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## **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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS:**

- (1) NEW MANAGEMENT AGREEMENT**
- (2) NEW MASTER AGENCY AGREEMENT**

#### **NEW MANAGEMENT AGREEMENT AND NEW MASTER AGENCY AGREEMENT**

Reference is made to the prospectus of the Company dated 30 June 2014 in relation to, among others, the Existing Management Agreement and the Existing Master Agency Agreement.

The Existing Management Agreement and the Existing Master Agency Agreement will expire on 31 December 2016. As (i) OTX Logistics Holland will continue to engage DW Beheer and Mr. de Wit for the provision of management services and (ii) OT BVI Members will continue to appoint OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group will continue 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 Group has entered into the New Management Agreement with DW Beheer and Mr. de Wit and the New Master Agency Agreement with OTX Logistics Holland Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, DW Beheer is wholly owned by Mr. de Wit, an executive Director. Hence, DW Beheer is an associate of Mr. de Wit and both of them are connected persons of the Company under the Listing Rules.

OTX Logistics Holland is an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 75% by the Company and owned as to 25% by T.Y.D. Holding B.V.. T.Y.D. Holding B.V. is controlled by Mr. de Wit, an executive Director. Hence, OTX Logistics Holland is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the New Management Agreement and the New Master Agency Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the respective annual caps for the transactions under the New Management Agreement and the New Master Agency Agreement, it is expected that each of the percentage ratios (other than the profits ratio) will be less than 5% on annual basis. Accordingly, each of the New Management Agreement and the New Master Agency Agreement is subject to annual review and all disclosure requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **NEW MANAGEMENT AGREEMENT AND NEW MASTER AGENCY AGREEMENT**

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The Existing Management Agreement and the Existing Master Agency Agreement will expire on 31 December 2016. As (i) OTX Logistics Holland will continue to engage DW Beheer and Mr. de Wit for the provision of management services and (ii) OT BVI Members will continue to appoint OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group will continue 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 Group has entered into the New Management Agreement with DW Beheer and Mr. de Wit and the New Master Agency Agreement with OTX Logistics Holland Group.

## **(A) New Management Agreement**

### *Principal terms*

OTX Logistics Holland entered into the New Management Agreement with DW Beheer and Mr. de Wit for the provision of management services for a term commencing from 1 January 2017 to 31 December 2019.

Pursuant to the New Management Agreement, DW Beheer has been appointed as the contractor for OTX Logistics Holland for the performance of activities of a director and such services shall be provided by Mr. de Wit.

The New Management Agreement may be terminated by either party by the end of any calendar month by giving not less than three months' written notice. Under the New Management Agreement, each of DW Beheer and Mr. de Wit has agreed that they shall refrain from competing with OTX Logistics Holland within Europe, Asia and any parts of the world in which OTX Logistics Holland's customers and agents may be located during the term of the New Management Agreement and for a period of three years after termination of the New Management Agreement.

### *Pricing policy*

The Group will pay Mr. de Wit a salary of EUR14,658 (equivalent to about HK\$119,000) per month, a holiday allowance equivalent to 8% of his monthly salary, a guaranteed year-end bonus of an amount equivalent to his monthly salary and make social security contributions. In addition, Mr. de Wit is entitled to a minimum of 5% of annual pre-tax profits of OTX Logistics Holland Group and joint venture of OTX Logistics Holland (if any). Mr. de Wit is also entitled to, among others, the usage of a company car, reimbursement of out-of-pocket expenses and claim expenses for his health-insurance policy and contribution to pension plan.

### *Proposed new annual caps*

The historical actual amount for the provision of management services from DW Beheer and Mr. de Wit under the Existing Management Agreement for each of the two years ended 31 December 2015 were EUR168,004 (equivalent to about HK\$1,362,000) and EUR289,949 (equivalent to about HK\$2,351,000) respectively and historical actual amount for the provision of management services from DW Beheer and Mr. de Wit under the Existing Management Agreement for the nine months ended 30 September 2016 was EUR215,721 (equivalent to about HK\$1,749,000).

