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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in CN Logistics International Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

DISCLOSEABLE AND CONNECTED TRANSACTIONS ACQUISITION OF THE REMAINING ISSUED SHARES IN CN SWITZERLAND AND CN ITALY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATES TO CONNECTED PERSONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular. A notice convening the EGM to be held at Crystal Room IV, 3/F, Panda Hotel, 3 Tsuen Wan Street, Tsuen Wan, Hong Kong on Friday, 5 November 2021 at 10:00 a.m. is set out on pages 81 to 83 of this circular. A form of proxy for the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnlogistics.com.hk).

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM (i.e. not later than 10:00 a.m. on Wednesday, 3 November 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

PRECAUTIONARY MEASURES AT THE EGM

In view of the recent development of the Novel Coronavirus (COVID-19) pandemic, and taking into consideration of the guidelines issued by the Government of Hong Kong, the Company will implement the following preventive measures at the EGM to protect the attending Shareholders from prevent and control the spread of the Novel Coronavirus (COVID-19) pandemic:

- (1) compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue;
- (2) every Shareholder or proxy is required to wear surgical face mask throughout the meeting;
- (3) no refreshment will be served; and
- (4) no souvenir will be distributed.

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. The Company wishes to remind all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM.

19 October 2021

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DEFINITIONS

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

“Acquisitions”	the acquisitions by CN HK from the Vendors of (i) the CN Switzerland Sale Shares; and (ii) the CN Italy Sale Shares as contemplated under and pursuant to the respective terms of the Share Purchase Agreements
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by a super typhoons or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which commercial banks generally are open for business in Hong Kong
“CHF”	Swiss Francs, the lawful currency of Switzerland
“CN HK”	CN Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“CN Italy”	CN Logistics S.R.L., a company incorporated in Italy with limited liability and an indirect non-wholly owned subsidiary of the Company
“CN Italy Consideration Shares”	the aggregate of 17,950,000 new Shares to be allotted and issued by the Company at the issue price of HK\$8.0 per CN Italy Consideration Share, credited as fully paid, for the purpose of partly settling the consideration for the acquisition of CN Italy Sale Shares
“CN Italy Sale Shares”	30% of the entire issued corporate capital in CN Italy
“CN Italy SPA”	the conditional share purchase agreement dated 16 September 2021 entered into by CN HK and the Vendors in respect of the acquisition of CN Italy Sale Shares

DEFINITIONS

“CN Italy Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Independent Shareholders to satisfy the allotment and issue of the CN Italy Consideration Shares to the Vendors upon completion of the acquisition of CN Italy Sale Shares
“CN Switzerland”	CN LOGISTICS SA, a company limited by shares incorporated and registered with the commercial register in Switzerland and an indirect non-wholly owned subsidiary of the Company
“CN Switzerland Consideration Share”	the aggregate of 2,050,000 new Shares to be allotted and issued by the Company at the issue price of HK\$8.0 per CN Switzerland Consideration Share, credited as fully paid, for the purpose of settling the consideration for the acquisition of CN Switzerland Sale Shares
“CN Switzerland Sale Shares”	40% of the entire issued shares in CN Switzerland
“CN Switzerland SPA”	the conditional share purchase agreement dated 16 September 2021 entered into by CN HK and the Vendors in respect of the acquisition of CN Switzerland Sale Shares
“CN Switzerland Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares to be sought from the Independent Shareholders to satisfy the allotment and issue of the CN Switzerland Consideration Shares to the Vendors upon completion of the acquisition of CN Switzerland Sale Shares
“Company”	CN Logistics International Holdings Limited (嘉泓物流國際控股有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued shares are listed on the main board of the Stock Exchange
“Completion”	the completion of each of CN Italy SPA and CN Switzerland SPA in accordance with their respective terms and conditions
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	the CN Italy Consideration Shares and the CN Switzerland Consideration Shares

DEFINITIONS

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and (if though fit) approving each of the Share Purchase Agreements and all transactions respectively contemplated thereunder
“EUR”	Euro, the lawful currency of the member countries of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Lam Hing Lun Alain, Mr. Chan Chun Hung Vincent and Mr. Chun Chi Man) established to advise the Independent Shareholders on the Share Purchase Agreements and the transactions respectively contemplated thereunder
“Independent Financial Adviser”	Shenwan Hongyuan Capital (H.K.) Limited, a wholly owned subsidiary of Shenwan Hongyuan (H.K.) Limited (stock code: 218.hk) and a non-wholly owned subsidiary of Shenwan Hongyuan Group Co., Ltd. (stock codes: 000166.sz and 6806.hk), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Share Purchase Agreements and the transactions respectively contemplated thereunder, which is a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	Shareholders, other than the Vendors and their respective associates and any Shareholder who has material interest in the Share Purchase Agreements and the transactions contemplated thereunder
“Last Trading Day”	15 September 2021, being the last trading day immediately prior to the signing of the Share Purchase Agreements

DEFINITIONS

“Latest Practicable Date”	8 October 2021, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 December 2021, or such later date as CN HK and the Vendors may agree
“Mr. Di Nello”	Mr. Fabio Di Nello
“Ms. Morandin”	Ms. Augusta Morandin
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Purchase Agreements”	CN Switzerland SPA and CN Italy SPA and the term “Share Purchase Agreement” shall mean any of them
“Share(s)”	the ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandates”	the CN Italy Specific Mandate and the CN Switzerland Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	collectively, Mr. Di Nello and Ms. Morandin
“%”	per cent

For the purpose of this circular, the following exchange rates has been adopted:

HK\$1 : EURO.10932
HK\$1 : CHF0.11757

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Ngan Tim Wing

(Chief Executive Officer)

Ms. Chen Nga Man

Mr. Cheung Siu Ming Ringo

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director:

Mr. Lau Shek Yau John

Principal place of business

in Hong Kong:

Unit B, 13th Floor, Park Sun Building

97-107 Wo Yi Hop Road

Kwai Chung

New Territories

Hong Kong

Independent non-executive Directors:

Mr. Lam Hing Lun Alain

Mr. Chan Chun Hung Vincent

Mr. Chun Chi Man

19 October 2021

To the Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ACQUISITION OF THE REMAINING ISSUED SHARES IN
CN SWITZERLAND AND CN ITALY
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATES TO CONNECTED PERSONS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 September 2021 in relation to the proposed Acquisitions which constitute discloseable transactions of the Company under Chapter 14 of the Listing Rule and connected transactions of the Company under Chapter 14A of the Listing Rules, involving the issue of the Consideration Shares pursuant to the Specific Mandates.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Share Purchase Agreements and the transactions respectively contemplated thereunder (including the allotment and issue of the Consideration Shares pursuant to the Acquisitions) and the proposed grant of each of the Specific Mandates; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Share Purchase Agreements and all the transactions respectively contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Share Purchase Agreements and all the transactions respectively contemplated thereunder; and (iv) other information as required to be contained in this circular under the Listing Rules.

THE SHARE PURCHASE AGREEMENTS

The principal terms of each of the Share Purchase Agreements are summarised below.

	CN Switzerland SPA	CN Italy SPA
Parties:	(i) CN HK, as the purchaser; and (ii) The Vendors (being Mr. Di Nello and Ms. Morandin), as the vendors	
	Each of the Vendors is a director and substantial shareholder of CN Switzerland and CN Italy and each an executive of CN Italy, and therefore each a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules	
Assets to be acquired:	40% of the entire issued shares in CN Switzerland held by the Vendors. Each of the Vendors own 20% of the entire issued shares in CN Switzerland	30% of the entire issued corporate capital in CN Italy held by the Vendors. Each of the Vendors own 15% of the entire issued corporate capital in CN Italy

LETTER FROM THE BOARD

	CN Switzerland SPA		CN Italy SPA
Consideration for the Acquisitions:	EUR1,800,000 (equivalent to approximately HK\$16,465,000)	to	EUR16,200,000 (equivalent to approximately HK\$148,189,000)

Subject to Completion taking place, the consideration shall be payable by CN HK to the Vendors by procuring the Company to allot and issue, credited as fully paid, the CN Switzerland Consideration Shares to the Vendors at the issue price of HK\$8.0 (equivalent to approximately EUR0.875) per Share (as to 1,025,000 Shares for each Vendor)

Subject to Completion taking place, the consideration is payable by CN HK to the Vendors in the following manner:

- (a) an aggregate sum of EUR500,000 (equivalent to approximately HK\$4,575,000), as to EUR250,000 (equivalent to approximately HK\$2,287,500) for each Vendor, shall be payable to each of the Vendors in cash on the date of Completion; and
- (b) for the balance of the consideration, being an aggregate sum of EUR15,700,000 (equivalent to approximately HK\$143,614,000), shall be payable to the Vendors by procuring the Company to allot and issue, credited as fully paid, the CN Italy Consideration Shares to the Vendors at the issue price of HK\$8.0 (equivalent to approximately EUR0.875) per Share (as to 8,975,000 Shares for each Vendor)

The cash consideration will be funded by the internal resources of the Group.

LETTER FROM THE BOARD

CN Switzerland SPA

CN Italy SPA

The consideration for the Acquisitions was determined after arm's length negotiations between CN HK and the Vendors, with reference to, among other factors:

- (i) the historical financial performance of each of CN Switzerland and CN Italy of recent financial years as set out in the section headed "Information of CN Switzerland and CN Italy – Financial information of CN Switzerland and CN Italy" below and the growth in the financial performance of each of CN Switzerland and CN Italy for the seven months ended 31 July 2021;
- (ii) the business development and future prospects of CN Italy and CN Switzerland as the Directors expect that there will be further growth in the performance of CN Switzerland and CN Italy in view of the gradual recovery of the global economy following the alleviation of the COVID-19 pandemic;
- (iii) the reasons for, and benefits of, the Acquisitions to the Group as set out under the section headed "Reasons for, and benefits of, the Acquisitions" below including, the expected increase in the Group's net asset value and profit attributable to the Shareholders upon completion of the Acquisitions and the potential growth in our business in the European regions by leveraging the networks of the Vendors; and
- (iv) the valuation of CN Italy and CN Switzerland of approximately HK\$549,400,000 and HK\$43,400,000, respectively, based on the market approach as at 31 July 2021 prepared by an independent valuer, indicating the valuation of the CN Italy Sale Shares and CN Switzerland Sale Shares at approximately HK\$166,440,000 and HK\$17,520,000, respectively.

LETTER FROM THE BOARD

	CN Switzerland SPA			CN Italy SPA		
Consideration Shares:	2,050,000	CN	Switzerland	17,950,000	CN	Italy
	Consideration Shares will be issuable by the Company			Consideration Shares will be issuable by the Company		

The CN Switzerland Consideration Shares represent (i) approximately 0.8% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 0.8% of the enlarged issued share capital of the Company immediately following the allotment and issue of the CN Switzerland Consideration Shares (without taking into account the allotment and issue of the CN Italy Consideration Shares); and (iii) approximately 0.7% of the enlarged issued share capital of the Company immediately following the allotment and issue of CN Switzerland Consideration Shares and the CN Italy Consideration Shares.

The CN Italy Consideration Shares represent (i) approximately 7.0% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 6.6% of the enlarged issued share capital of the Company immediately following the allotment and issue of the CN Italy Consideration Shares (without taking into account the CN Switzerland Consideration Shares); and (iii) 6.5% of the enlarged issued share capital of the Company immediately following the allotment and issue of CN Italy Consideration Shares and CN Switzerland Consideration Shares.

The issue price of HK\$8.0 per Consideration Share represents:

- (i) a premium of approximately 7.2% to the closing price of HK\$7.46 per Share as quoted on the Stock Exchange on 16 September 2021, being the date of the Share Purchase Agreements;
- (ii) a premium of approximately 2.8% to the average closing price of approximately HK\$7.78 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 1.7% to the closing price of approximately HK\$8.14 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The issue price of the Consideration Share was determined after arm's length negotiations between CN HK and the Vendors with reference to, among others, the average closing price of HK\$7.75 per Share as quoted on the Stock Exchange for the 30 trading days up to and including 30 June 2021.

LETTER FROM THE BOARD

CN Switzerland SPA

CN Italy SPA

**Ranking of the
Consideration
Shares:**

The Consideration Shares shall rank *pari passu* with each other and with all other Shares in issue on the date of allotment and issue of the Consideration Shares.

**Disposal and
lock-up
restriction:**

Each of the Vendors jointly and severally undertakes and warrants to CN HK that, without the prior written consent of CN HK, they shall not sell, assign, transfer, pledge, hypothecate, or dispose of in any way, or otherwise create any encumbrances in respect of, all or any part of or any direct or indirect interest in all of the remaining Consideration Shares held respectively by them to any person for the period commencing from the date of issue of such Consideration Shares (“**Issue Date**”) up to and including the date which is three years after the Issue Date, provided that each Vendor may sell up to 375,000 Consideration Shares during the year ending 31 December 2022, and up to 375,000 Consideration Shares during the year ending 31 December 2023.

Conditions:

Completion of each of the Share Purchase Agreements is conditional upon the following conditions being fulfilled by the Longstop Date:

- (a) none of the warranties of the Vendors having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect;
- (b) the granting of the approval for the listing of, and permission to deal in, the Consideration Shares by the Listing Committee of the Stock Exchange (whether subject to conditions or not); and
- (c) the approval by the Independent Shareholders and the transactions contemplated in the Share Purchase Agreements and all other consents and acts required under the Listing Rules or any other applicable law or regulations being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange.

The respective Completion of the CN Switzerland SPA and the CN Italy SPA is not inter-conditional.

CN HK may at its sole and absolute discretion and at any time waive in writing condition (a). None of the parties may waive conditions (b) and (c). In the event that any of the above conditions are not satisfied (or, as the case may be, waived by CN HK) on or before 5:00 p.m. on the Longstop Date (or such later date as CN HK and the Vendors may agree), the Share Purchase Agreements shall cease and determine and none of the parties shall have any obligations and liabilities under the Share Purchase Agreements save for any antecedent breaches of the terms thereof.

LETTER FROM THE BOARD

Completion

Subject to the fulfillment of conditions (b) and (c) as set out above, Completion shall take place on the 5th Business Day thereafter or such other date as the parties may agree. As at the Latest Practicable Date, none of the conditions of the Share Purchase Agreements had been fulfilled or waived (as the case may be) and CN HK had no present intention to waive condition (a).

MANDATE FOR ISSUE OF THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued under the relevant Specific Mandates to be sought at the EGM as the Company considers that it would provide more flexibility for future issue of Shares under the general mandate to allot and issue Shares granted to the Directors by a resolutions of the Shareholders at the annual general meeting of the Company held on 14 May 2021. While the Company would continue to assess and explore suitable fund-raising opportunities, the Board has not identified any concrete plan for fund-raising activities in the next 12 months as at the Latest Practicable Date.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the Consideration Shares.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Each of CN Switzerland and CN Italy is an indirect non-wholly owned subsidiary of the Company. Upon completion of Acquisitions, the Group intends to turn Italy into its European headquarter, which is of significant strategic value. The Group expects that such move will strengthen its network in European and Asian regions with expected strong growth in its business. The allotment and issue of the Consideration Shares as part of the consideration (as the case may be) for the Acquisitions also incentivizes the Vendors in enhancing the value of the Shares by making valuable contribution to the Group on global coordination and further enhance the development of the Group through leveraging on their networks in the European regions. Furthermore, the Acquisitions will further strengthen the financial performance of the Group as, upon Completion, CN Switzerland and CN Italy will become indirect wholly owned subsidiaries of the Company and the non-controlling interests held by Mr. Di Nello and Ms. Morandin will be eliminated.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser) consider that the terms of each of the Share Purchase Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

None of the Directors has a material interests in the Share Purchase Agreements and the transactions contemplated thereunder and therefore no Director is required to abstain from voting at the Board meeting approving the Share Purchase Agreements and the transactions contemplated thereunder.

INFORMATION OF CN SWITZERLAND AND CN ITALY

CN Switzerland is a company limited by shares incorporated and registered with the commercial register in Switzerland. CN Italy is a company incorporated in Italy with limited liability. Each of CN Switzerland and CN Italy is an indirect non-wholly owned subsidiary of the Company and principally engages in air and/or ocean freight forwarding services and distribution and logistics services. Upon Completion, CN Switzerland and CN Italy will become indirect wholly owned subsidiaries of the Company.

