



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

Global Offering

Sole Sponsor

RHB ♦ **OSK**
RHB OSK Capital Hong Kong Limited

Sole Global Coordinator

RHB ♦ **OSK**
RHB OSK Securities Hong Kong Limited

Joint Bookrunners and Joint Lead Managers

RHB ♦ **OSK**
RHB OSK Securities Hong Kong Limited

**Convoy Investment
Services Limited**

IMPORTANT

If you are in any doubt about any contents of this prospectus, you should obtain independent professional advice.



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)

GLOBAL OFFERING

- Number of Offer Shares offered pursuant to the Global Offering** : 100,000,000 Shares (subject to the Over-allotment Option)
- Number of Hong Kong Offer Shares** : 10,000,000 Shares (subject to re-allocation)
- Number of International Placing Shares** : 90,000,000 Shares (subject to re-allocation and the Over-allotment Option)
- Maximum Offer Price** : HK\$1.30 per Offer Share (payable in full on application, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, and subject to refund)
- Nominal value** : HK\$0.10 each
- Stock code** : 6123

Sole Sponsor



Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



Convoy Investment Services Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 4 July 2014 and, in any event, not later than Monday, 7 July 2014. The Offer Price will be not more than HK\$1.30 per Offer Share and is currently expected to be not less than HK\$1.05 per Offer Share unless otherwise announced. Investors applying for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$1.30 per Offer Share for each Offer Share together with a brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined should be lower than HK\$1.30 per Offer Share.

The Sole Global Coordinator (for itself and on behalf of the Underwriters), may, with the consent of our Company, reduce the number of Offer Shares being offered pursuant to the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$1.05 per Offer Share to HK\$1.30 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published on our website at www.ontime-express.com and the Stock Exchange's website at www.hkexnews.hk not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. If, for any reason, the Offer Price is not agreed among the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering (including the Hong Kong Public Offer) will not proceed and lapse immediately.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the paragraph headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination" of this prospectus. It is important that you refer to that paragraph for further details.

30 June 2014

EXPECTED TIMETABLE

2014

Latest time to complete electronic applications under

HK eIPO White Form service through the designated

website **www.hkeipo.hk** ⁽⁴⁾ 11:30 a.m. on Friday, 4 July 2014

Application lists open⁽²⁾ 11:45 a.m. on Friday, 4 July 2014

Latest time for lodging **WHITE** and **YELLOW**

Application Forms 12:00 noon on Friday, 4 July 2014

Latest time to complete payment of **HK eIPO White Form**

applications by effecting internet banking transfers or

PPS payment transfers⁽⁴⁾ 12:00 noon on Friday, 4 July 2014

Latest time to give **electronic application instructions**

to HKSCC⁽³⁾ 12:00 noon on Friday, 4 July 2014

Application lists close⁽²⁾ 12:00 noon on Friday, 4 July 2014

Expected Price Determination Date⁽⁵⁾ Friday, 4 July 2014

Announcement of:

- the Offer Price,
- the level of applications in the Hong Kong Public Offer,
- the level of indications of interest in the International Placing, and
- the basis of allotment of Hong Kong Offer Shares

to be published in the South China Morning Post (in English)

and the Hong Kong Economic Times (in Chinese)

and on the Stock Exchange's website at **www.hkexnews.hk**

and our website at **www.ontime-express.com** Thursday, 10 July 2014

Results of allocations in the Hong Kong Public Offer

(with successful applicants' identification document numbers,

where appropriate) to be available through a variety of channels

(see the paragraph headed "How to Apply for the Hong Kong Offer Shares

— 11. Publication of Results" of this prospectus) from Thursday, 10 July 2014

EXPECTED TIMETABLE

2014

Results of allocations in the Hong Kong Public Offer
will be available at **www.tricor.com.hk/ipo/result**
with a “search by ID” function Thursday, 10 July 2014

Despatch of Share certificates in respect of
wholly or partially successful applications and
despatch of **HK eIPO White Form** e-Auto Refund payment
instructions/refund cheques in respect of
wholly successful (if applicable) or wholly or
partially unsuccessful applications pursuant
to the Hong Kong Public Offer on or around⁽⁶⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾ Thursday, 10 July 2014

Dealings in Shares on the Stock Exchange to commence on Friday, 11 July 2014

- (1) All times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions of the Hong Kong Public Offer, are set out in the section headed “Structure of the Global Offering” of this prospectus.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 4 July 2014, the application lists will not open or close on that day. Please refer to the paragraph headed “How to Apply for the Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists” in the section headed “How to Apply for the Hong Kong Offer Shares” of this prospectus.
- (3) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed “How to Apply for the Hong Kong Offer Shares — How to apply by giving **electronic application instructions** to HKSCC” of this prospectus.
- (4) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. Applicants who apply for the Hong Kong Offer Shares by completing **HK eIPO White Form** should refer to the paragraph headed “How to Apply for the Hong Kong Offer Shares — How to Apply Through the **HK eIPO White Form** Service” of this prospectus.
- (5) Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, 4 July 2014 and in any event not later than Monday, 7 July 2014. If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering (including the Hong Kong Public Offer) will not proceed and lapse. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK\$1.30 per Offer Share, applicants must pay the maximum Offer Price of HK\$1.30 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in the section headed “How to Apply for the Hong Kong Offer Shares” of this prospectus.

EXPECTED TIMETABLE

- (6) Share certificates for the Offer Shares are expected to be issued on Thursday, 10 July 2014 but will only become valid certificates of title at 8:00 a.m. on Friday, 11 July 2014 provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements having been terminated. If the Global Offering does not become unconditional or either of the Underwriting Agreements being terminated, our Company will make an announcement as soon as possible.
- (7) e-Auto Refund payment instructions / Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable on application.
- (8) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer and have provided all information required by their Application Forms may collect any refund cheques and Share certificates in person from our Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, may do so between 9:00 a.m. to 1:00 p.m. on Thursday, 10 July 2014. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporation's chop. Identification and (where applicable) authorisation documents acceptable to Tricor Investor Services Limited, must be produced at the time of collection. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offer may collect their refund cheques, if any, in person but may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participant's stock account or CCASS Investor Participant's stock account, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk, you may collect your Share certificates (where applicable) in person from Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 July 2014. If you apply through the **HK eIPO White Form** service by paying the application monies through a single bank account, e-Auto Refund payment instructions (if any) will be despatched to your application payment bank account on or around Thursday, 10 July 2014. If you apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, refund cheque(s) will be despatched to the address specified in your **HK eIPO White Form** application on or around Thursday, 10 July 2014, by ordinary post and at your own risk.

- (9) Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the paragraph headed "How to Apply for the Hong Kong Offer Shares — If Your Application for the Hong Kong Offer Shares is Successful (in whole or in part)" of this prospectus. e-Auto Refund payment instructions/refund cheques will be despatched in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Offer Share payable on application. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque.

You should read carefully the sections headed "Underwriting", "How to Apply for the Hong Kong Offer Shares" and "Structure of the Global Offering" of this prospectus for additional information regarding the Global Offering, including the conditions to the Global Offering, how to apply for the Hong Kong Offer Shares, the expected timetable, the effects of bad weather and the despatch of Share certificates and the refund of application monies.

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You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus and the Application Forms.

Any information not given or representation not made in this prospectus and the Application Forms must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, employees, agents or representatives, or any other parties involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Since this is only a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed "Risk Factors" of this prospectus. You should read that section carefully before making any decision to invest in the Offer Shares.

OVERVIEW OF OUR BUSINESS

We are an established and growing international freight forwarding service provider. Founded and headquartered in Hong Kong since 1995, we have expanded to 16 countries with 54 offices in Asia, the Netherlands and North America as at the Latest Practicable Date. Our business model principally involves providing export freight forwarding services through obtaining cargo space from major airlines and other carriers for delivering shipments consigned with us to the required destinations, and consolidating the consigned shipments to make a profit on the given cargo space. We operate in a competitive industry with a relatively low profit margin.

Our services are supported by our in-house developed freight operations system, which facilitates convenient and direct data exchange among our suppliers of air cargo space and customers. Air and ocean freight forwarding are our core services. We also have a general sales agency agreement with a regional airline whereby we act as wholesaler of air cargo space to our trade partners. Our other services include warehousing, distribution, customs clearance, contract and ancillary logistics services. We have built a broad customer base comprising freight forwarder customers and direct customers. Our largest suppliers include international airlines with headquarters in Luxembourg, Hong Kong, the UAE and the United Kingdom.

During the Track Record Period, there was no material change in our business focus and we have grown through setting up offices on our own effort, acquiring OTX Logistics Holland in 2011 and expanding our business operations in North America. Our goal is to become an international logistics provider by expanding our network of offices, strengthening our IT systems, enlarging our scope of services, increasing our sales and marketing effort, and exploring e-commerce opportunities. As at the Latest Practicable Date, we had not identified any acquisition target(s).

Revenue by business segment

Set forth below are the details of our Group's revenue by business segment during the Track Record Period:

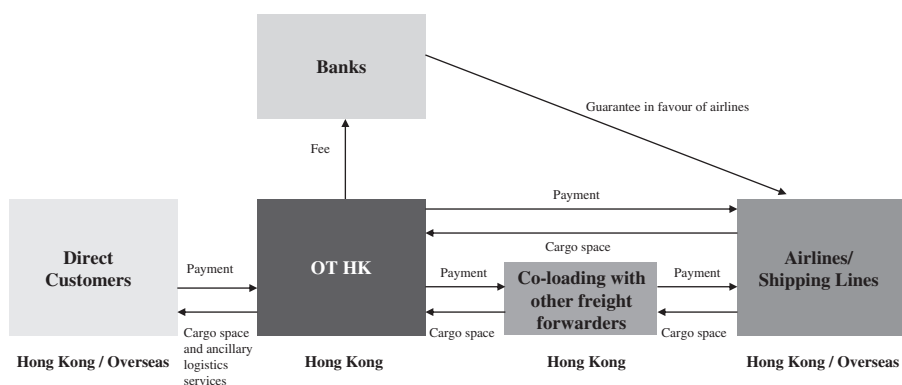
	2011		Year ended 31 December 2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Air freight	1,795,725	77.4	1,942,403	73.8	2,154,586	68.2
Ocean freight	444,571	19.2	606,421	23.0	897,240	28.4
General sales						
agency	3,680	0.1	4,271	0.2	3,593	0.1
Logistics	22,345	1.0	24,754	0.9	58,237	1.8
Others	53,546	2.3	56,037	2.1	47,634	1.5
Total	<u>2,319,867</u>	<u>100.0</u>	<u>2,633,886</u>	<u>100.0</u>	<u>3,161,290</u>	<u>100.0</u>

SUMMARY

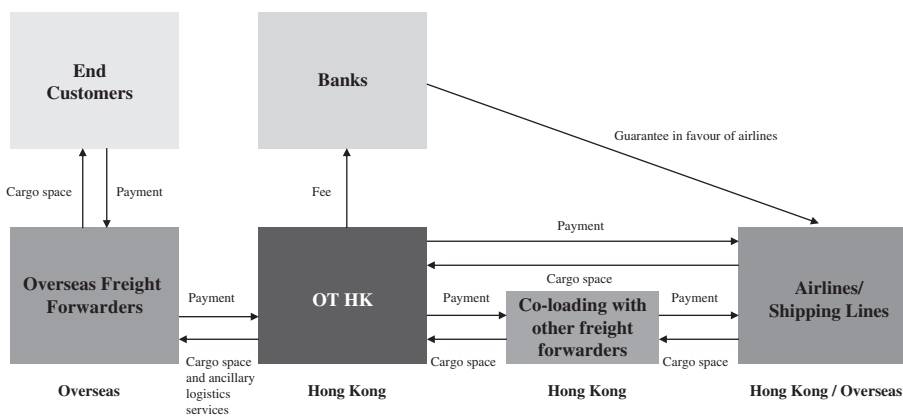
Air freight and ocean freight

Air freight forwarding service is our largest business segment. It principally involves arranging shipment upon receipt of booking instruction from our customers, obtaining cargo space from airlines, preparing the relevant documentation, consolidation, and upon delivery to destination, arranging customs clearance and cargo handling. Our ocean freight forwarding service is our second largest business segment.

The following chart illustrates the provision of freight forwarding services by our Hong Kong headquarters to direct customers:



The following chart illustrates the provision of freight forwarding services by our Hong Kong headquarters to customers which are overseas freight forwarders:



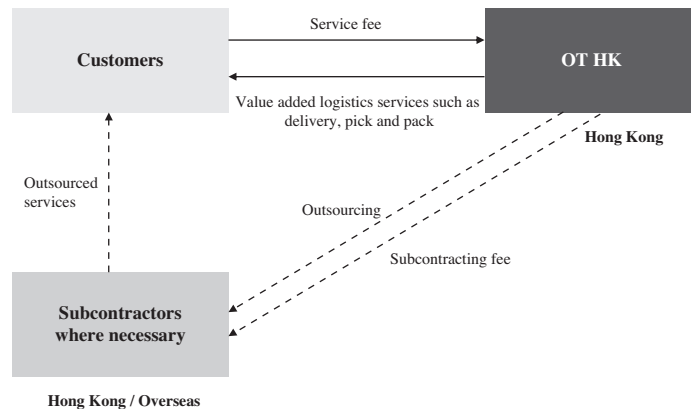
General sales agency

Under our general sales agency agreement with a regional airline, we are appointed as non-exclusive general sales agent for a term of one year and we on-sell a minimum quantity of air cargo space on certain air routes against bank guarantee which we provide to the airline.

