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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 2023**

#### **FINANCIAL HIGHLIGHTS**

The Group recorded revenue of approximately HK\$2,104.0 million for FY2023 (FY2022: HK\$2,788.0 million), representing a decrease of approximately 24.5%.

The net profit attributable to equity shareholders was approximately HK\$48.3 million for FY2023 (FY2022: HK\$86.6 million), representing a decrease of approximately 44.2%.

The gross profit margin increased from 18.5% in FY2022 to 20.0% in FY2023.

Distribution and logistics segment recorded an increase in segment revenue of approximately HK\$2.1 million during FY2023, from approximately HK\$400.3 million in FY2022 to approximately HK\$402.4 million in FY2023.

The freight forwarding (including air and ocean freight forwarding), together with the cruise logistics businesses, recorded a decrease in revenue of approximately 28.7% in segment results for FY2023, from approximately HK\$2,387.7 million in FY2022 to approximately HK\$1,701.6 million.

The Board recommended the payment of a final dividend of HK1 cent per ordinary Share for FY2023 (FY2022: HK10 cents per ordinary Share). The payment of the final 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 2023 (“**FY2023**” or the “**Year**”), together with the comparative figures for the year ended 31 December 2022 (“**FY2022**”), as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the Year ended 31 December 2023*

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2023</b> <i>\$'000</i>	2022 <i>\$'000</i>
<b>Revenue</b>	2	<b>2,103,959</b>	2,787,972
Cost of services		<u>(1,683,923)</u>	<u>(2,271,127)</u>
<b>Gross profit</b>		<b>420,036</b>	516,845
Other income		<b>3,918</b>	8,927
Other net gain		<b>60,704</b>	877
Administrative and other operating expenses		<u>(392,893)</u>	<u>(366,185)</u>
<b>Profit from operations</b>		<b>91,765</b>	160,464
Finance costs	3(a)	<b>(22,558)</b>	(13,746)
Share of profits of associates and joint ventures		<u>3,168</u>	<u>1,043</u>
<b>Profit before taxation</b>	3	<b>72,375</b>	147,761
Income tax	4	<u>(24,128)</u>	<u>(48,254)</u>
<b>Profit for the year</b>		<u><b>48,247</b></u>	<u>99,507</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>48,278</b>	86,632
Non-controlling interests		<u>(31)</u>	<u>12,875</u>
<b>Profit for the year</b>		<u><b>48,247</b></u>	<u>99,507</u>
<b>Earnings per share (Hong Kong cents)</b>	5		
Basic		<b>16.5</b>	32.2
Diluted		<u><b>16.5</b></u>	<u>32.2</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the Year ended 31 December 2023*

*(Expressed in Hong Kong dollars)*

	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Profit for the year</b>	<b>48,247</b>	99,507
<b>Other comprehensive income for the year (after taxation)</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit retirement obligations	<b>(873)</b>	2,048
Remeasurement of equity investment at fair value through other comprehensive income	<b>(305)</b>	(1,048)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<b>328</b>	(25,922)
<b>Total comprehensive income for the year</b>	<b><u>47,397</u></b>	<b><u>74,585</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>45,659</b>	66,361
Non-controlling interests	<b><u>1,738</u></b>	<u>8,224</u>
<b>Total comprehensive income for the year</b>	<b><u>47,397</u></b>	<b><u>74,585</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(Expressed in Hong Kong dollars)

	Note	2023 \$'000	2022 \$'000
<b>Non-current assets</b>			
Property, plant and equipment		253,546	257,111
Prepayment for acquisition of property, plant and equipment		—	379
Intangible assets		2,524	7,391
Goodwill	7	224,762	224,559
Interests in associates		11,379	8,878
Interests in joint ventures		2,925	2,568
Other financial assets		5,375	1,369
Loan receivables		4,988	5,102
Deferred tax assets		10,881	3,172
		<u>516,380</u>	<u>510,529</u>
<b>Current assets</b>			
Trade and other receivables and contract assets	8	561,333	614,902
Amounts due from Cargo Services Group		20,003	6,920
Amounts due from EV Cargo Group		22,727	13,740
Amounts due from associates		1,079	308
Amounts due from joint ventures		8,278	6,251
Pledged bank deposits		2,323	5,271
Time deposits		22,205	7,884
Cash and cash equivalents		260,279	298,202
		<u>898,227</u>	<u>953,478</u>
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	9	307,531	347,360
Amounts due to Cargo Services Group		217,570	264,936
Amounts due to EV Cargo Group		9,401	4,955
Amounts due to associates		197	112
Amounts due to joint ventures		448	—
Bank loans and overdrafts		307,718	285,183
Lease liabilities		50,474	41,257
Current taxation		7,934	16,883
		<u>901,273</u>	<u>960,686</u>
<b>Net current liabilities</b>		<u>(3,046)</u>	<u>(7,208)</u>
<b>Total assets less current liabilities</b>		<u>513,334</u>	<u>503,321</u>

