

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **ON TIME LOGISTICS HOLDINGS LIMITED**

**先達國際物流控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6123)**

### **CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS**

Reference is made to the announcement issued by the Company dated 30 December 2016 in relation to the Master Agency Agreement entered into by OT BVI Members with OTX Logistics Holland Group where OT BVI Members have agreed to appoint OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group has agreed to appoint OT BVI Members as their agents for the rest of the world (other than the Netherlands) for the promotion of transportation and logistics business.

The Company proposes to revise the annual caps of the profits from operations to be shared by OT BVI Members to OTX Logistics Holland Group and by OTX Logistics Holland Group to OT BVI Members under the Master Agency Agreement for each of the three years ending 31 December 2019.

OTX Logistics Holland is an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 75% by the Company and 25% by T.Y.D. Holding B.V.. T.Y.D. Holding B.V. is controlled by Mr. Dennis Ronald de Wit, a former executive Director within 12 months before the date of this announcement. Hence, OTX Logistics Holland and its subsidiaries are connected persons of the Company under the Listing Rules. As such, the transactions under the Master Agency Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios calculated under the Listing Rules in respect of the revised annual caps are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement issued by the Company dated 30 December 2016 in relation to the Master Agency Agreement entered into by OT BVI Members with OTX Logistics Holland Group where OT BVI Members have agreed to appoint OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group has agreed to appoint OT BVI Members as their agents for the rest of the world (other than the Netherlands) for the promotion of transportation and logistics business.

The Company proposes to revise the annual caps of the profits from operations to be shared by OT BVI Members to OTX Logistics Holland Group under the Master Agency Agreement for each of the three years ending 31 December 2019.

Due to the significant increase in the demand of transportation and logistics business to and from the Netherlands, the amount of profit shared by OT BVI Members to OTX Logistics Holland Group for the ten months ended 31 October 2017 was approximately HK\$8.3 million, which exceeded the existing annual cap of HK\$6,618,000 for the year ending 31 December 2017; and the amount of profit shared by OTX Logistics Holland Group to OT BVI Members for the ten months ended 31 October 2017 was approximately HK\$1 million, which exceeded the existing annual cap of HK\$657,000 for the year ending 31 December 2017.

In light of the above, the Company proposes to revise the annual caps of the profits from operations to be shared by OT BVI Members to OTX Logistics Holland Group and by OTX Logistics Holland Group to OT BVI Members under the Master Agency Agreement for each of the three years ending 31 December 2019.

## **MAJOR TERMS OF THE MASTER AGENCY AGREEMENT**

Date : 30 December 2016

Parties : OT BVI (for itself and on behalf of OT BVI Members)  
OTX Logistics Holland (for itself and on behalf of OTX Logistics Holland Group)

Under the Master Agency Agreement, OT BVI Members have agreed to appoint OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group has agreed to appoint OT BVI Members as their agents for the rest of the world (other than the Netherlands), for the promotion of transportation and logistics business.

Pursuant to the Master Agency Agreement, OTX Logistics Holland Group and OT BVI Members agreed to share profits (or loss, if applicable) from operations attributable to the transactions under the Master Agency Agreement on the basis of a 50/50 split based on sums invoiced and received for each shipment after deduction of expenses including break bulk fees, delivery charges, free on board operations charges at the place of origin and customs clearance or brokerage charges at the place of destination. A monthly summary statement of accounts shall be submitted by each party to the other within 10 days after the end of each month. The parties shall then agree on the amount of profits (or loss) to be shared among the parties and the amount to be payable to or receivable by each party. The remittances for the amount of profits or loss (as the case may be) shall be paid to the relevant party by the last day of next month.

The Master Agency Agreement was entered into for a term commencing from 1 January 2017 and expiring on 31 December 2019 unless terminated earlier by 60 days' written notice by either party.

## **REVISION OF ANNUAL CAPS**

### **Original annual caps and historical transaction figures**

The annual caps of profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OT BVI Members to OTX Logistics Holland Group for each of the three years ending 31 December 2019 are HK\$6,618,000, HK\$7,280,000 and HK\$8,008,000, respectively; and the annual caps of profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OTX Logistics Holland Group to OT BVI Members for each of the three years ending 31 December 2019 are HK\$657,000, HK\$723,000 and HK\$800,000, respectively.

