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CN Logistics International Holdings Limited

嘉泓物流國際控股有限公司

(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2130)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 18 May 2021 (after trading hours), the Company entered into the Subscription Agreement with Mr. Chan pursuant to which Mr. Chan conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 5,000,000 Subscription Shares at the Subscription Price of HK\$7.23 per Subscription Share for an aggregate amount of HK\$36,150,000. The Subscription Price payable by Mr. Chan shall be settled by cash.

The Subscription Shares represent 2.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.0% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Subscription Completion save for the issue of the Subscription Shares).

The Subscription allows the Company to broaden its shareholder base. In particular, as currently the public float of the Shares is 25% and therefore has just meet the minimum public float requirement under the Listing Rules, the broadening of the Company’s shareholder base will provide flexibility to the Company in granting options and/or Share awards to its employees under the share option scheme and share award scheme of the Company as a means to reward and/or incentivise them in their contribution to the business operations and development of the Group.

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

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

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

Subscription Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement. As the Subscription Completion may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

THE SUBSCRIPTION

Subscription Agreement

On 18 May 2021 (after trading hours), the Company entered into the Subscription Agreement with Mr. Chan pursuant to which Mr. Chan conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 5,000,000 Subscription Shares at the Subscription Price for an aggregate amount of HK\$36,150,000.

The principal terms of the Subscription Agreement are summarised below.

Date : 18 May 2021

Issuer : The Company

Subscriber : Mr. Chan Wing Luk

Aggregate Subscription Price : HK\$36,150,000

Mr. Chan is interested in 4,392,000 Shares, representing approximately 1.76% of the issued share capital of the Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Chan is an experienced investor and an Independent Third Party Mr. Chan will not become a substantial shareholder of the Company immediately after the completion of the Subscription.

Subscription Shares

5,000,000 Subscription Shares will be allotted and issued upon completion of the Subscription Agreement.

As at the date of this announcement, the total number of Shares in issue of the Company is 250,000,000 Shares.

The Subscription Shares represent 2.0% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.0% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Subscription Completion save for the issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares (with a par value of US\$0.001 each) is approximately US\$5,000.

Subscription Price

The Subscription Price of each Subscription Share is HK\$7.23, which was negotiated on an arm's length negotiations between the Company and Mr. Chan and is a commercial decision reached by the Company with Mr. Chan with reference to, among others, the prevailing market price of the Share, the performance of the Group and the future prospectus of the business of the Group.

The Subscription Price of HK\$7.23 represents:

- (i) a discount of approximately 3.0% to the closing price of HK\$7.45 per Share as quoted on the Stock Exchange on 18 May 2021, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 3.3% to the average closing price of approximately HK\$7.48 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Ranking of Subscription Shares

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

Disposal and lock-up restriction

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

Conditions of the Subscription Completion

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

- (i) listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and

- (ii) all representations and warranties in the Subscription Agreement remain true, accurate and not misleading in all material aspects upon Subscription Completion.

None of the above conditions may be waived by any party to the Subscription Agreement.

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

Subscription Completion

Subscription Completion is to take place on the fifth Business Day immediately after the date on which all conditions under the Subscription Agreement are fulfilled (or such other date as may be agreed by the Company and Mr. Chan).

MANDATE FOR THE ISSUE OF THE SUBSCRIPTION SHARES

The subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM held on 14 May 2021 subject to the limit of up to 20% of the total number of Shares in issue as at the date of the AGM (that is, 50,000,000 new Shares, representing 20% of 250,000,000 Shares in issue as at the date of the AGM).

Up to the date of this announcement, the General Mandate has not been utilised. As such, the General Mandate will be sufficient for the issue and allotment of the Subscription Shares. As the Subscription Shares will be issued under the General Mandate, the Subscription is not subject to Shareholders' approval.

APPLICATION FOR LISTING

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

REASONS FOR THE SUBSCRIPTION

The Directors are of the view that the Subscription represents an opportunity for the Company to strengthen its capital base and financial position without any interest burden, within a relatively short time frame and at lower costs when compared with other means of fund raising. The Subscription also allows the Company to broaden its shareholder base. In particular, as currently the public float of the Shares is 25% and therefore has just meet the minimum public float requirement under the Listing Rules, the broadening of the Company's shareholder base will provide flexibility to the Company in granting options and/or Share awards to its employees under the share option scheme and share award scheme of the Company as a means to reward and/or incentivise them in their contribution to the business operations and development of the Group.

USE OF NET PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds of the Subscription would be HK\$36.2 million. The net proceeds to be raised from the Subscription, after deducting professional fees and other related expenses, are estimated to be approximately HK\$35.6 million. On this basis, the net price per Subscription Share is approximately HK\$7.12.