	<i>Note</i>	<b>2023</b> <i>\$'000</i>	2022 <i>\$'000</i>
<b>Non-current liabilities</b>			
Bank loans		<b>13,230</b>	1,715
Lease liabilities		<b>51,256</b>	56,404
Defined benefit retirement obligations		<b>11,254</b>	8,149
Amounts due to Cargo Services Group		<b>24,097</b>	23,168
		<u><b>99,837</b></u>	<u>89,436</u>
<b>NET ASSETS</b>		<u><b>413,497</b></u>	<u>413,885</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>10</i>	<b>2,154</b>	2,154
Reserves		<b>360,895</b>	350,117
<b>Total equity attributable to equity shareholders of the Company</b>		<b>363,049</b>	352,271
<b>Non-controlling interests</b>		<b>50,448</b>	61,614
<b>TOTAL EQUITY</b>		<u><b>413,497</b></u>	<u>413,885</u>

## NOTES:

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### 1. MATERIAL 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 2023, 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 material accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the changes stated below. The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interests in associates and joint ventures.

At 31 December 2023, the Group's total current assets were \$898,227,000 and total current liabilities were \$901,273,000. As a result the Group recorded net current liabilities of \$3,046,000 mainly due to current portion of purchase consideration payable of \$185,098,000, among which \$148,041,000 would be settled by allotment and issuance of the Company's shares. The purchase consideration payable is included in the amounts due to Cargo Service Group classified as current liabilities.

Notwithstanding the net current liabilities at 31 December 2023, the Group's bank deposits and cash and cash equivalents amounted to \$282,484,000 on the same day and the Group recorded net cash generated from operating activities of \$99,989,000 during the year ended 31 December 2023. Furthermore, based on the cash flow projection prepared by management which covers a period of not less than twelve months from 31 December 2023, the directors are of the opinion that the Group would have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2023, having regard to the following: (i) the Group will continue to generate positive operating cash flows; and (ii) purchase consideration included in amounts due to Cargo Services Group amounted to \$148,041,000 classified as current liabilities is equity-settled by issuance of the Company's shares. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair values.

- purchase consideration payable arising from business combination;
- investments in equity securities; and
- defined benefit retirement plan obligations.

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### **New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism**

In June 2022 the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee's service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit. The Group has applied the guidance and changed its accounting policy in connection with its LSP liability. The guidance does not have a significant impact on the Group's results and financial position for the current or prior periods that have been prepared or presented.

## 2. REVENUE AND SEGMENT INFORMATION

### Segment reporting

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 four 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 ocean
- Cruise logistics: this segment provides shipments of supplies for drydock project and cruise replenishment for cruise operators
- Distribution and logistics: this segment provides cost-effective supply chain solutions

### (i) Segment results

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 2023 and 2022 is set out below.

	2023				Total \$'000
	Air freight \$'000	Ocean freight \$'000	Cruise logistics \$'000	Distribution and logistics \$'000	
Reportable segment revenue					
— external sales	<u>840,497</u>	<u>474,691</u>	<u>386,383</u>	<u>402,388</u>	<u>2,103,959</u>
Reportable segment gross profit	129,906	93,536	141,863	54,731	420,036
Other income					3,918
Other net gain					60,704
Administrative and other operating expenses					(392,893)
Finance costs					(22,558)
Share of profits of associates and joint ventures					<u>3,168</u>
Profit before taxation					<u>72,375</u>
	2022				
	Air freight \$'000	Ocean freight \$'000	Cruise logistics \$'000	Distribution and logistics \$'000	Total \$'000
Reportable segment revenue					
— external sales	<u>1,246,358</u>	<u>857,590</u>	<u>283,725</u>	<u>400,299</u>	<u>2,787,972</u>
Reportable segment gross profit	204,887	188,082	77,167	46,709	516,845
Other income					8,927
Other net gain					877
Administrative and other operating expenses					(366,185)
Finance costs					(13,746)
Share of profits of associates and joint ventures					<u>1,043</u>
Profit before taxation					<u>147,761</u>

**(ii) 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, other financial assets and loan receivables). 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.