SUMMARY

Ancillary and contract logistics services

Our ancillary services include warehousing, distribution and customs clearance. Contract logistics involve tailor-making logistics solutions to our customers' special needs. The following chart illustrates the provision of contract logistics services by our Hong Kong headquarters:



Sales markets and network

Apart from our Hong Kong headquarters, as at the Latest Practicable Date we had 13 offices in the PRC (excluding our representative offices there), 23 offices in the rest of Asia, one office in the Netherlands, one office in Canada, and eight offices in the United States. All of these offices have sales staff responsible for sales and marketing.

HIGHLIGHTS OF OUR STRENGTHS AND STRATEGIES

We believe that the following competitive strengths are the key factors contributing to our success to date:

- Established market position with an extensive network of 54 offices serving freight forwarding flow from Asia to destinations in Europe and North America
- Broad customer base, strong relationship with customers and airline suppliers of cargo space, many of which having been working with us for over five years
- Growing ocean freight segment which contributed to approximately 19.2%, 23.0% and 28.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively
- Advanced information technology and systems

Our goal is to become an international logistics provider. During the Track Record Period, we have grown partly through acquisition, notably our acquisition of OTX Logistics Holland in 2011, and partly through setting up offices on our own effort. We intend to grow similarly by adding new offices in China and the United States where we already have presence and in new locations in select countries in Asia. Our other strategies include further strengthening our information technology; expanding the scope of our contract logistics and other services, which involves hiring more business development and other personnel; increasing sales and marketing effort for existing and new customers; and exploring e-commerce opportunities by leveraging on our existing customer base, warehousing and distribution capabilities and IT infrastructure. At the Latest Practicable Date, we had not identified any acquisition target(s).

SUMMARY

SHAREHOLDERS INFORMATION

Controlling Shareholders

Immediately following completion of the Global Offering and the Capitalisation Issue, assuming the Over-Allotment Option is not exercised, our Controlling Shareholders, namely, Lam Investco (which is wholly owned by Mr. Lam) and Haenisch Investco (which is wholly owned by Mr. Haenisch), will hold 192,000,000 Shares (representing 48% of the enlarged issued share capital of the Company) and 105,000,000 Shares (representing 26.25% of the enlarged issued share capital of the Company), respectively. Please refer to the section headed “Relationship with our Controlling Shareholders” on page 205 to page 209 and the section headed “Directors and Senior Management” on page 227 to page 239 of this prospectus for details.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.03 OF THE LISTING RULES

For the purpose of Rule 4.05A of the Listing Rules, an accountants’ report of OTX Logistics Holland from 1 January 2011 to 30 June 2011 as set out in Appendix II to this prospectus had been prepared by Ernst & Young Accountants LLP, which is not qualified under the Professional Accountants Ordinance, and therefore the accountants’ report did not conform with the requirement of Rule 4.03 of the Listing Rules. We have applied to the Stock Exchange for and have been granted a waiver from strict compliance with Rule 4.03 of the Listing Rules. For details, please see the section headed “Waivers from Compliance with the Listing Rules” on page 45 to page 46 of this prospectus.

RISK FACTORS

There are risks and uncertainties relating to our operations, some of which are beyond our control. The following highlights some of the risks which we consider to be material:

- Cargo space freight rates fluctuations could have adverse impact on our results of operations
- Termination or non-renewal of our block-space agreements with our airline suppliers could have adverse effect on our business
- Failure to utilise the air cargo space allocated to us under the block-space agreements with airlines may prevent us from fully recovering the costs of the relevant cargo space, and our profitability may suffer
- Our consolidation of shipments may not be effective enough to enable us to make a profit from a given cargo space
- For the years ended 31 December 2011, 2012 and 2013, we recorded gross profit margin of approximately 14.1%, 14.5% and 14.7%, respectively, and net profit margin of approximately 2.3%, 1.7% and 1.7%, respectively, and we may not be able to maintain similar gross and net profit margins in the future
- We had negative operating cash flow for the year ended 31 December 2013, mainly due to our expansion in the United States
- Non-compliances of laws and regulations in connection with our operations in certain countries may lead to enforcement actions being taken against us

SUMMARY

Please refer to the section headed “Risk Factors” on page 29 to page 44 of this prospectus for a detailed discussion of the risk factors.

REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we have failed to comply with certain applicable laws and regulations in certain countries which could have had material impact on us or our operations. These include (i) failure of certain members of our Group in Hong Kong to comply with sections 111 and 122 of the Predecessor CO; (ii) failure to comply with certain laws and regulations in the PRC (including failure to make financial contributions for housing provident funds for certain non-urban employees in the PRC, failure to register or file certain leases with the PRC authorities with respect to certain leased properties used by our Group and the usage of certain leased properties in the PRC as office by our Group which is inconsistent with the designated usage as stated under the relevant building ownership certificates); (iii) failure to comply with certain laws and regulations in Indonesia (including the holding of annual general meeting, failure to submit investment activities report, failure to obtain company registration certificate, failure to obtain nuisance permit, failure to obtain taxpayer registration number, failure to obtain taxable entrepreneur, failure to re-register freight forwarding licence, failure to submit written recommendation for the opening of branch office and failure to submit monthly and annual report); (iv) failure to notify the Bank of Japan under the Foreign Exchange and Trade Control Law of Japan with respect to the acquisition of the shares in OT Japan within the prescribed time limit; (v) failure to comply with certain laws and regulations in Vietnam (including non-compliance in contributing to charter capital of OT Vietnam, failure to register a loan agreement and failure to withhold and pay foreign contractor tax); and (vi) occupation of one premises in the US which is not leased to our Group. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” on page 143 to page 198 and the paragraph headed “Business — Property Interests” on page 203 to page 204 of this prospectus for details. For risks relating to the non-compliances, please refer to the section headed “Risk Factors” of this prospectus.

SUMMARY COMBINED FINANCIAL INFORMATION

Selected combined income statements line items

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>Margin %</i>	<i>HK\$'000</i>	<i>Margin %</i>	<i>HK\$'000</i>	<i>Margin %</i>
Revenue	2,319,867		2,633,886		3,161,290	
Gross profit	326,924	14.1	381,938	14.5	465,160	14.7
Profit for the year	<u>54,146</u>	<u>2.3</u>	<u>44,273</u>	<u>1.7</u>	<u>54,975</u>	<u>1.7</u>

SUMMARY

Selected combined statements of financial position line items

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	506,000	684,850	812,955
Non-current assets	101,197	99,997	108,513
Current liabilities	331,775	458,880	558,219
Non-current liabilities	13,565	14,170	15,989
Net current assets	174,225	225,970	254,736
Total equity	<u>261,857</u>	<u>311,797</u>	<u>347,260</u>

Key financial ratios

Gearing ratio	37.2%	34.9%	47.6%
Interest coverage ratio	21.9 times	17.5 times	16.6 times
Return on total assets ratio	8.9%	5.6%	6.0%
Return on equity ratio	20.7%	14.2%	15.8%

Selected combined statements of cash flows

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from/(used in) operating activities	74,618	29,647	(9,179)
Net cash (used in)/generated from investing activities	(45,856)	6,365	(16,458)
Net cash (used in)/generated from financing activities	<u>(4,026)</u>	<u>(14,629)</u>	<u>28,533</u>
Net increase in cash and cash equivalents	<u>24,736</u>	<u>21,383</u>	<u>2,896</u>

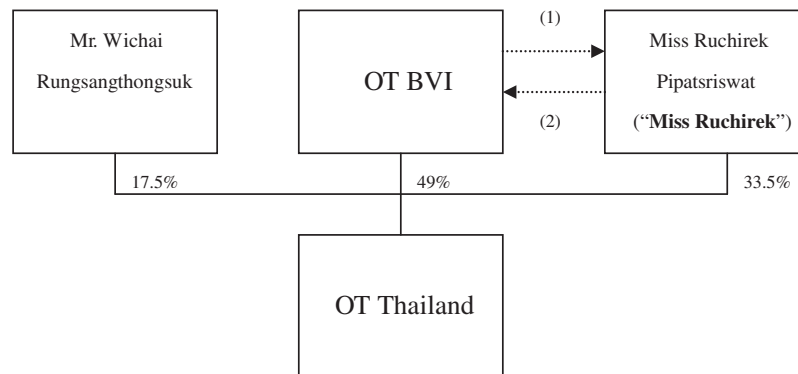
SUMMARY

OT THAILAND CONTRACTUAL ARRANGEMENTS AND OT VIETNAM CONTRACTUAL ARRANGEMENTS

Due to the restrictions of foreign investment in Thailand and Vietnam, part of the interest in OT Thailand and OT Vietnam are controlled by us through the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements.

(1) OT Thailand Contractual Arrangements

The following diagram illustrates the mechanism of the OT Thailand Contractual Arrangements:

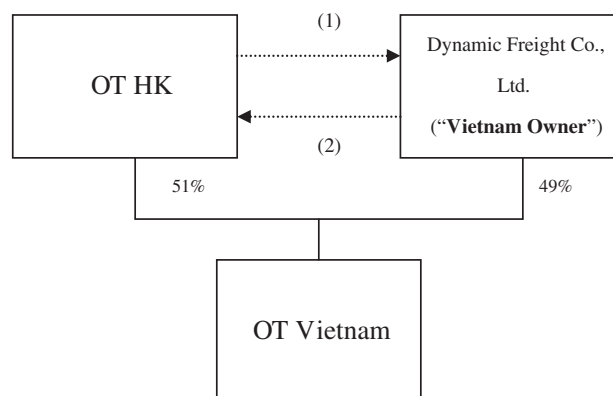


Notes:

- (1) Pursuant to a loan assignment dated 25 October 2013 and executed between OT HK, OT BVI and Miss Ruchirek, Miss Ruchirek is indebted to OT BVI in the total amount of THB3,350,000.
- (2) As security for the repayment of the loan owed to OT BVI, Miss Ruchirek has entered into a share pledge agreement with OT BVI to pledge her shares in OT Thailand in favour of OT BVI, by virtue of which, OT BVI could enforce the share pledge in an event of default of the loan repayment. Further, pursuant to the loan assignment, upon demand of repayment, OT BVI has the right at its sole discretion to demand and effect the transfer of the shares so pledged by Miss Ruchirek to OT BVI or its designated person at a consideration equal to the loan amount. Miss Ruchirek has also entered into letter of undertaking with OT BVI whereby she has irrevocably undertaken, among other things, to assign and direct all dividends and distribution paid and payable by OT Thailand in relation to her shares in OT Thailand, and all distribution of assets and capital made or to be made by OT Thailand in relation to her shares in OT Thailand solely to OT BVI. Miss Ruchirek also appointed OT BVI as her proxy to receive notices of meetings and to vote in all shareholders' meetings of OT Thailand for any proposed resolutions.

(2) OT Vietnam Contractual Arrangements

The following diagram illustrates the mechanism of the OT Vietnam Contractual Arrangements:



SUMMARY

Notes:

- (1) Pursuant to two loan agreements both dated 6 November 2013 and executed between OT HK and the Vietnam Owner, the Vietnam Owner is indebted to OT HK in the total principal amount of US\$35,500.
- (2) As security for the repayment of the loan owed to OT HK, the Vietnam Owner has entered into charter capital mortgage agreements in favour of OT HK for the mortgage of Vietnam Owner's charter capital contribution in OT Vietnam in favour of OT HK as security for the repayment obligations under the loan agreements. Further, the Vietnam Owner has also entered into letters of undertaking pursuant to which Vietnam Owner has irrevocably undertaken, among others, to assign and direct all dividends and distributions payable by OT Vietnam to Vietnam Owner in respect of all its charter capital contribution to OT HK or person as from time to time designated by OT HK, to appoint such person nominated by OT HK to act as the authorised representatives of Vietnam Owner to participate in the board of directors' meetings of OT Vietnam and to direct OT Vietnam to deliver notices of board of directors' meetings to OT HK or the authorised representatives, to exercise Vietnam Owner's voting power in all board of directors' meetings of OT Vietnam and to exercise all power of Vietnam Owner in respect of all the charter capital of OT Vietnam registered under its name from time to time.

Please refer to the paragraph "Risk Factors — Risks Relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements" on page 35 to page 38 of this prospectus, the paragraph headed "History, Reorganisation and Corporate Structure — OT Thailand Contractual Arrangements" on page 92 to page 99 of this prospectus, and the paragraph headed "History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements" on page 99 to page 107 of this prospectus for details.

