
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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 TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARES IN ALLPORT CRUISE INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE TO A CONNECTED PERSON 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 Wah Street, Tsuen Wan, Hong Kong on Wednesday, 23 February 2022 at 10:00 a.m. is set out on pages 96 to 97 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, 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 Monday, 21 February 2022 (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 resolution(s) at the EGM as an alternative to attending the EGM.

31 January 2022

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DEFINITIONS

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

“2022 Audited Accounts”	the audited consolidated financial statements of the Allport Cruise Group for the year ending 31 December 2022 as audited by the accountants’ firm to be appointed by Allport Cruise for the audit of the 2022 Audited Accounts pursuant to the terms of the Share Purchase Agreement
“Acquisition”	the acquisition by CN HK from the Vendor the Sale Shares as contemplated under and pursuant to the terms of the Share Purchase Agreement
“Allport Cruise”	Allport Cruise Logistics Inc., a company incorporated in the British Virgin Islands with limited liability and wholly owned by the Vendor
“Allport Cruise Group”	Allport Cruise and its subsidiaries
“associates”	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
“CN HK”	CN Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“Company”	CN Logistics International Holdings Limited (嘉泓物流國際控股有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued shares are listed on the main board of the Stock Exchange

DEFINITIONS

“Completion”	the completion of the Share Purchase Agreement in accordance with its terms and conditions
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	the aggregate number of new Shares to be allotted and issued by the Company, credited as fully paid, which shall be the quotient of (a) the consideration for the Acquisition (as adjusted in accordance with the terms of the Share Purchase Agreement), as divided by (b) the issue price of HK\$9.2 per Share (round down to the nearest whole board lot of 1,000 Shares), subject however to the maximum number of Shares that may be issuable by the Company in accordance with the terms of the Share Purchase Agreement, for the purpose of settling the consideration for the Acquisition
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EBITDA”	earnings before interest, taxes, depreciation and amortization
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and (if though fit) approving the Share Purchase Agreement and the transactions contemplated thereunder
“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 Agreement and the transactions contemplated thereunder

DEFINITIONS

“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 Agreement and the transactions 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 Vendor and its associates and any Shareholder who has material interest in the Share Purchase Agreement and the transactions contemplated thereunder
“Last Trading Day”	30 December 2021, being the last trading day immediately prior to the signing of the Share Purchase Agreement
“Latest Practicable Date”	24 January 2022, 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”	30 April 2022, or such later date as CN HK and the Vendor may agree
“Maximum Additional Consideration Shares”	as defined in the paragraph headed “The Share Purchase Agreement – Consideration Shares” in the letter from the Board in this circular
“Mr. Lau”	Mr. Lau Shek Yau John, chairman of the Board and a non-executive Director
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

DEFINITIONS

“Sale Shares”	the entire issued share capital in Allport Cruise
“Settlement Date”	the 15th Business Day, if such day falls on a day which is not a Business Day the next Business Day, from the date of issue of the 2022 Audited Accounts
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of US\$0.001 each in the share capital of the Company
“Share Purchase Agreement”	the conditional share purchase agreement dated 31 December 2021 entered into by CN HK, the Vendor and Mr. Lau in respect of the Acquisition
“Shareholder(s)”	holder(s) of the Shares
“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 Consideration Shares to the Vendor on the Settlement Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the USA
“USA”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Vendor”	Cargo Services Seafreight Limited, an exempted company limited by shares incorporated in the Cayman Islands, being one of the controlling shareholders of the Company
“%”	per cent.

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

US\$1 : HK\$7.800

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

Ms. Augusta Morandin

Mr. Fabio Di Nello

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

31 January 2022

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARES IN ALLPORT CRUISE
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE TO A CONNECTED PERSON
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2021 in relation to the proposed Acquisition which constitute a discloseable transaction under Chapter 14 of the Listing Rule and a connected transaction of the Company under Chapter 14A of the Listing Rules, involving the issue of the Consideration Shares under the Specific Mandate.

The purpose of this circular is to provide you with, among other things, (i) further information on the Share Purchase Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares pursuant to the Acquisition) and the proposed grant of the Specific Mandate; (ii) the recommendation of the Independent Board

LETTER FROM THE BOARD

Committee to the Independent Shareholders in relation to the Share Purchase Agreement and the transactions 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 Agreement and the transactions contemplated thereunder; and (iv) other information as required to be contained in this circular under the Listing Rules.

THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are summarised below.

- Parties:**
- (i) CN HK, as the purchaser; and
 - (ii) The Vendor, as the vendor.

The Vendor is a controlling shareholder of the Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired: The entire issued share capital in Allport Cruise held by the Vendor.

Consideration for the Acquisition (the “Consideration”): HK\$185,840,000, subject to the adjustment as set out under “The Share Purchase Agreement – Adjustment to the Consideration” below in this letter from the Board.

Subject to Completion taking place, the Consideration shall be payable by CN HK to the Vendor by procuring the Company to allot and issue, credited as fully paid, the Consideration Shares to the Vendor at the issue price of HK\$9.2 per Share on the Settlement Date, provided that the Company shall only issue such number of Shares as Consideration Shares to the extent that the issue of the Consideration Shares will not render the Company not being able to satisfy the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules immediately upon the allotment and issue of the Consideration Shares, and the balance of the Consideration shall be satisfied by CN HK (“**Deferred Consideration**”) in the following manner:

- (a) One-third of the Deferred Consideration shall be payable by CN HK in cash on the Settlement Date;
- (b) One-third of the Deferred Consideration shall be settled by CN HK issuing and delivering to the Vendor on the Settlement Date an unsecured, non-interest bearing promissory note for the equivalent amount, which shall be due and redeemable by CN HK on or before the first Business Day after the first anniversary of the Settlement Date; and

LETTER FROM THE BOARD

- (c) One-third of the Deferred Consideration shall be settled by CN HK issuing and delivering to the Vendor on the Settlement Date an unsecured, non-interest bearing promissory note for the equivalent amount, which shall be due and redeemable by CN HK on or before the first Business Day after the second anniversary of the Settlement Date.

The Consideration for the Acquisition was determined after arm's length negotiations between CN HK and the Vendor, with reference to, among other factors:

- (i) the historical consolidated financial performance of Allport Cruise Group of recent financial years and the growth in the financial performance of Allport Cruise Group for the ten months ended 31 October 2021 as compared to the corresponding period in 2020. Allport Cruise Group recorded a consolidated profit after tax of approximately US\$537,300 (equivalent to approximately HK\$4,190,940) and US\$539,400 (equivalent to approximately HK\$4,207,320) for the year ended 31 December 2019 and 2020, respectively. The consolidated profit after tax of Allport Cruise Group for the ten months ended 31 October 2021 further reached approximately US\$1,433,000 (equivalent to approximately HK\$11,177,400), representing an increase of approximately 212.9% from its consolidated profit after tax for the corresponding period in 2020 of approximately US\$458,000 (equivalent to approximately HK\$3,572,400), following the incorporation of Allport Cruise Services Inc. (a member of the Allport Cruise Group) ("**Allport US**") which started its operation in January 2021. Since then, the Allport Cruise Group no longer provides its freight forwarding services through agents and directly deals with the cruise operators. The change in business model allows the Allport Cruise Group to increase its gross profit margin through eliminating the cost of profit share with third party agents and provide greater flexibility in setting its service fees. As a result, the gross profit margin of Allport Cruise Group has increased significantly from 7.6% for the year ended 31 December 2020 to 21.3% for the ten months ended 31 October 2021. For further details of the historical financial performance of the Allport Cruise Group, please refer to the section headed "Information of Allport Cruise – Financial Information of Allport Cruise Group" below;

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- (ii) the business development and future prospects of the Allport Cruise Group taking into account the drydock contracts concluded with several cruise operators. As confirmed by the Vendor, based on the drydock contracts concluded as at the date of the Share Purchase Agreement which had a total contract sum of over US\$15,000,000, the target consolidated profit after tax of Allport Cruise Group for the year ending 31 December 2022 of US\$2,000,000 (the “**Benchmark**”), which was used by the parties as benchmark for the determination and adjustment of the Consideration as further explained below, could be reasonably achievable. While the operations of the Allport Cruise Group can be adversely affected by the COVID-19 pandemic as a result of, among others, any restrictions or other obstruction of business activities in the cruise industry or any delay in schedule on the implementation of any drydock contracts, and it is expected that there would continue to be fluctuations in the circumstances of the pandemic, such fluctuations are not expected to have a material adverse impact on the business and operation of the Allport Cruise Group provided that (i) over 80% of the revenue of the Allport Cruise Group in 2020 and 2021 was generated from logistics services provided to drydocks which are mainly used for the maintenance and repair of cruise ships; (ii) demand for drydock logistic solutions from the cruise operators had remained stable in 2020 and 2021 despite the outbreak of the COVID-19 pandemic as regular maintenance and repair of cruise ships would still be conducted despite the decrease in cruise travel; and (iii) based on the communications with cruise operators, as at the Latest Practicable Date, there was no expected delay in the schedule of any drydock projects of the Allport Cruise Group;

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- (iii) the expected continuous increase in ocean freight rate in 2022 and recovery of the cruise industry in long-run. According to a global maritime research consultant with over 40 years of experience and offices established in London, India, Singapore and the PRC, the overall ocean freight rates (calculated based on the spot freight rates of a 40 feet container of the major ocean freight routes between the PRC, the USA and Europe) had recorded a year-to-year increase of over 80% from January 2021 to January 2022. The Company considers that such increase was primarily attributable to the increase in demand for shipping of goods arising from, amongst other things, travel restrictions, quarantine requirements and work-from-home arrangements in response to the COVID-19 pandemic. With the continuing uncertainties in the development of the COVID-19 pandemic, it is expected that restrictions and preventive measures will remain in force in certain countries and regions in the near future and therefore the ocean freight rate will remain high in 2022. On the other hand, after the suspension of cruise travels since the outbreak of the COVID-19 pandemic, cruise operators have been enhancing the hygiene and preventive measures in order to relaunch cruise travel while complying the applicable preventive measures and, in 2021, certain cruise trips have been launched. In view of the increasing public demand to travel, the Board is of the view that the cruise industry would gradually recover when the current wave of the pandemic is brought under control;
- (iv) the reasons for, and benefits of, the Acquisition to the Group as set out under the section headed “Reasons for, and benefits of, the Acquisition” below; and

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- (v) the valuation of Allport Cruise based on the market approach as at 31 October 2021 prepared by an independent valuer, indicating the valuation of the Sale Shares at approximately HK\$186,000,000 (the “**Valuation**”), which was arrived at based on an expected enterprise-value-to-EBITDA ratio of approximately 11.8 times (with reference to the mean excluding outliers of the enterprise-value-to-EBITDA ratio of the selected comparable companies) and represents an implied price-to-earnings ratio of 15.06 times based on the unaudited consolidated profit after tax of Allport Cruise Group for the 12-month period ended 31 October 2021. Having considered the basis of the Valuation, including (without limitation), (i) the number and background information of the selected comparable companies; (ii) the mean and median of the price-to-earnings ratio and enterprise-value-to-EBITDA ratio of the selected comparable companies; (iii) the bases of adopting the mean excluding outlier of the enterprise-value-to-EBITDA ratio of the selected comparable companies in arriving at the Valuation; and (iv) the reference to the unaudited consolidated financial statements of Allport Cruise Group for the 12-month period ended 31 October 2021, the Directors are of the view that the Valuation is fair and reasonable. In particular, the Company considered that the valuation of the Sale Shares would not be jeopardized by the reference to the unaudited consolidated financial statements of Allport Cruise Group as the Consideration is subject to further adjustments to be made based on the 2022 Audit Accounts and therefore the final Consideration would still be determined with reference to the audited financial statements of Allport Cruise Group.

Based on (1) the historical financial information of Allport Cruise and its change of business model since January 2021; and (2) the future prospects of Allport Cruise Group and the cruise industry as set out in (ii) and (iii) above, particularly, the fact that majority of the revenue of Allport Cruise Group was attributable to drydock logistics services, the Board consider that the Benchmark is fair and reasonable. On such basis, the Consideration was determined with reference to the Benchmark and the Valuation as adjusted with reference to the expected benefits of the Acquisition to the Group as further discussed in the section headed “Reason for, and benefit of, the Acquisition” below.

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Adjustment to the Consideration:

Upward Adjustment: If the consolidated profit after tax of Allport Cruise Group for the year ending 31 December 2022 as shown in the 2022 Audited Accounts (the “**Actual Profit**”) equals to or exceeds US\$2,300,000, the Consideration shall be adjusted upward as follows:

$$AA = \text{HK\$}185,840,000 \times ((\text{APAT}/\text{US\$}2,000,000) - 115\% \text{ }^{(1)})$$

Where:

AA means the additional amount of Consideration payable by CN HK, subject to a maximum amount of HK\$92,920,000 ⁽²⁾

APAT means the Actual Profit

Downward Adjustment: If the Actual Profit falls below US\$2,000,000, the Consideration shall be reduced as follows:

$$AR = \text{HK\$}185,840,000 \times ((\text{APAT}/\text{US\$}2,000,000) - 100\%)$$

Where:

AR means the amount of Consideration to be reduced, subject to a maximum amount of HK\$185,840,000 ⁽³⁾

Notes:

- (1) Based on the commercial negotiations between CN HK and the Vendor, it is agreed that upward adjustment of the Consideration would be triggered when the Actual Profit is more than 15% higher than the Benchmark. On the basis that, (i) the initial Consideration was determined with reference to the Benchmark, having taken into account certain degree of possible deviation in the Actual Profit; and (ii) no additional Consideration would be payable by CN HK if the Actual Profit is higher than the Benchmark for less than 15%, the Directors consider that the 15% threshold in the upward adjustment mechanism of the Consideration is fair and reasonable and in the interests of the Company as a whole.
- (2) The maximum upward adjustment amount of HK\$92,920,000, representing 50% of the initial Consideration, was determined with reference to the potential performance of the Allport Cruise Group for the year ending 31 December 2022 in the best case scenario (i.e. after taking into consideration potential orders which had not been concluded as at the date of the Share Purchase Agreement). The Directors consider that the maximum upward adjustment amount is fair and reasonable and in the interests of the Group as (i) the Group would also be benefited if the Actual Profit is higher than the Benchmark as the consolidated financial results of the Allport Cruise Group would be fully consolidated into the Group’s financial statement upon Completion; and (ii) the Consideration would be capped at HK\$278,760,000 even if the Actual Profit shall exceed US\$3,300,000.

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- (3) The maximum downward adjustment amount of HK\$185,840,000 represents 100% of the initial Consideration. Accordingly, in the event that the Allport Cruise Group does not record any profit for the year ending 31 December 2022, CN HK will not be required to pay any Consideration for the Acquisition.
- (4) Based on paragraphs (1) to (3) above, the Board considers that the adjustment mechanism of the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Consideration Shares:

Assuming no adjustment is made to the Consideration, 20,200,000 Consideration Shares will be issuable by the Company, and will represent (i) approximately 7.3% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 6.8% of the enlarged issued share capital of the Company immediately following the allotment and issue of the Consideration Shares. The issuance of the Consideration Shares would result in a dilution of approximately 6.8% in the shareholdings of the Independent Shareholders, and a discount of approximately 0.6% from the benchmarked price of HK\$10.1 per Share (being the closing price of the Share on the date of the Share Purchase Agreement) to the theoretical diluted price of approximately HK\$10.04 per Shares (as calculated by dividing (i) the sum of the market capitalization of the Company as at the date of the Share Purchase Agreement and the aggregate issued price of the Consideration Shares; by (ii) the total number of Shares as enlarged by the issue of the Consideration Shares).

