge | | |
| – owned property, plant and equipment | 20,566 | 15,876 |
| – right-of-use assets | 64,190 | 75,287 |
| Amortisation cost of intangible assets | <u>154</u> | <u>214</u> |

Notes:

- (i) Other operating expenses are included in “administrative and other operating expenses” in the consolidated statement of profit or loss.
- (ii) Management fee expenses are paid to non-controlling interest (without significant influence) of a subsidiary.

4. INCOME TAX

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Current tax – Hong Kong Profits Tax | | |
| Provision for the year | 7,113 | 7,376 |
| (Over)/under provision in respect of prior years | (34) | 33 |
| | 7,079 | 7,409 |
| Current tax – Outside Hong Kong | | |
| Provision for the year | 38,942 | 23,487 |
| (Over)/under provision in respect of prior years | (8) | 1 |
| | 38,934 | 23,488 |
| Withholding tax on distributed profits | | |
| Italy withholding tax | 953 | 168 |
| Taiwan withholding tax | 2,334 | 2,086 |
| France withholding tax | 100 | 75 |
| Japan withholding tax | – | 82 |
| | 3,387 | 2,411 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (2,765) | 1,385 |
| | 46,635 | 34,693 |

The provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year ended 31 December 2021.

Pursuant to the Enterprise Income Tax Law of the People’s Republic of China (“PRC”) and the respective regulations, the subsidiaries operating in the PRC are subject to Enterprise Income Tax (“EIT”) at the rate of 25% (2020: 25%) on the taxable income for the year ended 31 December 2021.

In accordance with the relevant tax laws of Italy, the provision for Corporate Income Tax is calculated at 28.1% (2020: 28.8%) for the year ended 31 December 2021.

In accordance with the relevant tax laws of Taiwan, the provision for Corporate Income Tax is calculated at 20% (2020: 20%) for the year ended 31 December 2021.

Taxation for subsidiaries incorporated in other jurisdictions is charged at the appropriate current rates of taxation ruling in the relevant countries and regions.

Withholding tax is charged by tax authorities of Italy, Taiwan and France in respect of dividend income received from subsidiaries incorporated in respective countries and regions, at rates of 10% (2020: 10%), 21% (2020: 21%) and 10% (2020: 10%) for the year ended 31 December 2021.

5. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$83,413,000 (2020: HK\$55,521,000) and the weighted average of 253,580,000 ordinary shares (2020: 134,886,000 ordinary shares) in issue during the year ended 31 December 2021, calculated as follows:

| | 2021 '000 | 2020 '000 |
|---|----------------|----------------|
| Issued ordinary shares at 1 January | 250,000 | 100,000 |
| Issuance of shares to pre-public offering investors | – | 3,922 |
| Issuance of shares to independent third parties | 2,976 | – |
| Capitalisation issue of shares | – | 19,520 |
| Issue of consideration shares to non-controlling interests | 3,123 | – |
| Shares purchased in respect of the Share Award Scheme | (2,519) | – |
| Issuance of shares upon public offering and international placing | – | 11,444 |
| | <u>–</u> | <u>11,444</u> |
| Weighted average number of ordinary shares at 31 December | <u>253,580</u> | <u>134,886</u> |

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the years ended 31 December 2021 and 2020, and therefore, diluted earnings per share are the same as basic earnings per share.

6. DIVIDEND

Pursuant to the resolution passed by the Shareholders of the Company at the Company's annual general meeting held on 14 May 2021, a final dividend of HK\$15 cents per ordinary shares in respect of the FY2020, in an aggregate amount of HK\$37,500,000, was paid on 16 June 2021 to all Shareholders whose names appeared on the register of members of the Company on 25 May 2021.

The Board recommended the payment of a final dividend of HK12 cents per ordinary share for FY2021. In addition to the final dividend, the Board also recommended the payment of a special dividend of HK9 cents per ordinary share to the Shareholders. Based on the number of Shares in issue as of 31 December 2021, the total amount of the proposed final dividend and special dividend is approximate HK\$33,132,000 and HK\$24,849,000, respectively. The payment of the final dividend and the special dividend is subject to the approval of the Shareholders of the Company at the annual general meeting of the Company (the “AGM”) to be held on Friday, 27 May 2022. Subject to the approval by the Shareholders, the proposed final dividend and special dividend are expected to be paid on Wednesday 29 June 2022 to all Shareholders whose names to be appeared on the register of members of the Company on Wednesday, 8 June 2022.

7. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Trade and other receivables | | |
| Trade receivables, net of loss allowance | 500,772 | 326,770 |
| Other receivables, prepayments and deposits | <u>66,433</u> | <u>45,962</u> |
| | <u>567,205</u> | <u>372,732</u> |
| Contract assets | | |
| Arising from performance under freight forwarding contracts | <u>11,472</u> | <u>1,663</u> |
| | <u>578,677</u> | <u>374,395</u> |

(a) Trade and other receivables

Except for rental deposit for leased properties of \$5,629,000 (2020: \$12,149,000) paid by the Company to lessors and are refundable or to be settled at the end of the lease terms, which is after one year, all of the remaining trade and other receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

| | 2021 \$'000 | 2020 \$'000 |
|----------------|----------------|----------------|
| Within 1 month | 305,465 | 153,303 |
| 1 to 2 months | 138,985 | 93,440 |
| 2 to 3 months | 30,311 | 71,869 |
| Over 3 months | <u>26,011</u> | <u>8,158</u> |
| | <u>500,772</u> | <u>326,770</u> |

Trade receivables are normally due within 30 to 60 days from the date of billing.

(b) Contract assets

Contract assets represent unbilled amounts from certain freight forwarding contracts, resulted from revenue recognised on these contracts using output method exceeding the amounts billed to the customers as at the end of the reporting period.

During the year ended 31 December 2021, the amount of revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods was \$1,663,000 (2020: \$Nil).

All of the contract assets are expected to be recovered within one year.

8. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

| | 2021 | 2020 |
|---|----------------|---------|
| | \$'000 | \$'000 |
| Trade and other payables | | |
| Trade payables | 376,898 | 255,553 |
| Other payables and accrued charges | 86,095 | 59,495 |
| | 462,993 | 315,048 |
| Contract liabilities | | |
| Billings in advance of performance under freight forwarding contracts | 9,680 | 1,733 |
| | 472,673 | 316,781 |

(a) Trade and other payables

All of the trade and other payables are expected to be settled or recognised as income within one year.

The ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

| | 2021 | 2020 |
|----------------|----------------|---------|
| | \$'000 | \$'000 |
| Within 1 month | 300,046 | 187,726 |
| 1 to 3 months | 66,047 | 64,000 |
| Over 3 months | 10,805 | 3,827 |
| | 376,898 | 255,553 |

(b) Contract liabilities

Contract liabilities represent amounts billed to customers in advance of the service performance under certain freight forwarding contracts as at the end of the reporting period.

During the year ended 31 December 2021, all of the contract liabilities at the beginning of the year have been recognised as revenue (2020: \$Nil).

All of the contract liabilities are expected to be recognised as income within one year.

9. SHARE CAPITAL

| | 2021 | | 2020 | |
|---|--------------------------|------------------|--------------------------|------------------|
| | No. of shares '000 | Amount \$'000 | No. of shares '000 | Amount \$'000 |
| Authorised: | | | | |
| Ordinary shares of US\$0.001 each | <u>50,000,000</u> | <u>390,000</u> | <u>50,000,000</u> | <u>390,000</u> |
| Ordinary shares, issued and fully paid: | | | | |
| At 1 January | 250,000 | 1,950 | 100,000 | 780 |
| Acquisition of non-controlling interests | 20,000 | 156 | – | – |
| Capitalisation issue of shares | – | – | 91,594 | 714 |
| Issuance of shares to pre-public offering investors | – | – | 4,706 | 37 |
| Issuance of shares upon public offering and international placing | – | – | 53,700 | 419 |
| Issuance of shares to independent third parties | <u>6,100</u> | <u>48</u> | <u>–</u> | <u>–</u> |
| At 31 December | <u>276,100</u> | <u>2,154</u> | <u>250,000</u> | <u>1,950</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group primarily engages in the provision of comprehensive logistics services, comprising air freight forwarding services, distribution and logistics services as well as ocean freight forwarding services, with a primary focus on high-end fashion (including luxury and affordable luxury) and fine wine products. Our long-standing customers in the high-end fashion market include various international, well-known, premium and luxury brands and other apparel.