OFFERING STATISTICS

	Based on an Offer Price of HK\$1.05 per Offer Share	Based on an Offer Price of HK\$1.30 per Offer Share
Market capitalisation ^(Note 1)	HK\$420 million	HK\$520 million
Pro forma adjusted combined net tangible assets per Share ^(Note 2)	HK\$0.93	HK\$0.99

Notes:

- (1) The calculation of the market capitalisation of our Company is based on 400,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalisation Issue and without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme.
- (2) The pro forma adjusted combined net tangible assets per Share has been arrived at after the adjustments set forth in Appendix III to this Prospectus and on the basis of 400,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalisation Issue.
- (3) Our Company will declare a special dividend with an aggregate amount of HK\$97,000,000 before the listing. The above adjustment does not take into account this special dividend. Taking into account the estimated net proceeds from the Global Offering at the Offer Price of HK\$1.05 per Share and HK\$1.30 per Share as well as the dividend to be declared of HK\$97,000,000, the pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share would have been approximately HK\$0.68 and HK\$0.74, respectively.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, we declared dividend of approximately HK\$25.0 million on 25 October 2013 as part of the Reorganisation, for details please refer to paragraph headed "History, Reorganisation and Corporate Structure — Corporate restructuring" of this prospectus. We will declare a dividend of approximately HK\$97.0 million (the "Special Dividend") before Listing. The

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payment of the Special Dividend is expected to be made prior to Listing, of which (i) HK\$36.6 million is expected to be funded from drawdown of a short-term bank loan facility (with interest charged at 1 month HIBOR rate plus 2% per annum) granted to our Group from a bank on 25 February 2014 and to be repaid within one year from drawdown or upon the Listing whichever is earlier; (ii) HK\$41.5 million is expected to be net off with the amounts due from directors; and (iii) HK\$18.9 million is expected to be funded from internal resources. Our Directors have considered several factors such as entitlements of existing Shareholders to our reserves, and our bank balance and cash, being approximately HK\$299.2 million and HK\$163.9 million as at 31 December 2013, respectively. Our Directors, having considered that the use of part of the net proceeds from the Global Offering to repay the relevant short-term loans would not adversely affect our Group's operating cash flow, are of the view that the Special Dividend declared is fair and reasonable and in the best interest of our Company and the Shareholders as a whole. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy, and that they will not be entitled to the Special Dividend via the Global Offering. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. For details of our dividends, please see the paragraph headed "Financial Information — Dividends and Dividend Policy" on page 293 to page 294 of this prospectus.

EFFECT ON OUR FINANCIAL PERFORMANCE DUE TO LISTING EXPENSES

The estimated total listing fees for our Global Offering, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are approximately HK\$44.1 million (based on an Offer Price of HK\$1.175 per Share, being the mid-point of the estimated Offer Price range, and assuming the Over-Allotment Option is not exercised). Among the estimated total listing fees, approximately HK\$12.8 million is expected to be capitalised after the Listing. The remaining amount of approximately HK\$31.3 million was or is expected to be charged to our profit and loss accounts, of which approximately HK\$6.9 million were charged on or before 31 December 2012, HK\$12.6 million were charged for the year ended 31 December 2013 and approximately HK\$11.8 million is expected to be charged for the year ending 31 December 2014.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$91.4 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK\$1.175 per Share, being the mid-point of the indicative Offer Price range of HK\$1.05 per Offer Share to HK\$1.30 per Offer Share in this prospectus.

Amount (HK\$ million)	% of total estimated net proceeds	Intended uses
31.6	34.6	Expanding our office network in Asia and North America
2.7	2.9	Expanding existing contract logistics facilities in the United States and the PRC
6.0	6.6	Building and upgrading hardware and software for our IT system
7.7	8.4	Recruiting additional personnel for our sales, contract logistics, business development and management teams in the PRC, the United States, Taiwan, the UAE and Japan
36.6	40.0	Repayment of a short-term bank loan with interest charged at 1 month HIBOR rate plus 2% per annum drawn down to pay for the Special Dividend
6.8	7.5	General working capital and general corporate purposes

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For more details, please see the section headed “Future Plans and Use of Proceeds” on page 297 to page 300 of this prospectus.

RECENT DEVELOPMENTS

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects of our Company since 31 December 2013, being the last date of our latest audited financial results as set out in the Accountants’ Report in Appendix I to this prospectus, up to the date of this prospectus. As far as we are aware, there was no material change in the general conditions in the freight forwarding and logistics industries in the markets that we operate that had affected or would affect our business operations or financial conditions materially and adversely.

Our business model, revenue and cost structure have remained unchanged since 31 December 2013. On 30 May 2014, we have incorporated Holicbuy for the purpose of carrying out our e-commerce operations in the future, details of which are set out in the paragraph headed “Business — Strategies — Explore e-commerce opportunities” of this prospectus. Our Directors believe that implementation of our e-commerce strategy will not constitute any significant shift in our business focus after the Listing.

Based on our unaudited management accounts, there was no material change in our monthly average of revenue and gross profit for the four months ended 30 April 2014 as compared to the monthly average of revenue and gross profit for the year ended 31 December 2013. For the period from 1 January 2014 to the Latest Practicable Date, we had 18,339 customers, of which 13,300 were repeat customers and 5,039 were new customers. During the same period in 2013, we had 19,106 customers of which 12,384 were repeat customers and 6,722 were new customers. Our Directors, having regard to the above and their knowledge of our business, consider that there was no material change in our trading position between the period from 1 January 2014 to the date of this prospectus.

Our Directors confirm that we did not have any material non-recurring income or expenses for the four months ended 30 April 2014 save for certain expenses incurred in relation to the Listing. As at 31 May 2014, approximately 96.4% of the trade receivables as at 31 December 2013 had been subsequently settled.

Our Directors have confirmed that there had been no event since 31 December 2013 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus, except as otherwise disclosed herein.

Our Directors have also confirmed that there had not been any material change in our indebtedness and contingent liabilities since 30 April 2014.

Please refer to the section headed “Financial Information” of this prospectus for further details.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“Accountants’ Report”	the accountants’ report on our Group for the Track Record Period set out in Appendix I to this prospectus
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) relating to the Hong Kong Public Offer, or where the context so requires, any of them
“Articles” or “Articles of Association”	the articles of association of our Company, a summary of certain provisions of which is set out in Appendix V to this prospectus, adopted on 21 June 2014 with effect from Listing and as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	our board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Cambodia Legal Adviser”	Clough Thuraisingham International Co., Ltd., the legal advisers to our Company as to the Cambodia laws
“Canada Legal Adviser”	McCarthy Tétrault LLP, the legal advisers to our Company as to the laws of the Province of Ontario, Canada
“Capitalisation Issue”	the issue of new Shares to be made upon capitalisation of part of the share premium account of our Company as referred to in the paragraph headed “Further Information About Our Company and Our Subsidiaries — 3. Resolutions in writing of our Shareholders passed on 21 June 2014” in Appendix VI to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

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“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Cheung Investco”	Grand Splendour Holdings Limited (廣輝控股有限公司), a company incorporated in the BVI with limited liability on 3 January 2013 and wholly owned by Ms. Cheung
“City Net Malaysia”	City Net Global Cargo Sdn. Bhd., a company incorporated in Malaysia with limited liability on 2 April 2012 and an indirect wholly owned subsidiary of our Company
“Citynet”	Citynet Logistics Worldwide Limited (聯城物流環球有限公司) (formerly known as Citynet Enterprise Limited (聯城企業有限公司)), a company incorporated in Hong Kong with limited liability on 17 September 1999 and an indirect wholly owned subsidiary of our Company
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	On Time Logistics Holdings Limited (先達國際物流控股有限公司), a company incorporated on 6 March 2013 with limited liability under the laws of the Cayman Islands
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and, in the case of our Company, means Mr. Lam, Mr. Haenisch, Lam Investco and Haenisch Investco, individually and as a group of persons. Each of Mr. Lam and Mr. Haenisch is an executive Director

DEFINITIONS

“Convoy”	Convoy Investment Services Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities, being one of the joint bookrunners and joint lead managers of the Global Offering
“Deed of Indemnity”	the deed of indemnity dated 21 June 2014 and executed by the Controlling Shareholders in favour of our Company, particulars of which are set out in the paragraph headed “Other Information — 17. Estate Duty, Tax and Other Indemnity” in Appendix VI to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 21 June 2014 and executed by the Controlling Shareholders in favour of our Company, particulars of which are set out in the paragraph headed “Relationship with our Controlling Shareholders — Deed of Non-competition” of this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offer and the International Placing
“Gold Forum”	Gold Forum International Limited, a company incorporated in the BVI with limited liability on 3 May 2011 and an indirect wholly owned subsidiary of our Company
“ GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group” or “our Group” or “we” or “our” or “us”	our Company and its subsidiaries, or where the context refers to any time prior to our Company becoming the holding company its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries
“Haenisch Investco”	Polaris International Holdings Limited, a company incorporated in the BVI with limited liability on 2 January 2003 and wholly owned by Mr. Haenisch, being one of the Controlling Shareholders
“Harbour Zone”	Harbour Zone Limited, a company incorporated in the BVI with limited liability on 4 January 2011 and an indirect wholly owned subsidiary of our Company
“HIBOR”	Hong Kong Inter-bank Offered Rate

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“ HK eIPO White Form ”	the application process for Hong Kong Offer Shares with applications issued in the applicant’s own name and submitted online through the designated website of www.hkeipo.hk
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website www.hkeipo.hk
“ HKFRSs ”	Hong Kong Financial Reporting Standards
“ HKSCC ”	Hong Kong Securities Clearing Company Limited
“ HKSCC Nominees ”	HKSCC Nominees Limited
“ Holicbuy ”	Holicbuy Company Limited, a company incorporated in Hong Kong with limited liability on 30 May 2014 and an indirect non-wholly owned subsidiary of our Company
“ Hong Kong ” or “ HK ”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ Hong Kong Offer Shares ”	the 10,000,000 New Shares initially offered for subscription under the Hong Kong Public Offer, representing 10% of the initial number of the Offer Shares, subject to the re-allocation as described in the section headed “Structure of the Global Offering” of this prospectus
“ Hong Kong Public Offer ”	the offer of the Hong Kong Offer Shares for subscription by the members of the public in Hong Kong (subject to re-allocation as described in the section headed “Structure of the Global Offering”) for cash at the Offer Price, payable in full on application, and subject to the terms and conditions stated in this prospectus and the Application Forms
“ Hong Kong Share Registrar ”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company
“ Hong Kong Underwriters ”	the underwriters of the Hong Kong Public Offer listed in the paragraph headed “Underwriting — Hong Kong Underwriters” of this prospectus
“ Hong Kong Underwriting Agreement ”	the conditional Hong Kong Public Offer underwriting agreement dated 27 June 2014 entered into between our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters relating to the Hong Kong Public Offer, particulars of which are described in the section headed “Underwriting” of this prospectus
“ IFRSs ”	International Financial Reporting Standards issued by International Accounting Standards Board

DEFINITIONS

“Independent Third Party(ies)”	a party which, as far as our Directors are aware after having made all reasonable enquiries, is not a connected person of the Company
“India Legal Adviser”	Rajani, Singhania & Partners, the legal advisers to our Company as to the India laws
“Indonesia Legal Adviser”	DNC Advocates at Work, the legal advisers to our Company as to the Indonesia laws
“International Placing”	the conditional placing of the International Placing Shares at the Offer Price to selected professional, institutional and private investors as set out under the section headed “Structure of the Global Offering” of this prospectus
“International Placing Agreement”	the conditional International Placing underwriting agreement relating to the International Placing and expected to be entered into by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters on or about the Price Determination Date
“International Placing Shares”	the 90,000,000 New Shares, expected to be initially offered for subscription or sale pursuant to the International Placing, representing 90% of the initial number of the Offer Shares, subject to re-allocation and the Over-allotment Option as described in the section headed “Structure of the Global Offering” of this prospectus
“International Underwriters”	the underwriters of the International Placing, who are expected to enter into the International Placing Agreement to underwrite the International Placing
“Ipsos Report”	an independent market report commissioned by the Company on the logistics industry prepared by Ipsos Hong Kong Limited, an independent market research institution, in June 2014
“Issuing Mandate”	the general unconditional mandate given to our Directors by the Shareholders relating to the issue of new Shares, particulars of which are set forth in the paragraph headed “Further information about our Company and our subsidiaries — 3. Resolutions in writing of our Shareholders passed on 21 June 2014” in Appendix VI to this prospectus
“Japan Legal Adviser”	Tozai Sogo Law Office, the legal advisers to our Company as to the Japan laws
“Joint Bookrunners” or “Joint Lead Managers”	RHB OSK Securities and Convoy, being the joint bookrunners and joint lead managers for the Global Offering