Financial information of CN Switzerland and CN Italy

CN Switzerland

The following are the unaudited financial information of CN Switzerland for the two years ended 31 December 2019 and 2020 and the seven months ended 31 July 2020 and 2021:

	For the year ended 31 December				For the seven months ended 31 July			
	2019		2020		2020		2021	
	(unaudited)	(equivalent (CHF) to HK\$)	(unaudited)	(equivalent (CHF) to HK\$)	(unaudited)	(equivalent (CHF) to HK\$)	(unaudited)	(equivalent (CHF) to HK\$)
Revenue	1,537,920	13,081,000	1,270,400	10,805,000	570,000	4,848,000	1,383,000	11,763,000
Profit before taxation	215,600	1,834,000	107,000	910,000	29,000	247,000	359,000	3,054,000
Profit after taxation	170,100	1,447,000	84,000	714,000	21,000	179,000	304,000	2,586,000

Based on the unaudited financial statements of CN Switzerland for the year ended 31 December 2020, the net asset value of CN Switzerland was approximately CHF419,000 (equivalent to HK\$3,564,000) as at 31 December 2020. Based on the unaudited financial statements of CN Switzerland for the seven months ended 31 July 2021, the net asset value of CN Switzerland was approximately CHF723,000 (equivalent to HK\$6,150,000) as at 31 July 2021.

The original investment cost for the CN Switzerland Sale Shares paid by the Vendors was in aggregate CHF40,000 (equivalent to HK\$340,000).

LETTER FROM THE BOARD

CN Italy

The following are the audited financial information of CN Italy for the two years ended 31 December 2019 and 2020 and the unaudited financial information of CN Italy for the seven months ended 31 July 2020 and 2021:

	For the year ended 31 December				For the seven months ended 31 July			
	2019		2020		2020		2021	
	(audited)		(audited)		(unaudited)		(unaudited)	
	<i>(equivalent</i>		<i>(equivalent</i>		<i>(equivalent</i>		<i>(equivalent</i>	
	<i>(EUR)</i>	<i>to HK\$)</i>	<i>(EUR)</i>	<i>to HK\$)</i>	<i>(EUR)</i>	<i>to HK\$)</i>	<i>(EUR)</i>	<i>to HK\$)</i>
Revenue	34,859,300	318,874,000	39,789,300	363,971,000	22,476,000	205,598,000	38,778,000	354,720,000
Profit before taxation	1,886,900	17,260,000	2,856,000	26,125,000	1,308,000	11,965,000	4,058,000	37,120,000
Profit after taxation	1,340,000	12,258,000	2,033,000	18,597,000	931,000	8,516,000	2,840,000	25,979,000

Based on the audited financial statements of CN Italy for the year ended 31 December 2020, the net asset value of CN Italy was approximately EUR4,849,000 (equivalent to HK\$44,356,000) as at 31 December 2020. Based on the unaudited financial statements of CN Italy for the seven months ended 31 July 2021, the net asset value of CN Italy was approximately EUR7,186,000 (equivalent to HK\$65,734,000) as at 31 July 2021.

The original investment cost for the CN Italy Sale Shares paid by the Vendors was in aggregate EUR300,000 (equivalent to HK\$2,744,000).

INFORMATION OF THE COMPANY AND CN HK

The principal activity of the Company is investment holding, and through its subsidiaries, principally engages in the provision of 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.

CN HK is a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company. It is principally engaged in investment holding.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, the table below sets out the shareholding structure of the Company based on each of the following scenarios and taking no account of any other issue or repurchase of Shares by the Company:

	As at the Latest Practicable Date		Upon Completion of CN Switzerland SPA <i>(Note 1)</i>		Upon Completion of CN Italy SPA <i>(Note 2)</i>		Upon Completion of CN Switzerland SPA and CN Italy SPA	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Connected persons								
Cargo Services (Logistics) Limited (“CS Logistics”) <i>(Note 3)</i>	162,480,222 <i>(Note 4)</i>	63.7	162,480,222 <i>(Note 4)</i>	63.2	162,480,222 <i>(Note 4)</i>	59.5	162,480,222 <i>(Note 4)</i>	59.1
Mr. Ngan Tim Wing (“Mr. Ngan”) <i>(Note 5)</i>	21,241,203	8.3	21,241,203	8.3	21,241,203	7.8	21,241,203	7.7
Ms. Chen Nga Man (“Ms. Chen”) <i>(Note 5)</i>	1,256,099	0.5	1,256,099	0.5	1,256,099	0.5	1,256,099	0.5
Mr. Di Nello <i>(Note 6)</i>	–	–	1,025,000	0.4	8,975,000	3.3	10,000,000	3.6
Ms. Morandin <i>(Note 6)</i>	–	–	1,025,000	0.4	8,975,000	3.3	10,000,000	3.6
Sub-total:	184,977,524	72.5	187,027,524	72.8	202,927,524	74.4	204,977,524	74.5
Public								
Public Shareholders	70,022,476	27.5	70,022,476	27.2	70,022,476	25.6	70,022,476	25.5
Total:	255,000,000	100.0	257,050,000	100.0	272,950,000	100.0	275,000,000	100.0

Notes:

- Without taking into account any Shares which may be allotted and issued pursuant to the CN Italy SPA.
- Without taking into account any Shares which may be allotted and issued pursuant to the CN Switzerland SPA.
- CS Logistics is owned as to 75.0% by Cargo Services Seafreight Limited (“CS Seafreight”), which is in turn wholly owned by CS Logistics Holdings Ltd. (“CS Holdings”). CS Holdings is wholly owned by Cargo Services Group Limited (“CS Group”), which is in turn wholly owned by Hundred Honest Limited. Hundred Honest Limited is owned as to 80.0% by Mr. Lau Shek Yau John (“Mr. Lau”), the chairman of the Board and a non-executive Director.
- As disclosed in the announcement of the Company dated 20 September 2021, CS Logistics has entered into a sale and purchase agreement in relation to the transfer of 4,000,000 Shares to LSMU Investment Limited. As at the Latest Practicable Date, the share transfer has not yet completed.
- Each of Mr. Ngan and Ms. Chen is an executive Director. Mr. Ngan is also the chief executive officer of the Group.

LETTER FROM THE BOARD

6. Each of Mr. Di Nello and Ms. Morandin (i.e. the Vendors) is a director and substantial shareholder of CN Switzerland and CN Italy and each an executive of CN Italy, and therefore each a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. They will continue to remain in such positions after Completion.

LISTING RULES IMPLICATIONS

Discloseable Transactions

As the highest applicable percentage ratios in respect of the transactions contemplated under the Share Purchase Agreements, when aggregated together pursuant to Rule 14.22 of the Listing Rules, are more than 5% but below 25%, the transaction contemplated under the Share Purchase Agreements will constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected Transactions

As at the Latest Practicable Date, each of the Vendors is a director and substantial shareholder of CN Switzerland and CN Italy and each an executive of CN Italy, and therefore each a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated (including the allotment and issue of the Consideration Shares to the Vendors pursuant to the Acquisitions) under each of the Share Purchase Agreements constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the requirements of reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

Each of the Vendors, their respective associates and any Shareholder who has material interest in the Share Purchase Agreements and the respective transactions contemplated thereunder will be required to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Share Purchase Agreements and the transactions respectively contemplated thereunder (including the allotment and issue of the Consideration Shares to the Vendors pursuant to the Acquisitions). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and their respective associates do not hold any Shares as at the Latest Practicable Date and accordingly, none of the Shareholders had a material interest in the Acquisitions and the issue of the Consideration Shares pursuant to the Specific Mandates, and no Shareholder would be required to abstain from voting at the EGM.

EGM

The EGM will be held and convened at Crystal Room IV, 3/F, Panda Hotel, 3 Tsuen Wan Street, Tsuen Wan, Hong Kong on Friday, 5 November 2021 at 10:00 a.m. for the purpose of approving, among other matters, the Share Purchase Agreements and the transactions contemplated thereunder and the grant of the Specific Mandates for the allotment of the Consideration Shares by way of poll. A notice convening the EGM is set out on pages 81 to 83 of this circular. To ascertain Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 2 November 2021 to Friday, 5

LETTER FROM THE BOARD

November 2021 (both days inclusive), during which period no transfers of shares will be effected. To be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 November 2021.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM (i.e. not later than 10:00 a.m. on Wednesday, 3 November 2021 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that, the entering of the Share Purchase Agreements and the Acquisitions, which are not in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the Share Purchase Agreements and the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Share Purchase Agreements, the transactions contemplated thereunder and the issue of the Consideration Shares under the Specific Mandates.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Completion is subject to satisfaction of certain conditions precedent as set out in the section headed "The Share Purchase Agreements – Conditions" above. As the Completion may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Share Purchase Agreements and the transaction contemplated thereunder:

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)

To the Independent Shareholders,

Dear Sirs or Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ACQUISITION OF THE REMAINING ISSUED SHARES IN
CN SWITZERLAND AND CN ITALY
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATES TO CONNECTED PERSONS**

We refer to the circular dated 19 October 2021 (the “**Circular**”) to the Shareholders of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Share Purchase Agreements and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice of the Independent Financial Adviser and the principal factors and reasons that the Independent Financial Adviser has taken into consideration in giving such advice are set out in the “Letter from the Independent Financial Adviser” in the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendices thereto.

Having taken into account the (i) terms of the Share Purchase Agreements and the transaction contemplated thereunder; and (ii) the factors referred to in the “Letter from the Independent Financial Adviser” in the Circular, we are of the opinion that, despite the entering into of the Share Purchase Agreements is not in the ordinary and usual course of business of the Company, the terms of the Share Purchase Agreements and the transaction contemplated thereunder are (i) fair and reasonable so far as the Shareholders (including the Independent Shareholders) are concerned; (ii) on normal commercial terms; and (iii) in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we consider that all resolutions set out in the notice of the EGM for the Shareholders' consideration and approval are in the best interests of the Company and the Shareholders as a whole. As such, we would recommend you to approve them.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Lam Hing Lun Alain
Independent
non-executive Director

Chan Chun Hung Vincent
Independent
non-executive Director

Chun Chi Man
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of independent advice from Shenwan Hongyuan Capital (H.K.) Limited for the purpose of inclusion in this Circular:



Shenwan Hongyuan Capital (H.K.) Limited
Level 17
28 Hennessy Road
Hong Kong

19 October 2021

*To The Independent Board Committee and
The Independent Shareholders of
CN Logistics International Holdings Limited*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ACQUISITION OF THE REMAINING ISSUED SHARES IN
CN SWITZERLAND AND CN ITALY
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATES TO CONNECTED PERSONS**

INTRODUCTION

We refer to the circular of CN Logistics International Holdings Limited dated 19 October 2021 (the *Circular*), of which this letter forms part, regarding the Acquisitions. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

The Acquisitions constitute discloseable and connected transactions for the Company under the Listing Rules. According to the Circular, each of the Vendors is a director and substantial shareholder of CN Italy and CN Switzerland and each an executive of CN Italy, and therefore each a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Acquisitions are subject to, among others, the approval of the Independent Shareholders at the EGM by way of poll. The Vendors and their associates and any Shareholder who has a material interest in the Acquisitions shall abstain from voting at the EGM in respect of the Share Purchase Agreements and the transactions contemplated thereunder. Details regarding the EGM are set out in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, Shenwan Hongyuan Capital (H.K.) Limited, have been appointed as the independent financial adviser to advise you on the Acquisitions, details of which are set out in the Circular. In this letter, we will make recommendations to you as to whether the Acquisitions are on normal commercial terms and in the ordinary and usual course of business of the Group, whether the terms of the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole as well as to advise the Independent Shareholders on how to vote at the EGM in respect of the Acquisitions.

The Independent Board Committee, comprising all the three (3) independent non-executive Directors, namely Mr. LAM Hing Lun Alain, Mr. CHAN Chun Hung Vincent and Mr. CHUN Chi Man, has been established to advise the Independent Shareholders, taking into account our recommendations, as to whether the terms of the Acquisitions are fair and reasonable and whether the Acquisitions are in the interests of the Company and the Shareholders as a whole as well as to advise the Independent Shareholders on how to vote at the EGM in respect of the Acquisitions. The advice of the Independent Board Committee as regards the Acquisitions is contained in its letter included in the Circular.

We, Shenwan Hongyuan Capital (H.K.) Limited, did not act as the independent financial adviser to the Company during the two years preceding the date hereof. We are not aware of any of the circumstances set out in Rule 13.84 of the Listing Rules, that would affect our independence to advise you on the Acquisitions, existed as at the Latest Practicable Date.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and statements supplied, opinions and representations expressed by the Company and the Directors and have assumed that all such information and statements supplied, opinions and representations expressed to us were true, accurate and complete in all material respects at the time they were provided and continue to be true up to the date of the EGM. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information and statements supplied as well as opinions and representations expressed to us.

We consider that we have been provided with sufficient information to enable us to reach our advice and recommendations as set out in this letter and to justify our reliance on the accuracy of such information. We have no reason to suspect that any material facts or information (which are known to the Company) have been omitted or withheld from the information or statements supplied, or opinions or representations expressed to us nor to doubt the truth and accuracy of the information and statements supplied, or the reasonableness of the opinions and representations expressed to us. We have not, however, carried out any independent verification on the information provided to us by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business or affairs or future prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have taken into account the following principal factors and reasons in arriving at our recommendations with regard to the Acquisitions:

Background of the Acquisitions

On 16 September 2021 (after trading hours), CN HK (an indirect wholly owned subsidiary of the Company) entered into each of the Share Purchase Agreements, respectively, with the Vendors (being Mr. Di Nello and Ms. Morandin) pursuant to which CN HK has conditionally agreed to acquire from the Vendors, (i) the CN Italy Sale Shares at the aggregate consideration of EUR16,200,000 (equivalent to approximately HK\$148,189,000); and (ii) the CN Switzerland Sale Shares at the aggregate consideration of EUR1,800,000 (equivalent to approximately HK\$16,465,000). The consideration for the acquisition of the CN Italy Sale Shares will be settled partly by cash and partly by the allotment and issue of the CN Italy Consideration Shares, while the consideration for the acquisition of the CN Switzerland Sale Shares will be settled by the allotment and issue of the CN Switzerland Consideration Shares.

Upon Completion, CN Italy and CN Switzerland will become indirect wholly owned subsidiaries of the Company.

According to the Circular, each of the Vendors is a director and substantial shareholder of CN Italy and CN Switzerland and each an executive of CN Italy, and therefore each a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

The Share Purchase Agreements

The principal terms of each of the Share Purchase Agreements are set out as follows:

	CN Italy SPA	CN Switzerland SPA
Parties:	(i) CN HK, as the purchaser; and (ii) The Vendors (being Mr. Di Nello and Ms. Morandin), as the vendors	
Assets to be acquired:	30% of the entire issued corporate capital in CN Italy held by the Vendors Each of the Vendors owns 15% of the entire issued corporate capital in CN Italy.	40% of the entire issued shares in CN Switzerland held by the Vendors Each of the Vendors owns 20% of the entire issued shares in CN Switzerland.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	CN Italy SPA	CN Switzerland SPA
Consideration for each of the Acquisitions:	<p>EUR16,200,000 (equivalent to approximately HK\$148,189,000) payable by CN HK to the Vendors in the following manner:</p> <p>(i) an aggregate sum of EUR500,000 (equivalent to approximately HK\$4,575,000), as to EUR250,000 (equivalent to approximately HK\$2,287,500) for each Vendor, shall be payable to each of the Vendors in cash; and</p> <p>(ii) for the balance of the consideration, being an aggregate sum of EUR15,700,000 (equivalent to approximately HK\$143,614,000), which shall be payable to the Vendors by procuring the Company to allot and issue, credited as fully paid, the CN Italy Consideration Shares to the Vendors at the issue price of HK\$8.00 (equivalent to approximately EUR0.875) each (as to 8,975,000 Shares for each Vendor)</p>	<p>EUR1,800,000 (equivalent to approximately HK\$16,465,000) payable by CN HK to the Vendors by procuring the Company to allot and issue, credited as fully paid, the CN Switzerland Consideration Shares to the Vendors at the issue price of HK\$8.00 (equivalent to approximately EUR0.875) each (as to 1,025,000 Shares for each Vendor)</p>

The cash consideration will be funded by the internal resources of the Group.

