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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)**

### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

On 29 November 2021 (after trading hours), the Company entered into the Subscription Agreement with YesAsia, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 2209), pursuant to which YesAsia conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 1,100,000 Subscription Shares at the Subscription Price of HK\$9.2 per Subscription Share for an aggregate amount of HK\$10,120,000. The Subscription Price payable by YesAsia shall be settled by cash.

The Subscription Shares represent 0.4% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.4% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion apart from the issue of the Subscription Shares).

The Subscription Shares will be subject to lock-up for a period of six months from the date of allotment of the Subscription Shares pursuant to the terms of the Subscription Agreement.

It is expected that the Subscription will represent a strategic alliance between the Company and YesAsia, with CS Holdings, a controlling Shareholder, being a cornerstone investor in the global offering of YesAsia in July 2021, in the international eFulfillment function of YesAsia to cope with the continual expansion of its business in other parts of the world and help to foster a closer partnership between the Group and the YesAsia Group which would in turn further strengthen the Group’s market position in the B2C business.

The Subscription Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the date of allotment and issue of the Subscription Shares.

The Subscription is conditional upon, among others, the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares.

**As the Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement, the Subscription 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.**

## **THE SUBSCRIPTION**

On 29 November 2021 (after trading hours), the Company entered into the Subscription Agreement with YesAsia, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 2209), pursuant to which YesAsia conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 1,100,000 Subscription Shares at the Subscription Price.

The principal terms of the Subscription Agreement are summarised below.

<b>Date</b>	:	29 November 2021
<b>Parties</b>	:	(i) The Company (as issuer); and (ii) YesAsia (as subscriber)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, YesAsia and its ultimate beneficial owners are Independent Third Parties. YesAsia will not become a substantial shareholder of the Company immediately after the Completion of the Subscription.

### **Subscription Shares**

1,100,000 Subscription Shares will be allotted and issued upon Completion.

As at the date of this announcement, the total number of Shares in issue of the Company is 275,000,000 Shares. The Subscription Shares represent 0.4% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.4% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion apart from the issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares (with a par value of US\$0.001 each) is US\$1,100.

## **Subscription Price**

The Subscription Price of HK\$9.2 represents:

- (i) a discount of approximately 2.7% to the closing price of HK\$9.46 per Share as quoted on the Stock Exchange on 29 November 2021, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 3.7% to the average closing price of approximately HK\$9.55 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived after arm's length negotiations between the Company and YesAsia and is a commercial decision reached by the parties with reference to, among others, the prevailing market price of the Share, the performance of the Group and the future prospectus of the business of the Group.

## **Ranking of Subscription Shares**

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Lock up Period**

The Subscription Shares will be subject to lock-up for a period of six months from the date of allotment of the Subscription Shares, during which the subscriber shall not transfer or dispose of the Subscription Shares without the prior written approval of the Company.

## **Conditions precedent to Completion**

Completion of the Subscription is subject to the fulfilment of the following conditions:

- (i) the current listing of the Shares not having been withdrawn, the Shares continuing to be traded on the Stock Exchange prior to and including the date of Completion of the Subscription (save for any temporary suspension for no longer than 7 trading days or such other period as the YesAsia may agree, or the temporary suspension in connection with transactions contemplated under the Subscription Agreement) and neither the Stock Exchange nor the SFC having indicated that either one of them will object to such continued listing;
- (ii) listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);

- (iii) the Company having obtained all consent and approval from the relevant governmental or regulatory authorities or other third parties which are necessary to be obtained for the execution and performance of the Subscription Agreement by the Company and any of the transactions contemplated under the Subscription Agreement;
- (iv) the Company having duly performed and observed all of the obligations, undertakings, covenants and agreements required to be performed and observed by it prior to the date of Completion of the Subscription under the Subscription Agreement; and
- (v) all representations and warranties in the Subscription Agreement remaining true, accurate and not misleading in all material aspects and with no material omission as if repeated on the date of Completion and at all times between the date of the Subscription Agreement and the Completion.