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“Jumbo Channel”	Jumbo Channel Limited, a company incorporated in the BVI with limited liability on 4 May 2011 and an indirect wholly owned subsidiary of our Company
“Korea Legal Adviser”	Hwang Mok Park P.C., the legal advisers to our Company as to the Korea laws
“Lam Investco”	Golden Strike International Limited, a company incorporated in the BVI with limited liability on 2 January 2003 and wholly owned by Mr. Lam, being one of the Controlling Shareholders
“Latest Practicable Date”	20 June 2014, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings of the Shares on the Main Board of the Stock Exchange first commence, which is currently expected to be on Friday, 11 July 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Malaysia Legal Adviser”	Raslan Loong Advocates & Solicitors, the legal advisers to our Company as to the laws of Malaysia
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. D.R. de Wit”	Mr. Dennis Ronald de Wit, an executive Director
“Mr. Haenisch”	Mr. Hartmut Ludwig Haenisch, an executive Director, a Controlling Shareholder, vice chairman and chief operating officer of our Group
“Mr. Lam”	Mr. Lam Chun Chin, Spencer, an executive Director, a Controlling Shareholder, chairman of the Board and chief executive officer of our Group
“Ms. Cheung”	Ms. Cheung Ching Wa, Camy, an executive Director and chief administrative officer of our Group

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“Ms. Wong”	Ms. Wong Pui Wah, an executive Director, company secretary of our Company and chief financial officer of our Group
“Netherlands Legal Adviser”	Holland Van Gijzen Advocaten en Notarissen LLP, the legal advisers to our Company as to the laws of the Netherlands
“New Issue”	the issue of the New Shares
“New Shares”	100,000,000 new Shares being offered for subscription at the Offer Price under the Global Offering and the new Shares that may be issued pursuant to the exercise of the Over-allotment Option
“Offer Price”	the final price per Share in Hong Kong dollars (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the paragraph headed “Determination of the Offer Price” in the section headed “Structure of the Global Offering” of this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option
“On Union HK”	On Union Management Limited (安聯管理有限公司), a company incorporated in Hong Kong with limited liability on 8 December 2003 and an indirect wholly owned subsidiary of our Company
“OT Aviation HK”	On Time Aviation Services Limited (先達航材服務有限公司) (formerly known as On Time Aviation Logistics Limited), a company incorporated in Hong Kong with limited liability on 11 April 2011 and an indirect wholly owned subsidiary of our Company
“OT Bangladesh”	On Time Worldwide Logistics Ltd. (formerly known as Connecting Continents Logistics Ltd.), a company incorporated in Bangladesh with limited liability on 30 December 2010 and an associate of our Company
“OT BVI”	On Time Worldwide Logistics Limited, a company incorporated in the BVI with limited liability on 3 March 2011 and a direct wholly owned subsidiary of our Company
“OT Cambodia”	On Time Worldwide Logistics Limited, a company incorporated in the Kingdom of Cambodia as a single member private limited company on 4 November 2010 and an indirect wholly owned subsidiary of our Company

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“OT China”	On Time Express Co. Ltd. (先達國際貨運(上海)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 10 October 2004 and an indirect wholly owned subsidiary of our Company
“OT Dubai”	On Time Worldwide Logistics DWC-LLC, a company incorporated in the Dubai World Central Freezone, Dubai, UAE with limited liability on 25 April 2012 and an indirect wholly owned subsidiary of our Company
“OT HK”	On Time Express Limited (先達國際貨運有限公司), a company incorporated in Hong Kong with limited liability on 18 July 1995 and an indirect wholly owned subsidiary of our Company
“OT HK Shareholders”	On Choice International Limited (安彩國際有限公司), Lam Investco, Mr. Lam, Haenisch Investco, Mr. Haenisch and Ms. Cheung. Each of Mr. Lam, Mr. Haenisch and Ms. Cheung is an executive Director
“OT India”	On Time International Logistics Private Limited, a company incorporated in Mumbai, India with limited liability on 12 January 2010 and an indirect wholly owned subsidiary of our Company
“OT Indonesia”	PT. On Time Express (formerly known as PT. Chandra Cargo International), a company incorporated in Indonesia with limited liability on 22 February 2000 and an indirect non-wholly owned subsidiary of our Company
“OT Int’l Malaysia”	On Time International Logistics Sdn. Bhd. (formerly known as Envoy Forwarders (M) Sdn. Bhd.), a company incorporated in Malaysia with limited liability on 4 December 2002 and an indirect non-wholly owned subsidiary of our Company
“OT Japan”	On Time Worldwide Logistics Co. Ltd. (On Time Worldwide Logistics 株式会社), a company incorporated in Japan with limited liability on 28 November 2011 and an indirect wholly owned subsidiary of our Company
“OT Korea”	On Time Worldwide Logistics Ltd., a foreign investment enterprise incorporated in Korea with limited liability on 20 January 2006 and an indirect non-wholly owned subsidiary of our Company
“OT Singapore”	On Time Worldwide Logistics Pte. Ltd., a company incorporated in Singapore with limited liability as a private company under the laws of Singapore on 22 June 2006 and an indirect non-wholly owned subsidiary of our Company

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“OT SL HK”	On Time Shipping Line Limited (先達航運有限公司), a company incorporated in Hong Kong with limited liability on 15 September 2004 and an indirect wholly owned subsidiary of our Company
“OT Sri Lanka”	On Time Worldwide Logistics (Private) Limited, a company incorporated in the Democratic Socialist Republic of Sri Lanka with limited liability on 1 January 2010, an Independent Third Party
“OT Taiwan”	OTWL-On Time Worldwide Logistics Ltd. (先達環球物流有限公司), a company incorporated in Taiwan with limited liability on 8 December 2005 and an indirect wholly owned subsidiary of our Company
“OT Thailand”	On-Time Worldwide Logistics Limited, a company incorporated in the Kingdom of Thailand with limited liability on 4 January 2006 and an indirect non-wholly owned subsidiary of our Company
“OT Thailand Contractual Arrangements”	the loan assignment dated 25 October 2013 and entered into between OT HK, OT BVI and Miss Ruchirek Pipatsriswat, who is our employee, the share pledge agreement dated 25 October 2013 and entered into between Miss Ruchirek Pipatsriswat and OT BVI, the letter of undertaking and proxy both dated 25 October 2013 provided by Miss Ruchirek Pipatsriswat in favour of OT BVI, which enables OT BVI to effectively control and be beneficially interested in the 33.5% of the issued share capital of OT Thailand held by Miss Ruchirek Pipatsriswat. Particulars of the arrangements are set out in the paragraph headed “History, Reorganisation and Corporate Structure — OT Thailand Contractual Arrangements” of this prospectus
“OT Vietnam”	On Time Worldwide Logistics (Vietnam) Co., Ltd., a company incorporated in Vietnam with limited liability on 22 December 2005 and an indirect wholly owned subsidiary of our Company

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“OT Vietnam Contractual Arrangements”	the loan agreement and the charter capital mortgage agreement both dated 6 November 2013 and entered into between Dynamic Freight Co., Ltd., a company which is controlled by Ms. Tran Thi Huynh Anh (a member of the board of directors of OT Vietnam) and OT HK, and the letter of undertaking and proxy both dated 6 November 2013 provided by Dynamic Freight Co., Ltd. in favour of OT HK, which enables OT HK to have more effective control and be beneficially interested in the 49% of the charter capital of OT Vietnam held by Dynamic Freight Co., Ltd. Particulars of the arrangements are set out in the paragraph headed “History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements” of this prospectus
“OT WW Dubai”	On Time Worldwide Logistics L.L.C, a company incorporated in the Emirate of Dubai, UAE with limited liability on 16 February 2014 and an associate of our Company
“OT WW HK”	On Time Worldwide Logistics Limited (先達環球物流有限公司), a company incorporated in Hong Kong with limited liability on 30 April 2004 and an indirect wholly owned subsidiary of our Company
“OT WW Malaysia”	On Time Worldwide Logistics Sdn. Bhd., a company incorporated in Malaysia with limited liability on 25 November 2004 and an indirect wholly owned subsidiary of our Company
“OTW HK”	On Time Worldwide Limited (formerly known as Connecting Continents Logistics Limited), a company incorporated in Hong Kong with limited liability on 12 July 2011 and an indirect non-wholly owned subsidiary of our Company
“OTX Canada”	OTX Logistics Canada Limited, a corporation incorporated in the Province of Ontario in Canada on 15 April 2011 and an indirect non-wholly owned subsidiary of our Company
“OTX Florida”	OTX Logistics, Inc., a company incorporated in Florida, the United States with limited liability on 1 October 2011 and an indirect wholly owned subsidiary of our Company
“OTX Logistics Holland”	OTX Logistics B.V. (formerly known as Unique 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 our Company

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“Over-allotment Option”	the option granted by our Company to the Sole Global Coordinator (for itself and on behalf of the International Underwriters), pursuant to the International Placing Agreement, exercisable at any time up to the 30th day after the last date for the lodging of applications under the Hong Kong Public Offer, to require our Company to allot and issue up to an aggregate of 15,000,000 additional new Shares, representing 15% of the initial Offer Shares, at the Offer Price per Share to cover any over-allocations in the International Placing and/or to satisfy the obligations of the Sole Global Coordinator to return securities to be borrowed under the Stock Borrowing Agreement
“PRC” or “China”	the People’s Republic of China which, for the purpose of this prospectus, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), promulgated on 16 March 2007 by the National People’s Congress which became effective as at 1 January 2008
“PRC Government”	the central government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
“PRC Legal Adviser”	Jingtian & Gongcheng, the legal advisers to our Company as to the PRC laws
“Predecessor CO”	means the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the Offer Price
“Price Determination Date”	the date, expected to be on or around Friday, 4 July 2014 (or such later date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)), on which the Offer Price is fixed for the purpose of the Global Offering and in any event no later than Monday, 7 July 2014

DEFINITIONS

“Reorganisation”	the reorganisation of the companies within our Group as set out in the section headed “History, Reorganisation and Corporate Structure” of this prospectus, pursuant to which our Company became the holding company of our various subsidiaries
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by the Shareholders, particulars of which are set forth in the paragraph headed “Further Information about Our Company and Our Subsidiaries — 3. Resolutions in writing of our Shareholders passed on 21 June 2014” in Appendix VI to this prospectus
“RHB OSK Capital” or “Sole Sponsor”	RHB OSK Capital Hong Kong Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the sponsor to our Company for the Listing
“RHB OSK Securities” or “Sole Global Coordinator”	RHB OSK Securities Hong Kong Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, being the sole global coordinator, one of the joint bookrunners and the joint lead managers for the Global Offering
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAIC”	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s), with nominal value of HK\$0.10 each, in the share capital of the Company
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 21 June 2014, a summary of its principal terms is set out under the paragraph headed “Other Information — 16. Share Option Scheme” in Appendix VI to this prospectus

DEFINITIONS

“Shareholder(s)”	holder(s) of the Shares
“Singapore Legal Adviser”	Shook Lin & Bok LLP, the legal advisers to our Company as to the Singapore laws
“sq.ft.”	square feet
“sq.m.”	square metre
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between Lam Investco and the Sole Global Coordinator pursuant to which the Sole Global Coordinator may borrow up to 15,000,000 Shares from Lam Investco
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“Taiwan Legal Adviser”	Lee and Li, Attorneys-at-Law, the legal advisers to our Company as to Taiwan laws
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases, as amended, supplemented or otherwise modified from time to time
“Thailand Legal Adviser”	Wissen & Co Limited, the legal advisers to our Company as to the Thailand laws
“Track Record Period”	the financial years ended 31 December 2011, 2012 and 2013
“UAE”	the United Arab Emirates
“UAE Legal Adviser”	Galadari Advocates & Legal Consultants, the legal advisers to our Company as to the UAE laws applicable to OT Dubai
“Underwriters”	collectively, the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Placing Agreement
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America
“US Legal Adviser”	Joffe & Joffe, LLC., the legal advisers to our Company as to the United States laws

DEFINITIONS

“Vietnam Legal Adviser”	Vision & Associates Legal, the legal advisers to our Company as to the Vietnam laws
“Wellport”	Wellport Limited, a company incorporated in the BVI with limited liability on 15 December 2005 which was wholly beneficially owned by Mr. Lam, an executive Director and one of our Controlling Shareholders
“ WHITE Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the section headed “How to Apply for the Hong Kong Offer Shares” of this prospectus
“World Cargo Alliance”	according to its website, World Cargo Alliance is an association of independent international freight forwarders founded in 1998 with member offices in 190 countries as at June 2014 with the purpose of providing independent international freight forwarders with effective means of communicating with one another to establish and maintain business partnerships
“ YELLOW Application Form(s)”	the application form(s) to be completed in accordance with the instructions in the section headed “How to Apply for the Hong Kong Offer Shares” of this prospectus
“%”	per cent.
“AED”	Emirati Dirham, the lawful currency of UAE
“CAD”	Canadian dollar, the lawful currency of Canada
“EUR”	Euro, the lawful currency of the member countries of the European Union
“HK\$” or “Hong Kong dollars” or “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan
“KRW”	South Korean Won, the lawful currency of South Korea
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rp”	Rupiah, the lawful currency of Indonesia
“Rs”	Rupees, the common name for the currencies of India, Pakistan, Sri Lanka, Nepal, Mauritius, Seychelles and Maldives
“THB”	Thai baht, the lawful currency of Thailand

DEFINITIONS

“TWD”	New Taiwan Dollars, the lawful currency of Taiwan
“US\$” or “US dollars” and “US cents”	United States dollars and cents, respectively, the lawful currency of US
“VND”	Vietnamese dong, the lawful currency of Vietnam

For ease of reference, the names of certain PRC entities have been included in this prospectus in both English and Chinese. The English names are the unofficial translation of their respective Chinese name and, in the event of any inconsistency, the Chinese version shall prevail.