	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Revenue from external customers</b>		
Hong Kong	<b>485,571</b>	543,589
Mainland China	<b>483,296</b>	643,435
Italy	<b>451,648</b>	949,588
Taiwan	<b>104,785</b>	117,221
USA	<b>378,248</b>	283,725
Other countries and regions	<b>200,411</b>	250,414
	<b><u>2,103,959</u></b>	<u>2,787,972</u>
<b>Specified non-current assets</b>		
Hong Kong	<b>50,009</b>	47,572
Mainland China	<b>143,731</b>	153,812
Italy	<b>53,280</b>	57,156
Taiwan	<b>24,475</b>	24,370
USA	<b>210,701</b>	208,396
Other countries and regions	<b>12,940</b>	9,580
	<b><u>495,136</u></b>	<u>500,886</u>

### 3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2023 \$'000	2022 \$'000
<b>(a) Finance costs</b>		
Interest on bank loans and overdrafts	18,012	8,381
Interest on lease liabilities	4,546	5,365
	<u>22,558</u>	<u>13,746</u>
<b>(b) Staff costs</b>		
Contribution to defined contribution retirement plans	30,929	29,778
Expenses recognised in respect of defined benefit retirement plans	2,009	1,400
Salaries, wages and other benefits	295,654	260,012
	<u>328,592</u>	<u>291,190</u>
<b>(c) Other operating expenses (note (i))</b>		
Auditors' remuneration	4,845	4,165
Net provision for impairment loss on trade receivables and amounts due from related companies	53	258
Communication expenses	4,034	3,200
Repair and maintenance expenses	2,612	3,090
Management fee expenses		
— related parties	1,890	2,426
— other party (note (ii))	1,212	1,161
Others	9,214	9,500
	<u>23,860</u>	<u>23,800</u>
<b>(d) Other items</b>		
Depreciation charge		
— owned property, plant and equipment	28,559	23,102
— right-of-use assets	66,749	67,857
Amortisation cost of intangible assets	3,814	5,748
Fair value (gain)/loss of purchase consideration payable (note (iii))	(55,155)	2,177
	<u>(55,155)</u>	<u>2,177</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.
- (iii) The (gain)/loss arose from the fair value change of purchase consideration payable in relation to the acquisition of Allport Cruise Group in March 2022, which is included in “other net gain” in the consolidated statement of profit or loss.

#### 4. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2023 \$'000	2022 \$'000
<b>Current tax — Hong Kong Profits Tax</b>		
Provision for the year	3,547	4,571
Over-provision in respect of prior years	<u>(15)</u>	<u>(51)</u>
	----- 3,532	----- 4,520
<b>Current tax — Outside Hong Kong</b>		
Provision for the year	23,683	41,711
Under-provision in respect of prior years	<u>330</u>	<u>3,503</u>
	----- 24,013	----- 45,214
<b>Withholding tax on distributed profits</b>		
Italy withholding tax	—	304
Korea withholding tax	531	—
Taiwan withholding tax	3,171	2,706
France withholding tax	<u>96</u>	<u>207</u>
	----- 3,798	----- 3,217
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(7,215)</u>	<u>(4,697)</u>
	----- <u>24,128</u>	----- <u>48,254</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year ended 31 December 2023.

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% (2022: 25%) on the taxable income for the year ended 31 December 2023.

In accordance with the relevant tax laws of Italy, the provision for Corporate Income Tax is calculated at 28% (2022: 28%) for the year ended 31 December 2023.

In accordance with the relevant tax laws of Taiwan, the provision for Corporate Income Tax is calculated at 20% (2022: 20%) for the year ended 31 December 2023.

In accordance with the relevant tax laws of USA, the provision for Federal Corporate Tax and State Income Tax are calculated at a rate of 21% (2022: 21%) and 5.5% (2022: 5.5%), respectively for the year ended 31 December 2023.

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 Korea, Taiwan and France in respect of dividend income received from subsidiaries incorporated in respective countries and regions, at rates of 10% (2022: 10%), 21% (2022: 21%) and 10% (2022: 10%) for the year ended 31 December 2023. Withholding tax was charged by tax authority of Italy at rate of 10% for the year ended 31 December 2022.

## 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 \$48,278,000 (2022: \$86,632,000) and the weighted average of 292,692,000 ordinary shares (2022: 269,471,000 ordinary shares) in issue during the year ended 31 December 2023, calculated as follows:

	2023 '000	2022 '000
Issued ordinary shares at 1 January	276,100	276,100
Potential issuance of consideration shares to controlling shareholder	24,389	—
Shares purchased in respect of the Share Award Scheme	<u>(7,797)</u>	<u>(6,629)</u>
Weighted average number of ordinary shares at 31 December	<u>292,692</u>	<u>269,471</u>

### (b) Diluted earnings per share

There were no dilutive potential ordinary shares during the years ended 31 December 2023 and 2022, 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 (the “Shareholders”) at the Company’s annual general meeting held on 1 June 2023, a final dividend of HK\$10 cents per ordinary share in respect of the FY2022, in an aggregate amount of HK\$27,610,000, was paid on 17 July 2023 to all Shareholders whose names appeared on the register of members of the Company on 26 June 2023.

