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

If you have sold or transferred all your shares in CN Logistics International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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CN Logistics International Holdings Limited
嘉泓物流國際控股有限公司
(the “Company”)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2130)

**RENEWAL OF AN EXISTING CONTINUING CONNECTED TRANSACTION –
THE 2023 CS GROUP MASTER AGENCY AGREEMENT
AND
NOTICE OF EGM**

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



中州國際融資有限公司
CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser continuing its advice to the Independent Board Committed and the Independent Shareholders is set out on pages 18 to 31 of this circular.

A notice convening the EGM to be held at 11:00 a.m. on Friday, 23 December 2022 by way of virtual meeting is set out on pages 41 to 42 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the holding of the EGM (i.e. not later than 11:00 a.m. on Wednesday, 21 December 2022) 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 at the EGM or any adjourned meeting thereof should you so wish. All times and dates specified herein refer to Hong Kong times and dates.

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DEFINITIONS

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

“Allport Cruise”	Allport Cruise Logistics Inc., a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which was acquired by the Group in March 2022
“Allport Cruise Group”	Allport Cruise and its subsidiaries
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	CN Logistics International Holdings Limited 嘉泓物流國際控股有限公司, a company incorporated in the Cayman Islands with limited liability, and the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2130)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CS CT Group”	CS Group and its subsidiaries and associates from time to time (excluding the Group)
“CS Group”	Cargo Services Group Limited, an exempted company limited by shares incorporated in the Cayman Islands on 11 February 2015 under the Companies Law, being a controlling Shareholder which is ultimately owned by Mr. Lau and Ms. Cynthia Lau
“CS Group Master Agency Agreement”	the master agency agreement entered into between the Company and CS Group on 17 September 2020 with a term commencing on 17 September 2020 and expiring on 31 December 2022, the details of which were set out in the Prospectus
“CS Logistics”	Cargo Services (Logistics) Limited, a company incorporated in the BVI with limited liability on 29 April 1997 and one of the controlling Shareholders
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held on Friday, 23 December 2022 at 11:00 a.m. by way of a virtual meeting to consider and, if appropriate, to approve the resolution contained in the notice of the EGM which is set out on pages 39 to 42 of this circular, or any adjournment thereof
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company
“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 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps
“Independent Financial Adviser”	Central China International Capital Limited, a corporation licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps
“Independent Shareholders”	Shareholders who do not have any material interests in the transactions contemplated under the 2023 CS Group Master Agency Agreement and are not required to abstain from voting for the relevant resolution at the EGM
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) not connected person(s) of the Company
“Latest Practicable Date”	29 November 2022 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange since 15 October 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lau”	Mr. Lau Shek Yau John (劉石佑), the founder of the Group, chairman of the Board, a non-executive Director and one of the controlling Shareholders
“Ms. Chen”	Ms. Chen Nga Man (陳雅雯), an executive Director

DEFINITIONS

“Ms. Cynthia Lau”	Ms. Lau Ying Cynthia, one of the controlling Shareholders and is the daughter of Mr. Lau
“Nitrile Gloves Agency Agreement”	an agency agreement dated 5 August 2020 entered into between CN LOGISTICS LIMITED (an indirect non-wholly owned subsidiary of the Company) and CARGO SERVICES FAR EAST LIMITED (a member of the CS CT Group) in relation to shipments of an agreed volume of nitrile gloves to the United Kingdom primarily from Shanghai during the period from 20 June 2020 to 31 March 2021, the details of which were set out in the section headed “Relationship with our Controlling Shareholders – Related party transactions relating to freight forwarding business among our Group and the Controlling Shareholder Group and the Allport Group” in the Prospectus
“PRC”	the People’s Republic of China, which for the purpose of this circular and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed CS Group Annual Caps”	The proposed annual caps for the transactions contemplated under the 2023 CS Group Master Agency Agreement for each of the years ending 31 December 2023, 2024 and 2025
“Prospectus”	the prospectus of the Company dated 30 September 2020
“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
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	the United States of America
“2023 CS Group Master Agency Agreement”	the master agency agreement entered into between the Company and CS Group on 3 November 2022 with a term commencing from 1 January 2023 and expiring on 31 December 2025
“%”	per cent.

SPECIAL ARRANGEMENTS AND GUIDANCE NOTES FOR THE EGM

SPECIAL ARRANGEMENT OF THE EGM

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the need to protect the attendees from the EGM of possible exposure to the COVID-19 pandemic. In view of the ongoing COVID-19 pandemic and requirements for prevention and control from the Hong Kong government, the Company decided to hold the EGM in the form of a virtual meeting via the online meeting system provided by the Hong Kong Branch Share Registrar (the “**Tricor e-Meeting System**”).

NOTICE OF EGM, CIRCULAR AND PROXY FORM

Printed copies of the notice of the EGM, this circular and the proxy form will be sent to the Shareholders. The notice of the EGM, this circular and the proxy form may also be accessed at the Company’s website at www.cnlogistics.com.hk.

ATTENDANCE AND PARTICIPATION AT THE EGM

Shareholders will be able to participate at the EGM and exercise their voting rights by:

- (a) attending the EGM via the Tricor e-Meeting System which enables live streaming of the EGM, provide an interactive platform for questions-and-answers and allow the Shareholders to submit their votes online; or
- (b) appointing the chairman of the EGM or other persons as their proxies to vote on their behalf via the Tricor e-Meeting System.

The Shareholders will not be able to attend the EGM in person.

Login details for the registered Shareholders

The Hong Kong Branch Share Registrar is expected to despatch the relevant login credentials to the Shareholders on Friday, 16 December 2022 by post. Shareholders can login to the Tricor e-Meeting System by visiting the designated website and entering the login credentials so provided to attend the EGM online. Shareholders should note that only one device is allowed per login.

If your proxy (except when the chairman of the EGM is appointed as proxy) wishes to attend the EGM and vote online, you must provide a valid email address on the proxy form for the necessary arrangements. If no email address is provided, your proxy cannot attend the EGM and vote online. The email address so provided will be used by the Hong Kong Branch Share Registrar for providing the login details for attending and voting at the EGM via Tricor e-Meeting System. If your proxy has not received the login details by email by 5:00 p.m. on Thursday, 22 December 2022 (Hong Kong time), you should contact the Hong Kong Branch Share Registrar’s hotline at (852) 2975 0928 from 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays) for the necessary arrangements.

SPECIAL ARRANGEMENTS AND GUIDANCE NOTES FOR THE EGM

PLEASE KEEP THE LOGIN DETAILS IN SAFE CUSTODY FOR USE AT THE EGM AND DO NOT DISCLOSE THEM TO ANYONE ELSE.

Neither the Company nor the Hong Kong Branch Share Registrar assumes any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for attendance, voting or otherwise. The submission of the vote through Tricor e-Meeting System using your login details will be conclusive evidence that the vote was cast by you as a Shareholder. The Company, its agents and the Hong Kong Branch Share Registrar take no responsibility for all or any loss or other consequence caused by or resulting from any unauthorised use of the login details.

Login details for the non-registered Shareholders

Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend and vote at the EGM. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements. They will be asked to provide their email address which will be used by the Hong Kong Branch Share Registrar for providing the login details for attending the EGM via the Tricor e-Meeting System.

QUESTIONS AT AND PRIOR TO THE EGM

Shareholders attending the EGM through the Tricor e-Meeting System may submit questions relevant to the proposed resolution online during the EGM. The Board will endeavour to respond to substantial and relevant queries from Shareholders at the EGM.

