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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS 2024 TRUCKING SERVICES AGREEMENTS

Reference was made to the announcement of the Company dated 29 December 2020 in relation to the Existing Trucking Services Agreements. As the term of each of the Existing Trucking Services Agreements had expired on 31 December 2023, and it is expected that the transactions thereunder will continue, on 23 January 2024, CN Logistics HK has entered into the 2024 Empire Trucking Services Agreement and 2024 Transway Trucking Services Agreement with Empire and Transway respectively, pursuant to which each of Empire and Transway, as a trucking service provider, agreed to provide trucking services to the Group in Hong Kong. The term of each of the 2024 Empire Trucking Services Agreement and 2024 Transway Trucking Services Agreement is for a period from 1 January 2024 to 31 December 2026.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Empire was wholly-owned by the brother of Mr. Ngan. Mr. Ngan is an executive Director and chief executive officer of the Group. As such, Empire is an associate of Mr. Ngan and hence a connected person of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Transway was owned as to 50% by the sister of Mr. Ngan and as to 50% by the brother-in-law of Mr. Ngan. By virtue of the relationship of its shareholders with Mr. Ngan, Transway is a deemed connected person of the Company under Rule 14A.21 of the Listing Rules.

Accordingly, the transactions contemplated under each of the 2024 Trucking Services Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the aggregated proposed annual caps for the services fees to be paid to Empire and Transway under the 2024 Trucking Services Agreement during each of the three years ending 31 December 2026, the applicable percentage ratios are higher than 0.1% but less than 5%. Accordingly, the 2024 Trucking Services Agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

2024 TRUCKING SERVICES AGREEMENTS

Reference was made to the announcement of the Company dated 29 December 2020 in relation to the Existing Trucking Services Agreements. As the term of each of the Existing Trucking Services Agreements had expired on 31 December 2023, and it is expected that the transactions thereunder will continue, on 23 January 2024, CN Logistics HK has entered into the 2024 Empire Trucking Services Agreement and 2024 Transway Trucking Services Agreement with Empire and Transway respectively, pursuant to which each of Empire and Transway, as a trucking service provider, agreed to provide trucking services to the Group in Hong Kong. The term of each of the 2024 Empire Trucking Services Agreement and 2024 Transway Trucking Services Agreement is for a period from 1 January 2024 to 31 December 2026.

The principal terms of the 2024 Empire Trucking Services Agreement are set out below:

Date:	23 January 2024
Parties:	(i) CN Logistics HK (ii) Empire
Term:	1 January 2024 to 31 December 2026
Subject:	CN Logistics HK may from time to time engage Empire for the provision of trucking services in Hong Kong
Pricing basis:	Pursuant to the 2024 Empire Trucking Services Agreement, the service fees to be paid to Empire will be determined in accordance with the fee schedule as set out in the agreement, which set out the amount of service fees applicable to each service depending on, among others, the customers being served, the number of cartons to be delivered, type of products being delivered, location of pick-up point and delivery destination, and time of delivery (e.g. business days or public holidays).

The principal terms of the 2024 Transway Trucking Services Agreement are set out below:

Date:	23 January 2024
Parties:	(i) CN Logistics HK (ii) Transway
Term:	1 January 2024 to 31 December 2026
Subject:	CN Logistics HK may from time to time engage Transway for the provision of trucking services in Hong Kong
Pricing policy and principal terms:	Pursuant to the 2024 Transway Trucking Services Agreement, the service fees to be paid to Transway will be determined in accordance with the fee schedule as set out in the agreement, which set out the amount of service fees applicable to each service depending on, among others, the customers being served, the number of cartons to be delivered, type of truck or van being engaged, location of pick-up point and delivery destination, and time of delivery (e.g. business days or public holidays).

Historical amount

The total service fees paid by the Group to Empire and Transway for the provision of trucking services for each of the years ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023 are set out below:

	For the year ended 31 December		For the eleven months ended
	2021	2022	30 November
	(HK\$'000)	(HK\$'000)	2023
			(HK\$'000)
Service fees paid to Empire	12,342	9,792	10,852
Service fees paid to Transway	<u>4,055</u>	<u>3,020</u>	<u>3,143</u>
	<u>16,397</u>	<u>12,812</u>	<u>13,995</u>

Annual caps

The Directors estimated that the annual service fees to be paid by the Group under the 2024 Trucking Services Agreements for each of the three years ending 31 December 2026 will be as follows:

	For the year ending 31 December		
	2024	2025	2026
	(HK\$'000)	(HK\$'000)	(HK\$'000)
(i) Service fees to be paid to Empire	14,000	15,000	16,000
(ii) Service fees to be paid to Transway	<u>4,000</u>	<u>5,000</u>	<u>6,000</u>
	<u>18,000</u>	<u>20,000</u>	<u>22,000</u>

Basis of determination

In determining the above proposed annual caps for the transactions under the 2024 Trucking Services Agreements for each of the three years ending 31 December 2026, the Directors have considered generally:

- (i) the respective historical transaction amount as set out above;
- (ii) the expected demand for trucking services by the Group in Hong Kong;
- (iii) the expected annual growth of approximately 4% in the demand of trucking services by the Group in Hong Kong;
- (iv) the 10% buffer to cater for the unanticipated increase in demand for trucking services by the Group in Hong Kong; and
- (v) the range of historical market prices of trucking services in Hong Kong during the two years ended 31 December 2022 and the eleven months ended 30 November 2023 and the anticipated market prices of trucking services in Hong Kong.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Empire is a company wholly-owned by Mr. Ngan Tim Ming, the brother of Mr. Ngan, and principally engages in the provision of trucking services in Hong Kong. The Group has been engaging Empire for the provision of trucking services to the Group for the delivery of products in Hong Kong either from the warehouse of the Group to its customer's designated location, and/or from its customer's designated location to the warehouse of the Group or other location(s) as specified by its customers. Empire has been providing trucking services to the Group for over 10 years and it mainly assists the Group in delivery of products for its high-end fashion customers. Given its quality and reliable trucking services provided over the years, the Group will continue to engage Empire as one of its trucking services providers.

