

Memorandum

To: Market Participants
From: NZX Regulation Limited (**NZ RegCo**)
Date: 20 May 2021
Subject: QEX Logistics Limited – delisting application

On 22 April 2021, QEX Logistics Limited (**QEX**) notified the market that it intended to delist from the NZX Main Board.

On 18 February 2021, NZ RegCo placed QEX into suspension as it no longer met the Listing Rule requirements relating to board composition, including the director residency requirement, independent director requirement and audit committee composition requirement. QEX remains in breach of those corporate governance requirements.

In addition, NZ RegCo confirms that a number of investigations into QEX's compliance with its Listing Rule continuous disclosure obligations remain ongoing. Those investigations relate to disclosures by QEX in relation to the removal of inventory from QEX's China Customs bonded warehouse, the resignation of QEX's three independent directors, the breach by New Y Trading Limited (**New Y**) of its interest cover ratio obligations, and the charges brought by the Ministry for Primary Industries against New Y under the Animal Products Act 1999. NZ RegCo notes that any delisting of QEX will not release QEX from prior obligations under the Listing Rules.

A delisting by QEX will require NZ RegCo approval under the Listing Rules. NZ RegCo may apply conditions to delisting at its discretion.

NZ RegCo has today confirmed to QEX the conditions that it will impose on any delisting of QEX from the NZX Main Board. Those conditions reflect QEX's current circumstances, and the arrangements that NZ RegCo considers appropriate to support QEX shareholders to assess the delisting proposal, given QEX has no independent directors. NZ RegCo notes that delisting is a significant event for a listed issuer, as shareholders will cease to have the benefit of the protections afforded under the Listing Rules. The conditions:

- QEX must obtain approval of shareholders, who are Non-Affiliated Holders, by way of ordinary resolution to delist from the NZX Main Board – this will exclude Mr Ronnie Xue as current majority shareholder of QEX.
- An independent report will be required as part of the QEX meeting materials – that report will, among other things, (i) assess the sufficiency of the information provided to QEX shareholders to enable them to make to decision on the delisting proposal, (ii) assess the implications of QEX reverting to being a private company, as compared to remaining listed and subject to the Listing Rules, and (iii) opine on the extent of the steps taken by QEX to appoint an auditor, independent directors, and assess options to remain as a listed company. NZ RegCo will be required to confirm appointment of the independent appraiser, and publication of the report will be subject to confirmation of non-objection by NZ RegCo.

- NZ RegCo will review draft announcements and any proposed communications with shareholders in relation to the proposed delisting.
- NZ RegCo will review QEX's draft Notice of Meeting, to ensure it includes:
 - details of the advantages and disadvantages of QEX remaining listed, and of QEX delisting;
 - detailed information regarding QEX's strategy as a private company;
 - details of QEX's strategy if the delisting is not approved; and
 - information about the options available for QEX shareholders, including in relation to retaining or selling their shares, if the delisting is approved.

Publication of the Notice of Meeting will be subject to confirmation of non-objection by NZ RegCo.

- QEX will be required to lodge an additional \$200,000 cash bond, to account for possible enforcement outcomes associated with NZ RegCo's current investigations.
- QEX will be required to pay any outstanding fees owing to NZX, including the delisting fee and NZ RegCo's costs relating to delisting application.

Please contact NZ RegCo at issuer@nzregco.com with any queries.

ENDS