The issue price of the Consideration Shares of HK\$8.00 each was determined after arm's length negotiations between CN HK and the Vendors with reference to, among others, the average closing price of HK\$7.75 per Share for the 30 trading days up to and including 30 June 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	CN Italy SPA	CN Switzerland SPA
Consideration Shares:	17,950,000 CN Italy Consideration Shares will be issuable by the Company.	2,050,000 CN Switzerland Consideration Shares will be issuable by the Company.
	<p>The CN Italy Consideration Shares represent (i) approximately 7.0% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 6.6% of the enlarged issued share capital of the Company immediately following the allotment and issue of the CN Italy Consideration Shares (without taking into account the CN Switzerland Consideration Shares); and (iii) 6.5% of the enlarged issued share capital of the Company immediately following the allotment and issue of the CN Italy Consideration Shares and the CN Switzerland Consideration Shares.</p>	<p>The CN Switzerland Consideration Shares represent (i) approximately 0.8% of the issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 0.8% of the enlarged issued share capital of the Company immediately following the allotment and issue of the CN Switzerland Consideration Shares (without taking into account the CN Italy Consideration Shares); and (iii) approximately 0.7% of the enlarged issued share capital of the Company immediately following the allotment and issue of the CN Switzerland Consideration Shares and the CN Italy Consideration Shares.</p>
Disposal and lock-up restriction:	<p>Each of the Vendors jointly and severally undertakes and warrants to CN HK that, without the prior written consent of CN HK, they shall not sell, assign, transfer, pledge, hypothecate, or dispose of in any way, or otherwise create any encumbrances in respect of, all or any part of or any direct or indirect interest in all of the remaining Consideration Shares held respectively by them to any person for the period commencing from the Issue Date up to and including the date which is three years after the Issue Date, provided that each Vendor may sell up to 375,000 Consideration Shares during the year ending 31 December 2022, and up to 375,000 Consideration Shares during the year ending 31 December 2023.</p>	

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CN Italy SPA

CN Switzerland SPA

Conditions:

Completion of each of the Share Purchase Agreements is conditional upon the following conditions being fulfilled or waived (as the case may be) by the Longstop Date:

- (i) none of the warranties of the Vendors having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect;
- (ii) the granting of the approval for the listing of, and permission to deal in, the Consideration Shares by the Listing Committee of the Stock Exchange (whether subject to conditions or not); and
- (iii) the approval by the Independent Shareholders and the transactions contemplated in the Share Purchase Agreements and all other consents and acts required under the Listing Rules or any other applicable law or regulations being obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules being obtained from the Stock Exchange.

The respective Completion of the CN Italy SPA and the CN Switzerland SPA is not inter-conditional.

CN HK may at its sole and absolute discretion and at any time waive in writing condition (i). As at the Latest Practicable Date, CN HK had no intention to waive such condition. None of the parties may waive conditions (ii) and (iii). In the event that any of the above conditions are not satisfied (or, as the case may be, waived by CN HK) on or before 5:00 p.m. on the Longstop Date (or such later date as CN HK and the Vendors may agree), the Share Purchase Agreements shall cease and determine and none of the parties shall have any obligations and liabilities under the Share Purchase Agreements save for any antecedent breaches of the terms thereof.

Completion:

Subject to the waiver of condition (i) and fulfillment of conditions (ii) and (iii) as set out above, Completion shall take place on the 5th Business Day thereafter or such other date as the parties may agree. None of the conditions of the Share Purchase Agreements had been fulfilled or waived (as the case may be) as at the Latest Practicable Date.

Information on the Group

The Group's core business is providing comprehensive logistics services, which include air freight forwarding services and distribution and logistics services, in relation to fashion products and fine wine, with a primary focus on high-end fashion (including luxury

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and affordable luxury) products. Its long-standing customers in the high-end fashion market consist of various international, well-known, premium and luxury brands and other apparel.

The Group has strategically set up a wine department, which is headquartered in Hong Kong, to handle customer services and communications with our customers in relation to wine whereas its operating subsidiary in France liaises with relevant wineries locally.

The Group focuses on developing and maintaining a strong relationship and thorough understanding of its customers. It maintains close and effective 24/7 communication with its customers in order to understand and cater to their different needs, to ensure that it is kept up-to-date with the latest market information as well as to obtain feedback from them on its services. By doing so, the Group is able to provide customised services and review the quality and level of its services in a timely manner, which in turn helps it to retain existing customers as well as to obtain new customers by way of referral.

The Group operates local offices in 18 cities across the PRC, Hong Kong, Taiwan, Italy, Japan, Malaysia, Thailand, Macau, Korea, France and Switzerland and works with a network of over 100 freight forwarder business partners, covering over 100 countries around the world. The Group has been able to leverage the geographical coverage and presence in various markets to diversify the operational risks and allow it to continue to provide services to customers in the event of lockdown due to COVID-19.

Besides, despite the global logistics disruption and cancellation of flights due to COVID-19, with its well-established, sound and long-term relationship with airlines, the Group has been able to secure cargo space for the export of goods with higher fees due to the limited supply of cargo space. Further, the Group has also been able to provide urgent air freight forwarding services to high-end fashion customers for delivering hygiene products such as masks and sanitizers. These opportunities have allowed the Group to further enhance the relationship with these customers which in turn solidify its status as their logistics services provider for their high-end fashion products.

The Group was founded in 1991, and the Shares were listed on the Main Board of the Stock Exchange on 15 October 2020. The net proceeds from the global offering amounted to approximately HK\$87.4 million.

On 3 June 2021, the Company completed a placing of 5,000,000 new Shares at HK\$7.23 each (***June '21 Placing Price***), which were allotted and issued to Mr. Chan Wing Luk, an experienced investor who is independent of the Company and its connected persons. On 9 July 2021, Cargo Services (Logistics) Limited (a controlling shareholder of the Company) (***CS Logistics***) transferred 2,500,000 existing Shares at HK\$7.60 each (***July '21 Transfer Price***) to Mr. Chan Wing Luk. On 20 September 2021, CS (Logistics) had conditionally agreed to transfer 4,000,000 existing Shares at HK\$7.60 each (***September '21 Transfer Price***) to L8MU Investment Limited, a family office independent of the Company and its connected persons. Such share transfer was not yet completed as at the Latest Practicable Date. Further details regarding the share placing and the share transfers are set out in the announcements of the Company dated 18 May 2021, 3 June 2021, 9 July 2021 and 20 September 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial Performance of the Group

Set out below was the financial performance of the Group extracted from the Company's prospectus dated 30 September 2020 (the *Prospectus*), 2020 annual report and 2021 interim report:

	Six months ended		Year ended		
	30 June		31 December		
	2021	2020	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue by major service lines:					
• Provision of air freight forwarding services	593,233	521,437	1,424,147	916,951	992,046
• Provision of ocean freight forwarding services	231,499	123,440	250,851	253,229	261,476
• Provision of distribution and logistics services	192,495	137,176	345,564	313,669	285,173
	<u>1,017,227</u>	<u>782,053</u>	<u>2,020,562</u>	<u>1,483,849</u>	<u>1,538,695</u>
Revenue by geographical locations:					
• Hong Kong	300,263	297,622	822,637	502,939	506,514
• Mainland China	325,392	243,404	684,323	532,604	600,724
• Italy	261,975	158,603	326,987	277,069	259,357
• Taiwan	65,356	43,513	96,213	89,492	139,793
• Other countries	64,241	38,911	90,402	81,745	32,307
	<u>1,017,227</u>	<u>782,053</u>	<u>2,020,562</u>	<u>1,483,849</u>	<u>1,538,695</u>
Profit before taxation	66,704	48,877	116,704	67,928	62,012
Income tax	(19,389)	(15,842)	(34,693)	(23,378)	(20,886)
Profit for the year or period	<u><u>47,315</u></u>	<u><u>33,035</u></u>	<u><u>82,011</u></u>	<u><u>44,550</u></u>	<u><u>41,126</u></u>
Attributable to:					
– Shareholders	35,161	23,719	55,521	23,614	23,004
– Non-controlling interests	12,154	9,316	26,490	20,936	18,122
	<u><u>47,315</u></u>	<u><u>33,035</u></u>	<u><u>82,011</u></u>	<u><u>44,550</u></u>	<u><u>41,126</u></u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revenue

For the year ended 31 December 2019, the Group's revenue decreased by HK\$54.8 million or 3.6% to HK\$1,483.9 million from HK\$1,538.7 million for the year ended 31 December 2018, primarily due to:

- a decrease in revenue from air freight forwarding services as a result of the then Sino-U.S. trade war and the fall in price of cargo space charged by airline carriers in general; and
- the commercial decision to slow down the Group's business relationship with certain of its customers with relatively lower gross profit margin.

For the year ended 31 December 2020, the Group's revenue increased by HK\$536.7 million or 36.2% to HK\$2,020.6 million from HK\$1,483.9 million for the year ended 31 December 2019, primarily due to:

- an increase in demand for air freight forwarding services and distribution and logistics services for high-end fashion products within the PRC due to the lockdown of some European cities and a rebound in sales of luxury products in the PRC;
- the Group's well-established relationship with airlines in securing cargo space such that it was able to charge its customers higher fees in the midst of limited supply of cargo space due to COVID-19 which had led to the global logistics disruption and cancellation of flights; and
- an increase in demand for shipments, in the midst of COVID-19, for health care and medical supplies including an agreed volume of nitrile medical gloves to the United Kingdom primarily from Shanghai, the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 June 2021, the Group's revenue increased by HK\$235.2 million or 30.1% to HK\$1,017.2 million from HK\$782.0 million for the six months ended 30 June 2020, primarily due to:

- the significant growth in revenue of the Group's overseas offices given the gradual recovery of the global economy, where its office in Italy, in particular, was able to leverage its sound reputation and strong network in the European and Asian regions to source new sizeable customers;
- an increase in demand for air freight forwarding services and distribution and logistics services for high-end fashion products in Europe and Asia (including the PRC) due to the robust sales growth in luxury products in those regions;
- an increase in freight rates due to the limited supply of cargo space in the midst of COVID-19; and
- completion of the expansion of the highly automatic distribution centre in Shanghai in February 2021, which has increased the Group's capacity of handling logistics orders for fashion products.

Profit for the year or period

The Group's net profit margins were 2.7%, 3.0%, 4.1% and 4.7% for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 respectively. The increase in the Group's net profit margin was primarily due to the growth of its business alongside cost controls over the years and period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial Position of the Group

Set out below were the financial positions of the Group extracted from the Company's 2020 annual report and 2021 interim report:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	254,471	235,197
Prepayment for acquisition of property, plant and equipment	–	25,167
Intangible assets	2,203	576
Goodwill	24,759	24,633
Interests in associates	2,472	2,676
Interests in joint ventures	1	–
Other financial assets	406	404
Deferred tax assets	1,975	2,551
	<hr/>	<hr/>
	286,287	291,204
CURRENT ASSETS		
Trade and other receivables and contract assets	422,230	374,395
Amounts due from related parties	52,536	120,842
Amounts due from associates	366	513
Amounts due from joint ventures	1,499	–
Pledged bank deposits	5,845	2,323
Cash and cash equivalents	235,601	255,323
	<hr/>	<hr/>
	718,077	753,396
CURRENT LIABILITIES		
Trade and other payables and contract liabilities	271,756	316,781
Amounts due to related parties	9,619	6,100
Amounts due to associates	395	873
Bank loans and overdrafts	99,718	87,845
Lease liabilities	52,615	54,761
Current taxation	10,846	16,601
	<hr/>	<hr/>
	444,949	482,961
NET CURRENT ASSETS	<hr/>	<hr/>
	273,128	270,435
TOTAL ASSETS LESS CURRENT LIABILITIES		
	<hr/>	<hr/>
	559,415	561,639

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	30 June 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Bank loans	876	908
Lease liabilities	80,649	93,078
Defined benefit retirement obligations	11,050	12,808
Deferred tax liabilities	7,793	5,645
	<hr/>	<hr/>
	100,368	112,439
NET ASSETS		
Non-controlling interests	459,047	449,200
	<hr/>	<hr/>
	(90,412)	(96,543)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		
	<hr/>	<hr/>
	<u>368,635</u>	<u>352,657</u>

For the six months ended 30 June 2021, the Group made a profit of approximately HK\$47.3 million. The net assets of the Group increased accordingly, which were, however, reduced by a final dividend of HK\$37.5 million paid in June 2021.

The Group does not own any properties. As at 30 June 2021, the Group's outstanding bank loans and overdrafts amounted to approximately HK\$100.6 million (as at 31 December 2020: HK\$88.8 million). The gearing ratio of the Group (calculated as the total of bank loans, overdrafts and lease liabilities divided by the total equity) was approximately 50.9% as at 30 June 2021 (as at 31 December 2020: 52.7%). As at 31 December 2020 and 30 June 2021, the Group maintained a net cash position.

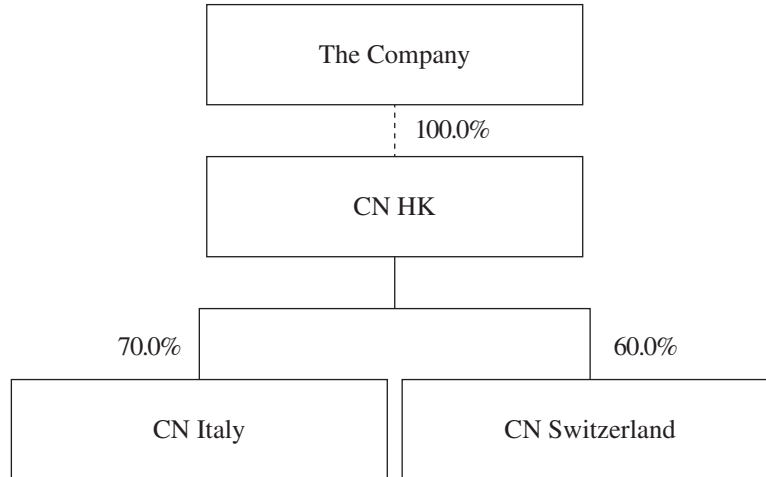
Information on CN Italy and CN Switzerland

CN Italy is one of the major subsidiaries of the Company, while CN Switzerland's operations are relatively small to the Group. According to the Prospectus, CN Italy operated a distribution centre of approximately 183,000 sq. ft. in Origgio, while CN Switzerland operated one which has 1,000 sq. ft. in Chiasso. In particular, Italy is home to a number of high-end fashion brands, which is considered as an important overseas market for the Group's business.

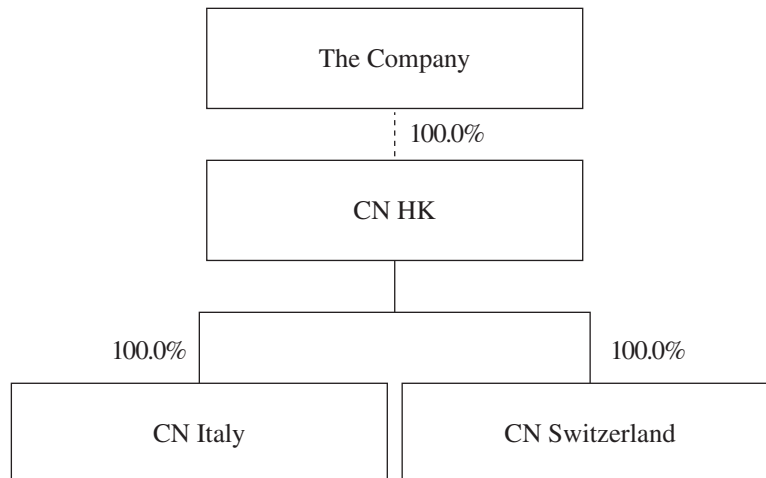
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Set out below are the simplified shareholding structures of CN Italy and CN Switzerland as at the date of the Share Purchase Agreements and upon Completion:

As at the date of the Share Purchase Agreements



Upon Completion



----- *indirect shareholding*

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As at the date of the CN Italy SPA, 15% of the entire issued corporate capital in CN Italy was owned by each of the two Vendors.

As at the date of the CN Switzerland SPA, 20% of the entire issued shares in CN Switzerland were owned by each of the two Vendors.

Upon Completion, CN Italy and CN Switzerland will become indirect wholly owned subsidiaries of the Company.