The Group operates local offices in 18 cities across 10 countries and/or regions, namely the PRC, Hong Kong, Taiwan, Italy, Japan, Korea, France, Switzerland, Thailand, Vietnam and Malaysia. The Group also works with a network of over 100 freight forwarder business partners, covering over 100 countries around the world.

During 2021, the Coronavirus disease (“**COVID-19**”) pandemic continued to drag the global economy. Despite the unfavourable circumstances, global demand in logistics services, particularly those in relation to luxury and fashion products, continued to gain momentum. To seize opportunities across different countries, the Group has expanded its network and achieved notable results particularly in PRC and Italy. Such office expansion was able to strengthen the Group’s presence in regional markets, while opening up new channels to gain new customers from other industries. For example, the Group was able to engage various sizeable customers specializing in car tires and tableware. The addition of new customers did not only effectively expand the Group’s customer base, but also achieve risk diversification, and subsequently improve the sustainability of the operational and financial performances of the Group.

Throughout the FY2021, the Group’s air freight and ocean freight business continued to benefit from the global disruption and shortage of flights and container ships. Leveraging its long-standing relationships with airlines and carriers, the Group was able to secure cargo space and in turn, provide services at a higher rate. For its PRC business, the Group enhanced its overall capability through the first phase expansion of its flagship distribution and logistics centre located in Shanghai. In addition, the Group has strengthened its foothold in Hainan by establishing its first regional office and partnering with duty-free groups in the area, laying a solid foundation to capture future opportunities from the development of Free Trade Port.

Riding on the recovery in the post-lockdown period, the Group also observed a rising trend in the demand of both air freight and ocean freight services in Europe. To benefit from the regional economic rebound in the years ahead, in FY2021, the Group acquired the remaining shares of two non-wholly owned subsidiaries in Italy and Switzerland namely, CN Logistics S.R.L (“**CN Italy**”) and CN LOGISTICS SA (“**CN Switzerland**”), as a part of its plan to forge Italy as its European business hub after consolidating the ample resources in the region, such as business network and rich logistics infrastructures.

On the other hand, Southeast Asia, another important overseas market for the Group, is expected to enjoy abundant opportunities arising from Regional Comprehensive Economic Partnership (“RCEP”), a recently signed trade agreement which targets to turn the region into the largest free trade zone in the world. Hence, the Group has established its first regional office in Malaysia in May 2021 to tap into the local market. After seeing its rapid growth after the establishment, the Group expanded its local presence to Vietnam by setting up regional office in Jan 2022, and is actively exploring customers for shipments in the region.

In addition to expand its logistics services, the Group has also entered the e-commerce arena, which represents a great platform to consolidate its existing resources and create significant synergies. For instance, leveraging its extensive experience in the logistics business as well as close relationship with wine merchants, the Group launched its own cross-border e-commerce platform, providing wine lovers in China with consigned high-quality products through various channels. Facing a rather expansive target market, the platform is expected to become an important growth driver in the future. In addition, the Group has strategically partnered with YesAsia Holdings Limited (“YesAsia”), a leading online retailer which focuses on Asia fashion and cosmetic products, and JD Logistics, Inc., the logistics arm of the e-commerce giant JD.com in China, respectively, so as to extend the Group’s product coverage to electronics, clothing and other e-commerce products, while gaining valuable experiences in e-fulfillment.

Since its establishment in 1990s, the Group has been devoted to the promotion of sustainable development and environmental protection. As the global awareness on environmental, social and governance continue to rise, the Group has launched its green logistics services, comprising the recycling and reverse logistics services for tens of brand customers, in order to create a greener supply chain and increase customers’ stickiness. The Group also partnered with Redress, a non-profit organization in Hong Kong, to further promote sustainability.