For enquiries relating to the arrangements of the EGM, please contact the Hong Kong Branch Share Registrar via their hotline at (852) 2975 0928 from 9:00 a.m. to 5:00 p.m. (Monday to Friday, excluding Hong Kong public holidays).

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*)

Mr. 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

*Headquarters 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

Independent Non-executive Directors:

Mr. Lam Hing Lun Alain

Mr. Chan Chun Hung Vincent

Mr. Chun Chi Man

5 December 2022

To the Shareholders

Dear Sir/Madam,

**RENEWAL OF AN EXISTING CONTINUING CONNECTED TRANSACTION –
THE 2023 CS GROUP MASTER AGENCY AGREEMENT
AND
NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 3 November 2022 in relation to, amongst others, the 2023 CS Group Master Agency Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with information in respect of the resolution to be proposed at the EGM and to give you the notice of the EGM. Resolution to be proposed at the EGM include the ordinary resolution to approve, among the other matters, the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps.

2. THE 2023 CS GROUP MASTER AGENCY AGREEMENT

Principal terms of the 2023 CS Group Master Agency Agreement are set out as follows:

Date	3 November 2022
Parties	(i) the Company; and (ii) CS Group
Term	From 1 January 2023 to 31 December 2025 (both days inclusive), subject to the approval by the Independent Shareholders at the EGM
Subject matter	CS Group (for itself and as trustee for the benefit of the members of the CS CT Group) and the Company (for itself and as trustee for the benefit of the members of the Group) appoint each other as the agent for the provision of ocean freight forwarding services in the countries and regions where the members of the Group and the members of the CS CT Group operate in.
Service fee	The service fee for each shipment under the 2023 CS Group Master Agency Agreement shall be constituted by an accepted ocean freight order entered into between the relevant member(s) of the CS CT Group and the relevant member(s) of the Group and shall be on normal and usual commercial terms and on terms no less favourable to the Group than those offered by Independent Third Party(ies) in respect of similar services of comparable quality.

Reasons for and benefits of entering into the 2023 CS Group Master Agency Agreement

Prior to the Listing, the Group and the CS CT Group had been business partners in the provision of air and ocean freight forwarding services to each other, particularly at locations where the relevant parties did not have local offices or presences. Since the Listing, it has been the business strategy of the Group to focus on its core business i.e. the provision of air freight forwarding services in order to enhance the competitiveness of the Group. On the other hand, CS CT Group has continued to focus on the provision of ocean freight forwarding services on a global basis. Under such circumstances, the Directors considered that the existing annual caps for the transactions under the CS Group Master Agency Agreement would be sufficient.

Nevertheless, along with the growth in its air freight forwarding services, the Group also recorded significant growth in its ocean freight forwarding services since 2022 following the expansion of its local presences at various regions, including the setting up of the U.S. office after the

LETTER FROM THE BOARD

acquisitions of Allport Cruise Group and the establishment of local offices in Southeast Asia. During the six months ended 30 June 2022, the Group recorded revenue of HK\$550.1 million from its ocean freight forwarding services, representing an increase of approximately 137.6% as compared to the corresponding period in 2021. It is expected that the ocean freight forwarding services of the Group will continue to expand in the following years.

The Directors consider that continued and deeper cooperation with CS CT Group would enhance the growth of the ocean freight forwarding services of the Group. The Group and CS CT Group would be able to engage each other as agent for provision of ocean freight forwarding services at points of origins or destinations where the other party does not have a local presence. Given the substantial experience and connections of CS CT Group in the ocean freight forwarding industry, the Company believes that the cooperation with CS CT Group will further accelerate the expansion plan of the Group and further enhance the service coverage of ocean freight forwarding services to its customers.

Historical amounts

The transaction amounts between the Group and the CS CT Group under the CS Group Master Agency Agreement for each of the years ended 31 December 2020 and 2021 and the eight months ended 31 August 2022 are set out below:

	For the year ended 31 December		For the eight months ended 31 August
	2020	2021	2022
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)	(unaudited)
Cost of services charged by CS CT Group	34,235	43,087	42,686
Revenue derived from CS CT Group ^(Note)	287,956	19,257	2,273

Note: The decrease in the revenue generated from CS CT Group in the year ended 31 December 2021 and the eight months ended 31 August 2022 was primarily attributable to the completion of the one-off transaction between the Group and CS CT Group in relation to the shipments of an agreed volume of nitrile gloves to the United Kingdom under the Nitrile Gloves Agency Agreement. Please refer to the section headed “Relationship with our Controlling Shareholders – Related party transactions relating to freight forwarding business among our Group and the Controlling Shareholder Group and the Allport Group” in the Prospectus. Revenue derived from the transactions under the Nitrile Gloves Agency Agreement amounted to HK\$213.3 million and HK\$14.5 million for the year ended 31 December 2020 and 2021, respectively.

LETTER FROM THE BOARD

Existing annual caps and the Proposed CS Group Annual Caps

Set out below are the (i) existing annual caps for the transactions under the CS Group Master Agency Agreement for the year ended/ending 31 December 2020, 2021 and 2022; and (ii) the Proposed CS Group Annual Caps:

	For the year ended/ending 31 December		
	2020	2021	2022
	(HK\$'000)	(HK\$'000)	(HK\$'000)
<i>Existing annual caps</i>			
Cost of services charged by CS CT Group	56,818	59,091	61,454 ⁽²⁾
Revenue derived from CS CT Group ⁽¹⁾	288,318	20,844	3,300 ⁽²⁾

Notes:

1. The annual caps of the revenue to be derived from CS CT Group for the year ended 31 December 2020 and 2021 includes the estimated services fees chargeable by the Group under the one-off transaction under the Nitrile Gloves Agency Agreement. As the term of the Nitrile Gloves Agency Agreement was expired in March 2021, the Company has set a lower annual cap for the revenue to be derived from CS CT Group for the year ending 31 December 2022.
2. The actual cost of services charged by CS CT Group and the revenue derived from CS CT Group for the eight months ended 31 August 2022 amounted to HK\$42.7 million and HK\$2.3 million, respectively, representing approximately 69.5% and 68.9% of the respective annual cap for the year ending 31 December 2022. As at the Latest Practicable Date, the annual caps for the transactions under the CS Group Master Agency Agreement for the year ending 31 December 2022 has not been exceeded. The Group will continue to monitor the transaction amounts under the CS Group Master Agency Agreement and will re-comply with the applicable Listing Rules if the existing annual caps are exceeded.