The Board recommended the payment of a final dividend of HK\$1 cent per ordinary share for FY2023. The total amount of the proposed final dividend is approximately HK\$3,004,890. The payment of the final 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 Wednesday, 29 May 2024. Subject to the approval by the Shareholders, the proposed final dividend is expected to be paid on Wednesday, 17 July 2024 to all Shareholders whose names to be appeared on the register of members of the Company on Wednesday, 26 June 2024.

## 7. GOODWILL

	<b>31 December 2023 \$'000</b>	31 December 2022 \$'000
At 1 January	224,559	25,142
Additions	—	202,276
Exchange adjustments	<u>203</u>	<u>(2,859)</u>
At 31 December	<u><b>224,762</b></u>	<u><b>224,559</b></u>

Goodwill is allocated to the Group's cash generating units identified as follows:

	<b>31 December 2023 \$'000</b>	31 December 2022 \$'000
Airfreight forwarding business — Taiwan	22,646	22,679
Cruise logistics business — Allport Cruise Group	<u>202,116</u>	<u>201,880</u>
	<u><b>224,762</b></u>	<u><b>224,559</b></u>

## 8. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

	<b>2023 \$'000</b>	2022 \$'000
<b>Trade and other receivables</b>		
Trade receivables, net of loss allowance	373,198	464,945
Other receivables, prepayments and deposits	<u>73,416</u>	<u>59,915</u>
	<u><b>446,614</b></u>	<u><b>524,860</b></u>
<b>Contract assets</b>		
Arising from performance under freight forwarding contracts	11,430	15,232
Arising from performance under cruise logistics contracts	<u>103,289</u>	<u>74,810</u>
	<u><b>114,719</b></u>	<u><b>90,042</b></u>
	<u><b>561,333</b></u>	<u><b>614,902</b></u>

**(a) Trade and other receivables**

Except for rental deposit for leased properties of \$9,691,000 (2022: \$4,717,000) paid by the Group 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:

	2023 \$'000	2022 \$'000
Within 1 month	296,931	341,848
1 to 2 months	49,749	75,687
2 to 3 months	16,915	35,313
Over 3 months	9,603	12,097
	<u>373,198</u>	<u>464,945</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 2023, the amount of revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods was \$15,232,000 (2022: \$11,472,000).

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

## 9. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 \$'000	2022 \$'000
<b>Trade and other payables</b>		
Trade payables	236,123	266,919
Other payables and accrued charges	<u>63,613</u>	<u>73,412</u>
	<u>299,736</u>	<u>340,331</u>
<b>Contract liabilities</b>		
Billings in advance of performance under freight forwarding contracts	<u>7,795</u>	<u>7,029</u>
	<u>307,531</u>	<u>347,360</u>

### (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:

	2023 \$'000	2022 \$'000
Within 1 month	160,776	167,796
1 to 3 months	61,026	90,326
Over 3 months	<u>14,321</u>	<u>8,797</u>
	<u>236,123</u>	<u>266,919</u>

### (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 years ended 31 December 2023 and 2022, all of the contract liabilities at the beginning of the respective year have been recognised as revenue.

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



## 10. SHARE CAPITAL

### Authorised and issued share capital

	2023		2022	
	No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
<b>Authorised:</b>				
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>
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	<u>276,100</u>	<u>2,154</u>	<u>276,100</u>	<u>2,154</u>
At 31 December	<u>276,100</u>	<u>2,154</u>	<u>276,100</u>	<u>2,154</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 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, ocean freight forwarding services and cruise logistics services, with a primary focus on high-end fashion (including luxury and affordable luxury) products and fine wine products. Our long-standing clients include various globally renowned premium and luxury brands, as well as other apparel companies.

The Group operates 21 local offices in 15 countries and regions, including the People's Republic of China (“**PRC**”), Hong Kong, Taiwan, Italy, Japan, the United States of America (“**USA**”), Malaysia, Thailand, Vietnam, South Korea, France, Switzerland, Indonesia, Netherlands and Cambodia. In addition, the Group has established partnerships with more than 100 business partners, covering over 100 countries across the globe.

During FY2023, the global logistics sector continued to face multiple headwinds, including the normalisation of freight rate, unexpected disruptions arising from geopolitical conflicts, as well as the slow recovery in consumer demand. Despite the Group's strategic focus on blooming industries such as tourism and emerging geographical region, such as Southeast Asia, its overall operation was still affected by the aforementioned challenges, resulting in a decrease in business volume. The Group's revenue decreased year-on-year by 24.5% to HK\$2,104.0 million (2022: HK\$2,788.0 million). Although the Group implemented stringent budget control, the net profit attributable to the equity shareholders of the Company decreased by 44.2% to HK\$48.3 million (2022: HK\$86.6 million).

