

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

CONTINUING CONNECTED TRANSACTION – EV CARGO GROUP MASTER AGENCY AGREEMENT:

REVISION OF ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER 2021

BACKGROUND

Reference is made to the announcements of the Company dated 23 December 2020 (“**December Announcement**”) and 10 February 2021 (collectively, the “**Announcements**”) in relation to, among others, the annual caps for the continuing connected transactions contemplated under the EV Cargo Group Master Agency Agreement. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

EV CARGO GROUP MASTER AGENCY AGREEMENT

On 23 December 2020, the Company entered into the EV Cargo Group Master Agency Agreement with EV Cargo pursuant to which EV Cargo and the Company have appointed each other (including their subsidiaries and associates) as the agent for the provision of air freight forwarding services in relation to shipments with origins or destinations in the PRC and the United Kingdom, as well as the countries where the Member of the Company and Member of EV Cargo operate in. The term of the EV Cargo Group Master Agency Agreement is for a period from the date thereof to 31 December 2022.

The principal terms of the EV Cargo Group Master Agency Agreement and information on the historical transaction amount between the Group and the EV Cargo Group were set out in the Announcements. Up to the date of this announcement, no change has been made to the EV Cargo Group Master Agency Agreement. Please refer to the Announcements for further details on the principal terms and conditions of the EV Cargo Group Master Agency Agreement and historical transaction amount.

REVISION OF ANNUAL CAP IN RESPECT OF SERVICE FEES PAYABLE BY THE EV CARGO GROUP UNDER THE EV CARGO GROUP MASTER AGENCY AGREEMENT FOR THE YEAR ENDING 31 DECEMBER 2021

Given the recent limited supply of containers and significant increase in ocean freight rate, there was a surge in demand for the Group's of air freight services, in particular, for shipment to and from PRC and the United Kingdom. The Directors noted that based on the unaudited amount of the services fees payable by the EV Cargo Group under the EV Cargo Group Master Agency Agreement for the nine months ended 30 September 2021 amount to approximately HK\$160 million. As such, the transaction amount of the service fees payable by the EV Cargo Group under the EV Cargo Group Master Agency Agreement is approaching its existing annual cap of HK\$204 million for the year ending 31 December 2021.

In light of the above, the Company proposes to revise the annual cap in respect of the services fees payable by the EV Cargo Group under the EV Cargo Group Master Agency Agreement for the year ending 31 December 2021 (the "2021 Revised Annual Cap").

Original annual caps and historical transaction figures

Set out below are the (i) original annual caps for the service fees payable by the EV Cargo Group for each of the two years ending 31 December 2022; (ii) actual unaudited transaction amount of the service fees payable by the EV Cargo Group under the EV Cargo Group Master Agency Agreement for the nine months ended 30 September 2021; and (iii) the 2021 Revised Annual Cap:

| | Original annual caps for the years ending 31 December | | Actual transaction amount for the nine months ended 30 September 2021 | 2021 Revised Annual Cap |
|--|--|-------------------|--|------------------------------------|
| | 2021 | 2022 | 2021 | |
| | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> | <i>(HK\$'000)</i> (unaudited) | <i>(HK\$'000)</i> |
| Service fees paid/payable by the EV Cargo Group | 204,000 | 212,000 | 160,000 | 270,000 |

Basis of determination

In determining the 2021 Revised Annual Cap for the EV Cargo Group Master Agency Agreement, the Directors have considered generally:

- (i) the historical service fees charged by the Group during the nine months ended 30 September 2021 for the provision and supply of air freight forwarding services in relation to shipments with origins or destinations in the PRC and the United Kingdom, as well as the countries where the Member of the Company and Member of EV Cargo operate in;
- (ii) the expected demand for air freight forwarding services by the Group and the EV Cargo Group for the fourth quarter of 2021 as a result of the increase in ocean freight rate and the upcoming peak season, respectively; and
- (iii) the 10% buffer to cater for the unanticipated increase in transaction amount among the Group and the EV Cargo Group under the EV Cargo Group Master Agency Agreement.

