



Tuesday, 23 February 2021

## **Market Announcement**

### **QEX Logistics Limited (NZX: QEX) – Ministry for Primary Industries Charges**

QEX Logistics Limited advises that on 25 November 2020 the Ministry for Primary Industries (**MPI**) brought charges under the Animal Products Act 1999 against QEX's trading subsidiary New Y Trading Limited (**New Y**) and QEX's CEO, Jinjie (Ronnie) Xue.

MPI is continuing its investigation and the charges are currently under review by MPI and it is not known at this stage whether the matter will proceed or if further charges may arise. In any event, New Y and Mr Xue will be defending the charges.

The charges allege that New Y and Mr Xue in August 2019 attempted to export milk powder and honey without raising export declarations in MPI's e-certificate system in breach of the Animal Products Act 1999.

Both New Y and Mr Xue also face three charges for attempting to export infant formula: (1) in breach of export duties; (2) in breach of risk management programmes; and (3) with intent to deceive for the purposes of a material benefit. New Y's charges include one charge that carries a maximum fine of NZ\$500,000, with Mr Xue's charges including a charge carrying a maximum fine of NZ\$100,000 and imprisonment not exceeding five years.

QEX notes that the net gain from the attempted export (for which it has been alleged an offence has been committed) was NZ\$2,900. This will likely have an impact on whether the materiality threshold of the benefit in respect of some of the charges is able to be established by MPI.

MPI is scheduled to update the company and Mr Xue's defence counsel on the future of the prosecution by the end of March 2021.

New Y currently holds the highest level of risk management programme (RMP) standards with MPI and passed its most recent MPI audit, which was completed in November 2020. This matter does not prevent New Y from continuing to trade.

The market will be provided with more details once available.

**Ends**