Assuming the upward adjustment is triggered to its fullest extent, additional Consideration of HK\$92,920,000 would be payable by CN HK and the total Consideration would be increased to HK\$278,760,000 (the “**Maximum Consideration**”). Based on the issue price of HK\$9.2 per Shares, a maximum of 30,300,000 Consideration Shares (“**Maximum Additional Consideration Shares**”) shall be issued by the Company to settle the Maximum Consideration.

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Based on the shareholding structure of the Company as at the Latest Practicable Date, the issuance of the Maximum Addition Consideration Shares would render the Company not being able to satisfy the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules. Assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to the Settlement Date, the Maximum Additional Consideration Shares would not be issuable and the Maximum Consideration shall be settled in the following manner:

- (a) as to HK\$224,378,800 by the issuance of 24,389,000 Consideration Shares (the “**Adjusted Consideration Shares**”) on the Settlement Date;
- (b) as to HK\$18,127,067 in cash on the Settlement Date;
- (c) as to HK\$18,127,067 by way of issue of an unsecured, non-interest bearing promissory note for the equivalent amount, which shall be due and redeemable by CN HK on or before the first Business Day after the first anniversary of the Settlement Date; and
- (d) as to HK\$18,127,066 by way of issue of unsecure, non-interest bearing promissory note for the equivalent amount, which shall be due and redeemable by CN HK on or before the first Business Day after the second anniversary of the Settlement Date.

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The Adjusted Consideration Shares will represent (i) approximately 8.8% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 8.1% of the enlarged issued share capital of the Company immediately following the allotment and issue of the Adjusted Consideration Shares. The issuance of the Adjusted Consideration Shares would result in a dilution of approximately 8.1% in the shareholdings of the Independent Shareholders and a discount of approximately 0.7% from the benchmarked price of HK\$10.1 per Share (being the closing price of the Share on the date of the Share Purchase Agreement) to the theoretical diluted price of approximately HK\$10.03 per Shares (as calculated by dividing (i) the sum of the market capitalization of the Company as at the date of the Share Purchase Agreement and the aggregate issued price of the Adjusted Consideration Shares; by (ii) the total number of Shares as enlarged by the issue of the Adjusted Consideration Shares).

The issue price of HK\$9.2 per Consideration Share represents:

- (i) a discount of approximately 8.9% to the closing price of HK\$10.1 per Share as quoted on the Stock Exchange on 31 December 2021, being the date of the Share Purchase Agreement;
- (ii) a discount of approximately 7.4% to the average closing price of approximately HK\$9.93 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 1.3% to the closing price of approximately HK\$9.32 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The issue price of the Consideration Share was determined after arm's length negotiations between CN HK and the Vendor with reference to the average closing price of the Shares of HK\$8.93 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day (the "**Reference Period**") and the issue price of the Shares to an independent third party in December 2021. As the price of the Shares has been relatively fluctuating during the period from October 2021 and up to the Latest Trading Day, ranging from the highest closing price per Share of HK\$10.84 to the lowest closing price of HK\$7.83, the Directors consider that the average closing price of the Shares for a relatively longer period of time would better represent the market price of the Shares and thus it is fair and reasonable to determine the issue price of the Consideration Shares with reference to the Share price during the Reference Period.

**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:**

The Vendor and Mr. Lau (as the covenantor) jointly and severally undertakes and warrants to CN HK that, without the prior written consent of CN HK, the Vendor shall not, and Mr. Lau shall procure the Vendor 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 Consideration Shares held by the Vendor 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 36 months after the Issue Date.

Conditions:

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

- (a) none of the warranties of the Vendor 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;

LETTER FROM THE BOARD

- (b) CN HK having completed and is satisfied with the results of its due diligence review on the assets, liabilities, financial, tax and business of the Allport Cruise Group and the Sale Shares;
- (c) 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
- (d) the approval by the Independent Shareholders of the transactions contemplated in the Share Purchase Agreement 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.

CN HK may at its sole and absolute discretion and at any time waive in writing conditions (a) and (b). None of the parties may waive conditions (c) and (d). 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 Vendor may agree), the Share Purchase Agreement shall cease and determine and none of the parties shall have any obligations and liabilities under the Share Purchase Agreement save for any antecedent breaches of the terms thereof.

Completion

Subject to the fulfillment of conditions (c) and (d) and the fulfillment or waiver (as the case may be) of conditions (a) and (b) 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, (i) none of the conditions of the Share Purchase Agreement had been fulfilled or waived (as the case may be); and (ii) CN HK had no intention to waive any conditions of the Share Purchase Agreement.

MANDATE FOR ISSUE OF THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the EGM. The Directors are of the view that the settlement of the Consideration by way of issuance of the Consideration Shares is in the best interest of the Company and its Shareholders as a whole on the basis that (i) based on the interim report of the Group for the six-month period ended 30 June 2021, the cash and cash equivalent available to the Group was approximately HK\$235.6 million which was retained by various operating subsidiaries of the

LETTER FROM THE BOARD

Company as working capital; (ii) based on the preliminary enquiry with banks, the bank loans and facilities available to the Group were insufficient to settle the entire Consideration; and (iii) the settlement of the Consideration by the issuance of Consideration Shares would allow the Company to retain its cash resources for its business operation and development.

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 ACQUISITION

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

The Directors expect that the Acquisition will enable the Group to expand its global presence and customer base, to strengthen its network in Europe and Asia, and to build up its reputation in the USA, all of which are expected to further enhance the business growth of the Group. In particular, it is expected that, by leveraging the business networks of the Allport Cruise Group, the Group would be able to expand its freight forwarding services and distribution and logistics services into the USA and European regions in which the Group does not currently have a local presence. The Acquisition will also provide the Group with an opportunity to expand into Cruise Business which requires specific expertise in the loading of parts and equipment and other supplies to be used by cruise ships and connections among cruise operators. Such expansion is expected to create a synergy with the Group’s air and ocean freight forwarding services as the Group would be able to, on one hand, offer more comprehensive services covering the delivery from other countries to the USA and the delivery to cruise ships and drydocks within the USA and, on the other hand, leverage the Group’s reputation in the global logistics industry in expanding the customer base of the Cruise Business, and open up a new stream of revenue generating operation for the Group. Furthermore, the Acquisition will further strengthen the financial performance of the Group as, upon Completion, Allport Cruise will become an indirect wholly owned subsidiary of the Company and its consolidated financial results will be fully consolidated into the Group’s financial statements.

LETTER FROM THE BOARD

INFORMATION OF ALLPORT CRUISE

Allport Cruise is a company incorporated in the British Virgin Islands with limited liability. Allport Cruise is an investment holding company and, through its subsidiaries, engages in Cruise Business. Upon Completion, Allport Cruise will become an indirect wholly owned subsidiary of the Company.

Financial information of Allport Cruise Group

The following is the unaudited consolidated financial information of Allport Cruise Group for the two years ended 31 December 2019 and 2020 and the ten months ended 31 October 2020 and 2021:

	For the year ended 31 December				For the ten months ended 31 October			
	2019		2020		2020		2021	
	<i>(equivalent</i>		<i>(equivalent</i>		<i>(equivalent</i>		<i>(equivalent</i>	
	<i>(US\$)</i>	<i>to HK\$)</i>	<i>(US\$)</i>	<i>to HK\$)</i>	<i>(US\$)</i>	<i>to HK\$)</i>	<i>(US\$)</i>	<i>to HK\$)</i>
Revenue	6,551,000	51,097,800	13,987,500	109,102,500	12,516,000	97,624,800	17,791,600	138,774,480
Profit before taxation	537,300	4,190,940	696,200	5,430,360	599,000	4,672,200	1,758,000	13,712,400
Profit after taxation	537,300	4,190,940	539,400	4,207,320	458,000	3,572,400	1,433,000	11,177,400

Based on the unaudited consolidated financial statements of Allport Cruise Group for the year ended 31 December 2020, the net asset value of Allport Cruise Group was approximately US\$1,639,000 (equivalent to HK\$12,784,200) as at 31 December 2020. Based on the unaudited consolidated financial statements of Allport Cruise Group for the ten months ended 31 October 2021, the net asset value of Allport Cruise Group was approximately US\$3,072,000 (equivalent to HK\$23,961,600) as at 31 October 2021. The substantial increase in profit after taxation during the ten months ended 31 October 2021 as compared to the corresponding period in 2020 was mainly attributable to (i) the incorporation of Allport US which started its operations in January 2021. Since then, the Allport Cruise Group no longer provides its freight forwarding services through agents and directly deals with the cruise operators resulting in the increase in gross profit margin from approximately 7.6% for the year ended 31 December 2020 to approximately 21.3% for the ten months ended 31 October 2021 as the costs of profit sharing with agents was eliminated, (ii) the increase in ocean freight rate charged by Allport Cruise Group, and (iii) the increase in the number of cruise operators placing orders with Allport US.

The original investment cost for the entire issued share capital in Allport Cruise paid by the Vendor was US\$50,000 (equivalent to HK\$390,000).

INFORMATION OF THE COMPANY, CN HK AND THE VENDOR

The Company is an investment holding company, 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.

LETTER FROM THE BOARD

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.

The Vendor is an exempted company limited by shares incorporated in the Cayman Islands. The Vendor is an investment holding company, and through its subsidiaries, principally engages in the provision of air and/or ocean freight forwarding services.

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		Immediately upon issue of the Consideration Shares, on the assumption that no adjustment is made to the Consideration		Immediately upon issue of the Adjusted Consideration Shares, on the assumption that the upward adjustment of the Consideration had been fully exercised	
	Number of Shares	%	Number of Shares (Note 1)	%	Number of Shares (Note 2)	%
Connected persons						
Cargo Services (Logistics) Limited (“CS Logistics”) (Note 3)	158,480,222	57.4	158,480,222	53.5	158,480,222	52.7
The Vendor (Note 3)	–	–	20,200,000	6.8	24,389,000	8.1
Mr. Ngan Tim Wing (“Mr. Ngan”) (Note 4)	21,241,203	7.7	21,241,203	7.2	21,241,203	7.1
Ms. Chen Nga Man (“Ms. Chen”) (Note 4)	1,256,099	0.5	1,256,099	0.4	1,256,099	0.4
Mr. Fabio Di Nello (“Mr. Di Nello”) (Note 4)	10,000,000	3.6	10,000,000	3.4	10,000,000	3.3
Ms. Augusta Morandin (“Ms. Morandin”) (Note 4)	10,000,000	3.6	10,000,000	3.4	10,000,000	3.3
Sub-total:	<u>200,977,524</u>	<u>72.8</u>	<u>221,177,524</u>	<u>74.7</u>	<u>225,366,524</u>	<u>75.0</u>
Public						
Public Shareholders	<u>75,122,476</u>	<u>27.2</u>	<u>75,122,476</u>	<u>25.3</u>	<u>75,122,476</u>	<u>25.0</u>
Total:	<u><u>276,100,000</u></u>	<u><u>100.0</u></u>	<u><u>296,300,000</u></u>	<u><u>100.0</u></u>	<u><u>300,489,000</u></u>	<u><u>100.0</u></u>

LETTER FROM THE BOARD

Notes:

1. Without taking into account any Shares which may be allotted pursuant to the upward adjustments as set out under the paragraph headed “The Share Purchase Agreement – Adjustment to Consideration” in this letter from the Board.
2. Pursuant to the terms of the Share Purchase Agreement, the Company shall only issue such number of Shares as Consideration Shares to the extent that the issue of the Consideration Shares will not render the Company not being able to satisfy the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules immediately upon the allotment and issue of the Consideration Shares, and the balance of the Consideration shall be satisfied by CN HK partly by cash and partly by the issue of two promissory notes on the Settlement Date in the manner as set out under the paragraphs headed “The Share Purchase Agreement – Consideration for the Acquisition” and “– Consideration Shares” in this letter from the Board.
3. CS Logistics is owned as to 75.0% by the Vendor, 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**”). Hundred Honest is owned as to 80.0% by Mr. Lau. Mr. Lau is the chairman of the Board and a non-executive Director.
4. Each of Mr. Ngan, Ms. Chen, Ms. Morandin and Mr. Di Nello is an executive Director. Mr. Ngan is also the chief executive officer of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Discloseable Transaction

As the highest of the applicable percentage ratios in respect of the transactions contemplated under the Share Purchase Agreement is more than 5% but below 25%, the transactions contemplated under the Share Purchase Agreement will constitute a discloseable transaction 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 Transaction

As at the Latest Practicable Date, the Vendor is a controlling shareholder of the Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Share Purchase Agreement 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.

As at the Latest Practicable Date, the Vendor is ultimately owned as to 99.98% by Mr. Lau (the chairman of the Board and a non-executive Director) and 0.02% by Ms. Cynthia Lau (the daughter of Mr. Lau). As Mr. Lau is materially interested in the transactions contemplated under the Share Purchase Agreement by virtue of his indirect interest in the Vendor, he has abstained from voting on the resolution(s) passed at the Board meeting for approving the Share Purchase Agreement and the transactions contemplated thereunder. Save for Mr. Lau, none of the other Directors is or is deemed to have a material interest in the transactions contemplated under the

LETTER FROM THE BOARD

Share Purchase Agreement thus was required to abstain from voting on the resolution(s) at the Board meeting for considering and approving the transactions contemplated under the Share Purchase Agreement.

The Vendor, its associates and any Shareholder who has material interest in the Share Purchase Agreement and the 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 Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares to the Vendor pursuant to the Acquisition). As at the Latest Practicable Date, the Vendor owned 75.0% of CS Logistics, which in turn held 158,480,222 Shares, representing approximately 57.4% of the entire issued Shares. Accordingly, CS Logistics will be required to abstain from voting at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, apart from CS Logistics, no other Shareholder had a material interest in the Acquisition and the issue of the Consideration Shares pursuant to the Specific Mandate, and accordingly, no other 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 Wah Street, Tsuen Wan, Hong Kong on Wednesday, 23 February 2022 at 10:00 a.m. for the purpose of approving, among other matters, the Share Purchase Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate for the allotment of the Consideration Shares by way of poll. A notice convening the EGM is set out on pages 96 to 97 of this circular.

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, 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 Monday, 21 February 2022 (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.

LETTER FROM THE BOARD

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 Agreement and the transactions contemplated thereunder, 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 Agreement and the Acquisition 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 resolution(s) to be proposed at the EGM to approve the Share Purchase Agreement, the transactions contemplated thereunder and the issue of the Consideration Shares under the Specific Mandate.