Financial results

The Group recorded revenue of approximately HK\$2,673.4 million during FY2021 (FY2020: HK\$2,020.6 million), representing an increase of approximately 32.3%. Gross profit amounted to approximately HK\$502.7 million during FY2021 (FY2020: HK\$394.3 million), representing an increase of 27.5%. The net profit attributable to the equity shareholders of the Company was approximately HK\$83.4 million for FY2021 (FY2020: HK\$55.5 million), representing an increase of approximately 50.2%.

The increase in revenue and net profit was mainly due to 1) significant growth in revenue of overseas offices given the gradual recovery in global economy, in particular, the office of the Group in Italy. With the sound reputation and strong network of the Group’s Italy office in European and Asian regions, it was able to source new sizeable customers, 2) the elimination of certain non-controlling interests after the completion of the acquisition of the remaining shares in CN Italy and CN Switzerland in November 2021, 3) increase in the demand for air freight forwarding services and distribution and logistics services for high-end fashion in Europe and Asia (including the PRC) due to the strong sales growth in luxury products in these regions, 4) increase in the freight rates due to limited supply of cargo space worldwide under COVID-19 pandemic and the Group’s ability to obtain cargo space from airlines to satisfy its customers demand and charge at higher rate and 5) the one-off listing expenses recognised for the year ended 31 December 2020 and no listing expenses were recognised during the year ended 31 December 2021.

Segmental analysis

The Group principally involves in the provision of freight forwarding services, and the provision of distribution and logistics services.

Air freight forwarding services

The air freight forwarding business constituted the largest segment of the Group, representing approximately 60.8% of the Group's total revenue of FY2021 (FY2020: 70.5%). The services include arranging for consignment upon receipt of booking instructions from customers, cargo pick up, obtaining cargo space, preparation of freight documentation, arranging for customs clearance and cargo handling at origin and destination as well as other related logistics services such as supporting transportation for freight forwarding purposes. In addition, we pride ourselves as one of the few specialists in providing freight forwarding services for the export of wine from France and the United Kingdom to Hong Kong. The Group is a member of International Air Transport Association in Hong Kong, Taiwan, Italy, France and Japan which provide the access to space procurement for air cargo routes worldwide in these locations and also capable of procuring air cargo space directly from airline carriers in the PRC.

With well-established and sound relationship with airline carriers, the Group was able to secure cargo space by entering into block space agreements at a pre-determined price over a duration of 12 months. During FY2021, the Group had entered into 3 block agreements with airline carriers. The Group focuses on the provision of air freight forwarding services for high-end fashion products and fine wine, mainly in the PRC, Hong Kong, Taiwan and Europe (in particular Italy).

The air freight forwarding business recorded revenue of approximately HK\$1,623.6 million for FY2021 (FY2020: HK\$1,424.1million), representing an increase of approximately 14.0% as compared to FY2020. Gross profit of the segment also increased from HK\$259.3 million for FY2020 to approximately HK\$262.3 million for FY2021, representing an increase of approximately 1.2%. The increase was primarily due to 1) increase in the demand for air freight forwarding services and distribution and logistics services for high-end fashion in Europe and Asia (including the PRC) due to the strong sales growth in luxury products in these regions and 2) increase in the freight rates due to limited supply of cargo space worldwide under COVID-19 pandemic and the Group's ability to obtain cargo space from airlines to satisfy its customers demand and charge at higher rate.

Distribution and logistics services

The Group is one of the earliest in PRC and Hong Kong to provide comprehensive and customised B2B distribution and logistics services to meet its customers' warehousing and logistics needs with cost-effective supply chain solutions. The Group is also one of the earliest in the PRC to establish its own highly-automated distribution centre to provide tailor-made logistics solutions for high-end fashion products. The distribution and logistics services operations are primarily located in Hong Kong, the PRC, Italy and Taiwan with the PRC and Hong Kong being the two largest contributors of revenue for this segment. The Group manages and operates 24 distribution centres with a total gross floor area of approximately 1,235,000 sq.ft. This business segment involves the provision of a wide range of logistics services, such as managing vendor inventory, pick and pack finished goods, delivery, recycling, quality control and various ancillary value-added services such as supply chain management and storage services through the proprietary warehouse management system of the Group.