Financial Information of CN Italy

Set out below was the financial information of CN Italy disclosed in the Circular, where it also contains the original figures in EUR:

	Seven months ended		Year ended	
	31 July		31 December	
	2021	2020	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	354,720	205,598	363,971	318,874
Profit before taxation	37,120	11,965	26,125	17,260
Profit after taxation	25,979	8,516	18,597	12,258

CN Italy had net assets of approximately HK\$65.7 million as at 31 July 2021.

CN Italy is one of the major subsidiaries of the Company, where its revenue, as confirmed by the Directors, represented approximately 18.7% and 16.2% of the Group's revenue on consolidation for the years ended 31 December 2019 and 2020 respectively, and its net assets represented 12.4% of the Group's net assets as at 30 June 2021.

The Directors have confirmed that the financial performance of CN Italy for the seven months ended 31 July 2021 improved primarily thanks to the recovery of the global economy followed by an increase in the demand for its services.

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Financial Information of CN Switzerland

Set out below was the financial information of CN Switzerland disclosed in the Circular, where it also contains the original figures in CHF:

	Seven months ended		Year ended	
	31 July		31 December	
	2021	2020	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	11,763	4,848	10,805	13,081
Profit before taxation	3,054	247	910	1,834
Profit after taxation	2,586	179	714	1,447

CN Switzerland had net assets of approximately HK\$6.2 million as at 31 July 2021.

CN Switzerland's operations are relatively small to the Group, where its revenue, as confirmed by the Directors, represented approximately 0.3% and 0.3% of the Group's revenue on consolidation for the years ended 31 December 2019 and 2020 respectively, and its net assets represented 1.2% of the Group's net assets as at 30 June 2021.

The Directors have confirmed that the financial performance of CN Switzerland for the seven months ended 31 July 2021 improved primarily thanks to the recovery of the global economy followed by an increase in the demand for its services.

Valuation of CN Italy and CN Switzerland

Set out in Appendix I to the Circular is the valuation of each of CN Italy and CN Switzerland which has been independently conducted by Asset Appraisal Limited (*Valuer*) in accordance with the relevant valuation standards issued by The Hong Kong Institute of Surveyors. The Valuer is primarily based in Hong Kong. Mr. TSE Wai Leung is the director for the valuation, who has a number of years of experience in the industry and is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors (*HKIS*), a registered professional surveyor in general practice and a holder of Chartered Financial Analyst (CFA). He is also on the HKIS's list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuation in connection with takeovers and mergers, and is a registered business valuer under the Hong Kong Business Valuation Forum.

Typically, there are three approaches to the valuation of CN Italy and CN Switzerland, namely market approach, cost approach and income approach.

The Valuer has adopted the market approach to the valuation. This approach requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the fair value of each of CN Italy and CN Switzerland. In order to reflect the latest financial performance of CN Italy and CN Switzerland, the Valuer has

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considered that the suitable multiple in the valuation is the trailing enterprise value (*EV*) to earnings before interest, income tax, depreciation and amortisation (*EBITDA*) ratio (i.e. EV-to-EBITDA ratio), which is calculated by using comparable companies' EV and EBITDA available on Bloomberg as at the valuation date (i.e. 31 July 2021) to determine the fair value of each of CN Italy and CN Switzerland.

We have reviewed the valuation methodology which is the market approach considering prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established secondary market may be valued by this approach. We consider that the benefits of using this approach include its simplicity, clarity, speed and the need for few assumptions. It also introduces objectivity in application as publicly available inputs are used. We concur with the Valuer in choosing the market approach over the other two approaches, considering that the income approach requires subjective assumptions to which the valuation is highly sensitive; and the cost approach does not directly incorporate information about the economic benefits contributed by CN Italy and CN Switzerland.

Set out below are the values attributable to the CN Italy Sale Shares and the CN Switzerland Sale Shares as at 31 July 2021 as extracted from Appendix I to the Circular:

	CN Italy <i>HK\$ million</i>	CN Switzerland <i>HK\$ million</i>
Trailing 12-month EBITDA	53.93	3.70
Expected EV-to-EBITDA ratio	10.63	10.63
Determined EV	573.30	39.33
Add back: Cash	19.49	7.33
Less: Debt	38.00	2.90
Equity value on a 100% basis (rounded)	554.80	43.80
Value attributable to:		
– CN Italy Sale Shares	166.44	
– CN Switzerland Sale Shares		17.52

(i) *Trailing 12-month EBITDA*

As opposed to the net profit, EBITDA has been used by the Valuer for each of CN Italy and CN Switzerland. We consider that both EBITDA and the net profit are commonly used in the market for valuation based on the market approach. Since an EV as opposed to an equity value will be calculated if EBITDA is used, appropriate adjustments like what the Valuer did (e.g. adding back cash and deducting debt) will need to be made to such EV in order to arrive at an equity value, whereas an equity value will be calculated without the need to make any adjustments if the net profit is used.

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EBITDA for the 12-month period from 1 August 2020 to 31 July 2021 for each of CN Italy and CN Switzerland has been used. We consider that it is reasonable to use such EBITDAs because each of CN Italy and CN Switzerland has recorded considerable growth in its business in terms of revenue and net profit for the seven months ended 31 July 2021 as discussed in “Principal Factors and Reasons Considered — Financial Information of CN Italy” and “— Financial Information of CN Switzerland” in this letter, and the valuation based on such EBITDAs will be more reflective of the latest financial performance of each of CN Italy and CN Switzerland.

(ii) EV-to-EBITDA ratio

In calculating the EV of each of CN Italy and CN Switzerland, an EV-to-EBITDA ratio based on selected samples has been used by the Valuer, who has confirmed that they all satisfy the criteria set out in “Valuation Methodology — Selection of Comparable Companies” in Appendix I to the Circular. We are of the view that the criteria are of particular relevance to the context of the Acquisitions where, among others, selected comparable companies have to be primarily involved in the logistics related operations and having their main markets in Europe.

Set out below is the price-to-earnings (*PE*) ratio implied by the consideration for each of the Acquisitions:

		CN Italy	CN Switzerland
Consideration	(A)	EUR16,200,000 (or HK\$148,189,000)	EUR1,800,000 (or HK\$16,465,000)
% of shareholding represented by the consideration	(B)	30%	40%
Valuation on a 100% basis implied by the consideration	(C) = (A) ÷ (B)	HK\$494.0 million	HK\$41.2 million
Profit for the year ended 31 July 2021	(D)	HK\$36.2 million	HK\$3.1 million
PE ratio implied by the consideration	(C) ÷ (D)	13.6 times	13.3 times

Reference is made to Appendix I to the Circular, where the Valuer has performed the valuation using a PE ratio of 34.98 times which gives the fair value of each of CN Italy and CN Switzerland on a 100% equity basis as follows:

	CN Italy	CN Switzerland
Fair value based on the net profit	HK\$1,265.3 million	HK\$108.3 million

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which are both higher than the fair values based on the EV-to-EBITDA ratio as follows:

	CN Italy	CN Switzerland
Fair value based on EBITDA	HK\$554.8 million	HK\$43.8 million

by 128.1% and 147.3% respectively. Such PE ratio is derived from the same set of samples selected for the valuation based on the EV-to-EBITDA ratio.

Reference is also made to the PE ratio of the Shares as at 30 July 2021 (being the last trading day of July 2021) of 33.6 times based on the market capitalisation of the Shares of HK\$1,866.6 million and the Group's profit attributable to Shareholders of HK\$55.5 million as disclosed in the Company's 2020 annual report. In view of the Group's improved results for the six months ended 30 June 2021, the PE ratio would become 26.5 times should the Group's profit attributable to Shareholders of HK\$70.4 million be used instead which is annualised based on the Group's profit attributable to Shareholders of HK\$35.2 million as disclosed in the Company's 2021 interim report. The Company is the parent of CN Italy and CN Switzerland and is therefore considered a reasonable proxy for comparative purposes. Adding such proxy to the samples selected for the valuation based on the PE multiples set out in Appendix I to the Circular, we consider that our analysis of the valuation is based on sufficient and appropriate PE multiples.

As shown in this sub-section, the PE ratios implied by the considerations for the Acquisitions are 13.3 times and 13.6 times which are both lower (or cheaper) than the PE ratio of 34.98 times derived from the samples set out in Appendix I to the Circular and the PE ratio of 26.5 times (a more conservative one between the two PE ratios calculated) for the Shares as referred to in the preceding paragraph.

In respect of the valuation methodology adopted by the Valuer, we consider that the Valuer has given due consideration to the selection of valuation approach (where the market approach has been adopted) and the selection of pricing multiple (where the EV-to-EBITDA ratio has been selected) as discussed in this sub-section. With the benefit of cross-checking the results of valuation based on the EV-to-EBITDA ratio against the same based on the PE ratio derived from the same set of samples in addition to the parent of CN Italy and CN Switzerland (i.e. the Shares), the valuation based on the former is lower than the valuation based on the latter as discussed in this sub-section. From the conservative point of view, we consider that the valuation set out in Appendix I to the Circular is fair and reasonable.

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In determining the fair value of the equity interests in each of CN Italy and CN Switzerland, the Valuer has made the following key assumptions:

- there will be no material changes in the laws, rules or regulations, financial, economic, market and political conditions where CN Italy and CN Switzerland operate which may materially and adversely affect their businesses;
- there will be no major changes in the current taxation law applicable to CN Italy and CN Switzerland;
- CN Italy and CN Switzerland shall fulfill all legal and regulatory requirements necessary to conduct their businesses;
- CN Italy and CN Switzerland shall not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
- CN Italy and CN Switzerland shall have uninterrupted rights to operate their existing businesses;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- CN Italy and CN Switzerland will retain competent management, key personnel and technical staff for their operations and the relevant shareholders will support their ongoing operations;
- the unaudited financial statements of CN Italy and CN Switzerland supplied to the Valuer have been prepared in a manner truly and accurately reflected their financial positions as at the respective balance sheet dates;
- CN Italy and CN Switzerland have obtained all necessary permits and approvals to carry out their businesses and their ancillary services and shall be entitled to renew those permits and approvals upon their expiry subject to no legal impediment and costs of substantial amount;
- except those stated in the financial statements, CN Italy and CN Switzerland are free and clear of any lien, charge, option, pre-emption rights, unsettled dispute, lawsuit or other encumbrances or rights whatsoever; and
- the estimated fair value does not include considerations of any extraordinary financing or income guarantees, special tax considerations or any other typical benefits which may influence the ordinary business enterprise values of CN Italy and CN Switzerland.

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The Valuer has conducted the valuation on the aforementioned assumptions that each of CN Italy and CN Switzerland carries out its business in a usual manner without major disruptions, which we consider are fair and reasonable.

Evaluation of the Consideration Shares

Upon Completion, it is expected that each of the two Vendors will be issued 10,000,000 Consideration Shares. Hence, an aggregate of 20,000,000 Consideration Shares will be allotted and issued to the two Vendors at the issue price of HK\$8.00 each then, which was determined after arm's length negotiations between CN HK and the Vendors with reference to, among others, the average closing price of HK\$7.75 per Share for the 30 trading days up to and including 30 June 2021.

The Shares were listed on the Stock Exchange on 15 October 2020.

(i) *Share price performance*

Set out below are the daily closing Share prices quoted on the Stock Exchange from 15 October 2020 (the date of listing) up to and including the Latest Practicable Date (**Review Period**), which we consider is appropriate as it represents all daily closing Share prices to the extent it is practicable covering the entire period commencing on the date of listing of the Shares:



Source: The Stock Exchange

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The Shares were priced at HK\$2.66 each at listing, which in general went all the way up and closed at HK\$9.01 each on 22 March 2021. On 14 January 2021, the Company issued a positive profit alert announcement anticipating increases in the Group's revenue and profit for the year ended 31 December 2020 to be announced in its annual results announcement on 26 March 2021.

The closing Share price generally slid from its peak of HK\$9.01 each on 22 March 2021 to HK\$7.12 each on 26 July 2021, which went up again to HK\$8.25 each on 13 and 16 August 2021. On 5 July 2021, the Company issued a positive profit alert announcement anticipating increases in the Group's revenue and profit for the six months ended 30 June 2021 to be announced in its interim results announcement on 30 August 2021.

(ii) *Liquidity analysis*

Set out below are the daily average number of Shares traded for each of the months/periods specified with its percentages to the total issued Shares and the issued Shares in public hands:

	Daily average number of Shares traded	% to the total issued Shares	% to the issued Shares in public hands
2020			
15 to 31 October (both dates inclusive)	17,826,909	7.13%	28.51%
November	4,070,000	1.63%	6.51%
December	3,258,727	1.30%	5.21%
2021			
January	4,214,793	1.69%	6.74%
February	4,130,000	1.65%	6.61%
March	3,513,948	1.41%	5.62%
April	2,998,789	1.20%	4.80%
May	3,155,800	1.26%	5.05%
June	3,091,476	1.21%	4.58%
July	3,055,857	1.20%	4.36%
August	3,194,841	1.25%	4.56%
September	3,100,667	1.22%	4.43%
4 October to the Latest Practicable Date (both dates inclusive)	2,652,400	1.04%	3.79%

Source: The Stock Exchange

Given the percentages of the daily average number of Shares traded to both the total issued Shares and the issued Shares in public hands shown above, the Directors have confirmed that there were no significant unusual movements in respect of the number of Shares traded during the Review Period, save and except for the period in October 2020 in which the Shares were first listed and traded on the Stock Exchange on 15 October 2020.

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(iii) Evaluation

The issue price of the Consideration Shares of HK\$8.00 each represents:

- (a) a premium over each of the closing Share prices quoted on the Stock Exchange on 16 September 2021 (being the date of the Share Purchase Agreements) and 15 September 2021 (being the Last Trading Day) and the averages of the closing Share prices specified as follows:

Premium (%)	Closing Share price (HK\$)	
7.24	7.46	on the date of the Share Purchase Agreements
5.12	7.61	on the Last Trading Day
2.83	7.78	as an average over 5 trading days up to and including the Last Trading Day (5-Day Average)
2.70	7.79	as an average over 10 trading days up to and including the Last Trading Day (10-Day Average)
2.96	7.77	as an average over 30 trading days up to and including the Last Trading Day (30-Day Average)
4.03	7.69	as an average over 60 trading days up to and including the Last Trading Day (60-Day Average)
8.11	7.40	as an average over the period from the first trading day in 2021 i.e. 4 January 2021 up to and including the Last Trading Day (175-Day Average)
22.51	6.53	as an average over the period from the first trading day of the Shares i.e. 15 October 2020 up to and including the Last Trading Day (the Entire Period);

- (b) a premium of approximately 451.7% over the net asset value attributable to the Shareholders (**NAV**) of HK\$1.45 per Share as at 30 June 2021;
- (c) a premium of approximately 497.0% over the net tangible asset value attributable to the Shareholders (**NTAV**) of HK\$1.34 per Share as at 30 June 2021;
- (d) a premium of approximately 10.7% over the June '21 Placing Price; and

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- (e) a premium of approximately 5.3% over the July '21 Transfer Price and the September '21 Transfer Price.

Furthermore, we have looked at all of the five transactions announced on the Main Board of the Stock Exchange immediately prior to 16 September 2021 (the date of the Share Purchase Agreements) which involved the issue of consideration shares as follows:

Announce- ment date	Stock code	Listed company	Issue price (HK\$)	closing price as at the last trading day (%)	Premium/(Discount) of the issue price over/to the			
					5	10	30	60
					average closing price over the last consecutive trading days			
					(%)	(%)	(%)	(%)
13-Sep	1952	Everest Medicines Limited	55.67	(1.90)	(0.41)	4.43	(1.03)	(10.83)
31-Aug	673	China Health Group Limited	0.10	36.99	41.64	42.45	42.45	39.37
30-Aug	1090	Da Ming International Holdings Limited	3.26	(5.51)	(4.12)	0.00	1.15	4.00
29-Aug	1815	CSMall Group Limited	1.13	79.37	88.96	90.24	82.85	72.70
25-Aug	1810	Xiaomi Corporation	25.25	0.00	3.78	1.16	(2.89)	(5.94)
			Maximum	79.37	88.96	90.24	82.85	72.70
			Minimum	(5.51)	(4.12)	0.00	(2.89)	(10.83)
The Consideration Shares			8.00	5.12	2.83	2.70	2.96	4.03

Note: In connection with the selection of samples, our criteria are (a) the samples must be companies listed on the Main Board of the Stock Exchange, which (b) announced transactions immediately prior to 16 September 2021 (the date of the Share Purchase Agreements), and (c) involved the issue of consideration shares. Instead of selecting the samples based on a pre-set period, we have exhaustively looked at the transactions satisfying such criteria. Though the companies selected may not be necessarily comparable in terms of profile with the Company, we are of the view that such samples can provide an indication as to where the issue of the Consideration Shares stood in the recent market transactions, which are fair, sufficient and representative from the perspective that they have covered all transactions satisfying the selection criteria without any sample being prejudiced as an outlier and excluded from the selection process.