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 Agreement – 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 Agreement and the transactions 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)

31 January 2022

To the Independent Shareholders

Dear Sirs or Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARES IN ALLPORT CRUISE
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE TO A CONNECTED PERSON
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 31 January 2022 (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 Agreement 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 Agreement and the transactions 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 Agreement is not in the ordinary and usual course of business of the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Company, the terms of the Share Purchase Agreement and the transactions 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.

Accordingly, we consider that all resolution(s) 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, the Independent Financial Adviser, for the purpose of inclusion in this circular.



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

31 January 2022

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

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARES IN
ALLPORT CRUISE
INVOLVING THE ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE TO A CONNECTED PERSON**

INTRODUCTION

We refer to the circular of CN Logistics International Holdings Limited dated 31 January 2022 (the *Circular*), of which this letter forms part, regarding the Acquisition. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

The Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules. The Vendor is a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Acquisition is subject to, among others, the approval of the Independent Shareholders at the EGM by way of poll. The Vendor and its associates, and any Shareholder who has a material interest in the Acquisition, shall abstain from voting at the EGM in respect of the Share Purchase Agreement and the transactions contemplated thereunder. Details regarding the EGM are set out in the Circular.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders as a whole as well as to advise the Independent Shareholders on how to vote at the EGM in respect of the Acquisition.

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 Acquisition is on normal commercial terms and in the ordinary and usual course of business of the Group, whether the terms of the Acquisition 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 Acquisition. The advice of the Independent Board Committee as regards the Acquisition is contained in its letter included in the Circular.

Save for the Group's acquisition of the remaining issued shares in CN Logistics S.R.L. and CN LOGISTICS SA from their then substantial shareholders (*November '21 Acquisition*), on which we, Shenwan Hongyuan Capital (H.K.) Limited, opined in the circular of the Company dated 19 October 2021, we 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 Acquisition, 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 and the Allport Cruise 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 Acquisition:

Background of the Acquisition

On 31 December 2021 (after trading hours), CN HK (an indirect wholly owned subsidiary of the Company) entered into the Share Purchase Agreement with the Vendor pursuant to which CN HK has conditionally agreed to acquire from the Vendor the Sale Shares at the aggregate consideration of HK\$185,840,000 (subject to adjustment). The consideration for the Acquisition will be primarily settled by the allotment and issue of the Consideration Shares.

The subject matter of the Acquisition is the Allport Cruise Group which carries out the Cruise Business. Upon Completion, Allport Cruise will become an indirect wholly owned subsidiary of the Company.

The Vendor is a controlling shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

The Share Purchase Agreement

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

- Parties:**
- (i) CN HK, as the purchaser; and
 - (ii) The Vendor

Assets to be acquired: The entire issued share capital in Allport Cruise held by the Vendor

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consideration: HK\$185,840,000 (subject to adjustment)

Subject to Completion taking place, the Consideration shall be payable by CN HK to the Vendor by procuring the Company to allot and issue, credited as fully paid, the Consideration Shares to the Vendor at the issue price of HK\$9.20 per Share on the Settlement Date, provided that the Company shall only issue such number of Shares as the Consideration Shares to the extent that the issue of the Consideration Shares will not render the Company not being able to satisfy the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules immediately upon the allotment and issue of the Consideration Shares, and the Deferred Consideration shall be satisfied by CN HK in the following manner:

- (i) One-third of the Deferred Consideration shall be payable by CN HK in cash on the Settlement Date;
- (ii) One-third of the Deferred Consideration shall be settled by CN HK issuing and delivering to the Vendor on the Settlement Date an unsecured, non-interest bearing promissory note for the equivalent amount, which shall be due and redeemable by CN HK on or before the first Business Day after the first anniversary of the Settlement Date; and
- (iii) One-third of the Deferred Consideration shall be settled by CN HK issuing and delivering to the Vendor on the Settlement Date an unsecured, non-interest bearing promissory note for the equivalent amount, which shall be due and redeemable by CN HK on or before the first Business Day after the second anniversary of the Settlement Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Adjustment to the Consideration: *Upward adjustment:* If the consolidated profit after tax of the Allport Cruise Group for the year ending 31 December 2022 (the **2022 APAT**) as shown in the 2022 Audited Accounts equals to or exceeds US\$2,300,000, the Consideration shall be adjusted upward as follows:

$$AA = \text{HK\$}185,840,000 \times ((\text{APAT} \div \text{US\$}2,000,000) - 115\%)$$

where:

AA means the additional amount of the Consideration payable by CN HK, subject to a maximum amount of HK\$92,920,000

APAT means the 2022 APAT as shown in the 2022 Audited Accounts

Downward adjustment: If the 2022 APAT as shown in the 2022 Audited Accounts falls below US\$2,000,000, the Consideration shall be reduced as follows:

$$AR = \text{HK\$}185,840,000 \times ((\text{APAT} \div \text{US\$}2,000,000) - 100\%)$$

where:

AR means the amount of the Consideration to be reduced, subject to a maximum amount of HK\$185,840,000

Consideration Shares: In the event that no adjustment is made to the Consideration, 20,200,000 Consideration Shares will be issuable by the Company.

Conditions: Completion of the Share Purchase Agreement 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 Vendor 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) CN HK having completed and is satisfied with the results of its due diligence review on the assets, liabilities, financial, tax and business of the Allport Cruise Group and the Sale Shares;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) 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
- (iv) the approval by the Independent Shareholders of the transactions contemplated in the Share Purchase Agreement 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.

CN HK may at its sole and absolute discretion and at any time waive in writing conditions (i) and (ii). None of the parties may waive conditions (iii) and (iv). 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 Vendor may agree), the Share Purchase Agreement shall cease and determine and none of the parties shall have any obligations and liabilities under the Share Purchase Agreement save for any antecedent breaches of the terms thereof.

Completion:

Subject to the fulfillment or waiver (as the case may be) of conditions (i) and (ii) and the fulfillment of conditions (iii) and (iv) 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, (a) none of the conditions of the Share Purchase Agreement had been fulfilled or waived (as the case may be); and (b) CN HK had no intention to waive any conditions of the Share Purchase Agreement.

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 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.

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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, with its well-developed local presence in Asia and European regions, the Group has been able to enhance and expand its customer base by sourcing new sizeable customers from different sectors. These opportunities allowed the Group to further broaden its customer base which has significantly improved its operational and financial performance.

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. Further details in this regard are set out in the announcements of the Company dated 18 May 2021 and 3 June 2021.

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 18 October 2021, CS (Logistics) transferred 4,000,000 existing Shares at HK\$7.60 each (**October '21 Transfer Price**) to L8MU Investment Limited, a family office independent of the Company and its connected persons. Further details regarding these share transfers are set out in the announcements of the Company dated 9 July 2021 and 20 September 2021.

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On 17 November 2021, the Company allotted and issued an aggregate of 20,000,000 consideration Shares at HK\$8.00 each (*November '21 Issue Price*) to the vendors in connection with the November '21 Acquisition. Further details regarding completion of such acquisition are set out in the announcement of the Company dated 17 November 2021.

On 8 December 2021, the Company completed a placing of 1,100,000 new Shares at HK\$9.20 each (*December '21 Placing Price*), which were allotted and issued to YesAsia Holdings Limited, a third party independent of the Company and its connected persons, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2209). Further details in this regard are set out in the announcements of the Company dated 29 November 2021 and 8 December 2021.

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, 2020 annual report and 2021 interim report:

	Six months ended		Year ended 31 December		
	30 June				
	2021	2020	2020	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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>

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	Six months ended		Year ended 31 December		
	30 June		2020	2019	2018
	2021	2020	2020	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>(19,389)</u>	<u>(15,842)</u>	<u>(34,693)</u>	<u>(23,378)</u>	<u>(20,886)</u>
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	<u>12,154</u>	<u>9,316</u>	<u>26,490</u>	<u>20,936</u>	<u>18,122</u>
	<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>

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.

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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.

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.

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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
	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
	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
	444,949	482,961
NET CURRENT ASSETS	273,128	270,435
TOTAL ASSETS LESS CURRENT LIABILITIES	559,415	561,639

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	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 the Allport Cruise Group

According to the Circular, the Allport Cruise Group carries out the Cruise Business, which is referred to as the provision of air and ocean freight forwarding services to global cruise operators, including the provision of shipments of supplies for drydocks on a project basis and cruise replenishment.

Upon Completion, Allport Cruise will become an indirect wholly owned subsidiary of the Company.

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Financial Information of the Allport Cruise Group

Set out below was the financial information of the Allport Cruise Group disclosed in the Circular, where it also contains the original figures in US\$:

	Ten months ended		Year ended 31 December	
	31 October		2020	2019
	2021	2020	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	138,774	97,625	109,103	51,098
Profit before taxation	13,712	4,672	5,430	4,191
Profit after taxation	11,177	3,572	4,207	4,191

The Allport Cruise Group had net assets of approximately HK\$24.0 million as at 31 October 2021.

On a period-to-period basis, the Allport Cruise Group recorded growth in revenue by 42.2% to US\$17.8 million (or HK\$138.8 million) and profit after taxation by 212.9% to US\$1.4 million (or HK\$11.2 million) for the 10-month period ended 31 October 2021. It is disclosed in the Circular that such increases were primarily due to increases in the ocean freight rates charged by the Allport Cruise Group and the number of orders placed by the cruise operators (i.e. customers of the Allport Cruise Group). In addition, the Allport Cruise Group managed to deal with the cruise operators direct (instead of providing freight forwarding services through agents and hence sharing profit with them) such that the profitability of the Allport Cruise Group has been enhanced.

Valuation of the Allport Cruise Group

Set out in Appendix I to the Circular is the valuation of the Allport Cruise Group which has been independently conducted by Asset Appraisal Limited (*Valuer*) in accordance with the generally accepted valuation procedures and practices contained in the International Valuation Standards published by the International Valuation Standards Council on 31 July 2021.

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. We have interviewed the Valuer and reviewed its terms of engagement in connection with the Acquisition. We are satisfied that

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the Valuer's scope of work is appropriate, and the Valuer is qualified and independent, for the purposes of valuation in the context of the Acquisition.

Typically, there are three approaches to the valuation of the Allport Cruise Group, 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 the Allport Cruise Group. In order to reflect the latest financial performance of the Allport Cruise Group, the Valuer has 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 October 2021) to determine the fair value of the Allport Cruise Group.

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 comparables. 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 the Allport Cruise Group.

In determining the fair value of the Allport Cruise Group, the Valuer has made the key assumptions set out in "Scope of Work and Key Assumptions" in Appendix I to the Circular that the Allport Cruise Group carries out its business in a usual manner without major disruptions, which we consider are fair and reasonable.

Set out below is the value attributable to the Sale Shares as at 31 October 2021 as extracted from Appendix I to the Circular:

	<i>HK\$ million</i>
Trailing 12-month EBITDA	15.11
Expected EV-to-EBITDA ratio (<i>times</i>)	11.80
Determined EV	178.30
<i>Add back:</i> Cash	7.82
<i>Less:</i> Debt	–
Value attributable to the Sale Shares (rounded)	186.00

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(i) Trailing 12-month EBITDA

As opposed to net profit, EBITDA has been used by the Valuer for the valuation of the Allport Cruise Group. We consider that both EBITDA and 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) 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 net profit is used.

EBITDA for the 12-month period from 1 November 2020 to 31 October 2021 for the Allport Cruise Group has been used. We consider that it is reasonable to use such EBITDA because the Allport Cruise Group has recorded considerable growth in its business in terms of revenue and profit after taxation for the 10-month period ended 31 October 2021 as discussed in “Principal Factors and Reasons Considered – Financial Information of the Allport Cruise Group” in this letter, and the valuation based on such EBITDA will be more reflective of the latest financial performance of the Allport Cruise Group.

(ii) EV-to-EBITDA ratio

In calculating the EV of the Allport Cruise Group, an EV-to-EBITDA ratio based on selected samples has been used by the Valuer.

The selected samples have to meet the pre-set criteria set out in “Valuation Methodology – Selection of Comparable Companies” in Appendix I to the Circular. We have reviewed such criteria which are found to be of particular relevance to the context of the Acquisition where, among others, selected comparable companies have to be primarily involved in the logistics related operations on an asset light basis and have the capabilities of handling trans-border, multi-modal and controlled temperature logistics services. As such, we consider that the selection criteria for the purposes of valuation in the context of the Acquisition are fair and reasonable.

As part of the interview with the Valuer conducted by us, we were given to understand that the Valuer carried out the search for the comparable companies based on the pre-set criteria on Bloomberg. Such procedure ensures that the samples were impartially selected from a reliable information source. As such, we concur with the Valuer’s confirmation in Appendix I to the Circular that the selected samples are essentially exhaustive and representative for the purposes of valuation in the context of the Acquisition.

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Set out below are (a) the EV-to-EBITDA ratios, (b) the price-to-earnings (*PE*) ratios and (c) the price-to-sales (*PS*) ratios implied by the same set of selected samples in Appendix I to the Circular, which will be compared against the relevant ratios implied by the initial consideration for the Acquisition, and (d) the net profit margins of those selected samples, for our own further analysis on the valuation of the Allport Cruise Group based on the EV-to-EBITDA ratio:

Company ticker	EV-to- EBITDA ratio <i>(times)</i>	PE ratio <i>(times)</i>	PS ratio <i>(times)</i>	Net profit margin
1. KNIN SW	12.17	22.80	1.26	5.5%
2. CHRW US	13.16	16.44	0.61	3.7%
3. XPO US	12.11	32.04	0.51	1.6%
4. RLGT US	8.61	12.47	0.34	2.7%
5. HUBG US	9.91	24.65	0.67	2.7%
6. ECHO US	11.64	21.96	0.36	1.7%
7. JBHT US	14.53	30.84	1.83	5.9%
8. IDL FP	9.15	55.09	1.02	1.8%
9. NTG DC	20.83	39.91	1.80	4.5%
10. MFT NZ	17.86	36.80	2.15	5.8%
11. 9090 JP	20.68	35.90	1.70	4.7%
12. 2384 JP	8.27	14.27	0.44	3.1%
13. AGLL IN	7.66	19.45	0.63	3.2%
14. TCIEXP IN	38.58 ⁽¹⁾	52.69	8.34 ⁽¹⁾	15.8%
15. TASC0 MK	8.85	17.23	0.89	5.2%
16. ALCLA FP	9.86	14.82	0.41	2.8%
17. SNLL IN	13.13	329.65 ⁽¹⁾	2.88	0.9%
18. FSCSL IN	19.28	N/A ⁽²⁾	0.64	N/A ⁽²⁾
19. WWG AU	8.10	26.83	0.37	1.4%
20. LSTR US	13.59	20.19	1.14	5.7%
21. KNX US	8.28	14.91	1.73	11.6%
22. ULH US	6.36	7.69	0.34	4.4%
23. USX US	7.88	16.06	0.20	1.3%
24. 6123 HK	3.06	5.55	0.24	4.3%
25. 8035 HK	4.19	5.26	0.25	4.8%
26. 9086 JP	7.82	20.06	0.53	2.6%
27. DSV DC	22.63	39.06	2.21	5.7%
28. NLG1V FH	18.96	N/A ⁽²⁾	0.72	N/A ⁽²⁾
Maximum	22.63	55.09	2.88	15.8%
Minimum	3.06	5.26	0.20	0.9%
Mean	11.80	24.12	0.96	4.4%
Median	9.91	20.19	0.64	4.0%
The Allport Cruise Group	11.80	15.06	1.24	8.2%

Source: Bloomberg as at the valuation date of 31 October 2021

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Notes:

- (1) TCI Express Limited (ticker: TCIEXP IN) and Snowman Logistics Limited (ticker: SNLL IN) are considered by us and the Valuer as outliers due to their anomaly compared to the other samples with reference to the statistical observation of standard deviations of the selected samples. Further details in this regard are set out in Appendix I to the Circular.
- (2) Losses were reported.