In addition, as one of the few specialists in providing distribution and logistics services for wine in Hong Kong, the Group's comprehensive logistics services include specialty storage, logistics and other value-added services such as branded packaging, polymorph repacking, same day local door-to-door and temperature-controlled delivery in Hong Kong. We manage a storage and distribution space of approximately 58,000 sq.ft. dedicated to wine storage, of which the temperature and humidity are kept at an optimal level.

For FY2021, the revenue from this segment was approximately HK\$390.0 million (FY2020: HK\$345.6 million), representing an increase of approximately 12.8% as compared to FY2020 and the gross profit remained relatively stable at approximately HK\$58.6 million (FY2020: HK\$59.7 million). The increase in revenue was primarily due to the ability of the Group to source additional fashion logistics' orders due to a significant increase in the handling capacity of our Group after the completion of the expansion of its highly automatic distribution centre in Shanghai in February 2021.

Ocean freight forwarding services

The holistic logistics solutions of the Group also include the provision of ocean freight forwarding services mainly to its air freight forwarding services customers and other customers in Italy and Taiwan when they require us to ship some of their products by sea incidentally or on a stand-alone basis. The ocean freight forwarding operations of the Group in Italy and Taiwan were the largest revenue contributors of this segment in FY2021 which included the export of electronics, machineries and large equipment from Taiwan and delivery of furniture and household and electric appliances which normally has a relatively flexible schedule.

For FY2021, the revenue from this segment was approximately HK\$659.8 million (FY2020: HK\$250.9 million), representing an increase of approximately 163.0% as compared to FY2020, and gross profit was approximately HK\$181.8 million (FY2020: HK\$75.3 million) representing an increase of approximately 141.4% as compared to FY2020 due to significant growth in the revenue and gross profit generated from the Group's Italy office, in particular for the import shipment due to 1) the continuous increase in the ocean freight rate through out FY2021 and the ability of Italy office to charge its customers at similar margin, 2) the ability of Italy office to source sizeable customers from different sector such as tyre market and tableware market and 3) the strong demand on luxury products due to travel restriction and Italy as a famous city of producing luxury brands, there were significant growth on the import shipment of the raw materials for high-end fashion products from PRC and South East Asia.

Liquidity and financial resources

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that sufficient financial resources are available to meet its funding requirements and commitment timely.

The Group's working capital as at 31 December 2021 was approximately HK\$262.3 million, representing a decrease of approximately 3.0% from approximately HK\$270.4 million as at 31 December 2020. The current ratio of the Group decreased from approximately 1.56 times as at 31 December 2020 to approximately 1.36 times as at 31 December 2021. As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately HK\$295.1 million, representing an increase of approximately 15.6% from approximately HK\$255.3 million as at 31 December 2020. For FY2021, the Group had operating cash inflow of approximately HK\$190.8 million (FY2020: operating cash inflow of approximately HK\$221.1 million). As at 31 December 2021, the Group's outstanding bank loans and overdrafts amounted to approximately HK\$161.6 million (as at 31 December 2020: approximately HK\$88.8 million). The gearing ratio of the Group was approximately 59.0% as at 31 December 2021 (as at 31 December 2020: 52.7%). The gearing ratio was calculated as total of bank loans and overdrafts and lease liabilities divided by total equity of the Group. As at 31 December 2021, the Group maintained a net cash position (as at 31 December 2020: net cash position). The Group will continue to secure financing as and when the need arises.

Foreign exchange risk

During FY2021, the Group's operation was mainly financed by funds generated from its operation, borrowings and net proceeds from the Listing. As at 31 December 2021, the borrowings were mainly denominated in Hong Kong dollars, while the cash and cash equivalents held by the Group were mainly denominated in RMB, USD, HKD and EUR. The Group's borrowings were floating rate borrowings and were pledged by bank deposits of approximately HK\$5.8 million to secure such bank facilities as at FY2021 (FY2020: HK\$2.3 million).