The Shares were listed on the Stock Exchange on 15 October 2020. The Shares were priced at HK\$2.66 each at listing, which in general went all the way up and closed at HK\$9.01 each on 22 March 2021. The increase in the Share price was probably due to the improved financial performance as reported by the Group. Considering the issue price of the Consideration Shares of HK\$8.00 each representing (a) a premium over each of the closing Share prices quoted on the Stock Exchange on the date of the Share Purchase Agreements and the Last Trading Day, the 5-Day Average, 10-Day Average, 30-Day Average, 60-Day Average, 175-Day Average and the average closing Share price over the Entire Period, (b) a premium over each of the NAV per Share and NTAV per Share as at 30 June 2021, (c) a premium over each of the June '21 Placing Price, the July '21 Transfer Price and the September '21 Transfer Price, and (d) a premium within the range of premiums and discounts implied by the issue prices of consideration shares for the recent transactions as discussed in this paragraph of “(iii) Evaluation”, we consider that such issue price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

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Specific Mandates and Dilution of Shareholdings

Set out below are the shareholding structures of the Company as at the date of the announcement of the Acquisitions (the **Announcement**) and the Latest Practicable Date as well as upon completion of either CN Italy SPA only or CN Switzerland SPA only or both CN Italy SPA and CN Switzerland SPA:

	As at the date of the Announcement and the Latest Practicable Date		Upon Completion of CN Italy SPA only		Upon Completion of CN Switzerland SPA only		Upon Completion of both CN Italy SPA and CN Switzerland SPA	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Existing connected persons ⁽¹⁾	184,977,524	72.5	184,977,524	67.8	184,977,524	72.0	184,977,524	67.3
Vendors	-	-	17,950,000	6.6	2,050,000	0.8	20,000,000	7.2
	184,977,524	72.5	202,927,524	74.4	187,027,524	72.8	204,977,524	74.5
Public Shareholders	70,022,476	27.5	70,022,476	25.6	70,022,476	27.2	70,022,476	25.5
	<u>255,000,000</u>	<u>100.0</u>	<u>272,950,000</u>	<u>100.0</u>	<u>257,050,000</u>	<u>100.0</u>	<u>275,000,000</u>	<u>100.0</u>

Note:

- (1) Further details are set out in “The Letter from the Board — Effect on Shareholding Structure of the Company” in the Circular.

Upon Completion of both CN Italy SPA and CN Switzerland SPA, an aggregate of 20,000,000 Consideration Shares will be allotted and issued to the two Vendors, which represent approximately 7.8% of the existing issued Shares and 7.2% of the issued Shares as enlarged by the Consideration Shares.

The shareholdings of the Independent Shareholders will be diluted by approximately 7.2% accordingly.

In spite of the dilution of shareholdings, we consider that the Specific Mandates are fair and reasonable and in the interests of the Company and the Shareholders as a whole on the grounds that (i) the issue price of the Consideration Shares of HK\$8.00 each is fair and reasonable as discussed in “Principal Factors and Reasons Considered — Evaluation of the Consideration Shares” in this letter; and (ii) the issue of the Consideration Shares is construed as a means to finance part of the Acquisitions without involving significant cash outlay to the Group.

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Financial Effects of the Acquisitions on the Group

Upon Completion, CN Italy and CN Switzerland will change from a 70% owned subsidiary and a 60% owned subsidiary of the Company respectively to become 100% owned subsidiaries of the Company. Each of their financial statements will be fully consolidated into the financial statements of the Company. The Directors anticipate that the professional fees and other expenses incurred by the Group in connection with the Acquisitions would be insignificant. Set out below are the financial effects of the Acquisitions on the Group:

(i) Net asset values

Currently, the assets and liabilities of each of the CN Italy and CN Switzerland are consolidated into the Company's statement of financial position with non-controlling interests recognised for the portion attributable to the Vendors. Since the Acquisitions facilitate the Group to buy out all the equity interests of the Vendors in CN Italy and CN Switzerland, such non-controlling interests will no longer exist after Completion. Accordingly, the Group's net asset value attributable to the Shareholders are expected to increase after Completion.

The main cash outlay of the Acquisitions is EUR500,000 (equivalent to approximately HK\$4,575,000) which represents approximately 3.1% of the consideration for the acquisition of the CN Italy Sale Shares and 2.8% of the total consideration for the Acquisitions. Accordingly, the net asset value of the Group is expected to decrease following the payment made by the Group for the cash portion of the consideration for the acquisition of the CN Italy Sale Shares of EUR500,000.

(ii) Revenue and earnings

The revenue of each of CN Italy and CN Switzerland has been consolidated into the Company's statement of profit and loss, which is not expected to change after Completion.

The earnings of each of CN Italy and CN Switzerland have been consolidated into the Company's statement of profit and loss with non-controlling interests recognised for the portion attributable to the Vendors. Since the Acquisitions facilitate the Group to buy out all the equity interests of the Vendors in CN Italy and CN Switzerland, such non-controlling interests will no longer exist after Completion. Accordingly, the Group's profit attributable to the Shareholders is expected to increase after Completion.

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(iii) Cash flow

The main cash outlay of the Acquisitions is EUR500,000 (equivalent to approximately HK\$4,575,000) which represents approximately 3.1% of the consideration for the acquisition of the CN Italy Sale Shares and 2.8% of the total consideration for the Acquisitions. Accordingly, the cash position of the Group is expected to decrease following the payment made by the Group for the cash portion of the consideration for the acquisition of the CN Italy Sale Shares of EUR500,000.

Taking into account the expected increases in the Group's net asset value and profit attributable to the Shareholders after Completion albeit less than 3% of the total consideration for the Acquisitions being settled in cash with the two Vendors, we consider that from the financial perspective, the Acquisitions are in the interests of the Company and the Shareholders as a whole.

DISCUSSION AND ANALYSIS

The Group is a well-established international logistics solutions provider with the 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. Headquartered in Hong Kong, the Group's global business spans multiple cities in the PRC, Europe and Asia through its own business presence and its freight forwarder business partners.

The Shares were listed on the Main Board of the Stock Exchange on 15 October 2020 with the market capitalisation of approximately HK\$665.0 million which had risen to HK\$2.1 billion as at the Latest Practicable Date.

Since the listing of the Shares, the Company has issued two positive profit alert announcements, where one was for its first annual results announcement and the other one was for its first interim results announcement. Notwithstanding the global logistics disruption and cancellation of flights due to COVID-19, the Group has been resilient by demonstrating its ability to secure cargo space and charging customers higher fees due to the limited supply of cargo space, thanks to its well-established, sound and long-term relationship with airlines.

The Group has been generating revenue from various countries, where Italy as home to a number of high-end fashion brands recorded a growth rate of 65.2% for the Group's revenue generated therefrom, which exceeds the Group's overall growth in revenue of 30.1% for the six months ended 30 June 2021. CN Italy is one of the major subsidiaries of the Company, where its revenue represented approximately 18.7% and 16.2% of the Group's revenue on consolidation for the years ended 31 December 2019 and 2020 respectively, while CN Switzerland's operations are relatively small to the Group, where its revenue represented approximately 0.3% and 0.3% of the Group's revenue on consolidation for the years ended 31 December 2019 and 2020 respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Acquisitions facilitate the Group to gain full control over CN Italy and CN Switzerland by issuing an aggregate of 20,000,000 Consideration Shares (representing approximately 7.2% of the issued Shares as enlarged by the Consideration Shares) to the two Vendors, notwithstanding less than 3% of the total consideration for the Acquisitions being settled in cash with the two Vendors.

The consideration for the Acquisitions was determined after arm's length negotiations between the parties with reference to, among others, the independent valuation of the CN Italy Sale Shares and the CN Switzerland Sale Shares as at 31 July 2021 of HK\$166,440,000 and HK\$17,520,000 respectively, as set out in Appendix I to the Circular. The Valuer has adopted the market approach to the valuation and has conducted the valuation on the basis that each of CN Italy and CN Switzerland carries out its business in a usual manner without major disruptions, which we consider is fair and reasonable. Given the consideration for each of the acquisitions of the CN Italy Sale Shares and CN Switzerland Sale Shares of EUR16,200,000 (equivalent to approximately HK\$148,189,000) and EUR1,800,000 (equivalent to approximately HK\$16,465,000) does not exceed the valuation of the CN Italy Sale Shares and the CN Switzerland Sale Shares of HK\$166,440,000 and HK\$17,520,000 respectively, we consider that the consideration for the Acquisitions is fair and reasonable.

In spite of the dilution of shareholdings, the issue of the Consideration Shares is considered fair and reasonable and in the interests of the Company and the Shareholders as a whole on the grounds that (i) the issue price of the Consideration Shares of HK\$8.00 each is fair and reasonable as discussed in "Principal Factors and Reasons Considered — Evaluation of the Consideration Shares" in this letter; and (ii) the issue of the Consideration Shares is construed as a means to finance part of the Acquisitions without involving significant cash outlay to the Group.

Upon Completion, CN Italy and CN Switzerland will change from a 70% owned subsidiary and a 60% owned subsidiary of the Company respectively to become 100% owned subsidiaries of the Company. Each of their financial statements will be fully consolidated into the financial statements of the Company. Taking into account the expected increases in the Group's net asset value and profit attributable to the Shareholders after Completion albeit less than 3% of the total consideration for the Acquisitions being settled in cash with the two Vendors, we consider that from the financial perspective, the Acquisitions are in the interests of the Company and the Shareholders as a whole.

OPINION

Having taken into account the principal factors and reasons set out above, we are of the view that the Acquisitions, which are not in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Share Purchase Agreements and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
Shenwan Hongyuan Capital (H.K.) Limited
Felix Chan
Managing Director
Deputy Head of Corporate Finance

Mr. Felix Chan has been licensed by the Securities and Futures Commission to advise on corporate finance in Hong Kong since 2002.

The following is the valuation report of CN Italy and CN Switzerland from Asset Appraisal Limited, an independent valuer, prepared for the purpose of the inclusion in this circular.



Asset Appraisal Limited
中誠達資產評估顧問有限公司

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19 October 2021

The Board of Directors
CN Logistics International Holdings Limited
13/F Park Sun Building
97-107 Wo Yi Hop Road
Kwai Chung
New Territories
Hong Kong

Dear Sirs,

Re: Valuation of Equity Interest of CN Logistics SA (“CN Switzerland”) and CN Logistics S.R.L. (“CN Italy”)

INSTRUCTIONS

In accordance with the instructions from **CN Logistics International Holdings Limited** (the “**Company**”), we have completed a valuation of CN Switzerland and CN Italy.

We confirm that we have made relevant enquiries and obtained such information as we consider necessary for the purpose of providing our opinion of fair value of 100% equity interest in CN Switzerland and CN Italy as at 31 July 2021 (the “**Valuation Date**”).

This report identifies the assets appraised, describes the basis and methodology of valuation, investigation and analysis, assumptions, limiting conditions and presents our opinion of value.

We must point out that this valuation report does not constitute a technical report and does not express opinions on technologies employed by CN Switzerland and CN Italy, legal title on any of their operating assets (whether tangible or intangible), environmental issues and contractual rights involved in their business operations.

The opinions expressed in this report have been based on the information supplied to Asset Appraisal Limited (“**AAL**”) by the Company. Whilst AAL has confirmed that the Company has represented to AAL that full disclosure has been made of all material information and that to the best of its knowledge and understanding, such information is complete, accurate and true. AAL

has no reason to doubt this representation. No responsibility is assumed by AAL for any errors or omissions in the supplied information and AAL does not accept any consequential liability arising from commercial decisions or actions resulting from them.

PURPOSE OF VALUATION

It is our understanding that this report is prepared solely for the use as one of the references for the transaction involving the equity interests in CN Switzerland and CN Italy.

The objective of AAL is to assess the Fair Value of CN Switzerland and CN Italy in order to provide the Company with an independent value opinion. The responsibility for determining the agreed consideration of any transaction or share transfer involving CN Switzerland and CN Italy rests solely with the Company or its subsidiaries. The results of our analysis should not be construed to be an investment recommendation. No one should rely on our report for any purchase price determination purpose or as a substitute for their own due diligence. It is inappropriate to use this valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment and underlying valuation assumptions.

BACKGROUND OF CN SWITZERLAND AND CN ITALY

CN Switzerland is a company limited by shares incorporated and registered with the commercial register in Switzerland on 16 June 2017. As at the Valuation Date, CN Switzerland was a 60%-owned subsidiary of the Company and the remaining share capital is held by Mr. Fabio Di Nello (as to 20%) and Ms. Augusta Morandin (as to 20%). CN Switzerland is a Switzerland based company primarily engaged in the provision of air freight forwarding services.

CN Italy which was incorporated in Italy as a limited liability company on 25 May 2012 is principally engaged in the provision of air and ocean freight forwarding services. As at the Valuation Date, CN Italy was a 70%-owned subsidiary of the Company and the remaining share capital is held by Mr. Fabio Di Nello (as to 15%) and Ms. Augusta Morandin (as to 15%).

The functional currency of CN Switzerland and CN Italy is Swiss Francs and Euro respectively. According to the audited financial statements of CN Italy prepared in accordance with the accounting principles generally accepted in Hong Kong for the 3 years ended 31 December 2018, 31 December 2019 and 31 December 2020, the unaudited management accounts of CN Switzerland for the 3 years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited management accounts of both of the companies for the 7 months ended 31 July 2021, their operating results and the financial positions are set out as follow in Hong Kong dollars using the historical exchange rates for respective years/period:

CN Switzerland

	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2020	7 months ended 31 July 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Revenue	9,800,866	12,128,282	10,547,388	11,717,285
Gross Profit	2,871,523	3,423,642	2,445,732	3,703,544
Net Profit	791,231	1,341,452	698,530	2,573,788
Total Assets	3,049,586	4,680,514	7,479,180	10,155,209
Total Liabilities	1,462,261	1,715,571	3,804,184	4,361,476

CN Italy

	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2020	7 months ended 31 July 2021
	(audited)	(audited)	(audited)	(unaudited)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Revenue	286,404,173	305,493,294	354,296,458	360,043,967
Gross Profit	61,982,256	66,947,042	77,248,214	75,315,956
Net Profit	10,139,963	11,743,464	18,082,956	26,367,904
Total Assets	135,072,125	98,384,366	125,451,948	216,370,994
Total Liabilities	117,172,959	71,144,123	79,277,623	150,749,487

BASIS OF VALUATION

The valuation was prepared on the basis of Fair Value. International Financial Reporting Standard 13 defines Fair Value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SOURCE OF INFORMATION

In the course of our valuation, we have been furnished by the management of the Company (the “**Management**”) with the financial and operational information of CN Switzerland and CN Italy.

We made reference to or reviewed the following major documents and data:

1. Brief descriptions of the potential share transfer in relation to the transfer of registered capital of CN Switzerland and CN Italy;
2. Historical financial information and the financial positions of CN Switzerland and CN Italy of the past 3 financial years and the recent 7 months; and
3. Descriptions of business model, operating assets held and engaged by CN Switzerland and CN Italy in undertaking its normal operations.

We assumed that the data and information we obtained in the course of the valuation, along with the opinions and representations provided to us by the Management are true, accurate and complete and accepted them without independent verification except as expressly described herein. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances, which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading.

In addition, we have also obtained market data, industrial information and statistical figures from Bloomberg database and other publicly available sources.

SCOPE OF WORK AND KEY ASSUMPTIONS

Our investigation included discussion with the Management with regard to the history, operation and prospects of the businesses of CN Switzerland and CN Italy, an overview of certain financial data, an analysis of the industry and competitive environment, analysis of historical and prospective financial results, an analysis of comparable transactions, operating statistics and other due diligence documents.

In arriving at our opinion of value, we have considered the following principal factors:

- the economic outlook for the concerned market and specific competitive environments affecting the industry;
- the legal and regulatory issues of the industry in general;
- the business risks of CN Switzerland and CN Italy;

- the price multiples of the comparable companies engaging in business operations similar to CN Switzerland and CN Italy; and
- the experience of the management team of CN Switzerland and CN Italy and support from their shareholders.