	For the year ending 31 December		
	2023	2024	2025
	(HK\$'000)	(HK\$'000)	(HK\$'000)
<i>CS Group Proposed Annual Caps</i>			
Cost of services charged by CS CT Group	105,000	116,000	128,000
Revenue derived from CS CT Group	41,000	45,000	49,000

LETTER FROM THE BOARD

Basis of determination of the Proposed CS Group Annual Caps

Cost of services charged by CS CT Group

In determining the Proposed CS Group Annual Caps in respect of the cost of services to be charged by the CS CT Group, the Directors have taken into account:

- (i) the expected increase in the transaction amounts between the Group and CS CT Group following the expansion of the Group's presence to the U.S. market after the acquisition of Allport Cruise Group in March 2022 from CS CT Group. Prior to the acquisition of Allport Cruise Group, the Group did not have any transaction with Allport Cruise Group. After such acquisition, all the transactions between Allport Cruise Group and CS CT Group would constitute continuing connected transactions of the Company. As at the Latest Practicable Date, Allport Cruise Group is contemplating certain drydock projects to be commenced in late 2022 or early 2023 and it is expected that Allport Cruise Group would engage CS CT Group for the provision of ocean freight forwarding services in respect of at least two drydock projects given that the projects are located at Singapore, at which the Group did not have local presence. With reference to the average cost incurred by Allport Cruise Group in each drydock project, it is estimated that cost of services charged by CS CT Group in respect of the two upcoming drydock projects in the year ending 31 December 2023 will be over HK\$40 million. In addition, considering the business growth of and the increase in the number of drydock projects undertaken by Allport Cruise Group in 2022, the Group expects that its cooperation with CS CT Group will sustain at a similar level in the years ending 31 December 2024 and 2025;
- (ii) the historical cost of services charged by CS CT Group as well as the expected growth in the Group's business resulting from the establishment of overseas offices in recent years. It is expected that the Group will continue to expand its customer base in the coming years, resulting in an expected increase in the Group's demand for freight forwarding services from its business partners including the CS CT Group; and
- (iii) the estimated growth of 10% annually in the cost of services to be charged by CS CT Group (a) in light of the expected future growth in the business of Allport Cruise Group taking into account the significant increase in the revenue of Allport Cruise Group for the six months ended 30 June 2022 as compared to the corresponding period in 2021; and (b) to cater for any unexpected increase in freight rate in view of the significant increase in freight rate in 2020 and 2021.

Having taken into consideration, amongst others, (i) the historical cost of services charged by CS CT Group during the eight months ended 31 August 2022; (ii) the historical cost of services incurred by Allport Cruise Group in its drydock projects; and (iii) the expected growth in the ocean freight forwarding business of the Group as well as the business of Allport Cruise Group, the Directors consider that the Proposed CS Group Annual Caps in respect of the cost of services to be charged by the CS CT Group are fair and reasonable.

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Revenue derived from CS CT Group

In determining the Proposed CS Group Annual Caps in respect of the revenue to be derived from the CS CT Group, the Directors have taken into account:

- (i) the expected increase in the revenue to be derived from CS CT Group resulting from the expansion of the Group's ocean freight forwarding services and the plans of the Group to accelerate its cooperation with CS CT Group in respect of ocean freight forwarding services to a level similar to that prior to the Listing. Please refer to the paragraphs headed "Reasons for and benefits of entering into the 2023 CS Group Master Agency Agreement" above for a detailed discussion on the expected growth in the ocean freight forwarding services of the Group. The expected amount of revenue to be derived from CS CT Group was determined having taken into account (a) the expected demand for ocean freight forwarding services from CS CT Group based on preliminary discussion with CS CT Group and with reference to the historical revenue generated from the provision of ocean freight forwarding services by the Group to the CS CT Group prior to the Listing; (b) the expected capability of the Group in taking up orders of the CS CT Group if sufficient annual caps is available; and (c) the significant increase in freight rates as compared to that prior to the Listing;
- (ii) the expected transaction amounts with the CS CT Group following the acquisition of Allport Cruise Group which enabled the Group to establish its local presence in the U.S. freight forwarding market and thereby providing additional business opportunities to the Group. It is expected that CS CT Group may from time to time engage Allport Cruise Group to provide ocean freight forwarding services for replenishment or drydock projects of its customers; and
- (iii) the estimated growth of 10% annually in the revenue to be derived from CS CT Group (a) in light of the expected growth in the ocean freight forwarding services of the Group; and (b) to cater for unexpected increase in freight rate in view of the significant increase in freight rate in 2020 and 2021.

Having taken in consideration, amongst others, (i) the expected growth in the ocean freight forwarding business of the Group, the details of which are set out in the paragraphs headed "Reasons for and benefits of entering into the 2023 CS Group Master Agency Agreement" above; (ii) the historical transaction amounts between the Group and the CS CT Group prior to the Listing; and (iii) the potential transactions between CS CT Group and Allport Cruise Group, the Directors consider that the Proposed CS Group Annual Caps in respect of the revenue to be derived from the CS CT Group are fair and reasonable.

3. INFORMATION OF THE GROUP AND CS CT GROUP

The principal activity of the Company is investment holding. The Group is a well-established international logistics solutions provider with core business of providing air freight forwarding services and distribution and logistics services in relation to fashion products and fine wine, primarily focusing on high-end fashion (including luxury and affordable luxury) products.

LETTER FROM THE BOARD

CS Group is an investment holding company and the CS CT Group principally engages in the provision of ocean freight forwarding services in the PRC for its domestic and overseas customers, mainly include supermarkets and department stores in the PRC, United Kingdom and Australia.

4. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CS Group indirectly held 75.0% of the entire issued share capital in CS Logistics, which in turn held approximately 57.4% of the issued share capital of the Company. Thus, CS Group is a controlling shareholder of the Company and a connected person of the Company. Accordingly, the transactions contemplated under the 2023 CS Group Master Agency Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed CS Group Annual Caps are higher than 5%, the 2023 CS Group Master Agency Agreement and the transactions contemplated thereunder would be subject to the reporting, annual review, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, CS Group is indirectly controlled by Mr. Lau, a non-executive Director of the Company. As Mr. Lau is materially interested in the transactions contemplated under the 2023 CS Group Master Agency Agreement by virtue of his equity interest in CS Group, he has abstained from voting on the relevant resolution passed at the Board meeting for approving the 2023 CS Group Master Agency Agreement and the Proposed CS Group Annual Caps. Save for Mr. Lau, none of the other Directors is or is deemed to have a material interest in the above transactions.

5. INTERNAL CONTROL

The Group has adopted the following measures to monitor and govern the transactions under the 2023 CS Group Master Agency Agreement:

- (a) the Group has established its pricing policy (the "**Pricing Policy**") for the determination of service fees to be paid or charged by the relevant member(s) of the Group in relation to freight forwarding services provided to and/or acquired from the relevant member(s) of the CS CT Group (each a "**connected party**"), pursuant to which the service fee in respect of each of the shipments shall be determined on a case-by-case basis based on arm's length negotiations between the relevant member(s) of the Group and the connected party with reference to, among other things, the then prevailing market rate and the requirements of the relevant shipments (including but not limited to the volume and nature of the items on freight, the route for the freight and the budget of the relevant member(s) of the Group or the connected party).

In particular, where a connected party acts as the freight forwarding agent, before entering into transactions with a connected party, the relevant member of the Group would compare the terms and the freight rate offered by the connected party with the terms and the freight rate offered by one to two other service providers who are Independent Third Parties to ensure that the terms and the freight rate offered by the connected party are comparable to or better than those offered by Independent Third Parties. Operation unit of the relevant member of the

LETTER FROM THE BOARD

Group are also required to monitor the freight rate charged by the connected party on an on-going basis with reference to, amongst others, (i) freight rate charged by other Independent Third Party service providers on similar route; and (ii) market development and price trend based on their industry knowledge and the weekly market research report (the “**Internal Market Report**”) prepared by the sale and marketing department. On the other hand, where a member of the Group acts as the freight forwarding agent, the relevant member of the Group would compare the terms and the freight rate offered by the connected party with those offered by at least one other customer who is an Independent Third Party freight forwarding agent on similar route, which is determined with reference to market development and price trend based on industry knowledge of the operation unit and the Internal Market Report, the nature and volume of the items on freight and the freight capacity available to the Group to ensure that the terms and the freight rate offered by the connect party are comparable to or better than those offered by Independent Third Parties.