The consideration for the Acquisition of HK\$185.84 million, which is supported by the fair value of the Allport Cruise Group of HK\$186.0 million, implies a PE ratio of 15.06 times based on the unaudited profit for the 12 months ended 31 October 2021 of HK\$12.34 million. Such PE ratio stands below the mean (24.12 times) and the median (20.19 times) of the PE ratios of the selected samples, and is placed in between the 7th and the 8th smallest PE ratios among the selected samples (exclusive of an outlier (Snowman Logistics Limited (ticker: SNLL IN))). So, the PE ratio of 15.06 times can be considered relatively low (cheap) compared to those implied by the selected samples. As such, we consider that the initial consideration for the Acquisition is fair and reasonable from the perspective of the PE ratio analysis.

The consideration for the Acquisition of HK\$185.84 million implies a PS ratio of 1.24 times based on the unaudited revenue of the Allport Cruise Group for the 12 months ended 31 October 2021 of HK\$150.25 million. Such PS ratio stands above the mean (0.96 time) and the median (0.64 time) of the PS ratios of the selected samples. The Directors consider that the relatively high level of PS ratio implied by the initial consideration for the Acquisition may be due to the relatively low level of revenue that is required by the Allport Cruise Group to generate its profit for the year. We see that the net profit margin of 8.21% of the Allport Cruise Group for the 12 months ended 31 October 2021 ranks the third highest among the selected samples. As such, we consider that the PS ratio of 1.24 times implied by the initial consideration for the Acquisition which falls within the range of the PS ratios implied by the selected samples is fair and reasonable, given that the initial consideration for the Acquisition is found to be fair and reasonable from the perspective of the PE ratio analysis as discussed herein.

The EV-to-EBITDA ratio adopted by the Valuer is 11.80 times in supporting the fair value of the Allport Cruise Group of HK\$186.0 million, which represents the mean of the EV-to-EBITDA ratios of the selected samples. This ratio ranks no higher than the second sample of 12.11 times (i.e. XPO Logistics, Inc. (ticker: XPO US)) after the median of 9.91 times (i.e. Hub Group, Inc. (ticker: HUBG US)). So, the mean of 11.80 times and the median of 9.91 times are in relatively close proximity to each other in terms of their places in the selected samples. In addition, the Valuer is of the view (*Valuer's View*) that the sample median indicates only the middle point of the selected samples whereas the sample mean is considered to be a more representative value of the selected samples as it makes use of all the data values within the selected samples and the determined sample mean is affected by every single data value of the selected samples. Accordingly, the Valuer has adopted the mean of the EV-to-EBITDA ratios of 11.80 times as opposed to their median of 9.91 times for the valuation of the Allport Cruise Group.

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Having considered the Valuer's View and that the initial consideration for the Acquisition is fair and reasonable from the perspective of the PE ratio and PS ratio analysis as discussed herein, we consider that the EV-to-EBITDA ratio of 11.80 times adopted by the Valuer in supporting the fair value of the Allport Cruise Group of HK\$186.0 million is fair and reasonable.

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), the selection of pricing multiple (where the EV-to-EBITDA ratio has been selected) and the key assumptions adopted as discussed in this sub-section. With the benefit of cross-checking the results of valuation based on the EV-to-EBITDA ratio of HK\$186.0 million against the relevant PE ratios and PS ratios, we consider that the valuation based on the EV-to-EBITDA ratio instead of the PE ratio set out in Appendix I to the Circular is fair and reasonable.

Possible Adjustment to the Initial Consideration for the Acquisition

Reference is made to the "Letter from the Board – The Share Purchase Agreement – Adjustment to the Consideration" in the Circular, where essentially there will be an upward adjustment to the initial consideration for the Acquisition if the 2022 APAT exceeds US\$2.3 million (i.e. 115% of US\$2 million) and there will be a downward adjustment to the initial consideration for the Acquisition if the 2022 APAT falls below US\$2 million. In other words, the Group will only have to pay more for the Acquisition according to the pre-agreed formula if the 2022 APAT turns out to be 15% (capped at 65% for this purpose) more than US\$2 million as promised by the Vendor while it will get protection (through reduction in the initial consideration for the Acquisition according to the pre-agreed formula) for every dollar of the 2022 APAT of US\$2 million as promised by the Vendor.

The benchmark of the 2022 APAT in the formula for the upward or downward adjustment to the initial consideration for the Acquisition is US\$2 million (the **Benchmarked Profit**). For the 10-month period ended 31 October 2021, the Allport Cruise Group recorded a profit of approximately US\$1.4 million (or HK\$11.2 million), representing an increase of 212.9% from US\$0.5 million (or HK\$3.6 million) on a period-on-period basis primarily due to the reasons set out in the "Letter from the Board – Information of Allport Cruise" in the Circular. On an annualised basis, the Allport Cruise Group would have recorded a profit of approximately US\$1.7 million for the year ended 31 December 2021, which falls short by 14.0% against the Benchmarked Profit for the year ending 31 December 2022. The Benchmarked Profit essentially sets the target of profit that the Allport Cruise Group will have to achieve in 2022 in order for the Vendor not to be penalised by any downward adjustment to the initial consideration for the Acquisition. We consider that the Benchmarked Profit is fair and reasonable given that it enables the Group to benefit from the growth in the profit of the Allport Cruise Group in 2022 with reference to its annualised profit of US\$1.7 million for the year ended 31 December 2021.

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In the event that the 2022 APAT falls short of the Benchmarked Profit, the initial consideration for the Acquisition will be adjusted downward at a rate of HK\$92.92 (HK\$185,840,000 ÷ US\$2 million) for every US\$ falling short of the Benchmarked Profit. We consider that such rate is fair and reasonable because it takes into account that any downward adjustment to the initial consideration for the Acquisition will be made on a proportional basis with reference to the maximum amount of adjustment of HK\$185,840,000 (i.e. no more than the entire initial consideration for the Acquisition). In an extreme case where the 2022 APAT turns out to be zero or below, a downward adjustment will be triggered according to the pre-agreed formula to scrap the entire initial consideration for the Acquisition of HK\$185,840,000. In other words, the Group will essentially have acquired the Allport Cruise Group at a zero consideration. If the business of the Allport Cruise Group turns out to be profitable again in 2023 and thereafter, the Group will then be able to enjoy such upside at a zero consideration for the Acquisition. Furthermore, the Group may always consider the option of exiting the business of the Allport Cruise Group at any time it wishes if it remains unprofitable in 2023 and thereafter. After all, the Benchmarked Profit essentially sets the target of profit that the Allport Cruise Group will have to achieve in 2022 in order for the Vendor not to be penalised by any downward adjustment to the initial consideration for the Acquisition. Having taken into account the protection that the Group will get from the Vendor for every US\$ of the shortfall against the Benchmarked Profit until the entire initial consideration for the Acquisition of HK\$185,840,000 is exhausted, we consider that any downward adjustment to the initial consideration for the Acquisition subject to the maximum amount of HK\$185,840,000 (being the entire initial consideration for the Acquisition) is fair and reasonable.

The upward adjustment to the initial consideration for the Acquisition only kicks in if the 2022 APAT exceeds US\$2.3 million (i.e. 115% of the Benchmarked Profit), which represents the Benchmarked Profit being over by 15%. Compared to the annualised profit of the Allport Cruise Group of US\$1.7 million for the year ended 31 December 2021, the US\$2.3 million threshold represents an increment of 35.3% thereupon. Therefore, we consider that the 15% threshold is fair and reasonable.

For the next US\$1 million above US\$2.3 million, the initial consideration for the Acquisition will be adjusted upward at a rate of HK\$92.92 (HK\$92,920,000 ÷ US\$1 million) for every US\$ of additional profit made. This rate is in line with the rate for the downward adjustment to the initial consideration for the Acquisition as discussed in this sub-section, which we therefore consider is fair and reasonable. In the case where the 2022 APAT reaches US\$3.3 million (i.e. 115% of the Benchmarked Profit + US\$1 million), the upward adjustment to the initial consideration for the Acquisition will be HK\$92,920,000. Compared to the annualised profit of the Allport Cruise Group of US\$1.7 million for the year ended 31 December 2021, the US\$3.3 million threshold represents an increment of 94.1% thereupon, which also represents 46.4% of the Group's profit attributable to Shareholders of HK\$55.5 million for the year ended 31 December 2020. If the 2022 APAT turns out to reach US\$3.3 million, it will boost the financial performance of the Group since the results of the Allport Cruise Group will be consolidated into the financial

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statements of the Group after Completion. In other words, the possible upward adjustment to the initial consideration for the Acquisition can be seen as an incentive for the Allport Cruise Group to deliver the 2022 APAT of more than US\$2.3 million. For any additional profit made above US\$3.3 million (i.e. 165% of the Benchmarked Profit), the upward adjustment to the initial consideration for the Acquisition will stay constant at the level of HK\$92,920,000. This cap provides certainty on the final amount of the consideration for the Acquisition and as to how many Consideration Shares will need to be issued and/or how much cash will be needed to satisfy the balance. In such case, the upward adjustment to the initial consideration for the Acquisition of HK\$92,920,000 will be settled as follows: (i) as to HK\$38,538,800 by the issue of additional 4,189,000 Consideration Shares, representing approximately 1.5% of the existing issued Shares and 1.4% of the issued Shares as enlarged by a total of 24,389,000 Consideration Shares; and (ii) as to HK\$54,381,200 by cash and promissory notes (more details are set out in “Letter from the Board – The Share Purchase Agreement – Consideration Shares” in the Circular). In “Principal Factors and Reasons Considered – Specific Mandate and Dilution of Shareholding” in this letter, we have considered that the issue of the Consideration Shares under the Specific Mandate is fair and reasonable. As disclosed in the Company’s 2021 interim report, the Group had a cash and cash equivalents balance of HK\$235.6 million, which sufficiently covers the balance of HK\$54,381,200 for the final consideration for the Acquisition if needed. Having taken into account the possibility of benefiting from the upside for the 2022 APAT being over US\$2.3 million and the Group being capable of settling the additional consideration for the Acquisition as discussed herein, we consider that any upward adjustment to the initial consideration for the Acquisition subject to the maximum amount of HK\$92,920,000 (being 50% of the initial consideration for the Acquisition) is fair and reasonable.

Evaluation of the Consideration Shares

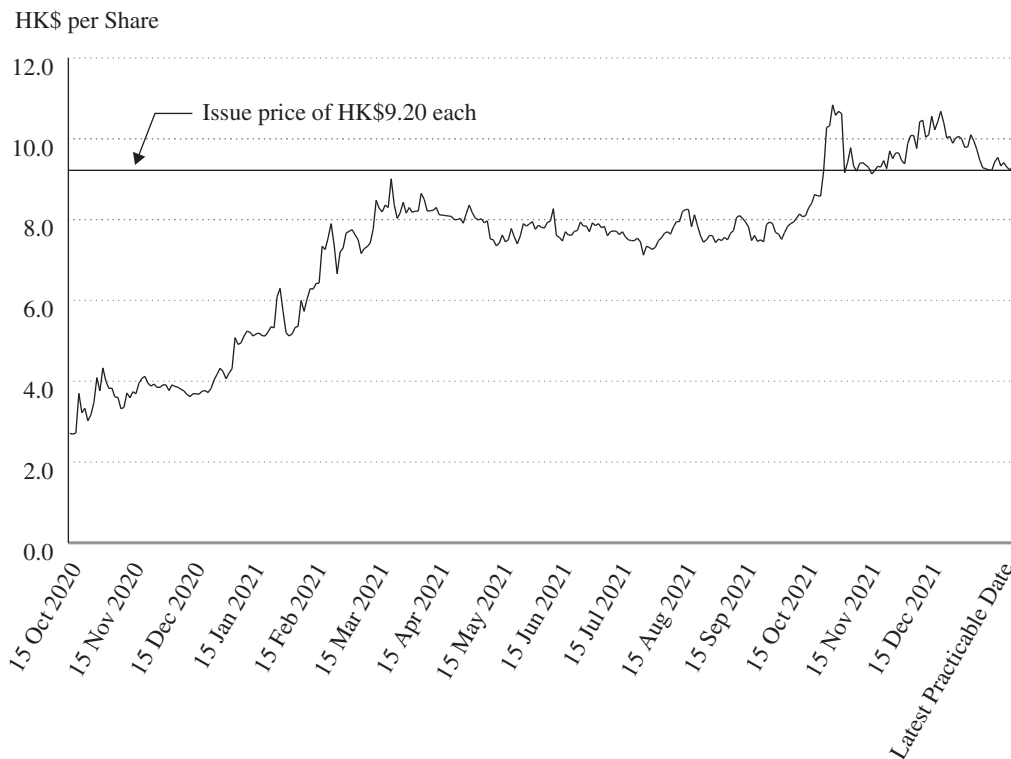
The consideration for the Acquisition of HK\$185,840,000 (assuming no adjustment is made) is expected to be satisfied by 20,200,000 Consideration Shares at the issue price of HK\$9.20 each, which was determined after arm’s length negotiations between CN HK and the Vendor with reference to the average closing price of HK\$8.93 per Share for the 90 trading days up to and including the Last Trading Day.

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

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(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 (www.hkex.com.hk)

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 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.

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Since 29 September 2021, the closing Share price started from HK\$7.51 each and increased by approximately 44.3% to reach HK\$10.84 each on 27 October 2021. In particular, the closing Share price increased by approximately 26.3% from HK\$8.58 each on 21 October 2021 to HK\$10.84 each on 27 October 2021 in 4 trading days. Such relatively short-term increase followed by a sharp fall by approximately 13.7% to HK\$9.16 each in a day on 2 November 2021 from HK\$10.62 each closed on the previous day, 1 November 2021. In the following month or so, the closing Share price had edged up to reach HK\$10.68 each on 16 December 2021. While the trading activity of the Shares appeared to be not unusual for the months of October, November and December 2021 as exhibited in “Principal Factors and Reasons Considered – Evaluation of the Consideration Shares – (ii) Liquidity analysis” in this letter, the volatility of the closing Share prices in those months (the *Recent Share Price Volatility*) could possibly be due to the announcements of the Company made on 21 October 2021, 26 October 2021 and 29 November 2021 regarding (a) its quarterly results, (b) the entering into of an international logistics service agreement with a subsidiary of JD Logistics, Inc. (the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2618)), and (c) a placing of new Shares to a third party independent of the Company and its connected persons at the December '21 Placing Price of HK\$9.20 each, which was completed on 8 December 2021, respectively. Save as announced by the Company on the website of the Stock Exchange, the Directors have confirmed that they are not aware of any reasons for the Recent Share Price Volatility.