A number of general assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation include:

- there will be no material changes in the laws, rules or regulations, financial, economic, market and political conditions where CN Switzerland and CN Italy operate which may materially and adversely affect their businesses;
- there will be no major changes in the current taxation law applicable to CN Switzerland and CN Italy;
- CN Switzerland and CN Italy shall fulfill all legal and regulatory requirements necessary to conduct its business;
- CN Switzerland and CN Italy shall not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
- CN Switzerland and CN Italy shall have uninterrupted rights to operate their existing businesses;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- CN Switzerland and CN Italy will retain competent management, key personnel and technical staff for their operations and the relevant shareholders will support their ongoing operations;
- the unaudited financial statements of CN Switzerland and CN Italy supplied to us have been prepared in a manner truly and accurately reflected their financial positions as at the respective balance sheet dates;
- CN Switzerland and CN Italy have obtained all necessary permits and approvals to carry out their businesses and their ancillary services and shall be entitled to renew those permits and approvals upon their expiry subject to no legal impediment and costs of substantial amount;
- except those stated in the financial statements, CN Switzerland and CN Italy are free and clear of any lien, charge, option, pre-emption rights, unsettled dispute, lawsuit or other encumbrances or rights whatsoever; and

- the estimated fair value does not include considerations of any extraordinary financing or income guarantees, special tax considerations or any other typical benefits which may influence the ordinary business enterprise values of CN Switzerland and CN Italy.

VALUATION METHODOLOGY

In the appraisal of CN Switzerland and CN Italy, we have considered three generally accepted approaches namely Cost Approach, Income Approach and Market Approach.

Cost approach establishes value based on the cost of reproducing or replacing the assets less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the asset than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent assets with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established market may be appraised by this approach.

Given the nature of the business operations of CN Switzerland and CN Italy and the availability of market information, it is considered that the market approach is the most optimal approach to value CN Switzerland and CN Italy. Both the cost approach and the income approach have been disclaimed and have also not been engaged as secondary approach to cross-check the valuation results derived from the market approach.

Under the cost approach (also known as the asset based approach), the fair value of equity interest is determined based on the replacement costs or reproduction costs of assets rather than the ability to generate streams of benefits in the future. As the economic value of CN Switzerland and CN Italy is mainly attributable to their ability to generate revenues through their products and services but not the value or replacement costs of their assets, the cost approach is incapable to reliably reflect the value of their equity interest. Therefore, this approach has been disclaimed as both primary valuation approach and secondary approach for counter-checking purpose.

Under the income approach, the fair value of equity interest is the function of future net cash flows that can be generated from the business operations of CN Switzerland and CN Italy and the discount rate by which the future net cash flow stream is discounted to present values. The reasonableness of the fair value determined by the income approach depending on the estimation of various projected inputs including but not limiting to cargo/parcel/document

throughput, service pricing, operating costs and their growth rates over the projection period. Despite the fact that a business plan has been prepared by the management of CN Switzerland and CN Italy, given the uncertainty and dynamic nature of logistics businesses, it is difficult to form a reliable basis for estimating various projection inputs. Furthermore, as discussed with the management of the Company, there is tremendous uncertainty in the future market on foreign and domestic trades. In the absence of reliable business projection, the income approach is considered to be not a reliable valuation approach for valuing the equity interests in the CN Switzerland and CN Italy and has been disclaimed as both primary valuation approach and secondary approach for counter-checking purpose.

Both CN Switzerland and CN Italy, as logistic service and solution providers, have sufficient track records and has participated in the sector for more than 3 years. As advised by the Company, CN Switzerland and CN Italy are expected to sustain their existing business operations in long term in the future. Therefore, we have considered that market approach is the most optimal approach to determine its fair value.

The market approach determines the fair value of the assets by reference to the transaction prices, or “valuation multiples” implicit in the transaction prices, of identical or similar assets on the market. A valuation multiple is a multiple determined by dividing the transaction price paid for similar business enterprises by a financial parameter, such as historical or prospective turnover or profit at a given level. Valuation multiples are applied to the corresponding financial parameter of the subject asset in order to value it. Adjustments are required to the transaction prices or valuation multiples to reflect the differentiating characteristics of the business enterprises and the comparable business enterprises for which the transaction prices or valuation multiples are known.

Selection of Comparable Companies

Several listed entities engaging in similar line of businesses have been identified and their share trading price ratios against various economic measures have been analysed for comparison purpose.

In selecting appropriate comparable companies, we have adopted the following selection criteria, all of which must be satisfied:

- the company is primarily being participated in logistic operations;
- the company should have its main market in Europe;
- the company’s share trading prices and financial information are publicly available;
- the operating profit for the latest 12 months financial reporting period is positive; and
- the company’s shares have more than 2 years’ exchange trading history as newly listed stocks have relatively higher potential to be traded at unreasonable price level.

Given the above selection criteria, the following comparable companies have been identified for comparison purpose. As each of the logistics service providers has its unique service scope and there may not be a company or companies engaging in exactly the same service scope as CN Switzerland and CN Italy. We have considered that the selected comparable companies, CN Switzerland and CN Italy are all operating in logistic related businesses. Notwithstanding the difference in the scale of operations and the platforms or the channels for delivering the services of the selected comparable companies, CN Switzerland and CN Italy, we believe the selected comparable companies are essentially exhaustive and representative for comparison and analysis of them provides a general reference as to the market valuation of companies engaging in business operations similar to CN Switzerland and CN Italy.

Ticker	Company Name	Description of Business
ALCLA.FP	Clasquin SA	The company is France-based company that specializes in providing international freight management and logistics services. It provides air and sea freight solutions, such as storage, order management, supply chain management, distribution, chartering services, time-definite services, hazardous cargo, full and less container load services between major ports, scheduled services and door-to-door delivery services. The customs brokerage services include declarations, certificate of origin and duty drawback management services. Its Track & Trace tool supplies information on key phases of all shipments and the connect tool provides information on shipment tracking, calculates cost per shipment and purchase order, e-Invoicing services and door-to-door deliveries. Its worldwide network comprises of several subsidiaries, such as Garnett Logistics Group and Goritz Air Freight, among others; and offices located throughout Europe, Asia, Australia and the United States.
BPOST.BB	Bpost SA	The company is a Belgium-based provider of postal services in Belgium. Its services include collection, transport, online parcels and doorstep financial transactions. It specializes in inbound and outbound international mail and sorting and delivery of letters. It also provides solutions in document management, certified electronic communication and international added value services. It provides services to individuals and corporate customers.

Ticker	Company Name	Description of Business
CTT.PL	CTT Correios de Portugal SA	<p>The company a Portugal-based company principally engaged in the provision of courier services. Its activities are divided into four business segments: Mail, Express & Parcels, Financial Services and CCT Bank. The Mail division operates post offices, as well as offers postal services to business customers, distribution of advertising materials and postal communication solutions, among others. The Express & Parcels division provides courier services, as well as urgent mail and parcel delivery under CTT Expresso, Tourline and Corre brand names. The Financial Services division, under PayShop brand name, offers payment processing through a national network of agents, such as supermarkets, tobacco stores and kiosks. The CCT Bank division includes retail banking activity. It operates in Portugal, Spain and Mozambique.</p>
DE1.GR	Deufol SE	<p>The company is a Germany-based holding company engaged in the fields of packaging, logistics and related services. It operates across various sectors with focus on mechanical engineering, consumer goods, automotive, chemicals and air cargo sectors. It divides its business activities into three service-oriented segments. The core segment Export & Industrial Packaging comprises specific logistics activities for capital and investment goods manufacturing, including construction, production and export of packaging, logistics and long-term packaging, among others. Consumer & Data Packaging offers logistics services, such as packaging design and production, automated and manual packaging, among others. Supplementary Services segment includes planning, management, storing, spare-parts logistics, just-in-time logistics and value-added services. It operates through its subsidiaries in Germany, Italy, Belgium, Austria, the Czech Republic and the United States.</p>

Ticker	Company Name	Description of Business
DPW.GR	Deutsche Post AG	<p>The company is a Germany-based provider of postal services. It operates through four operating segments: Post – e-Commerce – Parcel, Express, Global Forwarding, Freight, and Supply Chain. The Post – e-Commerce – Parcel segment handles both domestic and international mail and provides dialogue marketing, nationwide press distribution services and all electronic services associated with mail delivery. The Express segment offers courier and express services to business and private customers. The Global Forwarding and Freight segment comprises the transportation of goods by rail, road, air and sea. The Supply Chain segment focuses on the delivery of customized logistics solutions, including warehousing, transport and value-added services.</p>
DSV.DC	DSV Panalpina A/S	<p>The company is a Denmark-based company engaged in the provision of transport and logistics services. Its operations are divided into three business areas. The Air and Sea business area specializes in the handling of air and sea freight to destinations around the world. The Road business area offers transportation of full, part and group loads by road across Europe, the United States and South Africa. The Solutions business area specializes in logistics solutions across the entire supply chain, from design through freight management, customs clearance, warehousing and distribution to information management and e-business support. It is being operated in various countries in Europe, the Middle East, the Americas, Asia, Africa, Australia and the Pacific, and operates through numerous subsidiaries.</p>

Ticker	Company Name	Description of Business
DX.LN	DX Group PLC	<p>The company is engaged in the provision of parcels, mail and logistics services in the United Kingdom and Ireland. Its segments include parcels and freight, mail and packets, and logistics. The parcels and freight segment offers services, such as DX 1-Man, engaged in the delivery of irregular dimension and weight items; DX Courier, which provides next day parcel services, and DX 2-Man, which offers a business to consumer home delivery solution for heavier and bulkier items. The mail and packets segment comprises services DX Exchange, a business to business (B2B) mail service providing its customers with collection and delivery times; DX Secure, which provides security, and DX Mail, a mail service offering downstream access for smaller volume users. The logistics segment includes the provision of customer-liveried vehicles and uniformed personnel, such as fleet management solutions and integration with customer's business operations.</p>
FOODr.GA	Foodlink SA	<p>The company is a Greece-based company active in the logistics sector. It offers third party logistics services through Warehousing and Distribution services and facilities. Its Warehousing services include among others pallet construction and inventory control and its Distribution services comprise a Pan-Hellenic network of 2,500 delivery points and provides daily connection route between Athens and Thessaly warehouses, as well as annually contracted leased truck, equipped with refrigerators and temperature monitors. It also provides customer services, transition consultancy, invoicing, reporting and repackaging. It operates three distribution centers: one in Aspropirgos, Attica; another one in Mangoula, Attica as well as one in Thessaly.</p>

Ticker	Company Name	Description of Business
HLAG.GY	Hapag-Lloyd AG	The company is a Germany-based company primarily engaged in the marine freight and logistics sector. It focuses on providing liner services between all continents. Its fleet comprises container vessels with capacity up to 10,500 twenty-foot equivalent units (TEU). Its products and services include e-business solutions, security information services, special cargo services, reefer solutions, customs clearance, as well as US flag services, among others. It also offers online tracing services for its clients. It operates worldwide in over 100 countries.
JETPAK.SS	Jetpak Top Holding AB	The company is a Sweden-based holding company of a logistics and delivery provider. It provides time-critical express deliveries in the Nordic region, as well as several other European countries. It specializes in flight-based, door-to-door, long-distance deliveries aimed primarily at the business to business (B2B) sector. It uses its information technology (IT) platform JENA to find the optimal transport route, combining air and road transport. It operates through two segments: Express Ad-hoc and Express Systemized. Express Ad-hoc segment comprises ad-hoc orders for flexible and time-critical courier services. Express Systemized segment comprises systematic orders for parcel shipments. Its point-to-point network covers more than 150 locations.

Ticker	Company Name	Description of Business
KNIN.SW	Kuehne + Nagel International AG	<p>The company a Switzerland-based holding company engaged in the provision of logistics services. It is structured into six operating segments: Seafreight, Airfreight, Road & Rail Logistics, Contract Logistics, Real Estate and Insurance Brokers. Furthermore, it diversifies its activities into four geographical regions: Europe; Americas; Asia-Pacific, and Middle East, Central Asia and Africa. Within the Seafreight, Airfreight and Road & Rail Logistics operating segments, it is engaged in transportation services, including carrier services and contracts of carriage related to shipment. The Contract Logistics operating segment is engaged in the provision of services related to warehouse and distribution activities. The Insurance Brokers operating segment is principally engaged in the brokerage services of insurance coverage, mainly marine liability. The Real Estate segment covers activities mainly related to internal rent of facilities.</p>
MAERSKB.DC	AP Moller – Maersk A/S	<p>The company is a Denmark-based shipping and oil company. It is active in the container logistics and upstream oil value chains. Its operational structure comprises eight segments: Maersk Line, APM Terminals, Damco, Svitzer, Maersk Oil, Maersk Drilling, Maersk Supply Service and Maersk Tankers. Maersk Line manages the Company's global container shipping activities. APM Terminals is responsible for container services and terminal activities, includes container shipping line Hamburg Sudamerikanische Dampfschiffahrts-Gesellschaft KG. Damco is engaged in supply chain management services. Svitzer is engaged in towing and related marine activities. Maersk Oil is active in gas exploration and production. Maersk Drilling operates land-rigs, as well as offshore drilling activities. Maersk Supply Service manages its global offshore marine services. Maersk Tankers ships refined oil products.</p>

Ticker	Company Name	Description of Business
MLL.GR	Mueller – die Lila Logistik SE	<p>The company is a Germany-based provider of logistics services along with consulting and implementation solutions. It offers its services in four key industries: automotive, electronics, consumer goods and industrial goods and operates through two segments: Lila Consult and Lila Operating. The Lila Consult segment focuses on logistics process design and process optimization, and offers solutions within five core consulting fields: strategy and conception, locations and routes, material flow and layout, warehouse and packaging, as well as inventory management. The Lila Operating segment supplies operational logistics services in the three logistics segments procurement, manufacturing and distribution logistics. It operates through subsidiaries in Germany and Poland.</p>
MTP.MV	MaltaPost PLC	<p>The company is a postal services company engaged in the provision of postal and related retail services to customers. Its geographical segments include Local and International. It collects and delivers mail to all addresses on the Islands, and operates through a retail network of outlets. It operates a document management center in Xewkija, Gozo, which is equipped to scan, archive and index information of both electronic and physical formats. Its network of post offices offers a range of service, including local mail, international mail, postage stamps, mail forwarding service, redirection of mail, local and foreign money orders, telephone and mobile cards, stationery, and postage stamps. Its solutions include document management, business reply service and payment collection service, parcel post and bulk mail. It offers a range of business support services, including private posting box services, invoice processing and printing, and personalized stamps.</p>

Ticker	Company Name	Description of Business
NLG1V.FH	Nurminen Logistics Oyj	The company is a Finland-based company engaged in the provision of logistics services. It specializes in: railway transports; terminal services, such as storage, loading and lashing; forwarding, which offers documentation services related to transports and international trade; as well as special transport and project services, including route planning, and storage in the Heavy Transport Terminal at the Vuosaari harbor, among others. Its activities are divided into four business segments: Railway Logistics, Special Transport and Project, Transit Logistics, as well as Forwarding and Value Added Services. It operates primarily in Finland, the Baltic Sea region and the Russian Federation.
ODET.FP	Cie de L'Odet SE	The company is a France-based holding company with major interest in Bollore Group. Its operations are based on four areas: Transportation and Logistics, which includes services relating to the organization of sea and air transport networks, and logistics; Oil Logistics, which refers to the distribution and warehousing of oil products in Europe; Communication, which includes sales of recorded music on physical media or in digital form, exploitation of copyrights and services to artists, as well as publishing and distribution of free and pay television channels and production, sale and distribution of films, consulting in communication and advertising agencies, among others, and Electricity Storage and solutions, which encompasses activities related to the production and sale of electric batteries and their applications, such as electric vehicles, supercapacitors, dedicated terminals and systems and plastic films.