In light of the nature of the Group's business, the Group is exposed to certain foreign exchange risks in respect of depreciation or appreciation including EUR, GBP, RMB, TWD and USD among which, RMB and USD are mostly used in our business apart from HKD. Nevertheless, the Group's operations are predominately subject to the fluctuations of RMB since HKD is pegged to USD. We have however not maintained any specific hedging policy or foreign currency forward contracts in respect of such foreign exchange risks. The Group continued to exercise a strict control policy and did not engage in any speculative trading in debt securities or financial derivatives during FY2021.

Significant investments

During the FY2021, the Group did not hold any material investments.

Capital expenditure commitments

As at 31 December 2021, the Group had capital expenditure commitments of approximately HK\$34.2 million (FY2020: HK\$17.7 million) in respect of the expansion of customised distribution centre in Shanghai, which are contracted but not provided for.

Save for the aforesaid, the Group had no other material capital commitment as at 31 December 2021 which were not provided for.

Material acquisitions and disposal of subsidiaries and associated companies

On 16 September 2021, CN Investment Limited ("**CN HK**"), a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company, entered into each of the two share purchase agreements, with Mr. Fabio Di Nello and Ms. Augusta Morandin (collectively, "**Vendors**") pursuant to which CN HK has conditionally agreed to acquire from the Vendors, (i) 40% of the entire issued shares in CN Switzerland ("**CN Switzerland Sale Shares**") at the aggregate consideration of EUR1,800,000; and (ii) 30% of the entire issued corporate capital in CN Italy ("**CN Italy Sale Shares**") at the aggregate consideration of EUR16,200,000. The consideration for the acquisition of the CN Switzerland Sale Shares shall be settled by the allotment and issue of the aggregate of 2,050,000 new shares of the Company (the "**Share(s)**") at the issue price of HK\$8.0 per Share, while the consideration for the acquisition of the CN Italy Sale Shares shall be settled partly by cash of EUR500,000 and partly by the allotment and issue of the aggregate of 17,950,000 new Shares at the issue price of HK\$8.0 per Share. The acquisitions of the CN Switzerland Sale Shares and CN Italy Sale Shares were completed in November 2021 at which time the fair value of the Shares is HK\$9.2. As a result, each of CN Switzerland and CN Italy has become an indirect wholly owned subsidiary of the Company.

Save as disclosed above, there were no material acquisition or disposal of subsidiaries or associated companies of the Company during FY2021.

Contingent liabilities

As at 31 December 2021, financial guarantees are given by the Company to the banks for the banking facilities entered by certain subsidiaries of the Group. The directors do not consider it probable that a claim will be made against the Group under the banking facilities. The maximum liability of the Group under the banking facilities as at 31 December 2021 is the amount of the facilities drawn by the Group, being HK\$152.3 million (as at 31 December 2020: HK\$83.4 million).

As at the date of this announcement, the Group was not involved in any current material legal proceeding, nor was the Group aware of any pending or potential material legal proceedings involving the Group. If the Group was involved in such material legal proceedings, the Group would record any loss contingencies when, based on information then available, it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

Charge on group assets

As at 31 December 2021, certain interest-bearing bank borrowings of the Group were secured by pledged bank deposit amounted to approximately HK\$5.8 million (FY2020: HK\$2.3 million).

USE OF PROCEEDS

Use of net proceeds from the initial public offering

The Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 October 2020 with the offering of a total of 53,700,000 Shares at the final offer price of HK\$2.66 per Share (the “**Global Offering**”). The net proceeds of the Global Offering, after deducting related underwriting fees and commissions and relevant expense in connection with the Global Offering, was approximately HK\$87.4 million (the “**Net Proceeds**”). An analysis of the utilization of the Net Proceeds up to 31 December 2021 is set out below:

| | Use of the Net Proceeds as set out in the prospectus of the Company dated 30 September 2020 <i>HK\$ million</i> | Amount utilised during FY2021 <i>HK\$ million</i> | Amount utilized as at 31 December 2021 <i>HK\$ million</i> | Amount unutilized as at 31 December 2021 <i>HK\$ million</i> |
|--|--|---|--|--|
| Enhancement and expansion of distribution and logistics business and local presence | 63.1 | 25.4 | 54.8 | 8.3 |
| Expansion of Business to Consumer (“ B2C ”) services | 15.6 | 7.1 | 15.6 | – |
| General working capital purpose | 8.7 | – | 8.7 | – |
| | <u>87.4</u> | <u>32.5</u> | <u>79.1</u> | <u>8.3</u> |

As at the date of this announcement, the Company does not anticipate any change to the above plan of use of the Net Proceeds. The Company anticipates that the remaining unutilised Net Proceeds as at 31 December 2021 are expected to be fully utilised on or before 31 December 2022.