#### **Regional Analysis — Greater China**

During the Year, the revenue contributed by the Group's PRC office decreased by 24.9% to HK\$483.3 million (2022: HK\$643.4 million), as a result of the slow recovery in retail sales performance, especially in the first half of the Year, and manufacturers' relocation of supply chain for risk diversification.

Nevertheless, the Group witnessed a gradual recovery in business volume in both Hong Kong and the PRC since the second half of the Year due to stronger retail sales performance. As a reliable partner to renowned luxury brands and retailers all around the world, the Group continued to expand its flagship warehousing in Shanghai, PRC to grasp the business opportunities in the future.

## **Regional Analysis — Europe**

During the Year, the revenue contributed by the Group's Italian regional office decreased by 52.4% to HK\$451.6 million (2022: HK\$949.6 million) due to the decrease in business volume and freight rate.

The overall business volume of the Group's European business has declined due to the complex macroeconomic conditions. Leveraging our enduring partnerships with renowned luxury and high-end fashion brands, the Group is proactively exploring further collaboration in Europe for its future business development.

## **Regional Analysis — Southeast Asia**

Several countries in Southeast Asia have seen rapid economic growth in recent years. The Group continued to enter into new markets in the region, as part of the efforts to expand its global footprint and establish revenue streams.

During the Year, the Group's regional office in Vietnam showcased robust performance, primarily due to the demand for export of garments to USA for local textile companies. The revenue contributed by the regional office in Vietnam amounted to HK\$55.4 million, represented an increase of 61.3% compared to FY2022. The newly opened offices in Indonesia and Cambodia also achieved notable growth. With a focus on textiles, automotive, electronics, and chemicals, during FY2023, the regional offices in Indonesia and Cambodia recorded a revenue of HK\$8.3 million and HK\$1.3 million since operation in May 2023 and September 2023 respectively.

To ride on the prosperous development of Southeast Asia, the Group established a new office in Cambodia in September 2023, which also focuses on the shipment of textile products. The establishment of these offices is expected to expand the Group's business network and generate greater synergies in the region.

## **Vertical Business — Cruise Logistics**

Riding on the recovery of global tourism, the cruise logistics segment recorded substantial growth during the Year. In FY2023, revenue contributed by cruise logistics segment reached HK\$386.4 million, representing a year-on-year increase of 36.2% (2022: HK\$283.7 million) and contributing over 18% of the total revenue of the Group.

As a trusted partner of international cruise operators, the Group witnessed an upsurge in business volume of drydock and replenishment projects. In July 2023, the Group established its branch in the Netherlands, marking the first footprint of the Group's cruise logistics service in Europe. This strategic move greatly enhanced its service capabilities in Baltic Sea, enabling the Group to seize more collaboration opportunities with cruise operators.

## **New Growth Engine — CN Express**

To capitalise on the emerging opportunities in the eCommerce sector, the Group launched CN Express International Limited (“**CN Express**”) that focuses on international parcel and eCommerce logistics during the Year. Leveraging the global footprint of the Group, CN Express provides a seamless one-stop integrated logistics solution to eCommerce platforms, covering land transportation, airfreight as well as warehousing and distribution, to ensure efficient and speedy e-fulfilment.

In December 2023, the Group was delighted to commence its partnership with one of the leading eCommerce platforms in China. The Group provides customers with one-stop eCommerce logistics services, including cross-border trucking, airfreight charters to Europe and last-mile delivery to destinations. The development of eCommerce-focused service further reinforced the Group’s business presence in the blue ocean market, paving the way for cooperation with more large-scale eCommerce platforms in the future.

### **Financial results**

The Group recorded revenue of approximately HK\$2,104.0 million during FY2023 (FY2022: HK\$2,788.0 million), representing a decrease of approximately 24.5%. Gross profit amounted to approximately HK\$420.0 million during FY2023 (FY2022: HK\$516.8 million), representing a decrease of 18.7%. The net profit attributable to the equity shareholders of the Company was approximately HK\$48.3 million for FY2023 (FY2022: HK\$86.6 million), representing a decrease of approximately 44.2%. The gross profit margin increased from 18.5% in FY2022 to 20.0% in FY2023, attributed by the strong performance in cruise logistics segment.

### **Segmental analysis**

The Group principally involves in the provision of freight forwarding services (including air and ocean freight forwarding services), cruise logistics, 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 39.9% of the Group’s total revenue of FY2023 (FY2022: 44.7%). 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 the International Air

Transport Association in Hong Kong, Taiwan, Italy, France and Japan which provide access to space procurement for air cargo routes worldwide in these locations and are also capable of procuring air cargo space directly from airline carriers in the PRC.

