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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)

CONNECTED TRANSACTIONS IN RELATION TO THE 2023 LEASE AGREEMENTS

THE 2023 LEASE AGREEMENTS

On 30 December 2022 (after trading hours), certain subsidiaries of the Company (as tenants) entered into the 2023 Lease Agreements (including the Renewal Lease Agreements and the New Lease Agreement) with Mr. Lau and the Relevant CS Group Companies (as landlords) in respect of the Leased Premises for a term of one year commencing from 1 January 2023 and expiring on 31 December 2023. The Group mainly use the Leased Premises as for office and warehouse purposes.

The right-of-use assets acquired by the Group under the 2023 Lease Agreements will be recognized by the Group in its consolidated statement of financial position in accordance with HKFRS 16 (*Leases*). The total value of the right-of-use assets is estimated to be approximately RMB6,600,000, calculated with reference to the present value of the aggregated lease payments under the 2023 Lease Agreements.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Lau is a non-executive Director and a controlling Shareholder and each of the Relevant CS Group Companies is an entity controlled by CS Group, which in turn is also controlled by Mr. Lau. Thus, each of Mr. Lau and the Relevant CS Group Companies is regarded as a connected person of the Company under the Listing Rules. Accordingly, the 2023 Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Group.

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate value of right-of-use assets recognised under the 2023 Lease Agreements are more than 0.1% but less than 5%, the 2023 Lease Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

On 30 December 2022 (after trading hours), certain subsidiaries of the Company (as tenants) entered into the 2023 Lease Agreements (including the Renewal Lease Agreements and the New Lease Agreement) with Mr. Lau and the Relevant CS Group Companies (as landlords) in respect of the lease of the Leased Premises for a term of one year commencing from 1 January 2023 and expiring on 31 December 2023. The Group mainly use the Leased Premises for office and warehouse purposes.

THE RENEWAL LEASE AGREEMENTS

Certain subsidiaries of the Company have entered into lease arrangements with Mr. Lau and the Relevant CS Group Companies in respect of the Renewal Premises with a term of 1 January 2022 to 31 December 2022 (both days inclusive). As the term of such lease arrangements will expire on 31 December 2022, on 30 December 2022, the relevant subsidiaries of the Company entered into the Renewal Lease Agreements with Mr. Lau and the Relevant CS Group Companies to renew the term of the leases.

The principal terms of the Renewal Lease Agreements and details of the Renewal Premises are set out below:

Landlord	Tenant	Renewal Premises	Main usage	Gross area (<i>sq.ft</i>)	Rent payable (<i>RMB</i>)	Rental deposit (<i>RMB</i>)	Settlement arrangement
CS United (Shanghai)	CN Guangzhou	2735 Fujin Road, Baoshan District, Shanghai, the PRC	Office	858.54	38,387.50	N/A	Monthly
Mr. Lau	CN Guangzhou	Room 1512, 555 Renmin Middle Road, Liwan District, Guangzhou, the PRC	Office	161.85	14,868.00	16,992.00	Monthly
CS China	Siyang Shanghai	Block 9 and 7, 2735 Fujin Road, Baoshan District, Shanghai, the PRC	Warehouse	8,511.38	258,887.80	N/A	Monthly

Landlord	Tenant	Renewal Premises	Main usage	Gross area (sq.ft)	Rent payable (RMB)	Rental deposit (RMB)	Settlement arrangement
CS China	Siyan Shanghai	Block 10, No.2735 Fujin Road, Baoshan District, Shanghai, the PRC	Warehouse	4,082.67	124,181.21	122,480.10	Monthly
CS United (Shanghai)	Jiada	2735 Fujin Road, Baoshan District, Shanghai, the PRC	Office	858.54	38,387.50	N/A	Monthly
Mr. Lau	Jiada	Room 1511, 555 Renmin Middle Road, Liwan District, Guangzhou, the PRC	Office	155.12	15,204.00	17,376.00	Monthly
Shanghai Jiahong	Jiada	C406, 12 Hong Kong Middle Road, Shinan District, Qingdao, the PRC	Office	70.00	5,000.00	N/A	Quarterly

THE NEW LEASE AGREEMENT

On 30 December 2022, Siyan Shanghai (an indirect non-wholly owned subsidiary of the Company) as tenant, and CS China (being one of the Relevant CS Group Companies) as landlord, entered into the New Lease Agreement for a term of one year from 1 January 2023 to 31 December 2023 (both days inclusive) in respect of the New Leased Premise.

The principal terms of the New Lease Agreement and details of the New Leased Premise are set out below:

Landlord	Tenant	New Leased Premise	Main usage	Gross area (sq.ft)	Rent payable (RMB)	Rental deposit (RMB)	Settlement arrangement
CS China	Siyan Shanghai	Block 12, 2735 Fujin Road, Baoshan District, Shanghai, the PRC	Warehouse	2,113.45	64,812.47	63,403.50	Monthly

THE RIGHT-OF-USE ASSET

Pursuant to the HKFRS 16 (*Leases*), the unaudited value of the right-of-use assets to be recognised by the Group as a result of entering into of the 2023 Lease Agreements amounted to approximately RMB6,600,000, being the present value of the aggregate rent under the 2023 Lease Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 LEASE AGREEMENTS

The Group has been using the Renewal Premises as its offices and warehouses in the PRC. In addition, to cater for the Group's business development in the PRC, additional warehouse facilities are required. The entering into of the 2023 Lease Agreements will ensure the Group to have sufficient space for its offices and warehouses in the PRC and avoid any interruption to the Group's operation in case of a relocation. Accordingly, the Board considers that it is in the commercial interest of the Group to enter into the 2023 Lease Agreements.