Use of net proceeds from Shares subscription

- (i) On 18 May 2021, the Company entered into a subscription agreement with Mr. Chan Wing Luk, an independent third party of the Company, pursuant to which the Company agreed to allot and issue and Mr. Chan Wing Luk agreed to subscribe for 5,000,000 ordinary Shares at a subscription price of HK\$7.23 per Share (the “**First Subscription**”). The First Subscription was completed on 3 June 2021. The net proceeds raised from the First Subscription, after deduction of professional fees and other related expenses, are approximately HK\$35.6 million, which are intended to be fully used as the initial capital for the expansion of the business and local presence of the Group in Hainan Province in the PRC, Southeast Asia and the United Kingdom. Details of the First Subscription are set out in the Company’s announcements dated 18 May 2021 and 3 June 2021 respectively. As at 31 December 2021, the Company had utilized HK\$2 million of net proceeds from the First Subscription. The Company anticipated to use up the unutilised net proceeds from the First Subscription within 3 years from the completion date of the First Subscription.

- (ii) On 29 November 2021, the Company entered into a subscription agreement with YesAsia, pursuant to which the Company agreed to allot and issue and YesAsia agreed to subscribe for 1,100,000 Shares at a subscription price of HK\$9.2 per Share (the “**Second Subscription**”). The Second Subscription was completed on 8 December 2021. The net proceeds raised from the Second Subscription, after deduction of professional fees and other related expenses, are approximately HK\$10.0 million, which are intended to be fully used to further expand and develop the Group’s B2C business, including enhancing its e-commerce platform, which provides one-stop sale and logistics solutions to consumers, and recruiting expertise for the day-to-day operation management. Details of the Second Subscription are set out in the Company’s announcements dated 29 November 2021 and 8 December 2021 respectively. As at 31 December 2021, the Company had not utilized any net proceeds from the Second Subscription. The Company anticipated to use up the unutilised net proceeds from the Second Subscription within 3 years from the completion date of the Second Subscription.

PROSPECTS

The Group has achieved remarkable results in a difficult environment in 2021. Looking forward, the logistics industry is expected to have a brighter outlook in 2022, as the world gradually recovers from the pandemic. To grasp the post-pandemic opportunities, the Group plans to further expand its business in several aspects.

1. To further enhance our extensive logistics network in China

In view of the growing demand of logistics services, the Group plans to strengthen its strategic position in China in order to better seize the opportunities. Following the completion of the first phase expansion of its flagship distribution centre in Shanghai, the Group will pursue a second phase expansion in the first half of 2022, further expanding its handling capacity. In addition, the Group targets to leverage its strategic partnership with JD Logistics to further expand its logistics network in Mainland China.

2. To strengthen our capabilities in Europe and SEA to seize the opportunities in post-COVID era

As the European economy is expected to continue its recovery from the COVID-19 pandemic and having seen a significant growth in oversea market in 2021, in particular the Italy, the Group therefore intends to develop its Italy office as European hub for further business expansion. Furthermore, the Group plans to expand its Central and Eastern European coverage, and is expecting its first office in Germany in the first half of 2022. Regarding the Southeast Asia market, shortly after the establishment of the Group's office in Malaysia, the Group also expanded its local presence to Vietnam by setting up its regional office in January 2022, and is actively exploring customers for the shipments in the regions, especially among the countries/regions under the RCEP. The Group is expanding its ocean freight forwarding division in order to provide more comprehensive services to its customers.