The Directors estimated that the annual transaction amount payable by the Group to DW Beheer under the New Management Agreement will not exceed EUR363,000 (equivalent to about HK\$2,944,000), EUR399,300 (equivalent to about HK\$3,238,000) and EUR440,000 (equivalent to about HK\$3,568,000) for the three years ending 31 December 2019, respectively.

The above proposed annual caps for each of the three years ending 31 December 2019 are determined by the Directors by reference to the basic contractual amount payable by the Group to DW Beheer for the provision of management services and the expected financial results of OTX Logistics Holland Group.

*Reasons for the renewal of the continuing connected transactions*

As Mr. de Wit is responsible for, among others, the overall sales, leading of the business development of the Group and communication with key customers and suppliers in the Netherlands, and given his expertise in the Netherlands freight forwarding market, the Group will require him to manage the OTX Logistics Holland Group.

**(B) New Master Agency Agreement**

*Principal terms*

Pursuant to the New Master Agency Agreement, OT BVI Members have appointed OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group has appointed OT BVI Members as their agents for the rest of the world (other than the Netherlands), for the promotion of transportation and logistics business for a term commencing from 1 January 2017 to 31 December 2019 unless terminated earlier by 60 days' written notice by either party.

*Pricing policy*

OTX Logistics Holland Group and OT BVI Members agreed to share profits (or loss, if applicable) from operations attributable to the transactions under the New 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.

The commercial rationale of the basis of a 50/50 split of profit (or loss, where applicable) attributable to the transactions under the New 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 New 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 Company is still entitled to 75% of the dividends and distributions of OTX Logistics Holland in accordance with the Company's indirect 75% shareholding interests. For each transaction under the New Master Agency Agreement, the parties shall enter into separate order, provided that the terms and conditions of each of the order shall be (i) on normal commercial terms; and (ii) on terms which the Group considers to be no less favourable to the Group than terms offered by Independent Third Parties to the Group for such services of comparable quality.

*Proposed new annual caps*

The historical actual amount of profits from operations attributable to the transactions under the Existing Master Agency Agreement for each of the two years ended 31 December 2015 were (i) HK\$3,879,000 and HK\$8,858,000 by OT BVI Members to OTX Logistics Holland Group; and (ii) HK\$675,000 and HK\$560,000 by OTX Logistics Holland Group to OT BVI Members, respectively; and the historical actual amount of profits from operations attributable to the transactions under the Existing Master Agency Agreement for the nine months ended 30 September 2016 was (i) HK\$3,816,000 by OT BVI Members to OTX Logistics Holland Group; and (ii) HK\$227,000 by OTX Logistics Holland Group to OT BVI Members, respectively.

The Directors estimated that annual amount of profits from operations attributable to the transactions under the New Master Agency Agreement will not exceed (i) HK\$6,618,000, HK\$7,280,000 and HK\$8,008,000 by OT BVI Members to OTX Logistics Holland Group; and (ii) HK\$657,000, HK\$723,000 and HK\$800,000 by OTX Logistics Holland Group to OT BVI Members for each of the three years ending 31 December 2019, respectively.

The above proposed 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 Existing Master Agency Agreement shared during the two years ended 31 December 2015 and the ten months ended 31 October 2016 (a) by OT BVI Members to OTX Logistics Holland Group and (b) by OTX Logistics Holland Group to OT BVI Members;
- (ii) the expected growth of about 5% in demand of transportation and logistics business to and from the Netherlands; and
- (iii) the 5% buffer to cater for the unanticipated increase in revenue under the New Master Agency Agreement.

*Reasons for the renewal of the continuing connected transactions*

The Group will continue to provide freight forwarding services for its customers to and from the Netherlands. The Group will also benefit from the transportation and logistics business for the rest of the world (other than the Netherlands) brought in by OTX Logistics Holland Group. Given such, the Directors consider that the New Master Agency Agreement is fundamental to the business operation of, and is for the commercial benefit of, the Group.

**(C) Confirmation from the Directors**

The Directors (including independent non-executive Directors) consider that the New Management Agreement and the New Master Agency Agreement have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms of the New Management Agreement and the New Master Agency Agreement and the proposed new annual caps set out above are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

**(D) Relationships and implications under the Listing Rules**

As at the date of this announcement, DW Beheer is wholly owned by Mr. de Wit, an executive Director. Hence, DW Beheer is an associate of Mr. de Wit and both of them are connected persons of the Company under the Listing Rules.