(ii) Liquidity analysis

Set out below is 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)	10,854,727	4.34%	17.36%
November	4,070,000	1.63%	6.51%
December	3,258,727	1.30%	5.21%

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	Daily average number of Shares traded	% to the total issued Shares	% to the issued Shares in public hands
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%
October	2,711,581	1.06%	3.66%
November	1,835,545	0.67%	2.48%
December	1,624,636	0.59%	2.16%
2022			
3 January to the Latest Practicable Date (both dates inclusive)	1,086,185	0.39%	1.45%

Source: The Stock Exchange (www.hkex.com.hk)

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\$9.20 each represents:

- (a) a premium over or a discount to each of the closing Share prices quoted on the Stock Exchange on 31 December 2021 (being the date of the Share Purchase Agreement) and 30 December 2021 (being the Last Trading Day) and the averages of the closing Share prices specified as follows:

Premium/ (Discount) (%)	Closing Share price (HK\$)	
(8.9)%	10.10	on the date of the Share Purchase Agreement
(6.1)%	9.80	on the Last Trading Day
(7.4)%	9.93	as an average over 5 trading days up to and including the Last Trading Day (5-Day Average)
(8.6)%	10.07	as an average over 10 trading days up to and including the Last Trading Day (10-Day Average)
(7.4)%	9.94	as an average over 30 trading days up to and including the Last Trading Day (30-Day Average)
(3.7)%	9.55	as an average over 60 trading days up to and including the Last Trading Day (60-Day Average)
7.2%	8.58	as an average over the period from the first trading day in the second half of 2021 i.e. 2 July 2021 up to and including the Last Trading Day
28.1%	7.18	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;

- (b) a premium of approximately 27.2% over the June '21 Placing Price;
- (c) a premium of approximately 21.1% over the July '21 Transfer Price and the September '21 Transfer Price;
- (d) a premium of 15% over the November '21 Issue Price;
- (e) the same as the December '21 Placing Price;
- (f) a premium of approximately 534.5% over the net asset value attributable to the Shareholders of HK\$1.45 per Share as at 30 June 2021; and
- (g) a premium of approximately 586.6% over the net tangible asset value attributable to the Shareholders of HK\$1.34 per Share as at 30 June 2021.

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The issue price of the Consideration Shares of HK\$9.20 each was determined after arm's length negotiations between CN HK and the Vendor with reference to the average closing price of HK\$8.93 per Share for the 90 trading days up to and including the Last Trading Day, which covers a longer period of time since 20 August 2021 than the three calendar months covered by the Recent Share Price Volatility as referred to in "Principal Factors and Reasons Considered – Evaluation of the Consideration Shares – (i) Share price performance" in this letter and represents a fair and an averaged out basis for the determination of the issue price for each Consideration Share.

The issue price of the Consideration Shares of HK\$9.20 each is equivalent to the December '21 Placing Price which relates to a placing of new Shares completed on 8 December 2021. Such placing of Shares represents a recent issue of new Shares at a price acceptable to the Company and an independent placee. In June, July and October 2021, the Company and CS Logistics (a controlling shareholder of the Company) completed a placing of new Shares with, and two Share transfers to, third parties independent of the Company and its connected persons at HK\$7.23 each, HK\$7.60 each and HK\$7.60 each, respectively. Further, the Company allotted and issued consideration Shares of HK\$8.00 each to the vendors in connection with the November '21 Acquisition in November 2021. Therefore, the issue price of the Consideration Shares of HK\$9.20 each is either the same or above the prices for those placings of new Shares, Share transfers and the allotment and issue of consideration Shares conducted since June 2021.

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Set out below are the transactions announced on the Main Board of the Stock Exchange since the beginning of October 2021 up to and including 31 December 2021 (the date of the Share Purchase Agreement) (the *Last Quarter of 2021*) which involved the allotment and issue of consideration shares:

Announcement date	Stock code	Listed company	Issue price (HK\$)	Premium/(Discount) of the issue price over/to the closing share price as at the last trading day (%)	average closing share price over the last consecutive trading days			
					5 (%)	10 (%)	30 (%)	60 (%)
2021								
24 December	1632	Minshang Creative Technology Holdings Limited	0.665	(2.2)	(1.0)	0.0	15.5	22.1
17 December	1357	Meitu, Inc.	1.66	1.2	1.0	(0.1)	(1.8)	(1.4)
15 December	1159	Starlight Culture Entertainment Group Limited (<i>Starlight Culture Entertainment</i>)	1.65	111.5 ⁽²⁾	100.7 ⁽²⁾	91.4 ⁽²⁾	81.7 ⁽²⁾	67.8 ⁽²⁾
2 December	197	Heng Tai Consumables Group Limited	0.104	(19.4)	(17.2)	(13.8)	(13.2)	(4.8)
29 November	2138	EC Healthcare	12.557	(0.2)	(1.0)	0.2	4.6	10.0
18 November	1616	Starrise Media Holdings Limited	0.158	0.0	(0.6)	(0.6)	(1.3)	9.0
10 November	2002	China Sunshine Paper Holdings Company Limited	1.58	(8.7)	(9.9)	(10.2)	(9.9)	(15.2)
3 November	389	China Tontine Wines Group Limited	0.10	(6.5)	(8.1)	(7.2)	(2.2)	7.7
29 October	175	Geely Automobile Holdings Limited	23.34	(11.4)	(12.6)	(10.5)	(4.2)	(9.2)
28 October	318	Vongroup Limited	0.378	(15.1)	(14.9)	(16.2)	(17.4)	(18.6)
8 October	2346	Universal Star (Holdings) Limited	2.23	(18.6)	(18.9)	(14.6)	(23.5)	(3.2)
			Maximum	1.2	1.0	0.2	15.5	22.1
			Minimum	(19.4)	(18.9)	(16.2)	(23.5)	(18.6)
			Mean	(8.1)	(8.3)	(7.3)	(5.3)	(0.4)
			Median	(7.6)	(9.0)	(8.7)	(3.2)	(2.3)
The Consideration Shares			9.20	(6.1)	(7.4)	(8.6)	(7.4)	(3.7)

Source: The Stock Exchange (www.hkexnews.hk)

Notes:

- (1) The Last Quarter of 2021 covers the transaction samples announced in the last three months of 2021 prior to the date of the Share Purchase Agreement, which we are of the view are sufficiently recent and relevant in the context of the Acquisition and therefore are appropriate, sufficient, fair and representative for the purposes of our review.

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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 during the Last Quarter of 2021, and (c) involved the allotment and issue of consideration shares. 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 price of the Consideration Shares stood in the recent market transactions, which are fair, sufficient and representative from the perspective that they have covered exhaustively those transactions satisfying the selection criteria without any sample being excluded from the selection process, except Bojun Education Company Limited (stock code: 1758), where trading in its shares on the Stock Exchange have been halted since 30 November 2021 pending release of, *inter alia*, an announcement on its annual results for the year ended 31 August 2021, and hence its closing share price as at 30 November 2021 may not be reflective of the impact of its unannounced matters, against which any comparison of the issue price of the consideration shares for a major transaction announced on 8 December 2021 may not be appropriate for our analysis herein.

- (2) It was disclosed in the announcement of Starlight Culture Entertainment dated 15 December 2021 that there existed a non-binding memorandum of understanding in connection with the subject transaction back in July 2021, where the closing share price of Starlight Culture Entertainment stood at HK\$1.38 each on 15 July 2021 which had fallen by approximately 43.5% to HK\$0.78 each on 15 December 2021. Therefore, the rather anomalous premiums are due to the fallen share price since July 2021 where it was when the issue price of the consideration shares involved of HK\$1.65 each was first indicated. Given the circumstances, we consider this transaction sample as an outlier which has been excluded from our analysis.

The recent market transactions which involved the allotment and issue of consideration shares provide an indication as to where the issue price of the Consideration Shares stood in terms of premiums or discounts implied by such issue price against the closing Share price as at the Last Trading Day and the average closing Share prices for various periods.

The issue price of the Consideration Shares of HK\$9.20 each represents discounts of approximately 6.1%, 7.4%, 8.6%, 7.4% and 3.7% to the closing Share price as at the Last Trading Day, the 5-Day Average, the 10-Day Average, the 30-Day Average and the 60-Day Average, where the first two discounts are no higher than the corresponding means (8.1% and 8.3%) and medians (7.6% and 9.0%) of the premiums and discounts implied by the recent market transactions respectively; the third discount is in between the corresponding mean (7.3%) and median (8.7%) of the premium and discounts implied by those transactions; and the fourth and the fifth discounts are higher than the corresponding means (5.3% and 0.4%) and medians (3.2% and 2.3%) of the premiums and discounts implied by those transactions respectively, which are considered acceptable given that all of such five (5) discounts fall within the corresponding ranges of premiums and discounts implied by the recent market transactions as illustrated in this sub-section.

In addition, as discussed in this sub-section, the issue price of the Consideration Shares of HK\$9.20 each is either the same or above the prices for the two placings of new Shares, the two Share transfers and another allotment and issue of the consideration Shares conducted since June 2021.

Therefore, we are satisfied that the issue price of the Consideration Shares is fair and reasonable.

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Specific Mandate and Dilution of Shareholding

Set out below are the shareholding structures of the Company as at the date of the announcement of the Acquisition (the *Announcement*) and the Latest Practicable Date as well as after Completion:

	As at the date of the Announcement and the Latest Practicable Date		After Completion where the Consideration Shares are allotted and issued			
			assuming no adjustment is made to the initial consideration		to satisfy the required upward adjustment for the Acquisition	
	<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⁾	200,977,524	72.79	200,977,524	67.83	200,977,524	66.88
The Vendor	–	–	20,200,000	6.82	24,389,000	8.12
	200,977,524	72.79	221,177,524	74.65	225,366,524	75.00
Public Shareholders	75,122,476	27.21	75,122,476	25.35	75,122,476	25.00
	276,100,000	100.0	296,300,000	100.0	300,489,000	100.0

Note:

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

The initial consideration for the Acquisition of HK\$185,840,000 (subject to adjustment) will be fully satisfied by the issue of 20,200,000 Consideration Shares to the Vendor, which represent approximately 7.3% of the existing issued Shares and 6.8% of the issued Shares as enlarged by such Consideration Shares. Should an upward adjustment be required to be made to the initial consideration for the Acquisition, the maximum additional number of the Consideration Shares that can be issued, whilst the Company preserves its compliance with the Listing Rules in regard to the public float of 25.0%, would be 4,189,000 Shares (in board lots of 1,000 Shares each). In such case, the Company would be issuing 24,389,000 Consideration Shares altogether, which represent approximately 8.8% of the existing issued Shares and 8.1% of the issued Shares as enlarged by such Consideration Shares. In view of these two scenarios, the shareholding of the Independent Shareholders will be diluted by approximately 6.8% to 8.1% accordingly.

We consider that such dilution is acceptable and the Specific Mandate is 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\$9.20 each is fair and reasonable as discussed in “Principal Factors and Reasons Considered – Evaluation of the

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Consideration Shares” in this letter; (ii) the issue of the Consideration Shares is construed as a means to finance the Acquisition without involving any cash outlay to the Group (other than some insignificant professional fees and other expenses in this connection) except where cash may possibly be required to satisfy the balance of the final consideration for the Acquisition in the event of any further issue of the Consideration Shares resulting in non-compliance with the public float requirements under the Listing Rules; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole from the financial perspective as discussed in “Principal Factors and Reasons Considered – Financial Effects of the Acquisition on the Group” in this letter.

Reference is also made to “Letter from the Board – The Share Purchase Agreement – Consideration Shares” in the Circular. On the basis of the closing Share price of HK\$10.10 each as at the date of the Share Purchase Agreement (the *Benchmarked Share Price*) and the issue of 20,200,000 Consideration Shares at HK\$9.20 each, the Share price would have theoretically been diluted to become HK\$10.04 each, representing a discount of approximately 0.6% to the Benchmarked Share Price. In respect of the other scenario where a total of 24,389,000 Consideration Shares at HK\$9.20 each are issued to the Vendor, the Share price would have theoretically been diluted to become HK\$10.03 each, representing a discount of approximately 0.7% to the Benchmarked Share Price. Given that the issue price of the Consideration Shares of HK\$9.20 each is fair and reasonable as discussed in “Principal Factors and Reasons Considered – Evaluation of the Consideration Shares” in this letter, we consider that the discounts of approximately 0.6% and 0.7% to the Benchmarked Share Price are acceptable.

Financial Effects of the Acquisition on the Group

Upon Completion, Allport Cruise will become an indirect wholly owned subsidiary of the Company, whose 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 Acquisition would be insignificant. Set out below are the financial effects of the Acquisition on the Group:

(i) Net asset value

The initial consideration for the Acquisition will be satisfied by the issue of the Consideration Shares to the Vendor. Therefore, it is expected that the Group’s equity will increase with a corresponding increase in its net asset value after Completion.

(ii) Revenue and earnings

The revenue and earnings of the Allport Cruise Group will be consolidated into the Group’s statement of profit and loss upon Completion, and are expected to boost its financial performance thereafter.

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(iii) Cash flow

The initial consideration for the Acquisition will be fully satisfied by the issue of the Consideration Shares to the Vendor. Therefore, it is expected that there will be no cash outlay to the Group (other than some insignificant professional fees and other expenses in this connection) except where cash may possibly be required to satisfy the balance of the final consideration for the Acquisition in the event of any further issue of the Consideration Shares resulting in non-compliance with the public float requirements under the Listing Rules.

Taking into account the expected increases in the Group's net asset value, revenue and earnings, we consider that the Acquisition is in the interests of the Company and the Shareholders as a whole from the financial perspective.

DISCUSSION AND ANALYSIS

The subject matter of the Acquisition is the Allport Cruise Group which carries out the Cruise Business (referred to as the provision of air and ocean freight forwarding services to global cruise operators, including the provision of shipments of supplies for drydocks on a project basis and cruise replenishment).

On a period-to-period basis, the Allport Cruise Group recorded growth in revenue by 42.2% to US\$17.8 million and profit after taxation by 212.9% to US\$1.4 million for the 10-month period ended 31 October 2021 for the reasons set out in the "Letter from the Board – Information of Allport Cruise" in the Circular. Upon Completion, Allport Cruise will become an indirect wholly owned subsidiary of the Company, whose 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, revenue and earnings, we consider that the Acquisition is in the interests of the Company and the Shareholders as a whole from the financial perspective.

The consideration for the Acquisition of HK\$185.84 million implying a PE ratio of 15.06 times based on the unaudited profit for the 12 months ended 31 October 2021 of HK\$12.34 million (or US\$1.6 million) and a PS ratio of 1.24 times based on the unaudited revenue for the 12 months ended 31 October 2021 of HK\$150.3 million (or US\$19.3 million) is supported by the fair value of the Allport Cruise Group of HK\$186.0 million primarily based on the EV-to-EBITDA ratio set out in the valuation report in Appendix I to the Circular. In discerning such valuation, we have cross-checked it against the PE ratios and PS ratios derived from the relevant comparable companies and are satisfied that the valuation set out in Appendix I to the Circular is fair and reasonable.