Unless otherwise specified, all references to any shareholding in our Company assume no exercise of the Over-allotment Option.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the Latest Practicable Date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides explanations of some of the technical terms and abbreviations commonly found in our industry. The terms and their meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms:

“airway bill”	a non-negotiable document that applies to shipment by air freight, serving as a contract between the shipper and the air freight carrier, a receipt by the carrier for goods shipped, and a non-negotiable document of title to the goods which evidences the contract between the shipper and carrier(s) for carriage of goods over routes of the carrier(s)
“carrier”	the individual or organisation who transports passengers or goods for a profit
“co-load”	a freight forwarding practice whereby a freight forwarder appoints another freight forwarder to move consignment on its behalf
“consignee”	one to whom a consignment is made i.e. the person named on a bill of lading to whom or to whose order the bill promises delivery
“consignment”	goods or property sent by the aid of a common carrier from one person in one place to another person in another place
“consignor” or “shipper”	person or firm (usually the sellers) named in the shipping documents as the party responsible for initiating a shipment to a consignee (usually the buyer) named in the shipping documents
“consolidation”	grouping together of a number of consignments of goods often of different weight, volume, shapes, etc., into a single consignment for carriage in order to optimise utilisation of a cargo space within a unit load device or a container
“freight forwarder”	one who assembles and consolidates shipment and performs or provides for break-bulk and distribution operations of shipments. A freight forwarder may act as a principal who assumes responsibility for the transportation from the place of receipt to the place of delivery by issuing his own house bill of lading to individual shippers whose goods he is consolidating, or as an agent, who is entrusted by shippers and consignees to handle transportation of goods or related business in the names of the shippers and consignees

GLOSSARY OF TECHNICAL TERMS

“GSA”	a general sales agent appointed by an airline which typically authorises such general sales agent to represent the airline in a region or territory in relation to that airline’s particular segment of business e.g. air cargo space or passengers tickets, and where the term refers to the business undertaken by such an agent, it stands for general sales agency
“integrated carriers”	cargo and/or courier/express parcel transporters such as major multinational courier companies or logistics companies, which use their own freight fleets instead of scheduled airlines to provide direct and fully integrated express air cargo services
“ISO 14000”	a family of environmental management standards set by ISO for assisting a company to continually improve its ability to efficiently identify, minimise, prevent and manage environmental impacts. ISO 14001 is a member of that family and ISO 14001:2004 is the current version of ISO 14001
“ISO 9000”	a family of standards set by ISO for quality management system where an organisation needs to demonstrate its ability to provide products that fulfil customers and applicable regulatory requirements and aim to enhance customer satisfaction. ISO 9001 is a member of that family and ISO 9001:2008 is the current version of ISO 9001
“IT”	information technology
“pallet”	a platform with a flat under-surface, to standard aircraft requirements on which goods are assembled and secured by nets/straps/igloos, and subsequently locked into the aircraft, to achieve rapid loading/unloading on compatible aircraft conveying and restraint systems
“palletisation”	preparing and loading cargo to fit the pallet and load plan
“pick and pack”	part of a complete supply chain management process that is commonly used in, but not limited to, the retail distribution of goods. It entails processing small to large quantities of product, often truck or train loads and disassembling them, picking the relevant product for each destination and re-packaging with shipping label affixed and invoice included

GLOSSARY OF TECHNICAL TERMS

“SDR”	Special Drawing Right, which represents a potential claim on International Monetary Fund member countries’ non-gold foreign exchange reserves. Its value is determined by the value of several currencies important to the world’s trading and financial systems, including the U.S. dollar, the euro, the British pound and the Japanese yen. The International Monetary Fund fixes the value of one SDR in terms of U.S. dollars every day
“TEU”	“Twenty-foot Equivalent Unit”, a standard of measurement used in container transport for describing the volume of trade and the capacity of container ships, and for other statistical purposes, as well as for freight quotations
“tonnes”	metric tons, where one metric ton equals 1,000 kilograms
“trade partner”	a freight forwarder with whom we have an established relationship
“unit load device”	a unit used to load shipments on an aircraft, which allows a large quantity of shipments to be bundled into a single unit; each unit load device is subject to maximum volume (dimension) and weight in accordance with the configuration of an aircraft

RISK FACTORS

Prospective investors in the Offer Shares should consider carefully all information set forth in this prospectus and, in particular, the following risks in connection with the investment in our Company before making any investment decision. Our business, financial position and results of operations could be adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Cargo space freight rates fluctuations could have adverse impact on our results of operations

Cargo space freight rates fluctuate based on market conditions. If we cannot pass on the prevailing market rates in full to our customers, our results of operations may be materially and adversely affected. As part of our air cargo space availability management measure, we enter into block-space agreements with airlines whereby we are committed to purchasing a minimum amount of air cargo space at pre-determined rates regardless of the actual volume that we utilise. Should the prevailing market rates of air cargo space at the time when we fix our terms with our customers fall below the pre-determined rates under the block-space agreements, we may not be able to pass on such pre-determined rates in full to our customers, and our results of operations may be materially and adversely affected.

Termination or non-renewal of our block-space agreements with our airline suppliers could have adverse effect on our business

As at the Latest Practicable Date, we had entered into block-space agreements with 13 airlines with terms due to expire in the next one to 11 months. Generally, these agreements guarantee us allocation of agreed quantities of air cargo space at pre-determined rates over durations ranging from four to 12 months, and are terminable at one to three months' notice. There can be no assurance that these block-space agreements will not be terminated before expiry of their terms or will be renewed. Tonnage attributable to shipments utilising air cargo space under block-space agreements were approximately 34.8%, 28.2% and 30.1% of our total export tonnage for the years ended 31 December 2011, 2012 and 2013, respectively. The termination or non-renewal of a significant number of these block-space agreements may result in insufficient air cargo space for our freight forwarding services or expose us fully to the prevailing air cargo space market, and may cause material negative impact on our results of operations.

If we cannot utilise the air cargo space allocated to us under the block-space agreements with airlines, we may not be able to fully recover the costs of the relevant cargo space, and our results of operations may suffer

Our block-space agreements with airlines generally require us to achieve monthly target utilisation of the allocated cargo space and to arrange bank guarantees in favour of the airlines as security against our performance. If we cannot utilise the allocated air cargo space, we may not be able to recover the costs of the relevant cargo space, and our results of operations may suffer.

RISK FACTORS

Our consolidation of shipments may not be effective enough to enable us to make a profit from a given cargo space

Whether we are able to carry out consolidation effectively depends on a wide range of factors, including the size, weight, nature, timing and routing of the shipments consigned with us. If we fail to carry out consolidation effectively, we may not be able to make a profit from a given cargo space, and this may have an adverse impact on our results of operations.

We may not sustain our gross and net profit margins

For the years ended 31 December 2011, 2012 and 2013, we reported gross profit margins of approximately 14.1%, 14.5% and 14.7%, respectively, and net profit margin of approximately 2.3%, 1.7% and 1.7%, respectively. There is no assurance that we will be able to continue to maintain similar gross and net profit margins during the Track Record Period.

We had negative operating cash flow for the year ended 31 December 2013

We had negative cash flow from operating activities of approximately HK\$9.2 million for the year ended 31 December 2013. This was mainly due to our expansion in the United States where our offices made a loss of approximately HK\$20,000, HK\$2.6 million and HK\$4.9 million for the years ended 31 December 2011, 2012 and 2013, respectively. Where we, as part of our future plans, make acquisition in the United States of businesses with payback and breakeven periods longer than the payback and breakeven periods of our existing offices there, our expansion in the United States may generate further losses before our operations there will make a profit, and until our operations there become profitable, our negative operating cash flow will be aggravated and our overall financial position will be adversely impacted. We have historically financed our liquidity requirements primarily through cash generated from our operating activities, bank borrowings and shareholders' capital contributions. Please refer to the paragraph headed "Financial Information — Liquidity and Capital Resources" of this prospectus. As a result of our growth in business operations, there is no assurance that we will be able to continue to generate positive operating cash flow in the near future. Negative operating cash flow requires our Group to obtain sufficient external financing to meet our financing needs and obligations. If we are unable to do so, we will be in default of our payment obligations and may not be able to expand our business as planned. Thus, our business, financial position and results of operations may be materially adversely affected.

We may have to incur significant charges for impairment of goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of our share of the net identifiable assets of the acquired subsidiary or associate as at the date of acquisition. As at 31 December 2011, 2012 and 2013, the carrying amount of goodwill was approximately HK\$17.1 million, HK\$17.4 million and HK\$18.1 million, respectively. As required by HKFRSs, we test goodwill annually for impairment. We allocate goodwill to our cash-generating units identified according to the place of operations and determine the recoverable amount of a cash-generating unit based on value-in-use calculations. During the Track Record Period, we recognised goodwill impairment of HK\$24,000 for the year ended 31 December 2012. Any significant charge for impairment of goodwill in the future could materially and adversely affect our results of operations.

RISK FACTORS

We have experienced overall revenue growth in the past and may not be able to maintain such growth in the future

During the Track Record Period, we experienced overall growth in our revenue. Our revenue was approximately HK\$2,319.9 million, HK\$2,633.9 million and HK\$3,161.3 million for the years ended 31 December 2011, 2012 and 2013, respectively. Our net profit attributable to our Shareholders amounted to approximately HK\$51.2 million, HK\$37.8 million and HK\$46.4 million for the years ended 31 December 2011, 2012 and 2013, respectively. Our expansion has, and will continue to, put pressure on our managerial, financial, operational and other resources. We may need to enhance financial, risk and operations controls and recruit and train additional staff to keep pace with our expansion, to oversee and manage the expanded office network and to implement further planned expansion. We cannot assure you that we will be able to manage our future expansion effectively. If we are unable to effectively manage our expanding operations and costs, our results of operations may be materially and adversely affected.

Our revenue is subject to seasonal fluctuations

Generally, we record higher sales in the second half of the year and lower sales in the first half of the year. Our revenue may vary considerably from time to time as a result of change in seasonal demand for logistics services due to the impact of holidays on demand for and seasonal cycles of consumer goods and other factors. Accordingly, comparison of sales and operating results from different periods in any given financial year may not be relied upon as indicators of our performance.

We may need additional financing to fund our operations and growth but we may be unable to obtain financing on terms acceptable to us

We may need to raise additional capital through either equity or debt financing to fund our operations and to implement our strategies. We may be unable to obtain any financing, including both new and replacement financing on commercially reasonable terms or at all. If we incur additional debt, our interest expense would increase. If we raise capital through the sale of equity securities, the percentage ownership of our existing stockholders would be diluted and any new equity securities also may have rights, preferences or privileges senior to those of our ordinary shares. If we are unable to obtain additional or replacement financing when we need it, our ability to fund our operations and meet our expansion plan would be materially and adversely affected.

Failure in our IT systems could adversely affect our operations.

Delivery of our freight forwarding and other logistics services is highly dependent on our ability to communicate and manage information on various aspects of the logistics chain effectively. Any failure in our IT systems due to faulty interaction with systems of other logistics industry players, viruses, unauthorised access, wear and tear, failures on the part of internet service providers or other vendors or other factors could have adverse impact on our results of operations.

RISK FACTORS

We rely on the continued patronage of our customers for our recurring income

We do not generally have long term contracts with our customers for provision of our services over any particular time period. We are dependent on the continued patronage of our customers to generate our recurring income. Under the block-space agreements, we are obliged to purchase certain minimum amount of air cargo space and are liable to pay certain minimum guaranteed amounts at pre-determined rates irrespective of whether we are able to fully utilise such air cargo space. If we fail to secure our customers' continued patronage, our results of operations may be materially and adversely affected.

We rely on our human resources

Our success to date is attributable to the vision and experience of our core management team as disclosed in the section headed "Directors and Senior Management" of this prospectus, and a large group of motivated sales staff and other logistics professionals. If we lose the service of a significant number of them and we fail to attract and retain suitable and competent replacements, our results of operations and business performance could be adversely affected.