The terms of the 2023 Lease Agreements have been arrived at after arm's length negotiation between the respective Group companies (as tenants) and Mr. Lau and the Relevant CS Group Companies (as landlords) with reference to the prevailing market rentals of the office and warehouse premises located in the proximity of the Leased Premises and/or nearby district(s).

The Directors (including the independent non-executive Directors but excluding Mr. Lau who has material interest in the 2023 Lease Agreements) consider that the 2023 Lease Agreements are entered into in the ordinary and usual course of the business of the Group, and the terms of the 2023 Lease Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, CS Group is indirectly controlled by Mr. Lau, a non-executive Director. As Mr. Lau is materially interested in the transactions contemplated under the 2023 Lease Agreement by virtue of his interest in the 2023 Lease Agreements and his equity interest in CS Group, he has abstained from voting on the resolutions passed at the Board meeting for approving the 2023 Lease Agreements. Save for Mr. Lau, none of the other Directors is or is deemed to have a material interest in the above transactions.

INFORMATION OF THE PARTIES

The Company

The principal activity of the Company is investment holding, and through its subsidiaries, principally engages in the provision of air freight forwarding services and distribution and logistics services in relation to fashion products and fine wine, primarily focusing on high-end fashion (including luxury and affordable luxury) products.

CN Guangzhou

CN Guangzhou is a company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company. CN Guangzhou is principally engaged in the provision of freight forwarding services and logistics and distribution services.

Jiada

Jiada is a company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company. Jiada is principally engaged in the provision of air freight forwarding services.

Siyan Shanghai

Siyan Shanghai is a company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company. Siyan Shanghai is principally engaged in the provision of logistics and distribution services.

The Relevant CS Group Companies

Each of the Relevant CS Group Companies, namely, CS China, CS United (Shanghai) and Shanghai Jiahong, is a company incorporated in the PRC and principally engaged in the provision of ocean freight forwarding services or investment holding. Each of the Relevant CS Group Companies is indirectly controlled by CS Group and ultimately controlled by Mr. Lau.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Mr. Lau is a non-executive Director and a controlling Shareholder and each of the Relevant CS Group Companies is an entity controlled by CS Group, which in turn is also controlled by Mr. Lau. Thus, each of Mr. Lau and the Relevant CS Group Companies is regarded as a connected person of the Company under the Listing Rules. Accordingly, the 2023 Lease Agreements and the transactions contemplated thereunder constitute connected transactions of the Group.

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the aggregate value of right-of-use assets recognised under the 2023 Lease Agreements are more than 0.1% but less than 5%, the 2023 Lease Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	CN Logistics International Holdings Limited (嘉泓物流國際控股有限公司), an exempted company limited by shares incorporated in the Cayman Islands, whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CN Guangzhou”	Guangzhou Jiahong International Freight Forwarding Co., Ltd* (廣州市嘉泓國際貨運代理有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“CS China”	Cargo Services (China) Ltd.* (嘉宏國際運輸代理有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of CS Group and one of the Relevant CS Group Companies
“CS Group”	Cargo Services Group Limited, an exempted company limited by shares incorporated in the Cayman Islands on 11 February 2015, being a controlling Shareholder which is ultimately controlled by Mr. Lau
“CS United (Shanghai)”	Cargo Services United International Logistics (Shanghai) Co., Ltd.* (嘉宏聯合國際物流(上海)有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of CS Group and one of the Relevant CS Group Companies
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Jiada”	Jiada Freight Forwarding Co., Ltd.* (嘉達貨運代理有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“Shanghai Jiahong”	Jia Hong Trading and Logistics Limited* (上海嘉宏創先企業發展有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of CS Group and one of the Relevant CS Group Companies
“Leased Premises”	the Renewal Premises and the New Leased Premise
“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
“New Lease Agreement”	the lease agreement dated 30 December 2022 entered into between Siyan Shanghai (as tenant) and CS China (as landlord) in relation to the lease of the New Leased Premise for a term from 1 January 2023 to 31 December 2023 (both days inclusive)
“New Leased Premise”	the premise located at Block 12, 2735 Fujin Road, Baoshan District, Shanghai, the PRC leased by CS China to Siyan Shanghai under the New Lease Agreement
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relevant CS Group Companies”	CS China, CS United (Shanghai) and Shanghai Jiahong
“Renewal Lease Agreements”	the seven lease agreements dated 30 December 2022 entered into between certain subsidiaries of the Company (as tenants) and Mr. Lau and the Relevant CS Group Companies (as landlords) in relation to the lease of the Renewal Premises for a term from 1 January 2023 to 31 December 2023 (both days inclusive)

“Renewal Premises”	the seven premises leased by Mr. Lau and the Relevant CS Group Companies to certain subsidiaries of the Company under the Renewal Lease Agreements, details of which are set out under the section headed “The Renewal Lease Agreements” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Siyang Shanghai”	Siyang Baopin Supply Chain Management (Shanghai) Co., Ltd* (思顏寶品供應鏈管理(上海)有限公司), a company incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2023 Lease Agreements”	the Renewal Lease Agreements and the New Lease Agreement
“%”	per cent.

* for identification purposes only

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

Hong Kong, 30 December 2022

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