Ticker	Company Name	Description of Business
PNL.NA	PostNL NV	<p>The company is the provider of postal and parcel services in the Netherlands. It operates through three segments: Mail in the Netherlands, Parcels and International, and PostNL Other. Its geographical segments include The Netherlands, Germany, Italy, Rest of Europe, Europe and Rest of the World. It delivers approximately 550,000 parcels and nine million letters a day throughout the Netherlands. It offers services through a combination of smart networks, digital applications and the communication channels. Each day it delivers over 1.1 million items to approximately 200 countries. In addition to its global delivery services, it operates mail and parcel distribution network in the Benelux (Belgium, Netherlands and Luxembourg) region. In Germany, it operates under the Postcon brand and in Italy under the name of Nexive. It, through Spring Global Delivery Solutions, provides mail, parcel and return solutions to businesses around the world.</p>
WIN.LN	Wincanton plc	<p>The company is a provider of supply chain solutions. It operates through two segments: Retail & Consumer, and Industrial & Transport. Its Retail & Consumer segment focuses on consumer products business and brings to customers through the entire supply chain from producer to retailer, and Industrial & Transport segment focuses on an integrated and optimized transport operation, and includes Container business and Pullman business. Its Pullman business provides transport and fleet services. It provides its services to a range of sectors, such as retail, which includes fashion logistics, e-commerce, food, health and beauty, leisure and lifestyle, consumer electronics and paper products, as well as manufacturing, which includes water, milk and bulk food, construction, consumer goods, energy and defense. It provides a range of services, including road transport, warehousing and value added services. Its value added services include packaging and consultancy.</p>

Ticker	Company Name	Description of Business
XPD.LN	Xpediator PLC	The company is a United Kingdom-based provider of freight management services. It operates in the supply chain logistics and fulfillment sector across the United Kingdom and Europe. It operated through three main business areas: Freight forwarding, Logistics and warehousing and pallet distribution services, and transport services. It does its freight forwarding and logistics business under the brand name Delamode. It operates its transport services business under the Affinity brand. Delamode acts as a broker and collects and consolidates freight on behalf of its customers. Its EshopWedrop is a business to customer delivery service, which enables consumers to make online purchases. Its logistics and warehouse activities comprise three core businesses: Delamode Logistics UK, Delamode Logistics Romania, and Pall-Ex Romania. Affinity offers a comprehensive range of services that support the activities of transport companies throughout central and eastern European countries.

Selection of Price Multiples

Under Market approach, price multiples are the tools for conducting comparison. A valuation multiple is a ratio that relates share value to some economic measures of the comparable companies. Typical price multiples commonly used are:

- Price-to-Book Value Ratio (PB Ratio);
- Price-to-Sales Ratio (PS Ratio);
- Price-to-Earnings Ratio (PE Ratio); and
- Enterprise value-to-EBITDA Ratio (EV-to-EBITDA Ratio).

In view of the nature of business operations of CN Switzerland and CN Italy, PB Ratio is considered not appropriate for this valuation on the ground that CN Switzerland and CN Italy, which are not an investment holding company, has its fair value being determined based on its abilities to generate future income streams rather than the costs of replacement of its assets and liabilities. The company specific advantages are not captured in Price-to-Book Value Ratio. The PS Ratio is also considered not appropriate for this valuation since revenues may not consider

the cost structure and profitability (which are considered primary factors affecting the value of a company of the same kind).

Both PE Ratio and EV-to-EBITDA Ratio are applicable to measure business value of CN Switzerland and CN Italy as both of them relate the business value with profitability of the business. Among the two ratios, EV-to-EBITDA Ratio is more preferable to PE Ratio on the ground that the former ratio is neutral to capital structure, cash positions depreciation and amortization policy and taxation policy of the business operations being valued and the comparable companies. Therefore, we have employed the EV-to-EBITDA Ratio based on publicly available information including Bloomberg database and the financial statements and announcements of respective comparable companies.

Based on the above financial figures over the latest reported 12-month period that are publicly available and the closing share prices as at the Valuation Date of the selected comparable companies, the EV-to-EBITDA Ratio of comparable companies are as follows:

Company Ticker	Currency	Share Closing	Market Capitalization	Net Profit	Price-to-Earning		EV-to-EBITDA	
		Price as at 31 July 2021			Ratio	Enterprise Value	EBITDA	Ratio
			(Mil)	(Mil)	(A)/(B)	(Mil)	(Mil)	(C)/(D)
			(A)	(B)	(A)/(B)	(C)	(D)	(C)/(D)
ALCLA.FP	EUR	49.20	113.47	5.12	22.16	148.16	14.67	10.10
BPOST.BB	EUR	9.47	1,893.00	(19.40)	N/A	2,386.10	415.50	5.74
CTT.PL	EUR	4.39	657.75	16.67	39.46	1,513.97	101.78	14.87
DEI.GR	EUR	0.92	40.27	1.10	36.61	112.56	25.83	4.36
DPW.GR	EUR	57.11	70,812.20	2,979.00	23.77	83,853.20	8,612.00	9.74
DSV.DC	DKK	1,528.00	342,272.00	4,250.00	80.53	359,283.00	13,543.00	26.53
DX.LN	GBP	0.33	189.32	3.90	48.54	260.22	35.50	7.33
FOODr.GA	EUR	0.72	16.69	(0.46)	N/A	39.41	5.79	6.80
HLAG.GY	EUR	181.70	31,935.60	926.80	34.46	36,391.30	2,763.40	13.17
JETPAK.SS	SEK	111.50	1,338.00	44.30	30.20	1,501.78	102.46	14.66
KNIN.SW	CHF	305.60	36,672.00	788.00	46.54	36,966.00	1,901.00	19.45
MAERSKB.DC	USD	17,415.00	52,718.37	2,850.00	18.50	63,122.37	8,133.00	7.76
MLL.GR	EUR	6.40	50.92	1.30	39.17	112.19	23.99	4.68
MTP.MV	EUR	1.24	46.69	1.76	26.53	33.28	3.96	8.40
NLGIV.FH	EUR	1.17	89.93	(4.18)	N/A	136.52	7.36	18.55
ODET.FP	EUR	1,130.00	7,442.20	214.10	34.76	30,367.90	3,137.90	9.68
PNL.NA	EUR	4.46	2,318.50	209.00	11.09	2,348.50	462.00	5.08
WIN.LN	GBP	4.14	515.61	41.30	12.48	649.21	101.30	6.41
XPD.LN	GBP	0.79	111.23	2.03	54.79	134.42	15.49	8.68
				Sample Mean	34.98		Sample Mean	10.63
				Sample Median	34.61		Sample Median	8.68

Notes:

1. The reconciliation of the enterprise value with the market capitalization of each of the comparable companies as at the Valuation Date are set out as follows:

Company Ticker	Currency (in Million)	Market Capitalization (A)	Cash (B)	Non-operating Investment (C)	Total Debt (D)	Minority Interest (E)	Enterprise Value (A)-(B)-(C)+(D)+(E)
ALCLA.FP	EUR	113.47	25.78	0.91	54.52	6.86	148.16
BPOST.BB	EUR	1,893.00	948.10	3.30	1,443.20	1.30	2,386.10
CTT.PL	EUR	657.75	600.08	483.87	1,939.85	0.32	1,513.97
DEI.GR	EUR	40.27	31.67	-	103.04	0.92	112.56
DPW.GR	EUR	70,812.20	5,797.00	507.00	19,044.00	301.00	83,853.20
DSV.DC	DKK	342,272.00	4,060.00	-	21,159.00	(88.00)	359,283.00
DX.LN	GBP	189.32	14.10	-	85.00	-	260.22
FOODr.GA	EUR	16.69	5.08	0.11	27.71	0.20	39.41
HLAG.GY	EUR	31,935.60	681.30	14.60	5,136.10	15.50	36,391.30
JETPAK.SS	SEK	1,338.00	87.23	-	251.01	-	1,501.78
KNIN SW	CHF	36,672.00	1,697.00	-	1,985.00	6.00	36,966.00
MAERSKB.DC	USD	52,718.37	5,866.00	107.00	15,373.00	1,004.00	63,122.37
MLL.GR	EUR	50.92	10.91	0.06	72.21	0.03	112.19
MTP.MV	EUR	46.69	11.66	3.56	1.81	-	33.28
NLGIV.FH	EUR	89.93	4.47	-	41.23	9.83	136.52
ODET.FP	EUR	7,442.20	3,829.60	6,806.60	13,309.20	20,252.70	30,367.90
PNL.NA	EUR	2,318.50	651.00	17.00	696.00	2.00	2,348.50
WIN.LN	GBP	515.61	30.60	0.20	164.40	-	649.21
XPD.LN	GBP	111.23	16.34	-	38.20	1.33	134.42

2. The reconciliation of the EBITDA with the net profit of each of the comparable companies are set out as follows:

Company Ticker	Currency (in Million)	Net Profit/ (Loss) (A)	Depreciation & Amortization (B)	Taxation (C)	Net Finance Expenses/ (Income) (D)	Non-operating Expenses/ (Income) (E)	Minority Interest (F)	EBITDA (A)+(B)+(C)+(D)+(E)+(F)
ALCLA.FP	EUR	5.12	5.21	2.65	1.41	(0.03)	0.31	14.67
BPOST.BB	EUR	(19.40)	318.50	48.80	12.50	55.00	0.10	415.50
CTT.PL	EUR	16.67	62.11	6.36	7.90	8.64	0.10	101.78
DEI.GR	EUR	1.10	22.81	2.45	3.36	(4.13)	0.24	25.83
DPW.GR	EUR	2,979.00	3,830.00	995.00	557.00	54.00	197.00	8,612.00
DSV.DC	DKK	4,250.00	4,039.00	1,369.00	1,713.00	2,164.00	8.00	13,543.00
DX.LN	GBP	3.90	21.10	0.30	4.30	5.90	-	35.50
FOODr.GA	EUR	(0.46)	5.23	(0.11)	1.06	-	0.07	5.79
HLAG.GY	EUR	926.80	1,385.20	45.80	311.30	85.70	8.60	2,763.40
JETPAK.SS	SEK	44.30	31.40	14.85	14.81	(2.90)	-	102.46
KNIN SW	CHF	788.00	731.00	270.00	17.00	94.00	1.00	1,901.00
MAERSKB.DC	USD	2,850.00	4,440.00	407.00	521.00	(135.00)	50.00	8,133.00
MLL.GR	EUR	1.30	19.56	1.26	1.24	0.61	0.02	23.99
MTP.MV	EUR	1.76	1.50	1.02	0.06	(0.38)	-	3.96
NLGIV.FH	EUR	(4.18)	5.02	0.40	2.07	2.76	1.29	7.36
ODET.FP	EUR	214.10	1,597.60	677.20	(511.90)	(174.50)	1,335.40	3,137.90
PNL.NA	EUR	209.00	164.00	68.00	8.00	13.00	-	462.00
WIN.LN	GBP	41.30	41.10	7.10	6.40	5.40	-	101.30
XPD.LN	GBP	2.03	8.90	0.87	1.83	0.83	1.03	15.49

3. Given the sample mean of 10.63, the standard deviation of the sample group is calculated at 5.9 and none of the observations of the sample group is more than 3 standard deviations from the sample mean (being the limit of Z-scores range falling within the normal distribution curve). As no observation of the sample group is considered to be extreme value, it is considered that sample mean which takes into account all the values of the sample group is a better measure of the central tendency of the sample group than sample median.

Determination of 100% Share Capital of CN Switzerland and CN Italy

The mean EV-to-EBITDA Ratio of the sample group is taken as the expected multiple for determination of the value of share equity of CN Switzerland and CN Italy. As revealed from their unaudited financial statement for the 12-month period ended 31 July 2021, the respective equity value of CN Switzerland and CN Italy are determined as follows:

	CN Switzerland	CN Italy
	HK\$	HK\$
Trailing 12-month Net Profit after Tax	3,095,750	36,172,088
Add back Corporate Profit Tax	598,224	15,276,373
Trailing 12-month Net Profit before Tax	3,693,974	51,448,461
Add back Finance Costs for the period	–	1,083,053
Add back Depreciation and Amortization for the period	5,607	1,397,301
Add back Non-operating Expenses/(Income)	–	–
Add back Minority Interest	–	–
Trailing 12-month EBITDA	3,699,581	53,928,815
Expected EV-to-EBITDA Ratio	10.63	10.63
Determined Enterprise Value	39,329,307	573,303,556
Add-back Cash	7,328,495	19,490,140
Less Debt	2,896,363	38,001,787
Equity Value	43,761,439	554,791,909
Round to	43,800,000	554,800,000
Interest attributable to the Sale Shares	40%	30%
Value attributable to the Sale Shares	17,520,000	166,440,000

Remarks:

- The trailing 12-month net profit after tax and EBITDA of CN Switzerland and CN Italy have been determined based on the unaudited financial statements of the respective companies over the period from 1 August 2020 to 31 July 2021 (the “**Unaudited Financial Statements**”). Both the Company and we are of the view that it is fair and reasonable to assess the equity value of CN Switzerland and CN Italy with reference to the Unaudited Financial Statements as they reflect a more updated valuation of the Sale Shares for the purpose of the Acquisitions as compared to the latest audited financial statements of CN Switzerland and CN Italy for the year ended 31 December 2020. In addition, as the financial results of each of CN Switzerland and CN Italy are consolidated into the financial statements of the Group, the financial statements of CN Switzerland and CN Italy for the 11-month period ended 30 June 2021 have been included in the audit or review of the Group’s financial statements by the Company’s auditors. Further, as confirmed by the Company, the Unaudited Financial Statements have been prepared in accordance with the Hong Kong Financial Reporting Standards and the Group’s internal financial reporting procedures. Therefore, it is submitted that our adoption of the Unaudited Financial Statements would not jeopardize the fairness and reasonableness of the valuation of the Sale Shares in any material respect.
- Given the expected PE ratio of 34.98 as determined from the above comparable company analysis, the trailing 12-month net profit after tax of HK\$3,095,750 (for CN Switzerland) and HK\$36,172,088 (for CN Italy), the resulting 100% equity values are calculated at approximately HK\$108,300,000 (for CN Switzerland) and HK\$1,265,300,000 (for CN Italy) which are 147% and 128% higher than the above equity value of CN Switzerland and CN Italy as determined using EV-to-EBITDA ratio respectively. Since

PE ratios can be skewed by variation of leverage ratios, cash positions, depreciation and amortization policy and taxation policy of the comparable companies, we have concluded our valuation of the Sale Shares using EV-to-EBITDA ratio.

LIMITING CONDITIONS

During the course of our valuation, we have reviewed the financial information, management representations and other pertinent data and the information made available to us. We have no reason to doubt the truth and accuracy of the information provided to us. We were also advised by the Company that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the business enterprise and its operating assets valued. In this valuation, it is presumed that, unless otherwise noted, the owners' claim is valid, the property rights are good and marketable, and there are no encumbrances which cannot be cleared through normal processes.

No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond that customarily employed by valuers.

Our conclusions assume continuation of prudent management policies over whatever period of time considered to be necessary in order to maintain the character and integrity of the assets valued. We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect their market value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

We do not investigate any industrial safety and health related regulations in association with this particular operations. It is assumed that all necessary licenses, procedures and measures were implemented in accordance with the government legislation and guidance.

No allowance has been made in our valuation for any off-balance sheet charges, debts or amounts owing on the assets valued nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the assets valued are free from any off-balance sheet encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

CONCLUSION OF FAIR VALUE

Based on the investigation and analysis stated above and on the valuation method employed, in our opinion that the fair value of 100% share capital of CN Switzerland and CN Italy as at 31 July 2021 are reasonably represented by the following amounts.

Company	Indicative Fair Value of 100% Share Capital (HK\$)	Interest attributable to Sale Share (%)	Value attributable to Sale Share (HK\$)
CN Switzerland	43,800,000	40	17,520,000
CN Italy	554,800,000	30	166,440,000

We hereby certify that we have neither present nor prospective interest in the appraised assets or the value reported.

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Yours faithfully,
For and on behalf of
Asset Appraisal Limited
Tse Wai Leung
CFA MRICS MHKIS RPS(GP)
Director

Tse Wai Leung is a member of the Royal Institution of Chartered Surveyors, a member of The Hong Kong Institute of Surveyors, a Registered Professional Surveyor in General Practice and a holder of Chartered Financial Analyst (CFA). He is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC. He has previous experiences in valuing development sites, infrastructures such as ports and logistics facilities in the PRC.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of each Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(A) Interests in the Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity/ Nature of interests	Number of Shares/underlying Shares held or interested in <i>(Note 1)</i>	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. Lau	Interest in a controlled corporation <i>(Note 2)</i>	158,480,222 <i>(Note 3) (L)</i>	62.2%
Mr. Ngan	Beneficial owner	21,241,203 (L)	8.3%
Ms. Chen	Beneficial owner	1,256,099 (L)	0.5%

Notes:

- The letter “L” denotes the Directors’ long position in the Shares.