The Pricing Policy is determined and reviewed by the management of the Company from time to time and shall be generally applicable to other Independent Third Party customers and suppliers of the Group;

- (b) the finance department of the Group is responsible for monitoring the continuing connected transactions of the Group. Operation units of each subsidiary of the Company are required to submit to the finance department the details and transaction amounts with each connected party on a weekly basis. The finance department will review the relevant information to assess (i) whether the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant agreement and the Pricing Policy and (ii) the transactions amount during the week under review, the aggregate amount of transactions conducted during the relevant financial year and whether the relevant annual caps have been exceeded. When the transaction amounts under any continuing connected transactions have reached 80% of the relevant annual cap, the finance department will (i) send an alert to the operation units and they would be required to ascertain if there is still sufficient unused annual cap before conducting any further transactions with the relevant connected person(s); and (ii) report to the management for them to consider whether appropriate steps shall be taken in advance to revise the annual caps in order to comply with the relevant requirements under the Listing Rules;
- (c) the independent non-executive Directors will conduct annual review on the continuing connected transactions to confirm whether the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (d) the auditors of the Company will conduct annual review on the continuing connected transactions of the Group to confirm that the continuing connected transactions (i) have been approved by the Board; (ii) were in all material respects, in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the relevant agreement governing them; and (iv) have not exceeded the relevant annual caps.

LETTER FROM THE BOARD

6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on whether the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the Company has appointed Central China International Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

7. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 41 to 42 of this circular. At the EGM, resolution will be proposed to approve, *inter alia*, the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the EGM. As at the Latest Practicable Date, CS Group indirectly held 75.0% of the entire issued share capital in CS Logistics, which in turn held approximately 57.4% of the issued share capital of the Company. Accordingly, CS Group, its associates and any Shareholder who has material interest in the 2023 CS Group Master Agency Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolution relating to the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps at the EGM. Save as disclosed, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps, and therefore, no other Shareholder is required to abstain from voting at the EGM for the relevant resolution.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolution will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnlogistics.com.hk). Please complete and return the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Hong Kong Branch Share Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time scheduled for holding the EGM (i.e. not later than 11:00 a.m. on Wednesday, 21 December 2022) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, your proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Directors are of the view that, by entering into the 2023 CS Group Master Agency Agreement, the Group and the CS CT Group will be able to continue their business cooperation and the Group will benefit from the freight forwarding business brought in by the CS Group in jurisdictions where the Group does not have local presence and allow the Group to expand its customer reach and service offerings.

The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that, the entering of the 2023 CS Group Master Agency Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and that the terms of the 2023 CS Group Master Agency Agreement as well as the Proposed CS Group Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole. Accordingly, the Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM.

9. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022 (both days inclusive) for the purpose of determining the right to attend and vote at the EGM. In order to be qualified for attending and voting at the EGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Hong Kong Branch Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 19 December 2022.

10. GENERAL INFORMATION

Your attention is drawn to the additional information set out in “Appendix I – General Information” of this circular.

11. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps.



CN Logistics International Holdings Limited
嘉泓物流國際控股有限公司
(the “Company”)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2130)

To the Independent Shareholders

Dear Sirs or Madams,

**RENEWAL OF AN CONTINUING CONNECTED TRANSACTION –
THE 2023 CS GROUP MASTER AGENCY AGREEMENT**

We refer to the circular dated 5 December 2022 (the “Circular”) issued by the Company 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 as to whether, in our opinion, the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps, the details of which are set out in the letter from the Board, are on normal commercial terms or better (having such meaning as defined in the Listing Rules), in the ordinary and usual course of business of the Group and fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

Central China International Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Further information of its advice is set out on pages 18 to 31 of the Circular. Your attention is also drawn to the letter from the Board set forth on pages 6 to 15 of the Circular.

Having considered the advice and recommendation of the Independent Financial Adviser, we are of the opinion that the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps, are on normal commercial terms or better, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps.

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 Central China International Capital Limited for the purpose of inclusion in this circular:



Central China International Capital Limited
Suites 1505-1508
Two Exchange Square
8 Connaught Place
Central, Hong Kong

5 December 2022

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

Dear Sir or Madam,

RENEWAL OF AN EXISTING CONTINUING CONNECTED TRANSACTION – THE 2023 CS GROUP MASTER AGENCY AGREEMENT

INTRODUCTION

We refer to the circular of CN Logistics International Holdings Limited dated 5 December 2022 (the *Circular*), of which this letter forms part, regarding (i) the 2023 CS Group Master Agency Agreement and the transactions contemplated thereunder (the **2023-25 CS Group Transactions**); and (ii) the Proposed CS Group Annual Caps. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

The Company entered into the 2023 CS Group Master Agency Agreement with CS Group, who is a connected person of the Company. Therefore, the 2023-25 CS Group Transactions constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The 2023-25 CS Group Transactions and the Proposed CS Group Annual Caps are subject to the approval of the Independent Shareholders by way of poll at the EGM. CS Group and its associates shall abstain from voting at the EGM in respect thereof. Details regarding the EGM are set out in the Circular.

We, Central China International Capital Limited, have been appointed as the independent financial adviser to advise you on the 2023-25 CS Group Transactions and the Proposed CS Group Annual Caps, details of which are set out in the Circular. In this letter, we will make recommendations to you as to whether the 2023-25 CS Group Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and whether the terms of the 2023-25 CS Group Transactions, and the Proposed CS Group Annual Caps, 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 2023-25 CS Group Transactions and the Proposed CS Group Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 2023-25 CS Group Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, whether the terms of the 2023-25 CS Group Transactions, and the Proposed CS Group Annual Caps, 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 2023-25 CS Group Transactions and the Proposed CS Group Annual Caps. The advice of the Independent Board Committee in these regards is contained in its letter included in the Circular.

We, Central China International Capital Limited, did not act as the independent financial adviser to the Company during the two years preceding the date hereof. We are not aware of any of the circumstances as set out in Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, that would otherwise affect our independence to advise you on the 2023-25 CS Group Transactions and the Proposed CS Group Annual Caps.

BASIS OF OUR OPINION

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

We have taken into account the following principal factors and reasons in arriving at our recommendations with regard to the 2023-25 CS Group Transactions and the Proposed CS Group Annual Caps:

The 2023 CS Group Master Agency Agreement

Date:	3 November 2022
Parties:	(i) The Company (ii) CS Group
Term:	1 January 2023 – 31 December 2025 (inclusive of both dates) (three (3) years)
Subject matter:	CS Group (for itself and as trustee for the benefit of the members of the CS CT Group) and the Company (for itself and as trustee for the benefit of the members of the Group) appoint each other as the agent for the provision of ocean freight forwarding services in the countries and regions where the members of the Group and the members of the CS CT Group operate in.
Principal terms:	The service fee for each shipment under the 2023 CS Group Master Agency Agreement shall be constituted by an ocean freight order accepted by the relevant member(s) of the CS CT Group and the relevant member(s) of the Group and shall be on normal and usual commercial terms and on terms no less favourable to the Group than those offered by other Independent Third Party(ies) in respect of similar services of comparable quality.

The CS CT Group, from which the Group is excluded, principally carries out the business of ocean freight forwarding whereas the Group principally carries out the provision of air freight forwarding services, ocean freight forwarding services and distribution and logistics services.

