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**Linocraft Holdings Limited**  
**東駿控股有限公司**

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

**(Stock Code: 8383)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTION**  
**MASTER LOGISTICS SERVICES AGREEMENT**

**2020 MASTER LOGISTICS SERVICES AGREEMENT**

On 28 October 2020, the Company entered into the 2020 Master Logistics Services Agreement to renew the term of the 2017 Master Logistics Services Agreement.

**IMPLICATIONS ON THE GEM LISTING RULES**

As at the date of this announcement, and the Directors having made all reasonable enquiries, Tiong Nam Logistics is owned as to approximately 32.56% by Mr. Ong, an executive Director and one of our controlling shareholders, and as to approximately 51.28% by Mrs. Ong. The remaining shareholding of approximately 16.16% is held by Independent Third Parties. Tiong Nam is a wholly-owned subsidiary of Tiong Nam Logistics. Mr. Ong is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, Tiong Nam Logistics and Tiong Nam are associates of a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the transactions contemplated under the 2020 Master Logistics Services Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (excluding the profits ratio) under the GEM Listing Rules in respect of the highest annual cap for transactions contemplated under the 2020 Master Logistics Services Agreement are less than 25% and the highest annual cap is less than HK\$10,000,000, the transactions contemplated under the 2020 Master Logistics Services Agreement are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Rule 20.74(2)(b) of the GEM Listing Rules.

Reference is made to the prospectus of the Company dated 31 August 2017 in relation to the details of the 2017 Master Logistics Services Agreement. As the term of the 2017 Master Logistics Services Agreement has expired on 31 August 2020, the Company entered into the 2020 Master Logistics Services Agreement to renew the term of the 2017 Master Logistics Services Agreement.

## **THE 2020 MASTER LOGISTICS SERVICES AGREEMENT**

The principal terms of the 2020 Master Logistics Services Agreement are set out below.

Date	:	28 October 2020
Parties	:	(1) the Company; and (2) Tiong Nam
Subject	:	The provision of logistics services by Tiong Nam or its associated companies to the Group.
Term	:	The 2020 Master Logistics Services Agreement has a term of three years ending on 31 August 2023 effective from 1 September 2020.
Individual retainers	:	The 2020 Master Logistics Services Agreement is a framework agreement which provides the mechanism for the operation of the connected transactions described therein. It is envisaged that from time to time and as required, individual retainers may be required to be entered into between the Group and Tiong Nam or its associated companies. Each individual retainer will set out the relevant logistics services to be provided by Tiong Nam or its associated companies to the Group, the fee for the logistics services to be paid by the Group and any detailed specifications which may be relevant to those retainers. The individual retainers may only contain provisions which are in all material respects consistent with the binding principles, guidelines, terms and conditions set out in the 2020 Master Logistics Services Agreement. As the individual retainers are simply further elaborations on the retainers contemplated by the 2020 Master Logistics Services Agreement, they do not constitute new categories of connected transactions as far as the GEM Listing Rules are concerned.
Payment terms	:	Payment of the relevant services provided will be made in accordance with the payment terms as set out in the relevant agreements. According to the past practices, most transactions of which were usually one-off settlement in cash within 60 days after receipt of the relevant invoices.

Pricing : The logistics services fees will be determined between the parties based on arm's length negotiations and on normal commercial terms with reference to the prevailing market services fees charged for the same or substantially similar logistics services. Market services fee is determined based on: (1) the prevailing fair prices charged by Independent Third Parties in areas where the logistics services are provided or in nearby areas for providing similar logistics services on normal commercial terms; or (2) the prevailing reasonable prices charged by Independent Third Parties on normal commercial terms for providing similar logistics services.

Annual caps : The 2020 Master Logistics Services Agreement is subject to the following annual caps:

	<b>Year ending 31 August</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Annual cap	4,500	5,000	5,200

Historical transaction amounts: : The historical transaction amounts under the 2017 Master Logistics Services Agreement are set out below:

	<b>Year ending 31 August</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Existing annual cap	3,700	4,000	4,400
Actual transaction amount	3,524	2,927	2,753

The transaction amount for the period covering 1 September 2020 to the date of this announcement was approximately RM300,000.

Basis of the annual caps : The annual caps were determined with reference to:

- (1) the historical transaction amounts under the 2017 Master Logistics Services Agreement;
- (2) the projected demand for the logistics arrangement of the Company's products in the next three years;

- (3) the prevailing market price of such logistics services in the open market; and
- (4) the expected growth in the demand for the Company's printing and packaging services in the next three years.

Internal control : To ensure that the terms of the continuing connected transactions of the Group are fair and reasonable and no less favourable to the Group than those available from Independent Third Parties, the Group has the following internal control and pricing policies in place under which:

**Internal control and pricing policies**

- (i) the services team of the Group must obtain at least two fee quotes from Independent Third Parties offering similar services to determine if the fees and terms offered by Tiong Nam or its associated companies are fair and reasonable and around the ranges of those quotes offered by Independent Third Parties and approved by the management of the Company prior to entering into any new retainer; and
- (ii) the Group will also take into consideration such source of independent market data for similar services and location coverages to ensure that the pricing of such services will be at market prices depending on the supply and demand for the relevant service and benchmarking against similar service offered by other comparable logistics services suppliers in the market and on normal commercial terms. If the terms of provision of general services offered by Tiong Nam or its associated companies to the Group are no less favourable than those offered by Independent Third Parties, the quality of service and long-term business relationship and cooperation between Tiong Nam or its associated companies and the Group will be considered, and the Group will select Tiong Nam or its associated companies as the general logistics services provider.

