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## **CN Logistics International Holdings Limited**

**嘉泓物流國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2130)**

### **CONTINUING CONNECTED TRANSACTIONS TRUCKING SERVICES AGREEMENTS**

On 29 December 2020, CN Logistics HK has entered into the Empire Trucking Services Agreement and 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 Empire Trucking Services Agreement and Transway Trucking Services Agreement is for a period from 1 January 2021 to 31 December 2023.

#### **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 Empire Trucking Services Agreement and Transway Trucking Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the respective proposed annual caps for the services fees to be paid to each of Empire and Transway, it is expected that each of the percentage ratios (other than the profits ratio) will be less than 5% on annual basis. Accordingly, each of the Empire Trucking Services Agreement and Transway Trucking Services Agreement is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## TRUCKING SERVICES AGREEMENTS

On 29 December 2020, CN Logistics HK has entered into the Empire Trucking Services Agreement and 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 Empire Trucking Services Agreement and Transway Trucking Services Agreement is for a period from 1 January 2021 to 31 December 2023.

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

Date:	29 December 2020
Parties:	(i) CN Logistics HK  (ii) Empire
Pricing policy and principal terms:	Pursuant to the Empire Trucking Services Agreement, the service fees to be paid to Empire will be determined in accordance with the agreed fixed charging rates as set out in the agreement. The charging rates applicable to each service will be determined based 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 Transway Trucking Services Agreement are set out below:

Date:	29 December 2020
Parties:	(i) CN Logistics HK  (ii) Transway
Pricing policy and principal terms:	Pursuant to the Transway Trucking Services Agreement, the service fees to be paid to Transway will be determined in accordance with the agreed fixed charging rates as set out in the agreement. The charging rates applicable to each service will be determined based 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 approximate total service fees paid by the Group to each of Empire and Transway for the provision of trucking services for each of the years ended 31 December 2017, 2018 and 2019 and the ten months ended 31 October 2020 are set out below:

	For the year ended 31 December			For the ten months ended
	2017	2018	2019	31 October 2020
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Total service fees paid to Empire	11,600	15,087	18,351	11,209
Total service fees paid to Transway	7,209	7,995	8,065	4,729

## Annual caps

The Directors estimated that the annual service fees to be paid by the Group under the Empire Trucking Services Agreement and Transway Trucking Services Agreement respectively, for each of the three years ending 31 December 2023 will be as follows:

	For the year ending 31 December		
	2021	2022	2023
	(HK\$'000)	(HK\$'000)	(HK\$'000)
(i) Annual service fees to be paid to Empire	16,330	16,980	17,660
(ii) Annual service fees to be paid to Transway	6,950	7,230	7,520

## Basis of determination

In determining the above proposed annual caps for each of the Empire Trucking Services Agreement and Transway Trucking Services Agreement for each of the three years ending 31 December 2023, 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 growth of approximately 4% in 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 three years ended 31 December 2019 and the ten months ended 31 October 2020 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. During the three years ended 31 December 2019 and the ten months ended 31 October 2020, the Group engaged 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. During the three years ended 31 December 2019 and the ten months ended 31 October 2020, the Group engaged 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 Empire Trucking Services Agreement and the Transway Trucking Services Agreement, are of the view that each of the Empire Trucking Services Agreement and Transway Trucking Services Agreement 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 Empire Trucking Services Agreement and Transway Trucking Services Agreement 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.

## **RELATIONSHIPS AND 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 respective proposed annual caps for the services fees to be paid to each of Empire and Transway, it is expected that each of the percentage ratios (other than the profits ratio) will be less than 5% on annual basis. Accordingly, each of the Empire Trucking Services Agreement and Transway Trucking Services Agreement is 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 each of the Empire Trucking Services Agreement and Transway 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 Empire Trucking Services Agreement and Transway 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.

## DEFINITIONS

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

“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
“Empire Trucking Services Agreement”	the agreement dated 29 December 2020 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
“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
“Transway Trucking Services Agreement”	the agreement dated 29 December 2020 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
“%”	per cent.

By order of the Board  
**CN Logistics International Holdings Limited**  
**Ngan Tim Wing**  
*Executive Director and Chief Executive Officer*

Hong Kong, 29 December 2020

*As at the date of this announcement, the Board comprises Mr. Ngan Tim Wing, Ms. Chen Nga Man and Mr. Cheung Siu Ming Ringo 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.*