OTX Logistics Holland is an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 75% by the Company and owned as to 25% by T.Y.D. Holding B.V.. T.Y.D. Holding B.V. is controlled by Mr. de Wit, an executive Director. Hence, OTX Logistics Holland is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the New Management Agreement and the New Master Agency Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the respective annual caps for the transactions under the New Management Agreement and the New Master Agency Agreement, it is expected that each of the percentage ratios (other than the profits ratio) will be less than 5% on annual basis. Accordingly, each of the New Management Agreement and the New Master Agency Agreement is subject to annual review and all disclosure requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. de Wit is materially interested in the continuing connected transactions under the New Management Agreement and the New Master Agency Agreement, he has abstained from voting on the respective resolutions passed at the Board meeting for approving the continuing connected transactions under the New Management Agreement and the New Master Agency Agreement and the related new annual caps.

## **GENERAL**

The Company is an investment holding company and the Group is principally engaged in the provision of freight forwarding services.

DW Beheer is principally engaged in the provision of management services.

OTX Logistics Holland Group is principally engaged in the provision of freight forwarding services in the Netherlands.

## DEFINITIONS

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 先達國際物流控股有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“DW Beheer”	D.R. de Wit Beheer B.V., a company incorporated in the Netherlands with limited liability and wholly owned by Mr. de Wit
“Existing Management Agreement”	the agreement dated 21 June 2014 and entered into between OTX Logistics Holland and DW Beheer and Mr. de Wit for provision of management services for the term commencing from 21 June 2014 and expiring on 31 December 2016
“Existing Master Agency Agreement”	the agreement dated 21 June 2014 and entered into between OT BVI Members and OTX Logistics Holland Group where OT BVI Members have appointed OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group has appointed OT BVI Members as their agents for the rest of the world (other than the Netherlands), for the promotion of transportation and logistics business for the term commencing from 21 June 2014 and expiring on 31 December 2016
“EUR”	Euro, the lawful currency of the member countries of the European Union
“Group”	the Company and its subsidiaries



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party or parties and who and whose ultimate beneficial owner(s) are independent of the Company and its connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. de Wit”	Dennis Ronald de Wit, an executive Director
“New Management Agreement”	the agreement dated 30 December 2016 and entered into between OTX Logistics Holland and DW Beheer and Mr. de Wit for provision of management services for the term commencing from 1 January 2017 and expiring on 31 December 2019
“New Master Agency Agreement”	the agreement dated 30 December 2016 and entered into between OT BVI Members and OTX Logistics Holland Group where OT BVI Members have appointed OTX Logistics Holland Group as their agents in the Netherlands and OTX Logistics Holland Group has appointed OT BVI Members as their agents for the rest of the world (other than the Netherlands), for the promotion of transportation and logistics business for the term commencing from 1 January 2017 and expiring on 31 December 2019
“OT BVI”	On Time Worldwide Logistics Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company
“OT BVI Members”	OT BVI and its subsidiaries and associated companies excluding the OTX Logistics Holland Group

“OTX Logistics Holland”	OTX Logistics B.V. (formerly known as Unique Logistics B.V.), a company incorporated in the Netherlands with limited liability and an indirect non-wholly owned subsidiary of the Company
“OTX Logistics Holland Group”	OTX Logistics Holland and its subsidiaries and associated companies
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*In this announcement, for the purpose of illustration only, amounts quoted in EUR have been converted into HK\$ at the rate of EUR1.00 = HK\$8.1098. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.*

By order of the Board  
**On Time Logistics Holdings Limited**  
先達國際物流控股有限公司  
**Lam Chun Chin, Spencer**  
*Chairman & Chief Executive Officer*

Hong Kong, 30 December 2016

*As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. LAM Chun Chin, Spencer, Mr. Hartmut Ludwig HAENISCH, Ms. CHEUNG Ching Wa, Camy, Ms. WONG Pui Wah and Mr. Dennis Ronald DE WIT; and three independent non-executive Directors, namely, Mr. POON Ka Lee, Barry, Mr. NG Wai Hung and Mr. WONG See Ho.*