### **Internal review policies**

- (i) the pricing policies for all the continuing connected transactions of the Group will be supervised and monitored by the accounting department of the Group and the management of the Group dedicated with the responsibility of supervising the continuing connected transactions of the Group to ensure that the relevant continuing connected transactions are being conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders as a whole;
- (ii) in respect of any new fee quote received from any of Tiong Nam or its associated companies, the Group will obtain reference quotations from Independent Third Parties for setting the prevailing market price in accordance with the pricing policies;
- (iii) the relevant personnel from the accounting department and the management of the Group will conduct regular checks to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of its respective agreement and will also regularly update the market price for the purpose of considering if the service fee charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policies; and
- (iv) the independent non-executive Directors will review the transactions under the relevant continuing connected transaction (including the pricing terms and annual caps) to ensure they are (i) entered into in the usual and ordinary course of business of the Company and on normal commercial terms; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole; and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps thereof.

The Directors consider that the above internal control and pricing policies and internal review policies of the Group are effective to ensure that the transactions contemplated under the relevant continuing connected transaction will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

## **REASONS FOR ENTERING INTO OF THE 2020 MASTER LOGISTICS SERVICES AGREEMENT**

The logistics services between the Group and Tiong Nam or its associated companies have been taken place for years and are essential for the continued operation and growth of the printing and packaging businesses of the Group. The continuation of the transactions under the 2020 Master Logistics Services Agreement will enable the Group to leverage on the extensive logistics platform and services provided by Tiong Nam or its associated companies at competitive prices without any disruption or inconvenience to find a new service provider. Given that the 2020 Master Logistics Services Agreement is being entered into in the usual and ordinary course of business of the Company and the terms have been negotiated on an arm's length basis and on normal commercial terms, the Directors (including all the independent non-executive Directors but excluding Mr. Ong who is interested in the transactions contemplated under the 2020 Master Logistics Services Agreement and has abstained from voting from the relevant Board resolution for approving the 2020 Master Logistics Services Agreement) consider that the transactions (including the proposed annual caps) under the 2020 Master Logistics Services Agreement are (i) entered into in the usual and ordinary course of business of the Company and on normal commercial terms; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE COMPANY AND THE GROUP**

The Group is a well-established integrated offset printing and packaging solutions provider in Malaysia with more than 48 years of experience. The Group principally provides offset printing services and packaging boxes, instruction manuals and inserts to its customers.

## **INFORMATION ON TIONG NAM**

Tiong Nam is principally engaged in the provision of logistics services.

## **IMPLICATIONS ON THE GEM LISTING RULES**

As at the date of this announcement, and the Directors having made all reasonable enquiries, Tiong Nam Logistics is owned as to approximately 32.56% by Mr. Ong, an executive Director and one of our controlling shareholders, and as to approximately 51.28% by Mrs. Ong. The remaining shareholding of approximately 16.16% is held by Independent Third Parties. Tiong Nam is a wholly-owned subsidiary of Tiong Nam Logistics. Mr. Ong is a connected person of the Company under Chapter 20 of the GEM Listing Rules. As such, Tiong Nam Logistics and Tiong Nam are associates of a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the transactions contemplated under the 2020 Master Logistics Services Agreement will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

As all of the applicable percentage ratios (excluding the profits ratio) under the GEM Listing Rules in respect of the highest annual cap for transactions contemplated under the 2020 Master Logistics Services Agreement are less than 25% and the highest annual cap is less than HK\$10,000,000, the

transactions contemplated under the 2020 Master Logistics Services Agreement are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Rule 20.74(2)(b) of the GEM Listing Rules.

## **DEFINITIONS**

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

“2017 Master Logistics Services Agreement”	the agreement dated 25 August 2017 entered into between the Company and Tiong Nam in relation to the provision of logistics services by Tiong Nam or its associated companies to the Group
“2020 Master Logistics Services Agreement”	the agreement dated 28 October 2020 entered into between the Company and Tiong Nam in relation to the provision of logistics services by Tiong Nam or its associated companies to the Group
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Company”	Linocraft Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company or any of its connected persons
“Mr. Ong”	Mr. Ong Yoong Nyock, an executive Director of the Company

“Mrs. Ong”	Ms. Yong Kwee Lian, the spouse of Mr. Ong and one of the controlling shareholders of the Company
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tiong Nam”	Tiong Nam Logistics Solutions Sdn Bhd, a company incorporated in Malaysia
“Tiong Nam Logistics”	Tiong Nam Logistics Holdings Bhd, a company incorporated in Malaysia
“%”	per cent.

By order of the Board of  
**Linocraft Holdings Limited**  
**Tan Woon Chay**  
*Executive Director*

Hong Kong, 28 October 2020

*As at the date of this announcement, the executive Directors are Mr. Ong Yoong Nyock and Mr. Tan Woon Chay and the independent non-executive Directors are Mr. Choy Wing Keung David, Mr. Liew Weng Keat and Mr. Teoh Cheng Tun.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with GEM Listing Rule for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the Company’s website at <http://www.linocraftprinters.com>.*