We face risks in managing operations and expanding across a number of countries

As at the Latest Practicable Date, we had 54 offices covering 16 countries. We are subject to laws, regulations and policies of the different countries in which we have presence or operations. Where there are changes to such laws, regulations and policies and we are unable to adjust our operations accordingly, our business may be adversely affected. Due to time zone, geographical, cultural and other differences, we may not be able to manage our operations as effectively as we wish, and there could be negative impact on our business and operations. As our operations expand across more countries, we will be increasingly subject to risks associated with such expansion, including but not limited to operational, political and foreign exchange risks.

Geopolitical risks, including risks arising from recent events in Thailand and Vietnam, may adversely affect our business

We have operations in 16 countries, many of which are developing countries which are subject to higher geopolitical risks than developed countries. Examples include the recent political unrests in Thailand, the recent social unrests in Vietnam targeting Chinese related businesses, and territorial and other disputes among neighbouring countries in Asia. Any such event may in turn impact on our businesses in and shipments passing through the countries concerned, and our financial position and results of operations may be adversely affected.

We may not be able to implement our future plans

Our future plans as set out in the section headed "Future Plans and Use of Proceeds" of this prospectus are based on circumstances currently prevailing and the assumptions that certain circumstances will or will not occur, and the risks inherent in various stages of the development of our business. There can be no assurance that we will be successful in carrying out our strategies, or that our strategies, even if carried out, will lead to successful implementation of our future plans.

RISK FACTORS

Acquisition is part of our strategies, and it involves risks including those relating to: (i) identification of appropriate acquisition target or negotiation of acquisitions on favorable terms and valuations; (ii) integration of acquired businesses and personnel; (iii) implementation of proper business and accounting controls; (iv) ability to obtain financing on favorable terms or at all; (v) diversion of management attention; (vi) retention of employees and customers; and (vii) unexpected costs, expenses and liabilities. E-commerce is also part of our strategies. As our current directors and senior management members do not have experience in e-commerce, they may not be able to provide the necessary leadership for and effectively oversee the implementation of our e-commerce strategy by our middle management comprised of new and existing employees. There is no assurance that our e-commerce strategy will be implemented in accordance with our plan or at all. If we are not able to carry out our strategies effectively, we may not be able to implement our future plans and achieve our goal of becoming an international logistics provider, and our business and results of operations may be adversely affected.

Our operations depends in part on our ability to conduct business with local suppliers of logistics services

We do not have long term contracts with suppliers of local logistics services. If we fail to secure the local logistics services from suitable suppliers, we will not be able to meet the demands from our customers and our profitability may be adversely affected. We have limited control over the quality of services provided by the local logistics service providers. If they fail to complete their work as required, we may be exposed to claims arising from such failure(s). There can be no assurance that we will be able to find alternative suppliers on similar terms and on a timely basis, or at all, and this could result in the temporary cessation or operations of our business in a particular location.

RISKS RELATING TO OUR GROUP

There are non-compliances of laws and regulations in connection with our operations in certain countries which may lead to enforcement actions being taken against us

During the Track Record Period and up to the Latest Practicable Date, there were non-compliances of laws and regulations in connection with our operations in Hong Kong, the PRC, Indonesia, Japan and Vietnam which may lead to enforcement actions being taken against us. The enforcement actions could adversely affect our business operations and financial performance. These include (i) failure of certain members of our Group in Hong Kong to comply with sections 111 and 122 of the Predecessor CO; (ii) failure to make financial contributions for housing provident funds for certain non-urban employees in the PRC; (iii) failure to comply with certain laws and regulations in Indonesia (including the holding of annual general meeting, failure to submit investment activities report, failure to obtain company registration certificate, failure to obtain nuisance permit, failure to obtain taxpayer registration number, failure to obtain taxable entrepreneur, failure to re-register freight forwarding licence, failure to submit written recommendation for the opening of branch office

RISK FACTORS

and failure to submit monthly and annual report); (iv) failure to notify the Bank of Japan under the Foreign Exchange and Trade Control Law of Japan with respect to the acquisition of the shares in OT Japan within the prescribed time limit; and (v) failure to comply with certain laws and regulations in Vietnam (including non-compliance in contributing to charter capital of OT Vietnam, failure to register a loan agreement and failure to withhold and pay foreign contractor tax). For details of these non-compliances, their legal ramifications and the potential enforcement actions, please see the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus. For details of non-compliances which relate to our property interests, please also see the paragraph headed “Business — Property Interests” of this prospectus.

Defects related to certain properties leased by us in the PRC may materially and adversely affect our ability to use such properties

As at the Latest Practicable Date, we leased 32 properties in the PRC which are used for our office and/or warehouse for our operations. We are subject to certain risks in association with such PRC properties, including but not limited to (i) the absence of relevant title ownership certificates; and (ii) failure to register or file leases with relevant PRC authorities. Please see the paragraphs headed “Business — Regulatory Compliance, Licences and Permits” and “Business — Property Interests” of this prospectus.

In relation to the abovementioned defects on certain properties leased by us in the PRC, we cannot assure you that we will be able to relocate such operations to suitable alternative premises in a timely manner, and any such relocation may result in disruption to our business operations. We may also need to incur additional costs for the relocation of our operations. We may also be subject to certain fines imposed by the relevant PRC authorities. Such would cause a negative impact on our financial position and results of operations.

Our revenue attributable to the operations of our PRC representative offices may be subject to Hong Kong profit tax or the PRC tax at a higher rate

During the Track Record Period, in respect of that part of its revenue attributable to the operations of our PRC representative offices, OT HK has lodged offshore claims with the Hong Kong Inland Revenue Department (“HKIRD”) on the basis that such revenue were not derived from Hong Kong, and our PRC representative offices paid the relevant PRC tax on the basis that they were representative offices under the PRC tax law. Should the HKIRD determine that the revenue underlying the offshore claims lodged were derived from Hong Kong, and the relevant PRC tax authorities determine that the activities of our PRC representative offices cause them to fall within the meaning of permanent establishments under the PRC tax law, we may be subject to a higher overall tax rate, which may in turn have an adverse impact on our results of operations.

Our Directors estimated the aggregate tax exposure will not exceed approximately HK\$13.6 million to our Group if HKIRD determines that the revenue underlying the offshore claims lodged from the year of assessment 2009/10 to 2013/14 were derived from Hong Kong and subject to Hong Kong profit tax.

RISK FACTORS

We face risks in connection with intellectual property rights

As the number of our offices and employees grow and we expand into new geographical areas, we may, under the applicable laws, inadvertently infringe the intellectual property rights of others and face liabilities for such infringements, or that third parties may initiate litigation against us claiming infringement of third party intellectual property rights. Such intellectual property rights may relate to, among other things, use of computer hardware and software, and use of trademark(s) pending application for registration. Intellectual infringement legal proceedings may be civil or criminal in nature, and any such legal proceeding may adversely impact our reputation and financial performance.

Our insurance coverage may not cover all losses

Risks associated with the transportation of goods are wide-ranging. They include property damage, loss in transit, delays, mis-routing of cargo, mis-handling by trade partners and documentation errors, and may result in losses and claims against us. We cannot assure you that we have maintained sufficient insurance coverage for losses under all relevant risks. Furthermore, we cannot assure that we will in the future continue to be able to procure such insurance coverage at premiums or other terms acceptable to us.

RISKS RELATING TO OT THAILAND CONTRACTUAL ARRANGEMENTS AND OT VIETNAM CONTRACTUAL ARRANGEMENTS

Due to the restrictions of foreign investment in Thailand and Vietnam, part of the interest in OT Thailand and OT Vietnam are controlled by us through the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements. Please refer to the paragraphs headed “History, Reorganisation and Corporate Structure — OT Thailand Contractual Arrangements” and “History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements” of this prospectus.

We rely on the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements to control part of the interest in OT Thailand and OT Vietnam, which may not be as effective in providing control as direct ownership

The OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements are not as secure as direct equity, and may not be as effective in providing control over the relevant shareholding interest under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements as direct ownership.

There is no assurance that OT Thailand Contractual Arrangements and OT Vietnam Arrangements will be considered to be in compliance with the relevant laws and regulations in the future

There is no assurance that in future the respective laws of Thailand and Vietnam will not be changed and that the OT Thailand Contractual Arrangements and/or OT Vietnam Contractual Arrangements will in future be considered non-compliant with the then prevailing laws. It is also uncertain as to whether governmental or judicial authorities in Thailand and Vietnam may in the future interpret the prevailing laws or regulations with the result that the OT Thailand Contractual

RISK FACTORS

Arrangements and OT Vietnam Contractual Arrangements would be considered not to be in compliance with the relevant laws and regulations in Thailand or Vietnam. Under such circumstances, there may be an adverse effect on the business, financial condition or results of operations of OT Thailand and/or OT Vietnam.

There are limitations when we exercise our rights to demand for and effect the transfer of the shares charged by the borrower under the OT Thailand Contractual Arrangements or the charter capital mortgaged by the borrower under the OT Vietnam Contractual Arrangements

Unless the relevant foreign ownership restrictions as referred to in the paragraphs headed “History, Reorganisation and Corporate Structure — OT Thailand Contractual Arrangements” and “History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements” of this prospectus are relaxed, when we exercise our rights to demand for and effect the transfer of the shares charged by the borrower under the OT Thailand Contractual Arrangements or the charter capital mortgaged by the borrower under the OT Vietnam Contractual Arrangements, OT BVI and OT HK may need to bring in local shareholders rather than OT BVI and/or OT HK themselves, to take up and hold part or all of such shares or charter capital, subject to arrangements similar to that of the OT Thailand Contractual Arrangements and/or OT Vietnam Contractual Arrangements, such transfers may also be subject to substantial costs including the professional fees which may be incurred in preparing the relevant documentations and attending to the relevant filing regarding the transfers.

We may not be able to enforce OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements in the event of any dispute between the parties

If there is any dispute between the parties to the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements or if the respective borrowers under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements fail to comply with any contract, undertaking or proxy under the OT Thailand Contractual Arrangements and/or the OT Vietnam Contractual Arrangements, we would have to resolve such dispute by arbitration and the arbitral tribunal may grant arbitration award over the shares, charter capital or land assets of OT Thailand and/or OT Vietnam and may make order regarding the conduct of business of OT Thailand and/or OT Vietnam or to compel transfer of the shares or charter capital, or to order the parties to procure the winding up of OT Thailand and/or OT Vietnam.

Under the agreements governing the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements, we may also seek interim or provisional relief from the courts to protect our rights or property pending the establishment of the arbitral tribunal or pending the arbitral tribunal’s determination of the merits of the dispute. However, there is no assurance that such remedies will be effective or readily available under the laws of Thailand and/or Vietnam. Any arbitration or legal proceedings could result in disruption to our business in Thailand and/or Vietnam and result in extra costs to us. There can also be no assurance that the outcome of such arbitration or legal proceedings would be in our favour or satisfactory to us.

RISK FACTORS

If there is any dispute on the legality and/or enforcement on the OT Thailand Contractual Arrangements between the parties to the contracts or the authority, the dispute could only be resolved through litigations in the courts of Thailand

As advised by our Thailand Legal Adviser, the government authority that has legislative power over issues relating to the Foreign Business Act in Thailand is the Legislature, while the Department of Business Development, Ministry of Commerce is responsible for receiving applications and issuance of Foreign Business License in Thailand. However, they are not responsible for answering any queries from the general public regarding private contractual relationships. If there is any dispute on the legality on the OT Thailand Contractual Arrangements, such dispute could only be resolved through litigation in the courts of Thailand. Any litigation could result in disruption to our business in Thailand and result in extra costs to us. There can also be no assurance that the outcome of such litigation would be in our favour or satisfactory to us.

We may not be able to fully recover the outstanding sum due to us under the OT Vietnam Contractual Arrangements

As disclosed in the paragraph headed “History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements” of this prospectus, the loan agreement and the related security documents in respect of the previous contractual arrangement between OT HK and the Vietnam Owner are not legal and valid under Vietnamese laws as the loan agreement was not registered with the State Bank of Vietnam.

As advised by our Vietnam Legal Adviser, in the event the borrower is in bankruptcy, liquidation or winding up, there might be risks associated with the enforcement of the OT Vietnam Contractual Arrangements in case there is any dispute among the parties, which is to be brought to court’s settlement and the competent court might only accept the enforcement of the charter capital mortgage agreement for the recovery of the loan up to US\$4,900 (equivalent to approximately HK\$37,990), instead of the whole charter capital contribution held by the borrower of US\$39,200 (equivalent to approximately HK\$303,918) in OT Vietnam under the charter capital mortgage agreement. In such event, the potential financial impact on our Group will be the non-recovery for the sum of US\$34,300 (comprising the loan for the sum of US\$30,600 previously advanced by us to the Vietnam Owner for its contribution to the initial registered charter capital in OT Vietnam and the dividend for the sum of US\$3,700 previously distributed by OT Vietnam to the Vietnam Owner and re-contributed thereby to OT Vietnam by way of charter capital).

The borrowers under the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements may have potential conflicts of interest with us

The borrowers under the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements may have a potential conflict of interest with us, and they may breach their contracts with us, if they believe it would further their own interest or if they are fraudulent or act in bad faith or for whatever reasons. In such circumstances, we cannot assure you that when such conflicts of interest arise, the borrowers will act completely in our interests or that the conflicts of interest will be resolved in our favour, and we may not be able to enforce our rights under the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements effectively.