The Acquisition is expected to be completed on or before the initial Longstop Date, being 30 April 2022. The Settlement Date is expected to fall on a date in 2023 after the issue of the 2022 Audited Accounts, mainly because the initial consideration for the Acquisition may be adjusted with reference to the 2022 APAT.

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As set out in “Letter from the Board – The Share Purchase Agreement – Adjustment to the Consideration” in the Circular, the benchmark of the 2022 APAT in the formula for the upward or downward adjustment to the initial consideration for the Acquisition is US\$2 million (a profit of US\$1.4 million was recorded for the 10-month period ended 31 October 2021). The upward adjustment only kicks in if the 2022 APAT exceeds US\$2 million by over 15% (or US\$300,000) while the initial consideration for the Acquisition will be adjusted downward once the 2022 APAT falls short of the benchmark of US\$2 million. Any former adjustment, if made, is capped at HK\$92,920,000, being 50% of the initial consideration for the Acquisition (the 2022 APAT would have to reach at least US\$3.3 million in this case), and any latter adjustment, if made, will not be more than HK\$185,840,000, being the entire initial consideration for the Acquisition (the 2022 APAT would have to be zero or below in this case). In other words, the Group will get protection (through reduction in the initial consideration for the Acquisition according to the pre-agreed formula) for every dollar of the 2022 APAT of US\$2 million as promised by the Vendor, and it will only have to pay more for the Acquisition according to the pre-agreed formula if the 2022 APAT turns out to be 15% (capped at 65% for this purpose) more than US\$2 million as promised by the Vendor. From this perspective and in view of the financial performance of the Allport Cruise Group for the 10-month period ended 31 October 2021, we consider that the formulae for the adjustment to the Consideration are fair and reasonable.

We consider that the dilution of shareholding as a result of the issue of the Consideration Shares is acceptable and the Specific Mandate is 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\$9.20 each is fair and reasonable as discussed in “Principal Factors and Reasons Considered – Evaluation of the Consideration Shares” in this letter; (ii) the issue of the Consideration Shares is construed as a means to finance the Acquisition without involving any cash outlay to the Group (other than some insignificant professional fees and other expenses in this connection) except where cash may possibly be required to satisfy the balance of the final consideration for the Acquisition in the event of any further issue of the Consideration Shares resulting in non-compliance with the public float requirements under the Listing Rules; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole from the financial perspective as discussed in “Principal Factors and Reasons Considered – Financial Effects of the Acquisition on the Group” in this letter.

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OPINION

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

Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Share Purchase Agreement 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 full text of the valuation report prepared by Asset Appraisal Limited for the purpose of inclusion in this circular.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

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31 January 2022

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 Allport Cruise

INSTRUCTIONS

In accordance with the instructions from **CN Logistics International Holdings Limited** (the “**Company**”), we have completed a valuation of the equity interests in Allport Cruise.

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 Allport Cruise as at 31 October 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 Allport Cruise, legal title on any of its operating assets (whether tangible or intangible), environmental issues and contractual rights involved in its 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.

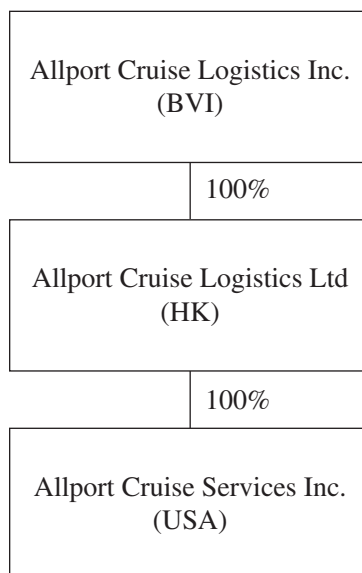
PURPOSE OF VALUATION

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 Allport Cruise.

The objective of AAL is to assess the Fair Value of the equity interests in Allport Cruise 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 Allport Cruise 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 ALLPORT CRUISE

Allport Cruise is a company incorporated in the British Virgin Islands with limited liability. The principal activity of Allport Cruise is investment holding and, through its subsidiaries, engaged in the provision of shipments of supplies for drydock on project basis and cruise replenishment. The business of Allport Cruise Group spans multiple cities in the PRC, Europe, Australia, USA and Asia.



According to the unaudited financial statements of Allport Cruise Group prepared in accordance with the accounting principles generally accepted in Hong Kong for the 3 years ended 31 December 2018, 31 December 2019, 31 December 2020 and trailing 12 months ended 30 October 2021, its operating results and financial positions are set out as follow in Hong Kong dollars using an exchange rate of US\$1 to HK\$7.8:

Allport Cruise Group

	Year ended 31 December 2018 HK\$	Year ended 31 December 2019 HK\$	Year ended 31 December 2020 HK\$	12 months ended 31 October 2021 HK\$
Revenue	6,184,569	51,097,800	109,102,500	150,254,862
Gross Profit	5,067,402	8,796,160	8,232,078	31,429,859
Profit after taxation	(4,582,497)	4,190,940	4,207,320	12,340,850
Total Assets	1,168,509	20,003,461	16,103,625	33,271,816
Total Liabilities	5,571,005	20,395,079	3,319,425	9,310,216

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 and Allport Cruise (the “**Management**”) with the financial and operational information of Allport Cruise.

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 Allport Cruise;
2. Historical financial information and the financial positions of Allport Cruise of the past 3 financial years and the recent 10 months (January to October 2021); and
3. Descriptions of business models, operating assets held and engaged by Allport Cruise 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 Allport Cruise, 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 Allport Cruise;
- the price multiples of the comparable companies engaging in business operations similar to Allport Cruise; and
- the experience of the management team of Allport Cruise and support from its 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 Allport Cruise or its subsidiaries operate which may materially and adversely affect its businesses;
- there will be no major changes in the current taxation law applicable to Allport Cruise or its subsidiaries;
- Allport Cruise and its subsidiaries shall fulfill all legal and regulatory requirements necessary to conduct its business;

- Allport Cruise shall not be constrained by the availability of finance and there will be no material fluctuation of the finance costs;
- Allport Cruise and its subsidiaries shall have uninterrupted rights to operate its existing businesses;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- Allport Cruise will retain competent management, key personnel and technical staff for their operations and the relevant shareholders will support its ongoing operations;
- The unaudited financial statements of Allport Cruise supplied to us have been prepared in a manner truly and accurately reflected its financial positions as at the respective balance sheet dates;
- Allport Cruise and its subsidiaries has obtained all necessary permits and approvals to carry out its businesses and its 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, Allport Cruise 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 value of Allport Cruise.

VALUATION METHODOLOGY

In the appraisal of Allport Cruise, 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 property 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 Allport Cruise and the availability of market information, it is considered that the market approach is the most optimal approach to value Allport Cruise. 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 Allport Cruise is mainly attributable to its ability to generate revenues through its products and services but not the value or replacement costs of its assets, the cost approach is incapable to reliably reflect the value of its 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 Allport Cruise 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 Allport Cruise, 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 cruise, marine and hospitality industries, the major sectors in which majority of Allport Cruise customers are being engaged. In the absence of reliable business projection, the income approach is considered to be not a reliable valuation approach for valuing the equity interest in Allport Cruise and has been disclaimed as both primary valuation approach and secondary approach for counter-checking purpose.

Allport Cruise, as logistic service and solution providers, has sufficient track records and has participated in the sector for more than 3 years. As advised by the Company, Allport Cruise is expected to sustain its 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 engaged in logistic businesses being operated on asset light basis;
- the company is and has the capabilities in handling transborder, multi-modal and controlled temperature logistics services;
- 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 Allport Cruise. We have considered that the selected comparable companies and Allport Cruise 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 and Allport Cruise, 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 Allport Cruise.

Ticker	Company Name	Description of Business
KNIN SW	Kuehne und Nagel International AG	<p>The company is 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>
CHRW US	C.H. Robinson Worldwide, Inc.	<p>The company is provider of transportation services and logistics solutions operating through a network of offices located in North America, Europe, Asia, Oceania, and South America. It operates through three segments: North American Surface Transportation (NAST), Global Forwarding, and All Other and Corporate. NAST segment provides freight transportation services across North America through a network of offices in the United States, Canada, and Mexico. Global Forwarding segment provides ocean freight services, air freight services and customs brokerage. All Other and Corporate segment includes its Robinson Fresh and Managed Services segments, as well as Other Surface Transportation outside of North America. Robinson Fresh provides sourcing services, including the buying, selling, marketing of fresh fruits, vegetables, and other perishable items. Managed Services provides transportation management services.</p>

Ticker	Company Name	Description of Business
XPO US	XPO Logistics, Inc.	<p>The company is a provider of supply chain solutions. It is a provider of freight transportation services, truck brokerage and less-than-truckload (LTL) and is being operated through two business segments, Transportation and Logistics. The Transportation segment provides multiple services to facilitate the movement of raw materials, parts, and finished goods. It provides these services through its technology, third-party independent carriers and its transportation assets and service centers. Its transportation services include LTL, truck brokerage services and other transportation services. The Logistics segment provides a range of services, including warehousing and distribution, e-commerce and omnichannel fulfillment, cold-chain logistics, packaging and labeling, factory support, aftermarket support, inventory management, order personalization and supply chain optimization, such as product flow management.</p>
RLGT US	Radiant Logistics, Inc.	<p>The company is a third-party logistics company, which provides multi-modal transportation and logistics services primarily in the United States and Canada. It offers temperature-controlled, dry van, intermodal drayage, and flatbed services and specialize in the transport of food and beverage, consumer packaged goods and frozen food and refrigerated products, which it supports from network of operating locations across North America, as well as an integrated international service partner network located in other markets around the globe. It provides these services through a multi-brand network, which includes over 100 operating locations, which includes a number of independent agents, namely strategic operating partners, which operates on its behalf, as well as approximately 20 offices. As a third-party logistics company, it has various transportation companies, including motor carriers, railroads, airlines and ocean lines in its carrier network.</p>

Ticker	Company Name	Description of Business
HUBG US	Hub Group, Inc.	The company offers intermodal, truck brokerage, dedicated trucking, managed transportation, freight consolidation, temperature protected transportation, warehousing, last mile delivery, international transportation and other logistics services. It also provides drayage services with its own drayage operations. Its services customers base in a range of industries, including retail, food and beverages, healthcare, consumer products, durable goods and building materials. It operates approximately 36 offices throughout the United States, Canada and Mexico.
ECHO US	Echo Global Logistics, Inc.	The company is a provider of technology-enabled transportation and supply chain management solutions. It utilizes a technology platform to compile and analyze data from our multi-modal network of transportation providers to satisfy the transportation and logistics needs of its clients. It focuses primarily on arranging transportation with truckload (TL) and less than truckload (LTL) carriers. It also offers intermodal (which involves moving a shipment by rail and truck), small parcel, domestic air, expedited and international transportation services. Its core logistics services, primarily brokerage and transportation management services, include carrier selection, dispatch, load management and tracking. It provides transportation and logistics services for clients across a wide range of industries, including manufacturing, construction, food and beverage, consumer products and retail.

Ticker	Company Name	Description of Business
JBHT US	J.B. Hunt Transport Services, Inc.	<p>The company is a surface transportation, delivery, and logistics company in North America providing logistics services span the globe. Its service segments include Intermodal (JBI), Dedicated Contract Services (DCS), Integrated Capacity Solutions (ICS), Final Mile Services (FMS) and Truck (JBT). The Company, through its subsidiaries, provides transportation and delivery services to a range of customers and consumers throughout the continental United States, Canada and Mexico. The JBI segment offers intermodal rail services. Its DCS segment focuses on private fleet conversion and creation in replenishment and specialized equipment. Its ICS segment provides traditional freight brokerage and transportation logistics solutions to customers through relationships with third-party carriers and integration. Its FMS segment provides final-mile delivery services. Its JBT segment offers full-load, dry-van freight, utilizing tractors operating over roads and highways. It transports a variety of products including automotive parts, department store merchandise, paper and wood products, food and beverages, plastics, chemicals, manufacturing materials and suppliers.</p>

Ticker	Company Name	Description of Business
IDL FP	ID Logistics SAS	<p>The company is a France-based company specializes in the supply of logistics and transportation services. It performs the logistics and supply chain optimization services for European manufacturers and French retailers. Another business segments using its services belong to the Cosmetics and E-business, as well as Food and Beverage industry. It offers its customers a range of services for their supply chain, such as warehousing, temperature controlled logistics and e-business. It offers value added services including Stock Management, Packaging, Order fulfillment, Quality control, Co-packing, Pooling and Suppliers consolidation center. Its business unit La Fileche Cavallonnaise owns its fleet of truck, and offers transportation, organization and optimization services. It has a presence in France and abroad, such as Brazil, China and Russia, among others.</p>
NTG DC	NTG Nordic Transport Group A/S	<p>The company formerly known as NeuroSearch A/S, is a Denmark-based company that provides customizable transportation services moving goods throughout Europe and the rest of the world by truck, ship and aircraft. It operates through two segments: Road & Logistics and Air & Ocean. The Road & Logistics segment provides logistics and road transportation services in Europe and operates mainly in the Nordics. The Air & Ocean segment covers the related transportation services globally. It transports pallet and temperature-controlled goods by truck, ships, and aircrafts, as well as offerings warehousing and logistics services.</p>

Ticker	Company Name	Description of Business
MFT NZ	Mainfreight Limited	<p>The company is engaged in the business of supply chain logistics and provides a range of warehousing, domestic distribution, as well as international air and ocean freight services. It operates its business in over 240 branches in over 20 countries across the world. It operates in the domestic supply chain, which includes moving and storing freight within countries, and air and ocean freight industries, which includes moving freight between countries. Its geographical segments include New Zealand, Australia, The Americas, Asia and Europe. It provides a suite of services covering both import and export by sea and air, customs clearance, tariff classification, and costing and consultancy all operated in house. It also manages the specialized services, such as project logistics, bulk liquids, perishables, automotive, trans border and distribution. It provides a full door-to-door solution backed by full visibility from pick up to delivery.</p>
9090 JP	Maruwa Unyu Kikan Co., Ltd.	<p>The company is principally engaged in logistics consulting business. It operates through two business segments. Logistics segment provides third-party logistics (3PL), transport service and moving service, focusing on pharmaceutical and medical logistics, low-temperature food distribution, and ordinary temperature logistics. It provides not only logistics consulting services from the selection of transportation route and logistics center, to work management method and reverse logistics, but also general freight transport, light truck transport and railway transport services. The Others segment consists of document storage service, real estate leasing service and restaurant service.</p>

Ticker	Company Name	Description of Business
2384 JP	SBS Holdings, Inc.	The company is mainly engaged in the provision of logistics and related services. Its logistics business provides third party logistics (3PL), food distribution, material and product transportation, same-day delivery, international logistics and logistics-related consulting services. The others business is involved in the provision of logistics-related staffing services, environment business, marketing business, as well as solar power business.
AGLL IN	Allcargo Logistics Limited	The company is an India-based holding Company and is engaged in providing integrated logistics solutions. It offers logistics services across multimodal transport operations, inland container depot, container freight station operations, contract logistics operations, and project and engineering solutions. Its segments include Multimodal Transport Operations, which involves non-vessel owning common carrier operations related to less than container load consolidation and full container load forwarding activities; Container Freight Stations (CFS)/Inland Container Depot (ICD) Operations, which is involved in import/export cargo stuffing, de-stuffing, customs clearance and other related ancillary services, and Project & Engineering Solutions (P&E), which provides integrated end-to-end project, engineering and logistic services through a fleet of owned/rented special equipment, such as hydraulic axles, cranes, trailers, barges, reach-stackers, forklifts and ships.