For the years ended 31 December 2015 and 2016 and the ten months ended 31 October 2017, the historical amounts of profits from operations attributable to the transactions under the Master Agency Agreement shared by OT BVI Members to OTX Logistics Holland Group were approximately HK\$8.9 million, HK\$4.7 million and HK\$8.3 million, respectively; and the historical amounts of profits from operations attributable to the transactions under the Master Agency Agreement shared by OTX Logistics Holland Group to OT BVI Members were approximately HK\$0.6 million, HK\$1 million and HK\$1 million, respectively.

### **Revised annual caps and basis**

The Company proposes to revise the annual caps of the profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OT BVI Members to OTX Logistics Holland Group to HK\$11.1 million, HK\$12.2 million and HK\$13.4 million for each of the three years ending 31 December 2019 respectively; and the annual caps of the profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OTX Logistics Holland Group to OT BVI Members to HK\$1.3 million, HK\$1.4 million and HK\$1.5 million for each of the three years ending 31 December 2019 respectively.

The above revised annual caps for each of the three years ending 31 December 2019 are determined by the Directors by reference to:

- (i) the historical actual amount of profits from operations attributable to the transactions under the Master Agency Agreement shared during the ten months ended 31 October 2017 (a) by OT BVI Members to OTX Logistics Holland Group and (b) by OTX Logistics Holland Group to OT BVI Members; and
- (ii) the expected growth rate of about 10% in demand of transportation and logistics business to and from the Netherlands.

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Group is principally engaged in provision of freight forwarding services.

The Master Agency Agreement was entered into with a view to enhancing and promoting the transportation and logistics service to and from the Netherlands. The commercial rationale of the basis of a 50/50 split of profit (or loss, where applicable) attributable to the transactions under the Master Agency Agreement recognises the respective contributions by OT BVI Members on one part and OTX Logistics Holland Group on the other part in respect of the operations of freight forwarding process between OT BVI Members and OTX Logistics Holland Group under the Master Agency Agreement. Such split of profits or loss does not affect the Group's entitlement to dividends and distributions in respect of the distributable profit of OTX Logistics Holland, and the Group is still entitled to 75% of the dividends and distributions of OTX Logistics Holland in accordance with the Group's 75% shareholding interests in OTX Logistics Holland.

The Directors (including the independent non-executive Directors) consider that the continuing connected transactions contemplated under the Master Agency Agreement are entered into in the ordinary course of business and on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the revised annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

OTX Logistics Holland is an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 75% by the Company and 25% by T.Y.D. Holding B.V.. T.Y.D. Holding B.V. is controlled by Mr. Dennis Ronald de Wit, a former executive Director within 12 months before the date of this announcement. Hence, OTX Logistics Holland and its subsidiaries are connected persons of the Company under the Listing Rules. As such, the transactions under the Master Agency Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios calculated under the Listing Rules in respect of the revised annual caps are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Company”	On Time Logistics Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agency Agreement”	the master agency agreement dated 30 December 2016 entered into between OT BVI (for itself and on behalf of OT BVI Members) and OTX Logistics Holland (for itself and on behalf of OTX Logistics Holland Group) in relation to the appointment of each other as agent in its respective countries of domicile for the promotion of transportation and logistics business
“OT BVI”	On Time Worldwide Logistics Limited, a company incorporated in the British Virgin Islands with limited liability on 3 March 2011 and a direct wholly owned subsidiary of the Company
“OT BVI Members”	OT BVI together with the subsidiaries and associated companies of the Company from time to time but excluding the OTX Logistics Holland Group

“OTX Logistics Holland”	OTX Logistics B.V., a company incorporated in the Netherlands with limited liability as a private company under the laws of the Netherlands on 28 May 1998 and an indirect non-wholly owned subsidiary of the Company
“OTX Logistics Holland Group”	OTX Logistics Holland together with its subsidiaries and associated companies from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**On Time Logistics Holdings Limited**  
**Lam Chun Chin, Spencer**  
*Executive Director & Chief Executive Officer*

Hong Kong, 13 December 2017

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. LAM Chun Chin, Spencer and Mr. LI Xianjun; four non-executive Directors, namely, Mr. YU Huijiao, Mr. SU Xiufeng, Mr. ZHU Rui and Mr. LIN Kai; and three independent non-executive Directors, namely, Mr. LI Donghui, Mr. XU Junmin and Mr. CHUNG Kwok Mo John.*