CS Group is a controlling Shareholder and is therefore a connected person of the Company. Accordingly, the entering into of the 2023 CS Group Master Agency Agreement constitutes a continuing connected transaction for the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Proposed CS Group Annual Caps

	Year ending 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed CS Group Annual Caps:			
• Cost of services charged by the CS CT Group	105,000	116,000	128,000
<i>as a percentage of the Group's 2021 cost of services of HK\$2,170.7 million as disclosed in its annual report</i>	<i>4.8%</i>	<i>5.3%</i>	<i>5.9%</i>
• Revenue derived from the CS CT Group	41,000	45,000	49,000
<i>as a percentage of the Group's 2021 revenue of HK\$2,673.4 million as disclosed in its annual report</i>	<i>1.5%</i>	<i>1.7%</i>	<i>1.8%</i>

The 2023 CS Group Master Agency Agreement primarily governs the provision of ocean freight forwarding services between the CS CT Group and the Group. The CS CT Group and the Group are therefore complementary to each other in a way that the scope of ocean freight forwarding services provided by each of them would be extended with the inclusion of each other's network.

In light of the business focus of the CS CT Group on the provision of ocean freight forwarding services, the CS CT Group as a freight forwarding business partner of the Group is engaged from time to time to meet the Group's demand. On the other hand, the Group has positioned itself to focus more on the provision of air (as opposed to ocean) freight forwarding services and derived most of its revenue therefrom over the three years ended 31 December 2021 and the six months ended 30 June 2022. Therefore, the Directors anticipate that the total transaction amount that the Group is payable to the CS CT Group (i.e. cost of ocean freight forwarding services to be charged by the CS CT Group) each year would be more than the total transaction amount that the CS CT Group is payable to the Group (i.e. revenue to be derived from ocean freight forwarding services provided by the Group) over the term of the 2023 CS Group Master Agency Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Background of and Reasons for the 2023-25 CS Group Transactions

The Group was founded in 1991, and the Shares were listed on the Main Board of the Stock Exchange on 15 October 2020 (*Listing*).

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.

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

Set out below is an analysis of the Group's revenue by major service lines and geographical locations extracted from the Company's annual and interim reports:

	Six months ended 30 June				Year ended 31 December			
	2022		2021		2020		2019	
	HK\$'000		HK\$'000		HK\$'000		HK\$'000	
Revenue by major service lines:								
• Provision of air freight forwarding services	700,330	47.6%	1,623,642	60.7%	1,424,147	70.5%	916,951	61.8%
• Provision of ocean freight forwarding services	550,105	37.3%	659,763	24.7%	250,851	12.4%	253,229	17.1%
• Provision of distribution and logistics services	222,421	15.1%	390,019	14.6%	345,564	17.1%	313,669	21.1%
	<u>1,472,856</u>	<u>100.0%</u>	<u>2,673,424</u>	<u>100.0%</u>	<u>2,020,562</u>	<u>100.0%</u>	<u>1,483,849</u>	<u>100.0%</u>
Revenue by geographical locations:								
• Hong Kong	286,346	19.4%	644,090	24.1%	822,637	40.7%	502,939	33.9%
• PRC	332,658	22.6%	965,990	36.1%	684,323	33.9%	532,604	35.9%
• Italy	571,198	38.8%	752,973	28.2%	326,987	16.2%	277,069	18.7%
• Taiwan	68,820	4.7%	144,741	5.4%	96,213	4.8%	89,492	6.0%
• U.S.	89,206	6.1%	-	-	-	-	33,165	2.2%
• Other countries	124,628	8.4%	165,630	6.2%	90,402	4.4%	48,580	3.3%
	<u>1,472,856</u>	<u>100.0%</u>	<u>2,673,424</u>	<u>100.0%</u>	<u>2,020,562</u>	<u>100.0%</u>	<u>1,483,849</u>	<u>100.0%</u>

The Group operates local offices in 19 cities across the PRC, Hong Kong, Taiwan, Italy, Japan, the U.S., Malaysia, Thailand, Vietnam, South Korea, France and Switzerland and works with a network of over 100 freight forwarding business partners, covering over 100 countries around the world.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The CS CT Group is one of the Group's over 100 freight forwarding business partners, which is ultimately controlled by Mr. Lau, and principally carries out the business of ocean freight forwarding. Prior to the U.S. Acquisition (as referred to in the next paragraph) in March 2022, the CS CT Group also carried out the business of air freight forwarding and distribution and logistics services in the U.S. As such, the CS Group Master Agency Agreement was entered into in September 2020 against this backdrop where the parties anticipated the provision of both air and ocean freight forwarding services between the CS CT Group and the Group over the term of three (3) years ending 31 December 2022.

In March 2022, the Company announced the completion of acquisition (the *U.S. Acquisition*) of the entire equity interests in Allport Cruise Logistics Inc. (*Allport Cruise*) from the CS CT Group, which facilitates the expansion of the Group's business into the operations of air freight forwarding and distribution and logistics services in the U.S. (the *Shift of U.S. Business from the CS CT Group*). According to the above table, the Group derived approximately HK\$89.2 million in revenue from the U.S. after the Shift of U.S. Business from the CS CT Group in the first half of 2022.

Following the U.S. Acquisition, the CS CT Group has been basically left with the business of ocean freight forwarding. The 2023 CS Group Master Agency Agreement primarily governs the provision of ocean freight forwarding services between the CS CT Group and the Group on terms no less favourable to the Group than those offered by other Independent Third Party(ies). The CS CT Group and the Group are seen to be complementary to each other in extending the scope of ocean freight forwarding services covered by each of them. Therefore, we consider that the 2023-25 CS Group Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the 2023-25 CS Group Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Review of the Proposed CS Group Annual Caps

Set out below are, among others, the Proposed CS Group Annual Caps, the existing annual caps and their utilisation rates, the historical transaction amounts and how much each of these amounts represents the Group's revenue or cost of services (as the case may be):

		Year ended/ending 31 December								
		2017	2018	2019	2020	2021	2022	2023	2024	2025
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Existing/Proposed CS Group										
Annual Caps:										
• Cost of services charged by the CS CT Group	A				56,818	59,091	61,454	105,000	116,000	128,000
Historical cost of services charged by the CS CT Group ⁽¹⁾	B	9,878	22,753	23,678	34,235	43,087	42,686 ⁽³⁾			
Utilisation rate (%)	$B \div A$				60.3%	72.9%				
Cost of services of the Group ⁽²⁾	C	1,262,699	1,240,341	1,177,061	1,626,254	2,170,696				
As a percentage (%)	$B \div C$	0.8%	1.8%	2.0%	2.1%	2.0%	2.8% ⁽⁴⁾	4.8% ⁽⁴⁾	5.3% ⁽⁴⁾	5.9% ⁽⁴⁾
• Revenue derived from the CS CT Group	A'				288,318 ⁽⁵⁾	20,844 ⁽⁵⁾	3,300	41,000	45,000	49,000
Historical revenue derived from the CS CT Group ⁽¹⁾	B'	47,041	50,510	65,796	287,956	19,257	2,273 ⁽³⁾			
Utilisation rate (%)	$B' \div A'$				99.9%	92.4%				
Revenue of the Group ⁽²⁾	C'	1,523,903	1,538,695	1,483,849	2,020,562	2,673,424				
As a percentage (%)	$B' \div C'$	3.1%	3.3%	4.4%	14.3%	0.7%	0.1% ⁽⁴⁾	1.5% ⁽⁴⁾	1.7% ⁽⁴⁾	1.8% ⁽⁴⁾

Notes:

- (1) Extracted from the Prospectus or the Circular.
- (2) Extracted from the Prospectus or the Company's annual reports.
- (3) Historical figure for the eight months ended 31 August 2022 as disclosed in the Circular.
- (4) The relevant cap amount as a percentage of the Group's 2021 cost of services (HK\$2,170.7 million) or revenue (HK\$2,673.4 million).
- (5) In August 2020, a member of the Group and a member of the CS CT Group entered into an agency agreement regarding the Group's provision of air freight forwarding services to the CS CT Group for nitrile gloves from Shanghai of the PRC to the United Kingdom during the period from 20 June 2020 to 31 March 2021. The contract amount was up to US\$27.0 million (or approximately HK\$210.6 million). As such, the historical revenue derived from the CS CT Group stood at a relatively high level for the year ended 31 December 2020 compared to other years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) **Cost of services charged by the CS CT Group**

The Directors estimate that the cost of services to be charged by the CS CT Group for the year ending 31 December 2023 will be no more than HK\$105 million (**2023 Annual Cap (Cost)**), representing approximately 4.8% of the Group's cost of services of HK\$2,170.7 million for the year ended 31 December 2021.