RISK FACTORS

The OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements may be subject to scrutiny of the tax authorities and additional tax may be imposed if there is any change of laws or change of interpretation of laws or regulations by the tax authorities in the future

We cannot assure you that there will not be any change of laws or change of interpretation of laws or regulations by the tax authorities in the future which may result in the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements being scrutinized by any tax authorities or higher income tax rates being imposed or additional taxes being incurred by OT Thailand or OT Vietnam in connection with the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements.

We do not have any insurance coverage for the risks relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements

We have not purchased any insurance to cover any of the risks relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements. In the event the OT Thailand Contractual Arrangements and/or OT Vietnam Contractual Arrangements are declared to be illegal or invalid, or if we fail to enforce our rights under the OT Thailand Contractual Arrangements and/or OT Vietnam Contractual Arrangements, and we fail to seek remedies against the borrowers, we may not be adequately compensated.

RISKS RELATING TO THE INDUSTRY

The air and ocean cargo industry in which we are involved is highly cyclical

The air and ocean cargo industry is highly cyclical, with demand for cargo space affected by factors such as level of international trade activities, global and regional economic and political conditions, economic sanctions, outbreak of wars, changes in regulatory regimes and extreme weather conditions. These factors are beyond our control and the nature, timing and degree of changes in industry conditions are largely unpredictable. Any decrease in demand for our air or ocean freight services due to cyclical downturns could materially and adversely affect our business, results of operations and financial position.

We operate in a very competitive industry

We directly and indirectly compete with other freight forwarding service providers on a local, regional and international basis in the form of pricing, range of services provided, information technology and network of customers. Some of our customers, being freight forwarders, face competition from international freight forwarders, logistics providers and express service providers. Any decline in their business will in turn reduce their use of our services, which may materially and adversely affect our business operations and financial performance. Increased competition may reduce the growth in our customer base, reduce our market share and result in higher sales and marketing expenses. There is no assurance that we will continue to compete successfully in the future, and if we fail to do so, our business and results of operations would be adversely affected.

RISK FACTORS

Increases in fuel prices or shortage of fuel supply may indirectly and adversely affect the demand for our services

Increases in fuel prices or shortages in fuel supply may lead to increases in the rates for air and ocean cargo space. Due to increase in freight costs, customers may divert their traffic from air freight to other alternatives such as ocean freight for international deliveries and rail and road for domestic or intra-continental deliveries, which in turn reduce the demand for air freight services. If fuel prices continue to rise significantly or there is a continuous shortage of fuel supply, our business and results of operations may be materially and adversely affected.

Our results of operations are affected by international trading volumes, global and regional economic conditions

A majority of our revenue is derived from transportation of cargo from Hong Kong and China to various overseas destinations. Our results of operations are thus affected by global trade volume, in particular, the export volume of Hong Kong and China. The global trade volume and Chinese export volume are affected by changes or developments in global economic, financial and political conditions. We are also affected by economic cycles and changes in our customers' business cycles.

Other extraneous factors, such as impositions of trade restrictions, sanctions, boycotts and other measures, trade disputes, currency appreciation, policy shift of the PRC Government from export growth to domestic consumption and work stoppages, particularly in the air cargo industry, could adversely affect Chinese export volume and lead to a material decline in the demand for our services and our results of operations may be adversely affected.

Natural disasters, acts of war, epidemics and other events may adversely affect our operations

Natural disasters, acts of war, epidemics, material interruptions in service or stoppages in transportation, whether caused by strike, work stoppage or lock-out, and other events which are beyond our control may adversely affect local economies, infrastructures, port facilities and international trade. They may also cause closure of ports and access to ports as well as disruptions to cargo flows, any of which could materially and adversely affect our results of operations and financial position.

Future terrorist attacks, or the threat of such attacks, may increase the costs of our operations and reduce demand for our services

Terrorist attacks of carriers and ports and their impact may negatively affect the logistics industry. The potential impacts on the logistics industry include the loss of traffic and revenues, increased security and insurance costs and port delays due to tightened security. Any future terrorist attacks, or the threat of such attacks, may increase the costs of our operations due to the tightened security, more delays or cancellations associated with new government decrees and reduce demand for our services. In such event, our business and results of operations may be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO DOING BUSINESS IN THE PRC

Extensive government regulation of the transportation industry may limit our flexibility to respond to market conditions, competition or changes in our cost structure

The transportation industry in the PRC is subject to a broad range of laws and regulations. Any change in the scope or application of these laws, regulations or approvals, however, may limit our ability to conduct our businesses, increase our costs, or increase competition and could have a material adverse effect on our financial results. In addition, complying with such laws and regulations may give rise to unexpected compliance costs that could have an effect on our financial condition and results of operations. Our failure to comply with such laws and regulations could also result in fines, penalties or lawsuits.

Furthermore, precedents on the interpretation, implementation and enforcement of the PRC laws and regulations are limited. As such, the outcome of dispute resolutions may not be consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain swift or equitable enforcement under the PRC laws, or to obtain enforcement of judgment by a court of another jurisdiction.

We depend on OT China, our principal operating subsidiary in the PRC, to distribute dividends and there are certain restrictions on payment of dividends under the PRC laws

Most of our PRC business operations are conducted through our PRC operating subsidiary, OT China. Our ability to pay dividends to our Shareholders is dependent upon the earnings of OT China and its distribution of funds to us, primarily in the form of dividends. The ability of OT China to make distributions to us depends upon, among other things, its distributable earnings. Under the PRC laws, dividends may be paid only out of distributable profits. Distributable profits of OT China refer to its after tax profits (as determined under PRC the Accounting Standards and Accounting Regulations for Business Enterprises and its supplementary regulations (the “**PRC GAAP**”) less any recovery of accumulated losses and allocations to statutory funds. Any distributable profits that are not distributed in a given year are retained and are available for distribution in subsequent years. The calculation of distributable profits under PRC GAAP differs in many aspects from the calculation under HKFRS. The PRC laws require our PRC operating subsidiary to maintain a general reserve fund. Our PRC operating subsidiary is also required to set aside a percentage of its after-tax profit based on PRC GAAP each year to its general reserves. These reserves are not available for distribution as cash dividends. As a result OT China may not be able to pay any dividend in a given year to our Company if it does not have distributable profits as determined under PRC GAAP, even if it has distributable profits for that year as determined under HKFRS. In addition, if our PRC operating subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Accordingly, our PRC operating subsidiary is restricted in its ability to transfer its net profit to us in the form of dividends. We will rely on dividends paid by our PRC operating subsidiary, accordingly, since we derive some of our profits from OT China, we may not have sufficient distributable profits to pay dividends to our Shareholders, even if there is such an amount as shown in our accounts prepared under HKFRS.

RISK FACTORS

The strengthened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our acquisition strategy

In connection with the new PRC EIT Law, the Ministry of Finance and SAT jointly issued, on 30 April 2009, the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business (關於企業重組業務企業所得稅處理若干問題的通知), or Circular 59. On 10 December 2009, the SAT issued the Notice on Strengthening the Management on Enterprise Income Tax for Non-resident Enterprises Equity Transfer (關於加強非居民企業股權轉讓所得企業所得稅管理的通知), or Circular 698. Both Circular 59 and Circular 698 became effective retrospectively on 1 January 2008. By promulgating and implementing these circulars, the PRC tax authorities have strengthened their scrutiny over the direct or indirect transfer of equity interest in a PRC resident enterprise by a non-resident enterprise. For example, Circular 698 specifies that the PRC tax authorities is entitled to redefine the nature of an equity transfer where offshore vehicles are interposed by abusing corporate structures for tax-avoidance purposes and without reasonable commercial intention. We pursue acquisitions as one of our growth strategies, and have conducted and may conduct acquisitions involving complex corporate structures. There is no assurance that the PRC tax authorities will not, at their discretion, adjust the capital gains thus causing us to incur additional acquisition costs.

We face uncertainty with respect to indirect transfers of equity interests in the PRC subsidiary through non-PRC holding companies

Under Circular 698, if a foreign investor transfers its indirect equity interest in a PRC resident enterprise by means of disposal of its equity interests in an overseas holding company (the “**Indirect Transfer**”) and the overseas holding company is located in a tax jurisdiction which levies tax at an effective tax rate of less than 12.5% or does not levy tax, the foreign investor shall report the Indirect Transfer to the competent tax authorities and provide required materials within 30 days after signing of the equity transfer agreement. The competent taxation authorities may ignore the existence of the overseas holding company, if the foreign investor conducts Indirect Transfer without reasonable commercial purpose and establishes the overseas holding company for tax avoidance purposes. As a result, gains derived from the Indirect Transfer may be subject to the PRC withholding tax at a rate of up to 10% and the foreign investor may be subject to penalty for any late tax payment.

We cannot assure you that the acquisitions pursuant to the Reorganization or to be made by us in the future will not be regarded as Indirect Transfer. Since the implementations of Circular 698 vary across different tax authorities, it remains unclear how the PRC tax authorities will examine the commercial purpose of non-PRC holding companies and Indirect Transfers generally. In the event that we are required to settle any relevant withholding tax under Circular 698, our cash flow and results of operations during the related period may be affected.

Fluctuations in the value of the Renminbi could have an adverse effect on your investment

The value of the Renminbi against the Hong Kong dollar, the US dollar and other foreign currencies is affected by, among other things, changes in the PRC’s economic and political conditions. In 2005, the PRC Government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate within a band against a basket of

RISK FACTORS

currencies, determined by the People's Bank of China, against which it could rise or fall by as much as 0.3% each day. On 21 May 2007, the PRC Government further widened the daily trading band to 0.5%. Between 21 July 2005 and 31 December 2009, the Renminbi has appreciated significantly against the US dollar. In June 2010, the PRC Government indicated that it would make the foreign exchange rate of the Renminbi more flexible, which increases the possibility of sharp fluctuations of the Renminbi's value in the near future and the unpredictability associated with the Renminbi's exchange rate. Notwithstanding, there still remains significant international pressure on the PRC Government to further liberalise its currency policy, which could result in a further and more significant fluctuation in the value of the Renminbi against the US dollar.

As we rely on dividends paid to us by our PRC subsidiary, any significant revaluation of the Renminbi may have an adverse effect on our revenue and financial condition and the value of any dividends payable on the Shares in foreign currency terms. In addition, even though majority of our revenue and expenses are denominated in Renminbi, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets, earnings or any declared dividends. Also, any unfavourable movement in the exchange rate may lead to an increase in our costs or a decline in sales, which could adversely affect our business, financial position and results of operations.

The PRC regulation of direct investment and loans by offshore holdings companies to the PRC entities could delay or limit us from using the proceeds of the Global Offering to make additional contribution or loans to our PRC subsidiary

Any capital contribution or loans that we, as an offshore entity, make to our PRC subsidiary, including the proceeds of the Global Offering, are subject to the PRC regulations. For example, any of our loans to our PRC subsidiary must not exceed the difference between the total amount of investment that our PRC subsidiary was allowed to make under relevant PRC laws and their respective registered capital, and any such loans must be registered with the local branch of SAFE. In addition, our additional capital contributions to our PRC subsidiary must be approved by MOFCOM and registered with SAFE or their local counterpart. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contribution or provide loans to our PRC subsidiary or to fund our operations may be adversely affected, which could harm our PRC subsidiary's liquidity and our ability to fund working capital, expansion projects, meet our obligations and commitments.

In addition, in August 2008, SAFE promulgated Notice of the General Affairs Department of the State Administration of Foreign Exchange on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises (《國家外匯局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), or Circular 142, a notice regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Circular 142 requires that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless otherwise specifically provided for. In addition, SAFE strengthened its oversight over the flow and use of Renminbi funds converted from the foreign currency-denominated capital of a foreign-invested company. The use of such Renminbi may not be changed without approval from SAFE, and may not

RISK FACTORS

be used to repay Renminbi loans if the proceeds of such loans have not yet been used. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations (《外匯管理條例》). This may restrict our ability to implement our acquisition strategy and could adversely affect our business, financial position, results of operations and future prospects.

It may be difficult to enforce judgments against us in the PRC

Our PRC business operations are primarily conducted through our PRC operating subsidiary and substantially all of its assets are located within the PRC. Therefore, it may not be possible for investors to enforce any judgments obtained from non-PRC courts against us, our PRC subsidiary and/or our Directors or members of our senior management in the PRC.

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the US, the United Kingdom, Japan, the Cayman Islands and some other Western countries. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions may be difficult or impossible.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile

Prior to the Global Offering, there has been no public market for our Shares. The initial public offering price range per Share was determined through negotiations among our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters). The Offer Price may differ significantly from the market price for our Shares following the Global Offering. Our Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in our Shares on the Stock Exchange. We cannot assure you that the Global Offering will result in the development of an active, liquid public trading market for our Shares. In addition, the price and trading volume of our Shares may be volatile. Factors including variations in our revenues, earnings and cash flows or any other developments may affect the volume and price at which our Shares will be traded.