3. To expand revenue stream by tapping into B2C and cruise logistics

In order to diversify its business coverage and revenue stream, the Group will further expand its B2C business and launch its B2C groupage platform in the first half of 2022. The new platform, together with its existing e-commerce development, will help to expand the Group's service scope to more regions and products.

Apart from its existing business segments, the Group has recently completed the acquisition of Allport Cruise Logistics Inc., (together with its subsidiaries, the “**Allport Cruise Group**”), an air and ocean freight forwarding service provider for global cruise operators, including the provision of shipments of supplies for drydocks on a project basis and cruise replenishment. The business of Allport Cruise Group spans multiple cities in the PRC, Europe, Australia, USA and Asia. Through such horizontal expansion, the Group will begin its journey in cruise logistics as well as to create a synergy with the Group's air and ocean freight forwarding services as the Group would be able to, on one hand, offer more comprehensive services covering the delivery from other countries to the USA and on the other hand, leverage the Group's reputation in the global logistics industry in expanding the customer base and open up a new stream of revenue generating operation for the Group. The new acquisition is also expected to bring in fruitful returns in the future. The Group will continue to seek opportunities for expansion in its operation and local presence through potential acquisition of business from its controlling Shareholders or external parties.

HUMAN RESOURCES

As at 31 December 2021, the Group employed 622 employees (as at 31 December 2020: 595 employees). Remuneration packages are generally structured to market terms and experiences. The Company has also adopted a share option scheme and share award scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contribute to the success of the Group's operations. During FY2021, regular in-house and external trainings have been provided to the Group's employees.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During FY2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of HK12 cents per ordinary Share for FY2021 (FY2020: HK15 cents per ordinary Share). In addition to the final dividend, the Board also recommended the payment of a special dividend of HK9 cents per ordinary Share to the Shareholders. The payment of the final dividend and the special dividend is subject to the approval of the Shareholders at the forthcoming AGM to be held on Friday, 27 May 2022. Subject to the approval by the Shareholders, the proposed final dividend and special dividend are expected to be paid on Wednesday, 29 June 2022 to all Shareholders whose names to be appeared on the register of members of the Company on Wednesday, 8 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 May 2022 (both days inclusive) for the purpose of determining the right to attend and vote at the forthcoming AGM. In order to be qualified for attending and voting at the forthcoming AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 23 May 2022.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend and special dividend at the forthcoming AGM, the register of members of the Company will also be closed from Monday, 6 June 2022 to Wednesday, 8 June 2022 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend and special dividend in respect of FY2021. In order to be qualified for the proposed final dividend and special dividend (subject to the approval of the Shareholders at the forthcoming AGM), unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address stated above for registration not later than 4:30 p.m. (Hong Kong time) on Thursday, 2 June 2022.

CORPORATE GOVERNANCE PRACTICES

The Board has adopted the code provision of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”). The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has complied with the code provision set out in the CG Code during FY2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct of the Company governing the Directors’ securities transactions during FY2021.

AUDIT COMMITTEE

The Company has established an audit committee which comprises three independent nonexecutive Directors, namely, Mr. Lam Hing Lun Alain, Mr. Chan Chun Hung Vincent and Mr. Chun Chi Man. Mr. Lam Hing Lun Alain is the chairman of the audit committee. The audit committee of the Company has discussed with the management of the Group and the Company’s external auditors and reviewed the consolidated financial results of the Group for FY2021, including accounting principles and practices adopted by the Group, and discussed with the management on the financial reporting system and the risk management and internal control systems of the Company.

The financial figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been compared by the Company’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange and the Company. The annual report for FY2021 will be despatched to the Shareholders and will be published on the websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

By Order of the Board
CN Logistics International Holdings Limited
Ngan Tim Wing
Executive Director and chief executive officer

Hong Kong, 28 March 2022

As at the date of this announcement, the Board comprises Mr. Ngan Tim Wing, Ms. Chen Nga Man, Ms. Augusta Morandin and Mr. Fabio Di Nello as the executive Directors; Mr. Lau Shek Yau John as the non-executive Director; and Mr. Lam Hing Lun Alain, Mr. Chan Chun Hung Vincent and Mr. Chun Chi Man as the independent non-executive Directors.