Transway is a company owned as to 50% by Ms. Ngan Yuk Chu, the sister of Mr. Ngan, and as to 50% by Mr. Li Man Chiu, the brother-in-law of Mr. Ngan, and principally engages in the provision of trucking services in Hong Kong. The Group has been engaging Transway for the provision of trucking services to the Group for the delivery of products in Hong Kong either from the warehouse of the Group to its customer's designated location and/or from its customer's designated location to the warehouse of the Group or other location(s) as specified by its customers. Transway has been providing trucking services to the Group for over 10 years and it mainly assists the Group in delivery of products for its fashion branded customers. Given its quality and reliable trucking services provided over the years, the Group will continue to engage Transway as one of its trucking services providers.

The Directors (including the independent non-executive Directors), after reviewing the terms of each of the 2024 Trucking Services Agreements, are of the view that each of the 2024 Trucking Services Agreements and the transactions contemplated thereunder have been entered into on normal commercial terms or better (having such meaning as defined in the Listing Rules), in the ordinary and usual course of business of the Group and that the terms of each of the 2024 Trucking Services Agreements as well as the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

INTERNAL CONTROLS

The Group has adopted the following measures to monitor and govern the continuing connected transactions under the 2024 Trucking Services Agreements:

1. the finance department of the Group is responsible for monitoring the continuing connected transactions of the Group. The operation unit of CN Logistics HK is required to submit to the finance department details and transaction amounts with each of Empire and Transway on a weekly basis. The finance department will review the relevant information to assess (i) whether the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant agreement; and (ii) the aggregate amount of transactions during the relevant financial year and whether the relevant annual caps have been or would likely to be exceeded;
2. The independent non-executive Directors will conduct annual review on the continuing connected transactions to confirm whether the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

3. The auditors of the Company will conduct annual review on the continuing connected transactions of the Group to confirm that the continuing connected transactions (i) have been approved by the Board; (ii) were in all material respects, in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the relevant agreement governing them; and (iv) have not exceeded the relevant annual caps.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Empire was wholly-owned by the brother of Mr. Ngan. Mr. Ngan is an executive Director and chief executive officer of the Group. As such, Empire is an associate of Mr. Ngan and hence a connected person of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Transway was owned as to 50% by the sister of Mr. Ngan and as to 50% by the brother-in-law of Mr. Ngan. By virtue of the relationship of its shareholders with Mr. Ngan, Transway is a deemed connected person of the Company under Rule 14A.21 of the Listing Rules.

Based on the aggregated proposed annual caps for the services fees to be paid to Empire and Transway under the 2024 Trucking Services Agreement during each of the three years ending 31 December 2026, the applicable percentage ratios are higher than 0.1% but less than 5%. Accordingly, the 2024 Trucking Services Agreements are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Ngan is materially interested in the transactions contemplated under the 2024 Trucking Services Agreement by virtue of his relationship with the shareholder(s) of each of Empire and Transway, he has abstained from voting on the respective resolutions passed at the Board meeting for approving each of the 2024 Trucking Services Agreement and the related annual caps. Save for Mr. Ngan, none of the other Directors is or is deemed to have a material interest in the above transactions.

GENERAL

The principal activity of the Company is investment holding. The Group is a well-established international logistics solutions provider with core business of providing air freight forwarding services and distribution and logistics services in relation to fashion products and fine wine, primarily focusing on high-end fashion (including luxury and affordable luxury) products. The Group also engages in the provision of ocean freight forwarding services and cruise logistics services.

DEFINITIONS

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

“2024 Empire Trucking Services Agreement”	the agreement dated 23 January 2024 and entered into between CN Logistics HK and Empire pursuant to which Empire, as a trucking service provider, agreed to provide trucking services to the Group in Hong Kong with a term from 1 January 2024 to 31 December 2026
“2024 Transway Trucking Services Agreement”	the agreement dated 23 January 2024 and entered into between CN Logistics HK and Transway pursuant to which Transway, as a trucking service provider, agreed to provide trucking services to the Group in Hong Kong with a term from 1 January 2024 to 31 December 2026
“2024 Trucking Services Agreements”	the 2024 Empire Trucking Services Agreement and the 2024 Transway Trucking Services Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CN Logistics HK”	CN LOGISTICS LIMITED (嘉宏物流有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“Company”	CN Logistics International Holdings Limited (嘉泓物流國際控股有限公司), an exempted company limited by shares incorporated in the Cayman Islands, whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Empire”	Empire Transportation Company Limited (帝國運輸有限公司), a company incorporated in Hong Kong with limited liability
“Existing Trucking Services Agreements”	the two agreements dated 29 December 2020 and entered into between CN Logistics HK and Empire and Transway, respectively, in relation to the trucking services provided to the Group in Hong Kong with a term from 1 January 2021 to 31 December 2023

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ngan”	Mr. Ngan Tim Wing, chief executive officer of the Group and an executive Director
“Shares”	ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transway”	Transway Logistics Company Limited (超盛物流有限公司), a company incorporated in Hong Kong with limited liability
“%”	per cent.

By order of the Board
CN Logistics International Holdings Limited
Lau Shek Yau John
Chairman and Executive Director

Hong Kong, 23 January 2024

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