In analysing the 2023 Annual Cap (Cost), we have considered the following:

HK\$ million

The existing transactions between the CS CT Group and the Group

For the eight months ended 31 August 2022, the cost of services charged by the CS CT Group amounted to approximately HK\$42.7 million (see the above table), which would be **HK\$64.0 million** on an annualised basis. The Directors confirm that such amount related to the cost of ocean freight forwarding services charged by the CS CT Group during the period.

64.0

The transactions that have become continuing connected transactions following the U.S. Acquisition

The Directors anticipate that there will be an increase in the 2023-25 CS Group Transactions between the Group (as enlarged by the U.S. Acquisition) and the CS CT Group (as reduced by the U.S. Acquisition) due to the pre-existed transactions between the Allport Cruise group of companies (**Allport Cruise Group**) and the rest of the CS CT Group members. In other words, certain transactions previously carried out within the CS CT Group will need to be subjected to the scrutiny of the Listing Rules on continuing connected transactions following the U.S. Acquisition.

The Directors confirm that the Allport Cruise Group recorded a cost of services charged by the rest of the CS CT Group of **HK\$41.2 million** for the year ended 31 December 2021. Such cost represented certain transactions carried out within the CS CT Group prior to the U.S. Acquisition, which the Company would have to ensure compliance with the continuing connected transaction requirements under the Listing Rules had they been conducted after the Shift of U.S. Business from the CS CT Group. The Directors further confirm that the Group recorded no transactions with the Allport Cruise Group during the year ended 31 December 2021.

41.2

105.2

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the 2023 Annual Cap (Cost) being primarily determined with reference to the relevant historical amounts, which is slightly less than HK\$105.2 million as analysed above, we consider that the 2023 Annual Cap (Cost) is fair and reasonable.

The Directors estimate that the cost of services to be charged by the CS CT Group for the year ending 31 December 2024 will be no more than HK\$116 million (**2024 Annual Cap (Cost)**) which is approximately 10% higher than the 2023 Annual Cap (Cost) and the cost of services to be charged by the CS CT Group for the year ending 31 December 2025 will be no more than HK\$128 million (**2025 Annual Cap (Cost)**) which is also approximately 10% higher than the 2024 Annual Cap (Cost). Taking into account the compound annual growth rate (**CAGR**) of approximately 14.5% for the Group's cost of services from HK\$1,262.7 million for the year ended 31 December 2017 to HK\$2,170.7 million for the year ended 31 December 2021 (see the above table), we consider that the 2024 Annual Cap (Cost) and the 2025 Annual Cap (Cost) are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) **Revenue derived from the CS CT Group**

The Directors estimate that the revenue to be derived from the CS CT Group for the year ending 31 December 2023 will be no more than HK\$41 million (*2023 Annual Cap (Revenue)*), representing approximately 1.5% of the Group's revenue of HK\$2,673.4 million for the year ended 31 December 2021.

In analysing the 2023 Annual Cap (Revenue), we have considered the following:

HK\$ million

The prior transactions between the CS CT Group and the Group

The Directors confirm that the Group's revenue derived from the CS CT Group in respect of the provision of ocean freight forwarding services was approximately HK\$7.9 million for the year ended 31 December 2019. The Directors project such revenue for the year ending 31 December 2023 to be approximately **HK\$34.3 million** primarily on the basis of the growth of the Group's revenue in respect of the provision of ocean freight forwarding services of 334.5% from HK\$253.2 million for the year ended 31 December 2019 to HK\$1,100.2 million for the year ending 31 December 2022 (which is annualised according to the Group's revenue of HK\$550.1 million recorded for the six months ended 30 June 2022) as disclosed in "*Principal Factors and Reasons Considered – Background of and Reasons for the 2023-25 CS Group Transactions*" in this letter.

The Directors confirm that the majority of revenue transactions of the Group with the CS CT Group was relating to air freight forwarding services provided by the Group which amounted to approximately HK\$288.0 million, HK\$19.3 million and HK\$2.3 million for the years ended 31 December 2020 and 2021 and the eight months ended 31 August 2022 respectively. For the purposes of Listing, the annual caps in relation to these transactions were formulated in view of the Group's business focus on air (as opposed to ocean) freight forwarding services. Against this backdrop, the historical transaction amount of approximately HK\$2.3 million in relation to the Group's revenue derived from the CS CT Group for the eight months ended 31 August 2022 was not taken into account in determining the 2023 Annual Cap (Revenue).

34.3

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

HK\$ million

The transactions that have become continuing connected transactions following the U.S. Acquisition

Reference is made to “Principal Factors and Reasons Considered – Review of the Proposed CS Group Annual Caps – (i) Cost of services charged by the CS CT Group – The transactions that have become continuing connected transactions following the U.S. Acquisition” in this letter.

The Directors confirm that the Allport Cruise Group recorded a revenue derived from the rest of the CS CT Group of **HK\$9.6 million** for the year ended 31 December 2021. Such revenue represented certain transactions carried out within the CS CT Group prior to the U.S. Acquisition, which the Company would have to ensure compliance with the continuing connected transaction requirements under the Listing Rules had they been conducted after the Shift of U.S. Business from the CS CT Group. The Directors further confirm that the Group recorded no transactions with the Allport Cruise Group during the year ended 31 December 2021.

9.6

43.9

In light of the 2023 Annual Cap (Revenue) being primarily determined with reference to the relevant historical amounts, which is even less than HK\$43.9 million as analysed above, we consider that the 2023 Annual Cap (Revenue) is fair and reasonable.

The Directors estimate that the revenue to be derived from the CS CT Group for the year ending 31 December 2024 will be no more than HK\$45 million (**2024 Annual Cap (Revenue)**) which is approximately 10% higher than the 2023 Annual Cap (Revenue) and the revenue to be derived from the CS CT Group for the year ending 31 December 2025 will be no more than HK\$49 million (**2025 Annual Cap (Revenue)**) which is also approximately 10% higher than the 2024 Annual Cap (Revenue). Taking into account the CAGR of approximately 15.1% for the Group’s revenue from HK\$1,523.9 million for the year ended 31 December 2017 to HK\$2,673.4 million for the year ended 31 December 2021 (see the above table), we consider that the 2024 Annual Cap (Revenue) and the 2025 Annual Cap (Revenue) are fair and reasonable.

Internal Control Measures

Reference is made to the internal control measures in relation to the 2023-25 CS Group Transactions set out in “Letter from the Board – 5. Internal Control” in the Circular.