The air freight forwarding business recorded revenue of approximately HK\$840.5 million for FY2023 (FY2022: HK\$1,246.4 million), representing a decrease of approximately 32.6% as compared to FY2022. Gross profit of the segment also decreased from HK\$204.9 million for FY2022 to approximately HK\$129.9 million for FY2023, representing a decrease of approximately 36.6%. The decrease in revenue and gross profit were mainly due to the decrease in business volume of the Group's PRC, Italy and Hong Kong offices due to the uncertain economic environment and change in the consumption behaviour brought by COVID-19 pandemic which led to the decrease in airfreight tonnage handled by these offices. The decrease is also attributable to the continuous decrease in airfreight rates throughout FY2023 in the post-pandemic period and the increase in cost of operation due to the record-breaking inflation rate and ongoing geopolitical conflicts such as Russo-Ukrainian war.

### **Distribution and logistics services**

The distribution and logistics segment contributed approximately 19.1% of the total revenue of the Group during the Reporting Period (FY2022: 14.4%).

The Group is one of the earliest service providers in the PRC and Hong Kong of comprehensive and customised Business-to-Business 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. As at 31 December 2023, the Group managed and operated 32 distribution centres with a total gross floor area of approximately 1,250,000 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 to charge its customers. As at 31 December 2023, the Group managed 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 FY2023, the revenue from this segment was approximately HK\$402.4 million (FY2022: HK\$400.3 million). Gross profit of the segment increased from HK\$46.7 million for FY2022 to approximately HK\$54.7 million, representing an increase of approximately 17.1%. The increase in gross profit was mainly due to the ability of the Group to charge higher markup for the valued added services for major customers in the PRC and Hong Kong and more efficient cost control.

### **Ocean freight forwarding services**

The holistic logistics solutions of the Group also include the provision of ocean freight forwarding services to its air freight forwarding services customers as well as other customers. During FY2023, revenue from the ocean freight forwarding operations of the Group was mainly generated from import shipments to Italy and shipments from and to the South East Asia regions such as Vietnam and Japan.

For FY2023, the revenue from this segment was approximately HK\$474.7 million (FY2022: HK\$857.6 million), representing a decrease of approximately 44.6% as compared to FY2022, and gross profit was approximately HK\$93.5 million (FY2022: HK\$188.1 million) representing a decrease of approximately 50.3% as compared to FY2022. The decrease in revenue and gross profit was mainly due to the decrease in revenue attributable from the Group's regional office in Italy as a result of the significant decrease in freight rates compared to FY2022 and decreased in import shipments from China due to closure and relocation of factories out of China. With the Group's expansion to Southeast Asian regions, the Group's regional office in Italy is exploring the business opportunities in these regions.

### **Cruise logistics**

After the completion of acquisition of the Allport Cruise Logistics Inc. (“**Allport Cruise**”) and its subsidiaries (together, the “**Allport Cruise Group**”) in March 2022, a separate operating segment was determined for the purpose of resource allocation and performance assessment.

The Allport Cruise Group is principally engaged in the provision of freight forwarding services to the global cruise operator from cruise industry. The services include the provision of shipments of supplies for drydock on a project basis and cruise replenishment. Cruise operators typically engage Allport Cruise Group to arrange delivery of parts and equipment to be used in the repair and maintenance of cruise ships and/or replenishment of supplies to their shipyards, drydock or designated ports. The business of Allport Cruise Group spans multiple cities in the PRC, Europe, Australia, USA and Asia.

For FY2023, the revenue from this segment was approximately HK\$386.4 million (FY2022: HK\$283.7 million), representing an increase of approximately 36.2% as compared to FY2022 and the gross profit was approximately HK\$141.9 million (FY2022:



HK\$77.2 million representing an increase of approximately 83.8% as compared to FY2022). The increase in revenue was primarily due to the ability of the Group to charge higher markup as customers requested for accelerated delivery to drydock in order to speed up the cruise repair and construction work with the rebound in demand of the cruise industry.

### **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 risks by performing ongoing credit assessments and evaluations on the financial status of its customers. To manage liquidity risks, 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 increased from approximately negative HK\$7.2 million as at 31 December 2022 to negative HK\$3.0 million as at 31 December 2023. The current ratio of the Group was 1.00 times which was comparable to FY2022. Such low working capital was mainly attributable to the purchase consideration (the "**Consideration**") in connection with the acquisition of Allport Cruise payable by the Group, which were included in the current and non-current portion of amounts due to Cargo Services Group amounting to HK\$158,823,000 and HK\$24,097,000 respectively. The Consideration was subsequently settled on 19 February 2024. For further details of the acquisition, please refer to the announcement of the Company dated 31 December 2021, the circular of the Company dated 28 January 2022 and the announcements of the Company dated 23 March 2023 and 19 February 2024. Excluding the effect of the Consideration on the current liabilities of the Group as at 31 December 2023, the working capital and the current ratio of the Group would be 1.21.