Ticker	Company Name	Description of Business
TCIEXP IN	TCI Express Limited	<p>The company is an India-based company and is engaged in offering transport, storage, warehousing, cold chain express and support services for transportation. It is engaged in express distribution and offers a single window door-to-door solution to customers. It offers express solutions with over 3,000 pick-up and approximately 13,000 delivery locations with its containerized fleet of vehicles. It provides around the clock services and time sensitive express deliveries by air mode. It provides services to approximately 200 countries across the globe. It provides business-to-consumer (B2C) and business-to-business (B2B) on multi-model distribution for optimum on time delivery with value added features of cash on delivery (COD), Pick n pack, late night and early morning deliveries. It also offers reverse logistics. Its Air Express services include Express transportation in India, Express freight services in India and Express delivery services in India.</p>

Ticker	Company Name	Description of Business
TASCO MK	TASCO Berhad	<p>The company is engaged in business as a total logistics solutions provider focusing on automotive logistics, aerospace logistics, healthcare & pharmaceutical logistics, food logistics and retail logistics. Its segments include Air Freight Forwarding Division (AFF), which includes Airfreight forwarding; Contract Logistics Division (CLD), which includes customs forwarding, warehousing, container haulage and auto logistic services; Trucking Division (TD), which includes Trucking; Ocean Freight Forwarding Division (OFF), which includes Sea freight forwarding, and Origin Cargo Order and Vendor Management Division (OCM), which includes Buyer consolidation services. It provides warehousing services, such as public bounded warehouse and cold room facilities, and automotive logistics services, such as just-in-time (JIT) parts distribution and transportation by car carrier, among others. Its subsidiary companies are involved in business of truck rental, in-house truck repair and maintenance, insurance agency services and warehouse rental, as well as provider of services related to freight forwarding.</p>

Ticker	Company Name	Description of Business
ALCLA FP	Clasquin SA	<p>The company is a 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 involves offices located throughout Europe, Asia, Australia and the United States.</p>
SNLL IN	Snowman Logistics Limited	<p>The company is engaged in providing temperature-controlled logistics, including storage, transportation by road, and distribution of products requiring a temperature controlled environment. It is engaged in cold chain business in India. It offers a range of facilities for transportation, storage, handling and retail distribution of frozen and chilled products. Its segments include Temperature Controlled Services and Ambient Services. Its Cold Chain Related Logistic includes providing transportation, cold storage and consignment agency facilities. Its services include Warehousing, Distribution and Value Added Services. It caters to various product segments, including ice-cream, sea food, healthcare and pharmaceutical products, and fruits and vegetables. Its service includes door to door service, customized milk runs and part cargo consolidation. It provides secondary transportation, such as last mile distribution, supplying, retail outlets, restaurants and the hotels.</p>

Ticker	Company Name	Description of Business
FSCSL IN	Future Supply Chain Solutions Limited	<p>The company is an India-based company that offers automated and information technology enabled warehousing, distribution and other logistics solutions to the customers. It offers its customer services in three areas: contract logistics, express logistic and temperature-controlled logistics. Its contract logistics services include analyzing its customers' sector-specific needs, business processes to plan and create a customized supply chain solution. Its express logistics service offering provides customers distribution services using its hub-and-spoke distribution network and its containerized fleet of technology enabled trucks. Its temperature-controlled logistics offering provides product handling solutions for temperature-sensitive perishable products through temperature-controlled warehousing and transportation in its reefer trucks. It serves the customers in various sectors, including retail, fashion and apparel, automotive and engineering and healthcare.</p>
WWG AU	Wiseway Group Limited	<p>The company is an Australia-based freight forwarding companies providing air freight, sea freight, import services, domestic transportation, warehousing and customs clearance services. It operates through two segments: general cargo and perishable cargo. General cargo segment includes infant milk formula, vitamins and health related products. Perishable cargo segment includes dairy products, meat, seafood and fresh produce. It provides international trade between Australia and China, including both outbound and inbound freight. Its outbound trade provides for infant formulae and other nutritional products, as well as international logistics services for perishable items exported from Australia to China. It is also focused on inbound freight from China to Australia. It works with cargo shippers in China to manage the import of items ordered by Australian consumers from e-commerce platforms in China, which are then shipped into Australia.</p>

Ticker	Company Name	Description of Business
LSTR US	Landstar System Inc.	<p>The company is a provider of integrated transportation management solutions. It operates through two operating segments: the transportation logistics segment and the insurance segment. The transportation logistics segment provides a range of integrated transportation management solutions. Transportation services offered by it include truckload and less-than-truckload transportation, rail intermodal, air cargo, ocean cargo, expedited ground and air delivery of time-critical freight, heavy-haul/specialized, the United States-Canada and the United States-Mexico cross-border, intra-Mexico, intra-Canada, project cargo and customs brokerage. The insurance segment offers risk and claims management services to certain of its operating subsidiaries.</p>
KNX US	Knight-Swift Transportation Holdings Inc.	<p>The company is a carrier and provider of transportation solutions in North America providing multiple truckload transportation, intermodal and logistics services. In addition to its truckload services, it also contracts with third-party capacity providers to provide a range of shipping solutions to its customers. It operates under three segments, namely Trucking, Logistics and Intermodal. Its trucking services include dry van, refrigerated, and drayage, which also include irregular route and dedicated, refrigerated, expedited, flatbed, and cross-border transportation of various products, goods and materials. Its logistics and intermodal services include brokerage, intermodal, and certain logistics, freight management and non-trucking services. It operates approximately 18,129 tractors and 60,382 trailers within the Trucking segment. It also operates approximately 605 tractors and 10,844 containers in the Intermodal segment.</p>

Ticker	Company Name	Description of Business
ULH US	Universal Logistics Holdings, Inc.	The company is a full-service provider of customized transportation and logistics solutions. It provides complete services including dry van and specialized transportation, intermodal drayage, material handling and value-added services, and global trade management. It is partnered with a diverse set of industries where it provides a unique and custom array of services and solutions. Industries it is serving include aerospace, automotive, energy, government services, healthcare, manufacturing, retail and consumer goods and metals.
USX US	US Xpress Enterprises Inc.	The company is truckload carrier in the United States offering its customers a wide range of portfolio of service using its truckload fleet and third-party carriers through its non-asset-based truck brokerage network. It operates through two segments: Truckload and Brokerage. The Truckload segment offers asset-based truckload services, including over-the-road (OTR) trucking and dedicated contract services, which provides freight transportation services. Its OTR service offering provides solo and expedited team services through one-way movements of freight over routes throughout the United States. The Brokerage segment is principally engaged in non-asset-based freight brokerage services, where it outsources the transportation of loads to third-party carriers. Its fleet consists of approximately 6,100 tractors and approximately 12,600 trailers, including approximately 1,400 tractors provided by independent contractors.

Ticker	Company Name	Description of Business
6123 HK	YTO Express (International) Holdings Ltd.	The company formerly On Time Logistics Holdings Limited, is an investment holding company principally engaged in the provision of freight forwarding services from major airline and other carriers. It operates its business through five segments. The Air Freight segment is engaged in the provision of freight forwarding services from air. The Ocean Freight segment is engaged in the provision of freight forwarding services from seas. The General Sales Agency segment is engaged in the provision of agency services for freight forwarding income. The Logistics segment is engaged in the provision of warehousing and package services. The Others segment is engaged in the provision of land and trucking transportation services.
8035 HK	Janco Holdings Limited	The company is a Hong Kong-based company principally engaged in the freight forwarding and the provision of logistics one-stop services. Its Freight Forwarding segment is mainly involved in the air freight and ocean freight. Its Provision of Ancillary Logistics Service includes warehousing, repacking, labeling, palletizing and local delivery within Hong Kong.

Ticker	Company Name	Description of Business
9086 JP	Hitachi Transport System Ltd.	<p>The company is a Japan-based company mainly engaged in the provision of general logistics services. Its Domestic Logistics segment is engaged in the operation of domestic system logistics business, the transportation and installation of general cargos, heavy goods and art works, the transfer of factories and business offices, the provision of warehousing services, as well as the collection and transportation of industrial waste. Its International Logistics segment is engaged in the global system logistics business, the overseas logistics business and the air transportation agency business. It is also engaged in the provision of logistics consulting services, the development and design of information systems, the sale of computers, the operation of travel agencies, the maintenance, sale and leasing of automobiles, as well as the leasing of real estate.</p>
DSV DC	DSV A/S	<p>The company formerly DSV Panalpina A/S, is a Denmark-based company engaged in the transportation and logistics services. Its operations are divided into three business segments: the Air and Sea service, which provides air and sea freight services across the globe; the Road, that provides road freight services across Europe, North America and South Africa; and the Solutions segment, which offers contract logistics services, including warehousing and inventory management, across the globe.</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 specialized 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.

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 Allport Cruise, PB Ratio is considered not appropriate for this valuation on the ground that Allport Cruise, 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 Allport Cruise 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	Share Closing Price as at 31 Oct 2021	Market Capitalization (Mil) (A)	Net Profit (Mil) (B)	Price-to-Earnings Ratio (A)/(B)	Enterprise Value (Mil) (C)	EBITDA (Mil) (D)	EV-to-EBITDA Ratio (C)/(D)	
Cur		(Note 1)			(Note 2)	(Note 3)		
KNIN SW	CHF	288.30	34,813.35	1,527.00	22.80	35,179.35	2,890.00	12.17
CHRW US	USD	96.99	12,774.70	777.05	16.44	14,610.37	1,109.88	13.16
XPO US	USD	85.80	9,834.98	307.00	32.04	13,981.98	1,155.00	12.11
RLGT US	USD	6.73	335.96	26.93	12.47	411.17	47.76	8.61
HUBG US	USD	78.57	2,700.52	109.55	24.65	2,773.40	279.89	9.91
ECHO US	USD	48.23	1,284.35	58.48	21.96	1,360.12	116.86	11.64
JBHT US	USD	196.89	20,743.63	672.60	30.84	21,513.68	1,481.15	14.53
IDL FP	EUR	317.50	1,801.43	32.70	55.09	2,267.39	247.68	9.15
NTG DC	DKK	524.00	11,868.29	297.37	39.91	12,734.79	611.30	20.83
MFT.NZ	NZD	89.90	9,052.80	246.00	36.80	9,762.79	546.55	17.86
9090 JP	JPY	1,592.00	205,078.15	5,712.12	35.90	206,077.15	9,964.83	20.68
2384 JP	JPY	4,035.00	160,262.94	11,232.00	14.27	248,662.94	30,064.00	8.27
AGLL IN	INR	269.25	66,153.52	3,401.10	19.45	82,990.92	10,832.30	7.66
TCIEXP IN	INR	1,831.25	70,598.62	1,339.80	52.69	69,784.22	1,808.70	38.58
TASCO MK	MYR	1.27	1,023.42	59.39	17.23	1,248.56	141.11	8.85
ALCLA FP	EUR	70.00	161.45	10.89	14.82	208.55	21.16	9.86
SNLL IN	INR	40.90	6,833.90	20.73	329.65	8,945.62	681.21	13.13
FSCSL IN	INR	68.45	3,003.83	(1,715.58)	n/a	11,094.44	575.54	19.28
					(Note 4)			
WWG AU	AUD	0.33	47.59	1.77	26.83	66.05	8.15	8.10
LSTR US	USD	175.56	6,729.28	333.28	20.19	6,650.57	489.52	13.59
KNX US	USD	56.69	9,409.21	631.10	14.91	11,360.43	1,372.18	8.28
ULH US	USD	21.08	567.46	73.76	7.69	1,105.40	173.85	6.36
USX US	USD	7.57	381.09	23.73	16.06	1,018.04	129.26	7.88
6123 HK	HK\$	3.35	1,407.66	253.77	5.55	1,134.87	371.21	3.06
8035 HK	HK\$	0.23	136.20	25.87	5.26	315.28	75.27	4.19
9086 JP	JPY	4,480.00	376,775.65	18,784.00	20.06	708,019.65	90,529.00	7.82
DSV DC	DKK	1,495.50	358,920.00	9,188.00	39.06	385,996.00	17,056.00	22.63
NLGIV FH	EUR	1.33	102.67	(0.88)	n/a	149.27	7.87	18.96
					(Note 4)			
					Sample Mean	35.87	Sample Mean	12.76
					Sample Median	21.08	Sample Median	10.77
					Sample Mean excl. outlier	24.12	Sample Mean excl. outlier	11.80
					(Note 5)		(Note 6)	

Notes:

1. Comparable companies having relatively large market capitalization are included in the peer group under consideration and analysis under the following grounds:
 - from the financial data set out above, there is no noticeable relationship between the market capitalization and the price multiple of a particular comparable company as some companies of relatively large-cap stocks may have their price multiples lower than that of companies of small-cap stocks and vice versa;
 - in this sector of the logistic industry in question, there is essentially no entry barrier such as patent protection, strong brand identity, customer loyalty, heavy customer switching costs, regulatory licensing or clearance requirement that would favour large scale companies and impede small size participants to enter into a market or the industry sector; and
 - in view of the nature of the business operations of Allport Cruise involving substantial transborder and transmodal supply chain activities, there is no material competitive advantage between asset-based logistic companies and asset-lite logistic companies, particularly where supplies of third parties' facilities engaged in the business operations are normally not fall short of on the market.
2. 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	Cur	Market	Cash	Total Debt	Minority	Enterprise Value
		Capitalization (Mil) (A)	(Mil) (B)	(Mil) (C)	Interest (Mil) (D)	(Mil) (A)-(B)+(C)+(D)
KNIN SW	CHF	34,813.35	1,592.00	1,951.00	7.00	35,179.35
CHRW US	USD	12,774.70	202.65	2,038.32	–	14,610.37
XPO US	USD	9,834.98	254.00	4,401.00	–	13,981.98
RLGT US	USD	335.96	9.48	84.31	0.38	411.17
HUBG US	USD	2,700.52	230.66	303.54	–	2,773.40
ECHO US	USD	1,284.35	53.97	129.74	–	1,360.12
JBHT US	USD	20,743.63	529.60	1,299.64	–	21,513.68
IDL FP	EUR	1,801.43	164.89	616.53	14.33	2,267.39
NTG DC	DKK	11,868.29	248.00	1,046.10	68.40	12,734.79
MFT.NZ	NZD	9,052.80	121.12	831.12	–	9,762.79
9090 JP	JPY	205,078.15	26,612.00	27,611.00	–	206,077.15
2384 JP	JPY	160,262.94	28,347.00	97,657.00	19,090.00	248,662.94
AGLL IN	INR	66,153.52	5,127.40	18,343.30	3,621.50	82,990.92
TCIEXP IN	INR	70,598.62	830.40	16.00	–	69,784.22
TASCO MK	MYR	1,023.42	105.18	263.75	66.57	1,248.56
ALCLA FP	EUR	161.45	26.21	68.15	5.16	208.55
SNLL IN	INR	6,833.90	367.76	2,479.48	–	8,945.62
FSCSL IN	INR	3,003.83	28.03	8,118.64	–	11,094.44
WWG AU	AUD	47.59	9.93	28.39	–	66.05
LSTR US	USD	6,729.28	267.21	188.50	–	6,650.57
KNX US	USD	9,409.21	269.69	2,208.14	12.78	11,360.43
ULH US	USD	567.46	20.82	558.75	–	1,105.40
USX US	USD	381.09	6.00	641.53	1.42	1,018.04
6123 HK	HK\$	1,407.66	455.61	170.17	12.63	1,134.87
8035 HK	HK\$	136.20	14.11	191.79	1.39	315.28
9086 JP	JPY	376,775.65	101,569.00	425,689.00	7,124.00	708,019.65
DSV DC	DKK	358,920.00	8,132.00	35,040.00	168.00	385,996.00
NLG1V FH	EUR	102.67	4.51	40.06	11.05	149.27