The Group’s finance department monitors the continuing connected transactions conducted on a weekly basis in order to assess whether they have been carried out in accordance with the terms of the relevant agreements and the Pricing Policy and whether the relevant annual caps have been exceeded. Since

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Group's finance department is run independently in the back office from the operation or business units which carry out the relevant transactions with the counterparties direct, we consider that there are checks and balances in enforcing the relevant continuing connected transaction agreements which are in the interests of the Company and the Shareholders as a whole.

Review of the Past Transactions

The CS Group Master Agency Agreement covers a term of three (3) years expiring on 31 December 2022. According to the 2020 and 2021 annual reports of the Company,

- (i) the independent non-executive Directors reviewed and confirmed that the transactions conducted under the CS Group Master Agency Agreement (the *Past Transactions*) were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or better; and (c) in accordance with such agreement on terms that were fair and reasonable and in the interests of the Shareholders as a whole; and
- (ii) the auditors to the Company confirmed that nothing had come to their attention that caused them to believe that the Past Transactions (a) had not been approved by the Board; (b) were not, in all material respects, in accordance with the Pricing Policy; (c) were not entered into, in all material respects, in accordance with the CS Group Master Agency Agreement; and (d) had exceeded the relevant annual caps.

In respect of the transactions conducted between the CS CT Group and the Group under the CS Group Master Agency Agreement, we reviewed six (6) transactions on a random basis in respect of each of the total cost of services charged by the CS CT Group and the total revenue derived from the CS CT Group, making up a total of twelve (12) selected transactions, with an aim to covering a cycle of twelve (12) different calendar months with one (1) transaction each month as far as possible. We reviewed the relevant ledgers to ensure completeness of transactions for sampling. We then reviewed the relevant job sheets, debit notes and quotations, and found that the selected transactions were priced at rates either in US\$ or HK\$ per cubic metre in accordance with the Pricing Policy as follows: (i) there existed a transaction covering the similar route with an Independent Third Party customer or freight forwarding agent for each of the selected transactions; (ii) all of the selected revenue transactions of the Group were priced at rates higher than those charged against the independent customers; and (iii) all of the selected cost transactions of the Group were priced at rates lower than those charged by the independent freight forward agents. In view of the selected transactions being on terms that were no less favourable to the Group than those offered by Independent Third Parties, we consider that the number of transactions selected for our review is sufficient, fair and reasonable.

In view of the internal control measures in place in enforcing the relevant continuing connected transaction agreements and the review of the Past Transactions by the independent non-executive Directors, the auditors to the Company and the Independent Financial Adviser, we consider that the transactions between the CS CT Group and the Group have been carried out in the ordinary and usual course of business of the Group, either on normal commercial terms or better, and in accordance with the CS Group Master Agency Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On-going Compliance with the Listing Rules

Pursuant to Rule 14A.54 of the Listing Rules, the Company must re-comply with the announcement and Shareholders' approval requirements before:

- (i) the Proposed CS Group Annual Caps are exceeded; or
- (ii) it proposes to renew the 2023-25 CS Group Transactions or to effect a material change to their terms.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors must review the 2023-25 CS Group Transactions every year and confirm in the Company's annual report whether they have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the 2023 CS Group Master Agency Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its auditors to report on the 2023-25 CS Group Transactions every year. The auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the 2023-25 CS Group Transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the Pricing Policy;
- (iii) were not entered into, in all material respects, in accordance with the 2023 CS Group Master Agency Agreement; and
- (iv) have exceeded the Proposed CS Group Annual Caps.

Pursuant to Rule 14A.59 of the Listing Rules, the Company shall promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors to the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In view of (i) the implementation of the internal control measures; (ii) the annual review of the 2023-25 CS Group Transactions by the independent non-executive Directors and the auditors to the Company; and (iii) if required, re-compliance with the announcement and Shareholders' approval requirements, we are of the view that appropriate measures are in place to govern the conduct of the 2023-25 CS Group Transactions and safeguard the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION

Having taken into account the principal factors and reasons set out above, we are of the view that the 2023-25 CS Group Transactions, which are in the ordinary and usual course of business of the Group, are on normal commercial terms, and the terms of the 2023-25 CS Group Transactions, and the Proposed CS Group Annual Caps, 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 to be proposed at the EGM to approve the 2023-25 CS Group Transactions and the Proposed CS Group Annual Caps.

Yours faithfully,
for and on behalf of
Central China International Capital Limited
Felix Chan
Managing Director

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

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 and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which 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 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 Tim Wing ("Mr. Ngan")	Beneficial owner	21,241,203 (L)	7.7%
Ms. Augusta Morandin	Beneficial owner	10,000,000 (L)	3.6%
Mr. Fabio Di Nello	Beneficial owner	10,000,000 (L)	3.6%
Ms. Chen	Beneficial owner	1,256,099 (L)	0.5%

Notes:

- 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 Cargo Services Seafreight Limited (“CS Seafreight”), which is in turn wholly owned by CS Logistics Holdings Ltd (“CS Holdings”). CS Holdings is wholly owned by CS Group, which is in turn wholly owned by Hundred Honest Limited (“Hundred Honest”). Hundred Honest is owned as to 80.0% by Mr. Lau. By virtue of the SFO, CS Seafreight, CS Holdings, CS Group, Hundred Honest and Mr. Lau are deemed to be interested in the Shares held by CS Logistics. Mr. Lau is also a director of each of CS Logistics, CS Seafreight, 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 (Note 1)	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. Lau	CS Logistics	Interest in a controlled corporation (Note 2)	75 ordinary shares (L)	75.0%
	CS Seafreight	Interest in a controlled corporation (Note 2)	50,000 ordinary Shares (L)	100%
	CS Holdings	Interest in a controlled corporation (Note 2)	20,000,000 ordinary shares (L) 2 preference Shares (L)	100%
	CS Group	Interest in a controlled corporation (Note 2)	823,333 ordinary shares (L)	100%
	Hundred Honest	Interest of a controlled corporation (Note 3)	1,000,000 ordinary shares (L)	20%
Ms. Chen		Beneficial owner (Note 2)	4,000,000 ordinary shares (L)	80%
	CN France (Hong Kong) Limited (“CN France HK”)	Interest of a controlled corporation (Note 4)	3,000 ordinary shares (L)	30%
	CN Logistics France S.A.S. (“CN France”)	Interest of a controlled corporation (Note 5)	6,400 ordinary Shares (L)	16%
	CN Logistics Limited (“CN BVI”)	Beneficial owner	1,000 ordinary shares (L)	2%

Notes:

- The letter “L” denotes the Directors’ long position in the shares, underlying shares and debentures of associated corporations.
- The relationship between Mr. Lau, CS Logistics, CS Seafreight, CS Holdings, CS Group and Hundred Honest are set out in note 2 of the paragraph headed “(A) Interests in the Shares, underlying Shares and debentures of the Company” above. CS Logistics, CS Seafreight, CS Holdings, CS Group and Hundred Honest are, direct or indirect, holding companies of the Company. In this connection, CS Logistics, CS Seafreight, CS Holdings, CS Group and Hundred Honest are associated corporations of the Company within the meaning of Part XV of the SFO.