In view of the strong financial performance of the Group since the listing of the Shares on the Stock Exchange on 15 October 2020, the Directors are confident in the future development of the Group. The net proceeds of the Subscription are intended to be fully used as the initial capital for the expansion of the business and local presence of the Group in Hainan Province, the PRC, Southeast Asia and the United Kingdom by setting up branch office and/or joint ventures. The Directors consider that the terms of the Subscription (including the Subscription Price) contained in the Subscription Agreement, which were arrived at after arm's length negotiations between the Company and Mr. Chan, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING

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

	As at the date of this announcement		Upon Subscription Completion	
	Number of Shares	% (Note 4)	Number of Shares	% (Note 4)
Connected persons				
Cargo Services (Logistics) Limited ("CS Logistics") (Note 1)	164,980,222	66.0	164,980,222	64.7
Mr. Ngan Tim Wing (Note 2)	21,241,203	8.5	21,241,203	8.3
Ms. Chen Nga Man (Note 2)	1,256,099	0.5	1,256,099	0.5
Sub-total (A):	187,477,524	75.0	187,477,524	73.5
Public				
Mr. Chan (Note 3)	4,392,000	1.8	9,392,000	3.7
Other public Shareholders	58,130,476	23.2	58,130,476	22.8
Sub-total (B):	62,522,476	25.0	67,522,476	26.5
Total (A) + (B):	250,000,000	100.0	255,000,000	100.0

Notes:

- CS Logistics is owned as to 75.0% by Cargo Services Seafreight Limited ("CS Seafreight"), which is in turn wholly owned by CS Logistics Holdings Ltd. ("CS Holdings"). CS Holdings is wholly owned by Cargo Services Group Limited ("CS Group"), which is in turn wholly owned by Hundred Honest Limited. Hundred Honest Limited is owned as to 80.0% by Mr. Lau. Mr. Lau is the chairman of the Board and a non-executive Director.
- Each of Mr. Ngan and Ms. Chen is an executive Director. Mr. Ngan is also the chief executive officer of the Group.
- To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Chan is an Independent Third Party.
- Percentages shown in the above chart are approximate figures and have been rounded to the nearest tenth of a percent. Accordingly, figures shown as totals in the above chart may not be an arithmetic aggregation of the figures which precede them.

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

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

Date of announcement/ prospectus	Fund raising activity	Amount of net proceeds	Proposed use of net proceeds	Actual use of the net proceeds (<i>Note</i>)
30 September 2020	The Shares were listed on the Stock Exchange on 15 October 2020 with a total of 53,700,000 offer Shares issued	In aggregate approximately HK\$87.4 million	Approximately HK\$63.1 million will be used to fund the enhancement and expansion of distribution and logistics business and local presence; approximately HK\$15.6 million will be used to fund the expansion of B2C services; and approximately HK\$8.7 million will be used for general replenishment of working capital and other general corporate purpose	Approximately HK\$54.8 million has been used to fund the enhancement and expansion of distribution and logistics business and local presence; approximately HK\$10.5 million has been used to fund the expansion of B2C services; and approximately HK\$8.7 million has been used for general replenishment of working capital and other general corporate purpose

Note: The amounts of the actual use of net proceeds in this announcement is only based on the unaudited consolidated management accounts of the Group for the four months ended 30 April 2021 which have not been confirmed or reviewed by the independent auditors.

INFORMATION OF THE GROUP

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.

Subscription Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement. As the Subscription Completion may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 14 May 2021
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by a super typhoons or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Company”	CN Logistics International Holdings Limited (嘉泓物流國際控股有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM (or, if applicable, the general mandate to allot, issue and deal with Shares as may be subsequently granted in accordance with Rule 13.36(2)(b) of the Listing Rules to the Directors by the Shareholders so long as it is valid and in force on the date of Subscription Completion and sufficient to cover the Subscription Shares)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons and are not connected persons of the Company

“Last Trading Day”	17 May 2021, being the last trading day immediately prior to the signing of the Subscription Agreement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	7 June 2021, or such later date as may be agreed between Mr. Chan and the Company
“Mr. Chan”	Mr. Chan Wing Luk
“PRC”	The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Share(s)”	the ordinary share(s) of US\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Mr. Chan at the Subscription Price for an aggregate amount of HK\$36,150,000
“Subscription Agreement”	the conditional agreement dated 18 May 2021 entered into between the Company and Mr. Chan in relation to the Subscription
“Subscription Completion”	completion of the Subscription Agreement in accordance with its terms and conditions
“Subscription Price”	HK\$7.23 per Subscription Share
“Subscription Shares”	5,000,000 new Shares
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

“%”

per cent

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

Hong Kong, 18 May 2021

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