2. The 158,480,222 Shares are held by CS Logistics. CS Logistics is owned as to 75.0% by CS Seafreight, which is in turn wholly owned by CS Holdings. CS Holdings is wholly owned by CS Group, which is in turn wholly owned by Hundred Honest Limited (“**Hundred Honest**”). Hundred Honest is owned as to 80.0% by Mr. Lau. By virtue of the SFO, CS Seafreight, CS Holdings, CS Group, Hundred Honest and Mr. Lau are deemed to be interested in the Shares held by CS Logistics. Mr. Lau is a director of each of CS Logistics, CS Seafreight, CS Holdings, CS Group and Hundred Honest.
3. As disclosed in the announcement of the Company dated 20 September 2021, CS Logistics has entered into a sale and purchase agreement in relation to the transfer of 4,000,000 Shares to L8MU Investment Limited. As at the Latest Practicable Date, the share transfer has not yet completed.

(B) Interests in the shares, underlying shares and debentures of associated corporations

Name of Directors	Name of associated corporation	Capacity/ Nature of interests	Number and class of shares held or interested in <i>(Note 1)</i>	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. Lau	CS Logistics	Interest in a controlled corporation <i>(Note 2)</i>	75 ordinary shares (L)	75%
	CS Seafreight	Interest in a controlled corporation <i>(Note 2)</i>	50,000 ordinary shares (L)	100%
	CS Holdings	Interest in a controlled corporation <i>(Note 2)</i>	20,000,000 ordinary shares (L) 2 preference shares (L)	100%
	CS Group	Interest in a controlled corporation <i>(Note 2)</i>	823,333 ordinary shares (L)	100%
	Hundred Honest	Interest of a controlled corporation <i>(Note 2)</i>	1,000,000 ordinary shares (L)	20%
			Beneficial owner	4,000,000 ordinary shares (L)

Name of Directors	Name of associated corporation	Capacity/ Nature of interests	Number and class of shares held or interested in (Note 1)	Approximate percentage of shareholding as at the Latest Practicable Date
Ms. Chen	CN France (Hong Kong) Limited ("CN France HK")	Interest of a controlled corporation (Note 3)	3,000 ordinary shares (L)	30%
	CN Logistics France S.A.S. ("CN France")	Interest of a controlled corporation (Note 4)	6,400 ordinary shares (L)	16%
	CN Logistics Limited ("CN BVI")	Beneficial owner (Note 5)	1,000 ordinary shares (L)	2%
Mr. Cheung Siu Ming Ringo ("Mr. Cheung")	CN BVI	Beneficial owner (Note 5)	1,500 ordinary shares (L)	3%

Notes:

- The letter "L" denotes the Directors' long position in the Shares.
- The relationship between Mr. Lau, CS Logistics, CS Seafreight, CS Holdings, CS Group and Hundred Honest are set out in note 2 of the paragraph headed "2. Disclosure of Interests – Directors' and chief executives' interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations – (A) Interests in the Shares, underlying Shares and debentures of the Company". CS Logistics, CS Seafreight, CS Holdings, CS Group and Hundred Honest are the direct/indirect holding companies of the Company. In this connection, CS Logistics, CS Seafreight, CS Holdings, CS Group and Hundred Honest are associated corporations of the Company within the meaning of Part XV of the SFO.
- CN France HK was an indirect non-wholly owned subsidiary of the Company and is held as to 30% by Wise Pointer Limited, which is wholly owned by Ms. Chen. By virtue of the SFO, Ms. Chen is taken to be interested in the shares held by Wise Pointer Limited.
- CN France was an indirect non-wholly owned subsidiary of the Company and was held as to 16% by Wise Pointer Limited, which is wholly owned by Ms. Chen. By virtue of the SFO, Ms. Chen is taken to be interested in the shares held by Wise Pointer Limited.
- CN BVI was an indirect non-wholly owned subsidiary of the Company and was held as to 2% and 3% by Ms. Chen and Mr. Cheung, respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. COMPETING INTEREST

None of the Directors or their respective close associates had interest in any business which compete, or is likely to compete, either directly or indirectly, with the businesses of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS OR ASSETS

(a) Interest in contracts and arrangements of significance

Each of Mr. Lau, Mr. Ngan and Ms. Chen is interested in the following contract(s) by virtue of his/her relationship with the relevant company as specified below:

Brief details of contract	Relationship of the counterparty with the Director	Term	Annual caps for the year ending 31 December (HK\$'000)
1. Trucking services agreement entered between the Group with Empire Transportation Company Limited ("Empire") dated 29 December 2020, pursuant to which Empire, as a trucking service provider, agreed to provide trucking services to the Group in Hong Kong	Empire is a company wholly-owned by the brother of Mr. Ngan. It is an associate (as defined in the Listing Rules) of Mr. Ngan	1 January 2021 to 31 December 2023	2021: 16,330 2022: 16,980 2023: 17,660

Brief details of contract	Relationship of the counterparty with the Director	Term	Annual caps for the year ending 31 December (HK\$'000)
2. Trucking services agreement entered between the Group with Transway Logistics Company Limited (“ Transway ”) dated 29 December 2020, pursuant to which Transway, as a trucking service provider, agreed to provide trucking services to the Group in Hong Kong	Transway is owned as to 50% by the sister of Mr. Ngan and as to 50% by the brother-in-law of Mr. Ngan	1 January 2021 to 31 December 2023	2021: 6,950 2022: 7,230 2023: 7,520
3. A master agency agreement entered between the Group with EV Cargo Global Forwarding Limited, (formerly known as Allport Cargo Services Limited) (“ EV Cargo ”) dated 17 September 2020, pursuant to which EV Cargo and each of CN International Logistics Limited, CS International (Airfreight) Limited, Guangzhou Jiahong International Freight Forwarding Co., Ltd. (廣州市嘉泓國際貨運代理有限公司), Jiada Freight Forwarding Co., Ltd. (嘉達貨運代理有限公司), and CN Logistics Limited, each a member of the Group, (collectively, the “ CN CT Group ”) appoints each other as agent (i.e. business partner) for the provision of air freight forwarding services in relation to shipments with origins or destinations in the PRC (for the purpose of this agreement includes Hong Kong and Macau) and the United Kingdom	EV Cargo is ultimately owned or controlled as to 20% by Mr. Lau	17 September 2020 to 31 December 2022	(A) <i>Cost of services to be charged by EV Cargo</i> 2021: 2,498 2022: 746 (B) <i>Revenue to be derived from EV Cargo</i> 2021: 126,314 2022: 131,366

Brief details of contract	Relationship of the counterparty with the Director	Term	Annual caps for the year ending 31 December (HK\$'000)
<p>4. A master agency agreement entered into between the Company with EV Cargo dated 23 December 2020, pursuant to which EV Cargo and the Company appoint 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 certain members of the Company and certain members of EV Cargo operate in</p>	<p>EV Cargo is ultimately owned or controlled as to 20% by Mr. Lau</p>	<p>23 December 2020 to 31 December 2022</p>	<p>(A) <i>Service fees payable to the EV Cargo Group</i></p> <p>2021: 42,000 2022: 44,000</p> <p>(B) <i>Service fees payable by the EV Cargo Group</i></p> <p>2021: 270,000 2022: 212,000</p>
<p>EV Cargo Group means EV Cargo and its associates from time to time (excluding CS Airfreight (Shanghai) Limited, a direct non-wholly owned subsidiary of the Company)</p>			

Brief details of contract	Relationship of the counterparty with the Director	Term	Annual caps for the year ending 31 December (HK\$'000)
<p>5. A master agency agreement entered into between the Company and Cargo Services Group Limited (“CS Group”) (for itself and as trustee for the benefit of its associates from time to time (excluding the Group)) (“CS CT Group”) dated 17 September 2020, pursuant to which (i) CS Group (for itself and as trustee for the benefit of the relevant member of the CS CT Group) have appointed the Company (for itself and on behalf of the relevant member of the Group) as CS CT Group’s agent (i.e. business partner) for the provision of air freight forwarding services in the PRC, Hong Kong, Taiwan, France, Japan, Switzerland, Italy, Korea and other jurisdictions in which the Group has local presence from time to time, and in respect of CS CT Group’s air freight forwarding business in the United States for the import of goods into the United States as destination; and (ii) the Company (for itself and on behalf of the relevant member of the Group) have appointed CS Group (for itself and as trustee for the benefit of the relevant member of CS CT Group) as the Group’s agent (i.e. business partner) for the provision of air and/or ocean freight forwarding services in the PRC, Hong Kong, the United States, the Philippines, India, South Africa, Singapore and other jurisdictions in which CS CT Group has local presence from time to time</p>	<p>CS Group is indirectly owned as to 80% by Mr. Lau</p>	<p>17 September 2020 to 31 December 2022</p>	<p>(A) <i>Cost of services to be charged by CS CT Group</i></p> <p>2021: 59,091 2022: 61,454</p> <p>(B) <i>Revenue to be derived from CS CT Group</i></p> <p>2021: 20,844 2022: 3,300</p>

Brief details of contract	Relationship of the counterparty with the Director	Term	Annual caps for the year ending 31 December (HK\$'000)
<p>6. A master agency agreement entered into between the Company and CN France (Hong Kong) Limited (for itself and as trustee for the benefit of its subsidiary from time to time) (“CN France Group”) dated 17 September 2020, pursuant to which (i) CN France HK (for itself and as trustee for the benefit of the relevant member of the CN France Group) have appointed the Company (for itself and on behalf of the relevant member of the Group (excluding CN France Group)) as CN France Group’s agent for the provision of air and/or ocean freight forwarding services in jurisdictions in which the Group has local presence from time to time; and (ii) the Company (for itself and on behalf of the relevant member of the Group (excluding CN France Group)) have appointed CN France HK (for itself and as trustee for the benefit of the relevant member of CN France Group) as the Group’s agent for the provision of air and/or ocean freight forwarding services in jurisdictions in which CN France Group has local presence from time to time</p>	<p>Ms. Chen, through her wholly-owned investment holding company, owns 30% of the entire issued share capital of CN France HK</p>	<p>17 September 2020 to 31 December 2022</p>	<p>(A) Revenue to be derived from CN France Group</p> <p>2021: 1,268 2022: 1,319</p> <p>(B) Cost of services to be charged by CN France Group</p> <p>2021: 31,943 2022: 33,220</p>

Save as aforesaid, none of the other Directors had material interest in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

(b) Interest in assets

The following properties in the PRC were leased to the Group by Mr. Lau or his associates:

	Address	Main usage	Term of lease	Approximate monthly rental for the year ending 31 December
1.	2735 Fujin Road, Baoshan District, Shanghai, the PRC	Office	1 October 2018 to 31 December 2021	2021: RMB38,388
2.	2735 Fujin Road, Baoshan District, Shanghai, the PRC	Office	1 October 2018 to 31 December 2021	2021: RMB38,388
3.	Room 1511, 555 Renmin Middle Road, Liwan District, Guangzhou, the PRC	Office	1 July 2019 to 31 December 2021	2021: RMB15,204
4.	C406, 12 Hong Kong Middle Road, Shinan District, Qingdao, the PRC	Office	1 September 2018 to 31 December 2021	2021: RMB5,000
5.	Room 1512, 555 Renmin Middle Road, Liwan District, Guangzhou, the PRC	Office	1 July 2019 to 31 December 2021	2021: RMB14,868
6.	Block 9 and 7, 2735 Fujin Road, Baoshan District, Shanghai, the PRC	Warehouse	1 January 2020 to 31 December 2022	2021: RMB326,199 2022: RMB342,509
7.	Block 10, No. 2735 Fujin Road, Baoshan District, Shanghai, the PRC	Warehouse	1 July 2020 to 31 December 2021	2021: RMB156,468

Save as aforesaid, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. QUALIFICATION AND CONSENT OF EXPERT

- (a) The following sets out the qualification of the expert who has given its opinion or advice or statements as contained in this circular:

Name	Qualification
Shenwan Hongyuan Capital (H.K.) Limited	A corporation licenced to carry on type 1 (dealing with securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Asset Appraisal Limited	Qualified independent valuer in Hong Kong

- (b) As at the Latest Practicable Date, the above experts had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.
- (c) As at the Latest Practicable Date, the above experts had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2020 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased to any member of the Group.
- (d) As at the Latest Practicable Date, each of the above experts had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report or letter or its name and logo in the form and context in which they respectively appear.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. GENERAL

- (a) The company secretary of the Company is Mr. Tsang Chiu Ho, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is at Unit B, 13th Floor, Park Sun Building, 97–107 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong.
- (d) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The English text of this circular shall prevail over its Chinese text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cnlogistics.com.hk) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the CN Switzerland SPA; and
- (b) the CN Italy SPA.

NOTICE OF EGM

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of CN Logistics International Holdings Limited (“**Company**”) will be held at Crystal Room IV, 3/F, Panda Hotel, 3 Tsuen Wan Street, Tsuen Wan, Hong Kong on Friday, 5 November 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (with or without modification) as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the share purchase agreement (the “**CN Switzerland SPA**”) dated 16 September 2021 (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) entered into between CN Investment Limited (“**CN HK**”) (as purchaser), Mr. Fabio Di Nello and Ms. Augusta Morandin (collectively, the “**Vendors**”) (as vendors) in relation to the sale and purchase of 40% of the entire issued shares in CN LOGISTICS SA (“**CN Switzerland Sale Shares**”), together with the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**CN Switzerland Specific Mandate**”) to exercise all the powers of the Company to allot and issue 2,050,000 new ordinary shares of US\$0.001 each (“**Share**”) in the share capital of the Company (the “**CN Switzerland Consideration Shares**”) at the issue price of HK\$8.0 per Share to the Vendors subject to and in accordance with the terms and conditions set out in the CN Switzerland SPA; and
- (c) the Directors be and are hereby authorised to do all acts, matters and things as they may consider desirable or expedient to give effect to the CN Switzerland SPA and all the transactions contemplated thereunder (including the allotment and issue of the CN Switzerland Consideration Shares pursuant thereto) and to agree to such variation, amendment or waiver as are, in the opinion of the Directors, in the interest of the Company provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the CN Switzerland SPA.”

NOTICE OF EGM

2. **“THAT:**

- (a) the share purchase agreement (the **“CN Italy SPA”**) dated 16 September 2021 (a copy of which has been produced to the EGM marked **“B”** and signed by the chairman of the EGM for the purpose of identification) entered into between CN HK (as purchaser) and the Vendors (as vendors) in relation to the sale and purchase of 30% of the entire issued corporate capital in CN Logistics S.R.L. (**“CN Italy Sale Shares”**), together with the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Directors be and are hereby granted a specific mandate (the **“CN Italy Specific Mandate”**) to exercise all the powers of the Company to allot and issue 17,950,000 new Shares (the **“CN Italy Consideration Shares”**) at the issue price of HK\$8.0 per Share to the Vendors subject to and in accordance with the terms and conditions set out in the CN Italy SPA; and
- (c) the Directors be and are hereby authorised to do all acts, matters and things as they may consider desirable or expedient to give effect to the CN Italy SPA and all the transactions contemplated thereunder (including the allotment and issue of the CN Italy Consideration Shares pursuant thereto) and to agree to such variation, amendment or waiver as are, in the opinion of the Directors, in the interest of the Company provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the CN Italy SPA.”

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

Hong Kong, 19 October 2021

Head office and principal place of business in Hong Kong:

Unit B, 13th Floor, Park Sun Building
97-107 Wo Yi Hop Road
Kwai Chung
New Territories
Hong Kong

Notes:

- 1. Any shareholder of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.

NOTICE OF EGM

2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong ("**Branch Registrar**"), Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM (i.e. not later 10:00 a.m. on Wednesday, 3 November 2021 (Hong Kong time)) or any adjournment thereof (as the case may be). Completion and return of a proxy will not preclude a shareholder from attending in person and voting at the meeting or any adjournment thereof, should they so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. To ascertain shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 2 November 2021 to Friday, 5 November 2021 (both days inclusive), during which period no transfers of shares will be effected. To be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Branch Registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 November 2021.
4. References to time and dates in this notice are to Hong Kong time and dates.
5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, 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.