3. These shares are held by LLEA & Company Limited (“LLEA”) which is in turn owned as to 99.9% by Mr. Lau. By virtue of the SFO, Mr. Lau is deemed to be interested in the shares of Hundred Honest in which LLEA is interested.
4. The 3,000 shares in CN France HK are held by Wise Pointer Limited, which is wholly owned by Ms. Chen. By virtue of the SFO, Ms. Chen is taken to be interested in the shares held by Wise Pointer Limited.
5. The 6,400 shares in CN France are held by Wise Pointer Limited, which is wholly owned by Ms. Chen. By virtue of the SFO, Ms. Chen is taken to be interested in the shares held by Wise Pointer Limited.

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, CS Seafreight, 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. 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).

4. 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	2022: 16,980 2023: 17,660
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	2022: 7,230 2023: 7,520

	Brief details of contract	Directors' interest in the counterparty	Term	Annual caps for the year ending 31 December (HK\$'000)
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 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)	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 2022: 455,000 (B) Service fees payable to the EV Cargo Group 2022: 78,000
4	CS Group Master Agency Agreement	CS Group is indirectly owned as to 80% by Mr. Lau	17 September 2020 to 31 December 2022	(A) Cost of services to be charged by CS CT Group 2022: 61,454 (B) Revenue to be derived from CS CT Group 2022: 3,300

	Brief details of contract	Directors' interest in the counterparty	Term	Annual caps for the year ending 31 December (HK\$'000)
5	Master agency agreements entered into between the Company and CN France HK (for itself and as trustee for the benefit of the relevant member of 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 members 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	Ms. Chen, through her wholly-owned investment holding company, owns 30% of the entire issued share capital of CN France HK	17 September 2020 to 31 December 2022 and 1 January 2023 to 31 December 2025	Revenue to be derived from CN France Group: 2022: 1,319 2023: 2,000 2024: 2,300 2025: 2,500 Cost of services to be charged by CN France Group: 2022: 33,220 2023: 45,000 2024: 49,000 2025: 54,000

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 2022
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 31 December 2021, CN Investment Limited (“CN HK”), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with CS Seafreight (a company indirectly controlled by Mr. Lau), pursuant to which CN HK agreed to acquire from CS Seafreight the entire issued share capital in Allport Cruise at the consideration of HK\$185,840,000 (subject to adjustment) (the “Acquisition”). The Acquisition was completed on 23 March 2022.

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 2021, 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.

5. INTERESTS IN COMPETING BUSINESS

Set out below are details of Directors' and controlling Shareholders' interests in competing business as at the date of this circular disclosed pursuant to Rule 8.10 of the Listing Rules.

On 31 December 2021, CN HK entered into a share purchase agreement with CS Seafreight in relation to the Acquisition. Immediately prior to the Acquisition, Allport Cruise was wholly-owned by CS Seafreight, being one of the controlling Shareholders and ultimately controlled by Mr. Lau, the chairman of the Board and a non-executive Director. Allport Cruise is principally engaged in the provision of freight forwarding services to cruise operators on a global basis including, particularly, the U.S. Following the completion of the Acquisition, the Group had expanded into the provision of air and ocean freight forwarding business in the U.S.

The CS CT Group was principally engaged in, amongst others, the provision of (i) ocean freight forwarding services on a global basis; and (ii) local services for air freight forwarding with destinations in the U.S. In accordance with the deed of non-compete undertakings dated 17 September 2020 executed by the Company's controlling Shareholders in favour of our Company, the CS CT Group had ceased to engage in air freight forwarding in the U.S. after the completion of the Acquisition. Nevertheless, as the CS CT Group would continue to provide ocean freight forwarding services in the U.S., Mr. Lau, Ms. Cynthia Lau, LLEA, Hundred Honest, CS Group, CS Holdings, CS Seafreight and CS Logistics, individually and as a group of persons were, by virtue of their shareholdings in the CS CT Group, considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the Group's ocean freight forwarding business in the U.S.

On the basis that, (i) the business of the Group has been led by the executive Directors and members of senior management of the Group, all of which are independent of the CS CT Group; (ii) Mr. Lau, as a non-executive Director, is mainly responsible for providing strategic advice to the Board and is not involved in the daily operation and management of the Group; and (iii) the Group has adequate experience and resources in the provision of ocean freight forwarding business, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the CS CT Group.

6. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given, or agreed to the inclusion of, its opinion or advice in this circular:

Name	Qualification
Central China International Capital Limited	A licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

The expert as set out above has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, the expert as set out above did not have any shareholding in any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did it have any direct or indirect interest in any asset which has since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has not been any material adverse changes in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

- (a) All references to dates in this circular refer to Hong Kong dates.
- (b) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENT ON DISPLAY

A copy of the 2023 CS Group Master Service Agreement will be available for display on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnlogistics.com.hk) during the 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 (the “EGM”) of CN Logistics International Holdings Limited (“Company”) will be held in Hong Kong on Friday, 23 December 2022 at 11:00 a.m. by way of a virtual meeting for the purpose of considering and, if though fit, passing the following resolution (with or without modification) as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the master agency agreement (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 the Company and Cargo Services Group Limited on 3 November 2022 with a term commencing from 1 January 2023 and expiring on 31 December 2025 (the “**2023 CS Group Master Agency Agreement**”), the transactions contemplated thereunder and the proposed annual caps for the transactions contemplated thereunder for each of the years ending 31 December 2023, 2024 and 2025 (“**Proposed CS Group Annual Caps**”) in the manner as set out in the circular of the Company dated 5 December 2022 (the “**Circular**”) be hereby approved; and
- (b) any director of the Company (the “**Director**”) or any other person authorised by the Directors be and is hereby authorised to do and execute all such acts, matters, deeds, documents and things as he may in his absolute discretion consider necessary or desirable for or in connection with the 2023 CS Group Master Agency Agreement, the transactions contemplated thereunder and the Proposed CS Group Annual Caps, and other matters contemplated thereunder or ancillary thereto, and to effect or implement any other matters referred to in this resolution.”

By order of the Board
CN Logistics International Holdings Limited
Ngan Tim Wing
Executive Director and chief executive officer

Hong Kong, 5 December 2022

NOTICE OF EGM

Notes:

1. The Company will conduct the EGM by way of a virtual meeting via electronic facilities. Shareholders should refer to the section headed “Special arrangements and guidance notes for the EGM” in the Circular for details of the arrangements for attending the EGM.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a shareholder of the Company but must attend the EGM to represent the member. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In the case of joint holders of a share of the Company, any one of such joint holders may vote, either at the EGM via electronic facilities or by proxy, in respect of such share of the Company as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the vote of the senior holder who tenders a vote, whether at the EGM via electronic facilities or by proxy, will be accepted to the exclusion of votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the joint holding.
4. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:00 a.m. on Wednesday, 21 December 2022) or the adjourned meeting (as the case may be).
5. To ascertain shareholders’ eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022 (both days inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the EGM, unregistered holders of shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates are lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at its address shown in the above for registration no later than 4:30 p.m. on Monday, 19 December 2022.
6. In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or “extreme conditions caused by a super typhoon” announced by the Government is/are in force in Hong Kong at or at any time after 7:00 a.m. on the date of the EGM, the meeting will be adjourned. The Company will post an announcement on the websites of the Company (www.cnlogistics.com.hk) and the Stock Exchange (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting.

The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situation.
7. Subject to the development of the Coronavirus disease 2019 (COVID-19) and the requirements or guidelines of the Government and/or regulatory authorities, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the websites of the Company (www.cnlogistics.com.hk) and the Stock Exchange (www.hkexnews.hk) for further announcements and updates on the EGM arrangements.
8. References to time and dates in this notice are to Hong Kong time and dates.
9. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.