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately HK\$260.3 million, representing a decrease of approximately 12.7% from approximately HK\$298.2 million as at 31 December 2022. For FY2023, the Group had operating cash inflow of approximately HK\$100.0 million (FY2022: operating cash inflow of approximately HK\$162.9 million). As at 31 December 2023, the Group's outstanding bank loans and overdrafts amounted to approximately HK\$320.9 million (as at 31 December 2022: approximately HK\$286.9 million). The gearing ratio of the Group was approximately 18.1% as at 31 December 2023 (as at 31 December 2022: negative 13.2%). The gearing ratio was calculated as the net of the total of bank loans and overdrafts and cash and cash equivalent divided by total tangible net worth of the Group. The tangible net worth was calculated as total equity, excluding treasury stocks and non-controlling interests, minus goodwill and intangible assets, the Group maintained a net cash position (as at 31 December 2022: net cash position). The Group will continue to secure financing as and when the need arises.

## **Foreign exchange risks**

During FY2023, the Group's operation was mainly financed by funds generated from its operation, borrowings and net proceeds from the listing of the shares of the Company (the "Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 October 2020. As at 31 December 2023, both the borrowings and 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 bank deposits of approximately HK\$2.3 million were pledged to secure such bank facilities as at FY2023 (FY2022: HK\$5.3 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 and EUR 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 FY2023.

## **Significant investments**

During FY2023, the Group did not hold any material investment.

## **Capital expenditure commitments**

As at 31 December 2023, the Group had no material capital commitment (FY2022: Nil) which are contracted but not provided for.

## **Material acquisitions and disposal of subsidiaries and associated companies**

There were no material acquisition or disposal of subsidiaries or associated companies of the Company during FY2023.

## **Contingent liabilities**

As at 31 December 2023, financial guarantees were 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 2023 was HK\$306.0 million (as at 31 December 2022: HK\$267.1 million), being the amount of the facilities drawn by the Group as at 31 December 2023.



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 2023, certain interest-bearing bank borrowings of the Group were secured by pledged bank deposit amounted to approximately HK\$2.3 million (FY2022: HK\$5.3 million).

## **USE OF PROCEEDS**

### **Use of net proceeds from subscription of Shares**

On 18 May 2021, the Company entered into a subscription agreement (the “**First Subscription Agreement**”) with Mr. Chan Wing Luk, being an Independent Third Party. Pursuant to the First Subscription Agreement, the Company agreed to allot and issue and Mr. Chan Wing Luk agreed to subscribe for 5,000,000 Shares, with a nominal value of US\$5,000, at a subscription price of HK\$7.23 per Share (the “**First Subscription**”), representing a discount of approximately 3.0% to the closing price of HK\$7.45 per Share on the date of the First Subscription Agreement. The Directors consider that the First Subscription allowed the Company to broaden its shareholder base and represented an opportunity for the Company to strengthen its capital base and financial position without any interest burden, within a relatively short time frame and at lower costs when compared with other means of fund raising. 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, were approximately HK\$35.6 million and accordingly, the net price for the First Subscription was HK\$7.12 per Share. For further details of the First Subscription, please refer to the Company’s announcements dated 18 May and 3 June 2021.

On 29 November 2021, the Company entered into a subscription agreement (the “**Second Subscription Agreement**”) with YesAsia Holdings Limited (“**YesAsia**”), a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2209) and an Independent Third Party, pursuant to which the Company agreed to allot and issue and YesAsia agreed to subscribe 1,100,000 Shares, with a nominal value of US\$1,100, at a subscription price of HK\$9.2 per Share (the “**Second Subscription**”, together with the First Subscription, the “**Share Subscriptions**”), representing a discount of approximately 2.7% to the closing price of HK\$9.46 per Share on the date of the Second Subscription Agreement. YesAsia, together with its subsidiaries, are principally engaged in trading of fashion wear, cosmetics and accessories and entertainment products through its own e-commerce platforms (including websites and mobile application). The Directors consider that the Second Subscription would foster a closer business relationship between the Group and YesAsia which in turn strengthen the Group’s market position in the Business to Consumer (“**B2C**”) business. 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, were approximately HK\$10.0 million and accordingly, the net price for the Second Subscription was HK\$9.09 per Share. For further details of the Second Subscription, please refer to the Company’s announcements dated 29 November and 8 December 2021.