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

Company Ticker	Cur	Net Profit (Mil)	Depreciation & Amortization (Mil)	Taxation (Mil)	Net Finance Expenses/ (Income) (Mil)	Non-operating Expenses/ (Income) (Mil)	Minority Interest (Mil)	EBITDA' (Mil)
		(A)	(B)	(C)	(D)	(E)	(F)	(A)+(B)+(C)+ (D)+(E)+(F)
KNIN SW	CHF	1,527.00	733.00	546.00	7.00	48.00	29.00	2,890.00
CHRW US	USD	777.05	93.28	186.10	53.45	-	-	1,109.88
XPO US	USD	307.00	416.00	76.00	270.00	78.00	8.00	1,155.00
RLGT US	USD	26.93	16.74	7.05	2.58	(6.00)	0.46	47.76
HUBG US	USD	109.55	127.84	34.43	7.61	0.47	-	279.89
ECHO US	USD	58.48	35.52	19.99	2.86	-	-	116.86
JBHT US	USD	672.60	550.43	211.71	46.40	-	-	1,481.15
IDL FP	EUR	32.70	180.97	17.50	11.84	0.93	3.74	247.68
NTG DC	DKK	297.37	143.27	78.02	-	57.23	35.41	611.30
MFT.NZ	NZD	246.00	185.07	96.13	5.37	13.98	-	546.55
9090 JP	JPY	5,712.12	1,717.89	2,615.31	74.13	(154.61)	-	9,964.83
2384 JP	JPY	11,232.00	9,179.00	6,609.00	867.00	94.00	2,083.00	30,064.00
AGLL IN	INR	3,401.10	3,225.60	1,769.30	1,161.10	910.90	364.30	10,832.30
TCIEXP IN	INR	1,339.80	92.80	417.70	7.50	(49.10)	-	1,808.70
TASCO MK	MYR	59.39	42.41	23.90	13.55	(0.02)	1.89	141.11
ALCLA FP	EUR	10.89	5.13	3.49	0.88	0.21	0.56	21.16
SNLL IN	INR	20.73	489.33	40.53	-	130.63	-	681.21
FSCSL IN	INR	(1,715.58)	1,636.91	-	-	654.21	-	575.54
WWG AU	AUD	1.77	5.16	(0.22)	-	1.44	-	8.15
LSTR US	USD	333.28	48.18	104.07	3.99	-	-	489.52
KNX US	USD	631.10	553.31	208.64	17.92	(39.22)	0.42	1,372.18
ULH US	USD	73.76	71.08	24.85	12.56	(8.39)	-	173.85
USX US	USD	23.73	90.67	7.94	15.00	(8.13)	0.05	129.26
6123 HK	HK\$	253.77	60.47	26.91	4.30	20.60	5.17	371.21
8035 HK	HK\$	25.87	37.81	4.30	6.31	-	0.98	75.27
9086 JP	JPY	18,784.00	51,256.00	12,951.00	6,396.00	(274.00)	1,416.00	90,529.00
DSV DC	DKK	9,188.00	3,927.00	2,799.00	1,437.00	(324.00)	29.00	17,056.00
NLGIV FH	EUR	(0.88)	3.87	0.68	2.33	-	1.87	7.87

4. Future Supply Chain Solutions Limited (FSCSL IN) and Nurminen Logistics Oyj reported net loss over the trailing 12-month period and hence they have sub-zero Price-to-Earning ratio as at the Valuation Date.
5. Snowman Logistics Limited (SNLL IN) has a Price-to-Earnings ratio of 329.65 which is more than 3 standard deviations from the sample mean (being the limit of Z-scores range falling within the normal distribution curve) and is regarded as the outlier of the sample group and has been excluded in coming up with the mean Price-to-Earnings ratio of the sample group.
6. Given the sample mean of 12.76, the standard deviation of the sample group is calculated at 10.77 and none of the observations of the sample group except TCI Express Limited (TCIEXP IN) have EV-to-EBITDA ratio more than 3 standard deviations from the sample mean (being the limit of Z-scores range falling within the normal distribution curve). The EV-to-EBITDA ratio of TCI Express Limited (TCIEXP IN) is 3.57 standard deviation away from the sample mean and is regarded as outlier. Unlike median which indicates only the middle point of the number set, the sample mean excluding outlier is considered to be a more representative value of the peer group as it makes use of all the data values within the peer group and the determined sample mean is affected by every single data values of the peer group.

Determination of 100% Share Capital of Allport Cruise

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 Allport Cruise. As revealed from its unaudited financial statement for the trailing 12-month period ended 31 October 2021, the equity value of Allport Cruise is determined as follows:

	Allport Cruise <i>HK\$</i>
Trailing 12-month Net Profit After Tax	12,340,850
Add back Corporate Profit Tax	2,767,184
Trailing 12-month Net Profit Before Tax	15,108,034
Add back Finance Costs for the period	–
Add back Depreciation and Amortization for the period	–
Add back Non-operating Expenses/(Income)	–
Add back Minority Interest	–
Trailing 12-month EBITDA	15,108,034
Expected EV-to-EBITDA Ratio	11.80
Determined Enterprise Value	178,274,801
Add back cash	7,824,638
Less debt	–
Equity Value	186,099,439
Round to	186,000,000
Interest attributable to the Sale Shares	100%
Value attributable to the Sale Shares	186,000,000

Remarks:

1. The trailing 12-month net profit after tax and EBITDA of Allport Cruise has been determined based on the unaudited financial statements of the respective companies over the period from 1 November 2020 to 31 October 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 Allport Cruise with reference to the Unaudited Financial Statements as they reflect a more updated and representative valuation of the Sale Shares for the purpose of the Acquisition as compared to the latest audited financial statements of Allport Cruise for the year ended 31 December 2020, especially having considered the substantial growth in the financial performance of the Allport Cruise Group after the incorporation of Allport US in January 2021. In addition, in assuring the reliability of the Unaudited Financial Statements for the purpose of the valuation of the Sale Shares, the Company and us have reviewed the audited financial statements of the indirect holding company of the Allport Cruise Group for the year ended 31 December 2019 and 2020, which were prepared in accordance with HKFRS, to better understand the financial reporting procedures and accounting treatments in the preparation of the financial statements of Allport Cruise Group, including its policy regarding recognition of revenue and cost, and discussed with the Vendor regarding the procedures and policy in preparation of the Unaudited Financial Statements.
2. Given the expected PE ratio of 24.12 as determined from the above comparable company analysis, the trailing 12-month net profit after tax of HK\$12,340,850, the resulting 100% equity values are calculated at approximately HK\$297,653,915 which is 60% higher than the above equity value of Allport Cruise 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 Allport Cruise as at 31 October 2021 is reasonably represented by an amount of HK\$186,000,000.

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 contained in the International Valuation Standards published by the International Valuation Standards Council on 31 July 2021 and relied 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

Based on the register kept by the Company, 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	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 (L)	57.4%
Mr. Ngan	Beneficial owner	21,241,203 (L)	7.7%
Ms. Morandin	Beneficial owner	10,000,000 (L)	3.6%
Mr. Di Nello	Beneficial owner	10,000,000 (L)	3.6%
Ms. Chen	Beneficial owner	1,256,099 (L)	0.5%

Notes:

1. The letter “L” denotes the Directors’ long position in the Shares, underlying Shares and debentures of the Company.
2. The 158,480,222 Shares are held by CS Logistics. CS Logistics is owned as to 75.0% by the Vendor, 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, a company which is owned as to 80.0% by Mr. Lau, the chairman of the Board and a non-executive Director. By virtue of the SFO, the Vendor, CS Holdings, CS Group, Hundred Honest and Mr. Lau are deemed to be interested in the Shares held by CS Logistics. Mr. Lau is also a director of each of CS Logistics, the Vendor, CS Holdings, CS Group and Hundred Honest.

(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)	75.0%	
	The Vendor	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)	80%

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%

Notes:

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

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.

As at the Latest Practicable Date, save for Mr. Lau (who was a director of each of CS Logistics, the Vendor, CS Holdings, CS Group and Hundred Honest), none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of SFO.

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) entered into by the Group which was subsisting as at the Latest Practicable Date by virtue of his/her relationship with the relevant company as specified below:

Brief details of contract	Directors' interest in the counterparty	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	Directors' interest in the counterparty	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 into between the Company with EV Cargo Global Forwarding Limited, (formerly known as Allport Cargo Services Limited) ("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	EV Cargo is ultimately owned or controlled as to 20% by Mr. Lau	23 December 2020 to 31 December 2022	(A) Service fees payable by the EV Cargo Group 2021: 350,000 2022: 455,000 (B) Service fees payable to the EV Cargo Group 2021: 60,000 2022: 78,000
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)			

Brief details of contract	Directors' interest in the counterparty	Term	Annual caps for the year ending 31 December (HK\$'000)
<p>4. A master agency agreement entered into between the Company and 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 relation to the import of goods into the USA 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 USA, 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	Directors' interest in the counterparty	Term	Annual caps for the year ending 31 December (HK\$'000)
<p>5. A master agency agreement entered into between the Company and CN France HK (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><i>Revenue to be derived from CN France Group</i></p> <p>2021: 1,268 2022: 1,319</p> <p><i>Cost of services to be charged by CN France Group</i></p> <p>2021: 31,943 2022: 33,220</p>

In addition, Mr. Lau was also interested in the Share Purchase Agreement and the transactions contemplated thereunder by virtue of his interests in the Vendor, the details of which had been set out in this circular. Save as aforesaid, none of the Directors had material interests in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

(b) Interest in assets*(i) Lease of properties from Directors*

As at the Latest Practicable Date, the following properties in the PRC were lease 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 January 2022 to 31 December 2022	2022: RMB40,307
2.	2735 Fujin Road, Baoshan District, Shanghai, the PRC	Office	1 January 2022 to 31 December 2022	2022: RMB40,307
3.	Room 1511, 555 Renmin Middle Road, Liwan District, Guangzhou, the PRC	Office	1 January 2022 to 31 December 2022	2022: RMB15,964
4.	C406, 12 Hong Kong Middle Road, Shinan District, Qingdao, the PRC	Office	1 January 2022 to 31 December 2022	2022: RMB5,250
5.	Room 1512, 555 Renmin Middle Road, Liwan District, Guangzhou, the PRC	Office	1 January 2022 to 31 December 2022	2022: RMB15,611
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 January 2022 to 31 December 2022	2022: RMB164,291

(ii) Acquisition of equity interests from Directors

On 16 September 2021, CN HK (as purchaser) has entered into two sale and purchase agreements with Mr. Di Nello and Ms. Morandin (as vendors), each an executive Director, for the acquisitions of 40% of the entire issued shares in CN LOGISTICS SA and 30% of the entire issued corporate capital in CN Logistics S.R.L.. The aggregated consideration of such acquisitions was approximately HK\$164,654,000 (as to approximately HK\$82,327,000 to each of Mr. Di Nello and Ms. Morandin), which was settled by the Company allotting and issuing 10,000,000 Shares, credited as fully paid, to each of Mr. Di Nello and Ms. Morandin. The acquisitions were completed on 17 November 2021.

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

A copy of the Share Purchase Agreement 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).

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 Wah Street, Tsuen Wan, Hong Kong on Wednesday, 23 February 2022 at 10:00 a.m. for the purpose of considering and, if though fit, passing the following resolutions (with or without modification) as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

“THAT:

- (a) the conditional share purchase agreement (the “**Share Purchase Agreement**”) dated 31 December 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) and Cargo Services Seafreight Limited (the “**Vendor**”) (as vendor) in relation to the sale and purchase of the entire issued shares capital in Allport Cruise Logistics Inc. (“**Allport Cruise**”), together with the transactions contemplated thereunder (the “**Acquisition**”) 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 “**Specific Mandate**”) to exercise all the powers of the Company to allot and issue up to 30,300,000 new ordinary shares of US\$0.001 each in the share capital of the Company (the “**Consideration Shares**”) at the issue price of HK\$9.2 per Consideration Share to the Vendor, subject to and in accordance with the terms and conditions set out in the Share Purchase Agreement; and
- (c) the Directors be and are hereby authorized to do all acts, matters and things as they may consider desirable or expedient to give effect to the Share Purchase Agreement and all the transactions contemplated thereunder (including the allotment and issue of the 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 Share Purchase Agreement.”

By order of the Board

CN Logistics International Holdings Limited

Ngan Tim Wing

Executive Director and Chief Executive Officer

Hong Kong, 31 January 2022

NOTICE OF EGM

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 a meeting of the Company 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. A form of proxy for use at the meeting is being despatched to the shareholders of the Company together with a copy of this notice.
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 notarially 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, Hong Kong not less than 48 hours before the time fixed for holding the meeting (not later 10:00 a.m. on Monday, 21 February 2022 (Hong Kong time)) or any adjournment thereof. 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 revoked.
3. The register of members of the Company will be closed from Friday, 18 February 2022 to Wednesday, 23 February 2022 (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, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 February 2022.
4. Typhoon or Black Rainstorm Warning or "extreme conditions" caused by super typhoons Arrangements
 - (i) Where a "black" rainstorm warning signal or "extreme conditions" caused by super typhoons is in force or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted at 8:30 a.m. on the date of the EGM, the EGM will be adjourned. Details of the adjourned meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.cnlogistics.com.hk).
 - (ii) The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Having considered their own situations, shareholders should decide on their own whether they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

As at the date of this notice, the Board comprises Mr. Ngan Tim Wing, Ms. Chen Nga Man, Ms. Augusta Morandin and Mr. Fabio Di Nello 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.