The Company will continue to closely monitor the transactions to be incurred between the Group and the EV Cargo Group in respect of the provision and supply of air freight forwarding services prior the expiry of the EV Cargo Group Master Agency Agreement.

The annual caps for the services fees payable to the EV Cargo Group under the EV Cargo Group Master Agency Agreement for the two years ended 31 December 2022 were set out in the December Announcement. Up to the date of this announcement, no change has been made to the annual caps for the services fees payable to the EV Cargo Group under the EV Cargo Group Master Agency Agreement for the two years ended 31 December 2022. Please refer to the December Announcement for further details on such annual caps.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

EV Cargo is a holding company and, to the best knowledge of the Directors upon making reasonable enquiries, the EV Cargo Group is principally engaged in the provision of air and ocean freight forwarding and logistics services, mainly in the United Kingdom and other parts of Europe for customers which are mainly supermarkets and department stores. The EV Cargo Group has operations in over 100 countries and investments across three continents in 26 countries, with warehousing space of 3 million sq. ft., 1,300 trucks and 4,750 logistics professionals. On the other hand, the Group operates local offices in 18 cities across 9 countries and territories, including Hong Kong, Shanghai, Guangzhou, Taipei, Tokyo, Seoul, Paris and Chiasso.

While the Group is able to provide freight forwarding and local logistics services to its customers worldwide in locations where it has local presence, the Group has been maintaining a large freight forwarder business partners network across more than 100 countries to extend the coverage of the Group's air freight forwarding services to many more locations worldwide, and the EV Cargo Group has been one of the Group's freight forwarder business partners. Similarly, the EV Cargo Group may also from time to time require the Group's local offices to provide air freight forwarding and local logistics services for its customers in locations where the EV Cargo Group does not have its local presence. In this regard, the Group has entered into a master agency agreement with EV Cargo, being a member of the EV Cargo Group, for the appointment of each other as agent for the provision of air freight forwarding services in relation to shipments with origins or destinations in the PRC and the United Kingdom, as well as the countries where Member of the Company and Member of EV Cargo operate in. The Directors believe that, by entering into the EV Cargo Group Master Agency Agreement, both the Group and the EV Cargo Group will be able to continue its business cooperation on global basis, and the Group will benefit from the freight forwarding business brought in by the EV Cargo Group and the freight forwarding services it could provide to the Group in jurisdictions in which the Group does not have local presence.

The Directors (including the independent non-executive Directors), after reviewing the terms of the EV Cargo Group Master Agency Agreement, are of the view that the EV Cargo Group Master Agency 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 the EV Cargo Group Master Agency Agreement as well as the proposed annual caps (including the 2021 Revised Annual Cap) 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, EV Cargo is ultimately owned or controlled as to (i) 20% by Mr. Lau Shek Yau John (“**Mr. Lau**”); (ii) 78% by funds managed by EmergeVest, a sophisticated investor in the logistics industry; and (iii) 2% by Mr. William Henry James Toye, an Independent Third Party. As at the date of this announcement, EV Cargo was the indirect holding company (having such meaning as defined in the Listing Rules) of Princetohall Limited. Princetohall Limited is a substantial shareholder of CS Shanghai BVI, being a subsidiary of the Company. As such, EV Cargo is a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the EV Cargo Group Master Agency Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On the basis that EV Cargo is a connected person of the Company at subsidiary level only, by virtue of Rule 14A.101 of the Listing Rules, the EV Cargo Group Master Agency 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. Accordingly, the 2021 Revised Annual Cap was exempt from the independent Shareholders' approval requirements.

As Mr. Lau is materially interested in the transactions contemplated under the EV Cargo Group Master Agency Agreement by virtue of his 20% equity interest in EV Cargo, he has abstained from voting on the respective resolutions passed at the Board meeting for approving the 2021 Revised Annual Cap. Save for Mr. Lau, none of the other Directors is or is deemed to have a material interest in the transactions contemplated under the EV Cargo Group Master Agency Agreement.

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.

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

Hong Kong, 5 October 2021

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.