The following table sets forth details of the use of the net proceeds from the Share Subscriptions up to 31 December 2023:

		Unutilised amount as at 1 January 2023	Amount utilised during FY2023	Unutilised amount as at 31 December 2023	Expected timeline for utilisation
	Net proceeds HK\$ million	HK\$ million	HK\$ million	HK\$ million	
<b>The First Subscription</b>					
Expansion of business and local presence in Hainan Province in the PRC, Southeast Asia and the United Kingdom	35.6	32.4	5.0	27.4	On or before 2 June 2024
<b>The Second Subscription</b>					
Expansion and development of B2C business	7.0	3.8	3.2	0.6	On or before 28 November 2024
Recruiting expertise for the day-to-day operation management	3.0	2.4	0.6	—	On or before 28 November 2024
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	

During FY2023, the proceeds raised by the Company from the Share Subscriptions were utilised, or were proposed to be utilised, in accordance with the intentions previously disclosed by the Company, and there was no material change or delay in the use of proceeds.

## **EVENTS AFTER THE REPORTING PERIOD**

On 19 February 2024, the Company settled the Consideration for the acquisition of the entire issued shares in Allport Cruise Group (the “**Acquisition**”) in accordance to the conditional share purchase agreement dated 31 December 2021 entered into by CN Investment Limited, Cargo Services Seafreight Limited and Mr. Lau Shek Yau John (the “**Share Purchase Agreement**”). Pursuant to the terms of the Share Purchase Agreement, the adjusted Consideration for the Acquisition was HK\$263,570,553, which was settled (1) as to HK\$224,378,800, by the issue and allotment of 24,389,000 new Shares; (2) as to HK\$13,063,918, by cash; and (3) as to the remaining amount, by two non-interest bearing promissory notes of HK\$13,063,918 and HK\$13,063,917 which are redeemable on or before 19 February 2025 and 2026, respectively.

## **PROSPECTS**

Looking forward, the Group will consolidate and develop its core business with a cautiously optimistic attitude. As the impact of the pandemic gradually recedes and global economic activities progressively return to normal, the logistics industry is entering a new stage where opportunities and challenges coexist. To achieve sustainable growth, the Group targets to expand its business in the following directions:

### **Expand Global Footprint to Create Greater Business Synergies**

The Group actively extended its global presence by venturing into regional markets and seizing market opportunities. With the burgeoning garment industry in Southeast Asia, the Group entered into Indonesia and yielded impressive financial performance in 2023. Riding on this success, the Group further broadened its network by inaugurating a new office in Cambodia in November 2023. With a more comprehensive business layout in the region, the Group expects greater synergies and business volume in the future, diversifying the business portfolio.

### **Capitalise the Market Opportunities in Cruise Logistics Segment**

As global tourism recovers, the Group has embarked on a mission to seize the opportunities emerging from the cruise market. With a clear focus on this thriving industry, the Group extended its footprint in the Netherlands, targeting the cruise logistics market in the Baltic Sea, the North Sea and the English Channels. As the cruise operations completely returned to normal and an increasing number of cruises will be launched, the Group as a reliable partner of leading cruise operators, is confident to win more tender of drydock and replenishment projects in the years ahead.

## **Further Tap into the eCommerce Sector through “CN Express”**

Leveraging the Group’s global business footprint, in China and Europe in particular, we strive to become a key logistics partner of eCommerce platforms worldwide. Following the successful pilot program with a renowned eCommerce platform in China, the Group is actively exploring the feasibility of a broader partnership, including the provision of regular charter flight service in more regions.

## **HUMAN RESOURCES**

As at 31 December 2023, the Group employed 821 employees (as at 31 December 2022: 678 employees). During the year, employee cost, including Directors’ remuneration, was approximately HK\$328,592,000 (FY2022: approximately HK\$291,190,000). Remuneration packages are generally structured to market terms and experiences. The Company has also adopted the Share Option Scheme and the 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 FY2023, 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 FY2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK1 cent per ordinary Share absorbing a total amount of HK\$3,004,890 for FY2023 (FY2022: HK10 cents per ordinary Share), which is subject to the approval of the Shareholders at the forthcoming AGM to be held on Wednesday, 29 May 2024. Subject to the approval by the Shareholders, the proposed final dividend is expected to be paid on Wednesday, 17 July 2024 to all Shareholders whose names to be appeared on the register of members of the Company on Wednesday, 26 June 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Thursday, 23 May 2024.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the forthcoming AGM, the register of members of the Company will also be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend in respect of FY2023. In order to be qualified for the proposed final 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, 20 June 2024.

## **CORPORATE GOVERNANCE PRACTICES**

The Board has adopted the code provisions in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 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 Part 2 of the CG Code during FY2023.

## **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 C3 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 FY2023.

## **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 FY2023, 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 figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on this announcement.

## **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 FY2023 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**  
**Lau Shek Yau John**  
*Chairman and Executive Director*

Hong Kong, 28 March 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.*