YesAsia may waive the conditions set out in (i), (iv) and/or (v) above (as to the representations and warranties of the Company) and the Company may waive the condition set out in (v) above (as to the representations and warranties of YesAsia) at any time prior to the date of Completion by notice in writing to the other party.

If the above conditions have not been fulfilled or waived (if applicable) by the Longstop Date, all rights, obligations and liabilities of the parties under the Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties to the Subscription Agreement shall have any claim against any other in respect of the Subscription for costs, damages, compensation or otherwise save for any antecedent breaches of any provisions of the Subscription Agreement.

## **Completion**

Completion of the Subscription is expected to take place on the fifth Business Day immediately after the date on which all conditions under the Subscription Agreement are fulfilled or waived (if applicable) (or such other date as may be agreed by the Company and YesAsia in writing).

## **GENERAL MANDATE FOR THE ISSUE OF THE SUBSCRIPTION SHARES**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM held on 14 May 2021 subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM (that is, 50,000,000 new Shares, representing 20% of 250,000,000 Shares in issue as at the date of the AGM). Up to the date of this announcement, 5,000,000 Shares have been issued under the General Mandate. Accordingly, the General Mandate is sufficient for the issue of the Subscription Shares and therefore the issue of the Subscription Shares is not subject to a separate Shareholders' approval.

## **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

## **REASONS FOR THE SUBSCRIPTION**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, YesAsia, a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 2209), together with its subsidiaries, is principally engaged in trading of fashion wear, cosmetics and accessories and entertainment products through its own e-commerce platforms (including websites and mobile application).

On 22 November 2021, the Company and YesAsia entered into a non-legally binding memorandum of understanding in relation to the formation of a strategic alliance, pursuant to which, among other things, YesAsia agreed to appoint the Group as its strategic logistics partner and the Group shall provide logistics services (including freight forwarding, shipping and local distribution) to the YesAsia Group for its customers in the United States, Europe and other overseas markets. It is expected that the Subscription will represent a strategic alliance between the Company and YesAsia, with CS Logistics Holdings Ltd. ("**CS Holdings**"), a controlling Shareholder, being a cornerstone investor in the global offering of YesAsia in July 2021, in the international eFulfillment function of YesAsia to cope with the continual expansion of its business in other parts of the world and help to foster a closer partnership between the Group and the YesAsia Group and such collaboration would in turn further strengthen the Group's market position in the B2C business. In addition, the Directors also considers that the Subscription allows the Company to broaden its Shareholder base and increase the public float for future potential business development.

## **USE OF NET PROCEEDS FROM THE SUBSCRIPTION**

The gross proceeds of the Subscription would be approximately HK\$10.1 million. The net proceeds to be raised from the Subscription, after deducting professional fees and other related expenses, are estimated to be approximately HK\$10.0 million. On this basis, the net proceeds per Subscription Share is approximately HK\$9.1.

In view of strong growth in B2C market worldwide, the net proceeds from the Subscription are intended to be fully used to further expand and develop the Group's B2C business, including enhancing its e-commerce platform, which provides one-stop sale and logistics solutions to consumers, and recruiting expertise for the day-to-day operation management. The Directors consider that the terms of the Subscription (including the Subscription Price) contained in the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and YesAsia, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON SHAREHOLDING

For illustration purpose only, the table below sets out the shareholding structure of the Company based on the following scenarios (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion apart from the issue of the Subscription Shares):

	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	% (Note 5)	Number of Shares	% (Note 5)
<b>Connected persons</b>				
Cargo Services (Logistics) Limited ("CS Logistics")				
(Note 1)	158,480,222	57.6	158,480,222	57.4
Mr. Ngan Tim Wing (Note 2)	21,241,203	7.7	21,241,203	7.7
Ms. Chen Nga Man (Note 2)	1,256,099	0.5	1,256,099	0.5
Mr. Fabio Di Nello (Note 3)	10,000,000	3.6	10,000,000	3.6
Ms. Augusta Morandin (Note 3)	10,000,000	3.6	10,000,000	3.6
Sub-total (A):	<u>200,977,524</u>	<u>73.1</u>	<u>200,977,524</u>	<u>72.8</u>
<b>Public</b>				
YesAsia (Note 4)	–	–	1,100,000	0.4
Other public Shareholders	<u>74,022,476</u>	<u>26.9</u>	<u>74,022,476</u>	<u>26.8</u>
Sub-total (B):	<u>74,022,476</u>	<u>26.9</u>	<u>75,122,476</u>	<u>27.2</u>
<b>Total (A) + (B):</b>	<b><u>275,000,000</u></b>	<b><u>100.0</u></b>	<b><u>276,100,000</u></b>	<b><u>100.0</u></b>

### Notes:

- CS Logistics is owned as to 75.0% by Cargo Services Seafreight Limited ("CS Seafreight"), which is in turn wholly owned by 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, the chairman of the Board and a non-executive Director.
- Each of Mr. Ngan Tim Wing and Ms. Chen Nga Man is an executive Director. Mr. Ngan Tim Wing is also the chief executive officer of the Group.
- Each of Mr. Fabio Di Nello and Ms. Augusta Morandin is a director of certain subsidiaries of the Company.

4. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, YesAsia is an Independent Third Party.
5. Percentages shown in the above chart are approximate figures and have been rounded to the nearest tenth of a percent. Accordingly, figures shown as totals in the above chart may not be an arithmetic aggregation of the figures which precede them.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

During the past 12 months immediately prior to the date of this announcement, the Company has conducted the following fundraising activity:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Amount of net proceeds</b>	<b>Proposed use of net proceeds</b>	<b>Actual use of the net proceeds (<i>Note</i>)</b>
3 June 2021	Issue of 5,000,000 new Shares under the General Mandate	Approximately HK\$35.6 million	The net proceeds intended to be fully used as the initial capital for the expansion of the business and local presence of the Group in Hainan Province, the PRC, Southeast Asia and the United Kingdom by setting up branch offices and/or joint ventures.	Approximately HK\$2 million has been used as the initial capital for the expansion of the business and local presence of the Group in Hainan Province, the PRC, Southeast Asia and the United Kingdom by setting up branch office and/or joint ventures.

*Note:* The amounts of the actual use of net proceeds in this announcement is only based on the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2021 which have not been confirmed or reviewed by the independent auditors.

Save as abovementioned, the Company has not undertaken any equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

## **INFORMATION OF THE PARTIES**

YesAsia is a company incorporated in Hong Kong with limited liability which, together with its subsidiaries, is principally engaged in the online sale of third-party branded and unbranded Asian fashion & lifestyle, beauty and entertainment products to customers around the world.

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.



**As the Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement, the Subscription 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.**

## **DEFINITIONS**

In this announcement, unless the context otherwise required, the following terms and expressions have the following meanings when used herein.

“AGM”	the annual general meeting of the Company held on 14 May 2021
“B2C”	Business-to-Consumer
“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 in force or remains in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. and is not lowered or discontinued at or before 5:00 p.m.) on which banks generally are open for business in Hong Kong throughout their normal business hours and the Stock Exchange is generally open for trading of securities throughout its normal trading hours in Hong Kong
“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”	completion of the Subscription Agreement in accordance with its terms and conditions
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed on at the AGM on 14 May 2021
“Group”	the Company and its subsidiaries



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons and are not connected persons of the Company
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	23 December 2021, or such later date as may be agreed between YesAsia and the Company
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by YesAsia at the Subscription Price for an aggregate amount of HK\$10,120,000
“Subscription Agreement”	the conditional subscription agreement dated 29 November 2021 entered into between the Company and YesAsia in relation to the Subscription
“Subscription Price”	HK\$9.2 per Subscription Share
“Subscription Shares”	1,100,000 new Shares
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“YesAsia”	YesAsia Holdings Limited (喆麗控股有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 2209)

“YesAsia Group”	YesAsia and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 29 November 2021

*As at the date of this announcement, the Board comprises Mr. Ngan Tim Wing, Ms. Chen Nga Man and Mr. Cheung Siu Ming Ringo as the executive Directors; Mr. Lau Shek Yau John as the non-executive Director; and Mr. Lam Hing Lun Alain, Mr. Chan Chun Hung Vincent and Mr. Chun Chi Man as the independent non-executive Directors.*