As the Offer Price of our Shares is higher than our net tangible book value per share, purchasers of our Shares in the Global Offering may experience immediate dilution upon such purchases. Purchasers of Shares may also experience further dilution in shareholdings if we issue additional Shares in the future

As the Offer Price of our Shares is higher than the net tangible assets per share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets of approximately HK\$0.96 per Share (assuming an Offer Price of HK\$1.175 per Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised). Our existing Shareholders will

RISK FACTORS

receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

The laws of the Cayman Islands relating to the protection of minority shareholders are different from those in Hong Kong

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Companies Law and other Cayman Islands law. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. Such differences may mean that our minority shareholders may have different protection than they would have under the laws of Hong Kong. A summary of Cayman Islands company law on the protection of minorities is set out in Appendix V to this prospectus.

Our ability to pay dividends and utilise cash resources in our subsidiaries is dependent upon the earnings of, and distributions by, our subsidiaries

We are a holding company incorporated under the laws of Cayman Islands with limited liability. All of our business operations are conducted through our subsidiaries. Our ability to pay dividends to our Shareholders is dependent upon the earnings of our subsidiaries and their distribution of funds to us, primarily in the form of dividends. The ability of our subsidiaries to make distributions to us depends upon, among other things, their distributable earnings, cash flow conditions, restrictions contained in their articles of associations, withholding tax and other arrangements. These restrictions could reduce the amount of distributions that we receive from our subsidiaries, which in turn would restrict our ability to pay dividends on the Shares.

Certain information and statistical data used in this prospectus have been derived from research reports and supplied by other parties and should not be unduly relied upon

Certain information and statistical data included in this prospectus, including statements about China and the global economy and the logistics industry have been derived, in part, from various publications and industry-related sources prepared by government officials or Independent Third Parties such as Ipsos Hong Kong Limited. Neither our Group, our Directors, the Sole Sponsor nor any of the parties involved in the Global Offering have independently verified, or make any representation as to, the accuracy of such information and statistics. We cannot assure you that statistics derived from such sources were prepared on a comparable basis or that such information and statistics were stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside China. Accordingly, such information and statistics should not be unduly relied upon.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.03 OF THE LISTING RULES

In December 2011 (with retroactive economic effect from 1 July 2011), a member of our Group acquired 75% of equity interest of OTX Logistics Holland. Under Rule 4.05A of the Listing Rules, OTX Logistics Holland is regarded as our major subsidiary. Furthermore, as the acquisition was made during the three financial years immediately preceding the date of issue of this prospectus and would have been classified at the date of our listing application as a major transaction if made by a listed issuer, under Rule 4.05A of the Listing Rules, our Company is required to disclose pre-acquisition financial information on OTX Logistics Holland from the commencement of the trading record period up to the date of the acquisition.

Under Rule 4.05A of the Listing Rules, pre-acquisition financial information on the material subsidiary or business must normally be drawn up in conformity with accounting policies adopted by the new applicant and be disclosed in the form of a note to the accountant's report or in a separate accountants' report. Under Rule 4.03 of the Listing Rules, all accountants' reports must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance for appointment as auditors of a company and who are independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies (Winding Up and Miscellaneous Provisions) Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants.

For the purpose of Rule 4.05A of the Listing Rules, an accountants' report of OTX Logistics Holland from 1 January 2011, which was the date of commencement of the trading record period, to 30 June 2011 (the day immediately before 1 July 2011) as set out in Appendix II to this prospectus had been prepared by Ernst & Young Accountants LLP, an audit firm in the Netherlands which is a member of the Netherlands Institute of Chartered Accountants and is independent of our Group, which is in line with the requirement as set out in Rule 4.11 of the Listing Rules and were drawn up in conformity in all material respect with the accounting policies adopted by our Group.

Given that Ernst & Young Accountants LLP is not a certified public accountant who is qualified under the Professional Accountants Ordinance, the accountants' report of OTX Logistics Holland prepared by Ernst & Young Accountants LLP as set out in Appendix II to this prospectus did not conform with the requirement of Rule 4.03 of the Listing Rules.

Given that OTX Logistics Holland is situated in the Netherlands, it would be burdensome for our Group to engage a certified public accountant who is qualified under the Professional Accountants Ordinance to prepare such accountant report, while Ernst & Young Accountants LLP has been acting as the reporting accountant of OTX Logistics Holland during the period covered under the accountant's report, it would be more time efficient and cost effective for Ernst & Young Accountants LLP to prepare such accountant's report. In view of that, we have applied to the Stock Exchange for a waiver from strict compliance with Rule 4.03 of the Listing Rules.

WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

On the basis that Ernst & Young Accountants LLP is subject to independent oversight by the Netherlands Authority for the Financial Markets that is a signatory to the International Organization of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, and it is named as an expert in this prospectus and is liable under the Companies (Winding Up and Miscellaneous Provisions) Ordinance in the same way as reporting accountants qualified under the Professional Accountants Ordinance, the Stock Exchange has granted a waiver from strict compliance with Rule 4.03 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transaction(s), which would constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules after the Listing. Details about such transactions together with the application for a waiver from strict compliance with the relevant announcement and/or shareholders' approval requirements under Chapter 14A of the Listing Rules are set out in the section headed "Continuing Connected Transactions" of this prospectus.

RESPONSIBILITY STATEMENTS

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Company. This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

INFORMATION AND PRESENTATION

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, agents, employees or advisers or any other parties involved in the Global Offering.

FORWARD-LOOKING STATEMENTS

This prospectus contains certain statements that are “forward-looking” and uses forward-looking terminology such as “aim”, “anticipate”, “believe”, “consider”, “continue”, “could”, “expect”, “estimate”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” or similar expressions or the negative thereof. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Purchasers and subscribers of the Offer Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that any or all of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In view of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. There is no intention to update these forward-looking statements in addition to our ongoing disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

INFORMATION ABOUT THE GLOBAL OFFERING

Certain information about the Global Offering is set out below:

Issuer	On Time Logistics Holdings Limited (先達國際物流控股有限公司)
The Global Offering	Global Offering of 100,000,000 new Shares (subject to adjustment and the Over-allotment Option) comprising (i) 10,000,000 Hong Kong Offer Shares (subject to adjustment); and (ii) 90,000,000 International Placing Shares (subject to adjustment and the Over-allotment Option)
Offer Price range	HK\$1.05 per Offer Share to HK\$1.30 per Offer Share
Stock borrowing arrangement	A stock borrowing agreement is expected to be entered into between Lam Investco and the Sole Global Coordinator pursuant to which the Sole Global Coordinator may borrow up to an aggregate of 15,000,000 Shares from Lam Investco for the purpose of covering over-allocation in the International Placing
Over-allotment Option	Up to an aggregate of 15,000,000 Shares (representing in aggregate 15% of the Shares initially being offered under the Global Offering). See the paragraph headed “Structure of the Global Offering — The Global Offering — International Placing” of this prospectus
Shares to be issued under the Global Offering	100,000,000 Shares (excluding the Shares to be issued pursuant to the exercise of the Over-allotment Option)
Lock-up undertakings by the Company and the Controlling Shareholders	See the paragraph headed “Underwriting — The Hong Kong Public Offer” in this prospectus
Dividend policy	See the paragraph headed “Financial Information — Dividends and Dividend Policy” in this prospectus
Voting rights	Each Share entitles its holder to one vote at our Shareholders’ meeting. See the paragraph headed “2. Articles of Association — (f) Voting Rights” in Appendix V to this prospectus
Share registrar and stamp duty	Our Company’s principal register of members will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands, and a branch register of members will be maintained in Hong Kong by the Hong Kong Share Registrar. Dealings in our Shares registered in the share register of our Company in Hong Kong will be subject to Hong Kong stamp duty

INFORMATION ABOUT THE GLOBAL OFFERING

Application for listing on
the Stock Exchange

An application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to (i) the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the exercise of any options that may be granted under our Share Option Scheme. Save as disclosed herein, no part of the equity or debt securities of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Restrictions on offers and
offers for sale

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to, or be deemed by his acquisition of the Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus. We offer the Hong Kong Offer Shares solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions contained in this prospectus and such forms. No person is authorised in connection with the Global Offering to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers or any other persons or parties involved in the Global Offering.

INFORMATION ABOUT THE GLOBAL OFFERING

Eligibility for CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading date after the trade date. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing or holding of and dealing in the Offer Shares. None of our Company, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase or holding of, or dealing in the Offer Shares.

EXCHANGE RATE CONVERSION

Unless the context requires otherwise, amounts denominated in the following currencies have been converted into HK\$, respectively, for the purpose of illustration only, using the exchange rate of:

RMB1.0000 = HK\$1.2455

US\$1.0000 = HK\$7.7518

EUR1.0000 = HK\$10.5423

CAD1.0000 = HK\$7.2060

HK\$1.0000 = JPY13.1657

HK\$1.0000 = KRW131.7107

HK\$1.0000 = TWD3.8713

RM1.0000 = HK\$2.4048

HK\$1.0000 = Rp1,540.9374

INFORMATION ABOUT THE GLOBAL OFFERING

HK\$1.0000 = Rs7.7718

HK\$1.0000 = THB4.1880

HK\$1.0000 = VND2,747.0535

AED1.0000 = HK\$2.1105

No representation is made that any amount in the abovementioned currencies could have been or could be converted at the above rates or at any other rates or at all.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Lam Chun Chin, Spencer (林進展)	Duplex 1 Dynasty Villa 10 Yin Ping Road Kowloon Tong Kowloon Hong Kong	Chinese
Hartmut Ludwig Haenisch	1424 Pasqualito Drive San Marino CA 91108-2337 United States	German
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Dennis Ronald de Wit	Meerkikker 24 1422 ZR Uithoorn The Netherlands	Dutch

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Residential Address	Nationality
<i>Independent non-executive Directors</i>		
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Poon Ka Lee, Barry (潘家利)	Flat A 9th Floor Block 3 Pokfulam Garden 180 Pokfulam Road Hong Kong	Chinese
Wong See Ho (黃思豪)	Flat F2 3rd Floor Forest Hill 1E Kau To Shan Road Shatin New Territories Hong Kong	Chinese

For further information regarding our Directors, please refer to the section headed “Directors and Senior Management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	RHB OSK Capital Hong Kong Limited 12th Floor, World-Wide House 19 Des Voeux Road Central Hong Kong
Sole Global Coordinator	RHB OSK Securities Hong Kong Limited 12th Floor, World-Wide House 19 Des Voeux Road Central Hong Kong
Joint Bookrunners and Joint Lead Managers	RHB OSK Securities Hong Kong Limited 12th Floor, World-Wide House 19 Des Voeux Road Central Hong Kong Convoy Investment Services Limited 24C, @CONVOY 169 Electric Road North Point Hong Kong
Co-lead Manager	Quam Securities Company Limited 18/F — 19/F, China Building 29 Queen's Road Central Hong Kong
Legal advisers to our Company	<i>as to the Hong Kong law:</i> Chiu & Partners 40th Floor Jardine House 1 Connaught Place Hong Kong <i>as to the PRC law:</i> Jingtian & Gongcheng Suite 1202-1204, K. Wah Centre 1010 Huai Hai Road (M) Shanghai, 200031 The PRC <i>as to the Cayman Islands law:</i> Conyers Dill & Pearman (Cayman) Limited Cricket Square P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

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*as to the United Arab Emirates law applicable to OT
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UAE

as to the United States law:

Joffe & Joffe, LLC.
4000 Ponce de Leon Boulevard
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and Underwriters**

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The PRC

Auditor and reporting accountants

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Hong Kong

Ernst & Young Accountants LLP, *Certified Public
Accountants*

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Tsimshatsui
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Receiving banker

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Kwun Tong
Kowloon

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit 18, 1st Floor, Sino Industrial Plaza 9 Kai Cheung Road Kowloon Bay Hong Kong
Company's website	www.ontime-express.com <i>(information on the website does not form part of this prospectus)</i>
Company secretary	Ms. Wong Pui Wah, <i>HKICPA (non-practising), FCCA</i> Flat A 7th Floor Tower 7 Tseung Kwan O Plaza Tseung Kwan O New Territories Hong Kong
Authorised representatives (for the purpose of the Listing Rules)	Mr. Lam Chun Chin, Spencer Duplex 1 Dynasty Villa 10 Yin Ping Road Kowloon Tong Kowloon Hong Kong Ms. Wong Pui Wah Flat A 7th Floor Tower 7 Tseung Kwan O Plaza Tseung Kwan O New Territories Hong Kong

CORPORATE INFORMATION

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Compliance adviser	RHB OSK Capital Hong Kong Limited 12th Floor, World-Wide House 19 Des Voeux Road Central Hong Kong
Audit committee	Mr. Wong See Ho (Chairman) Mr. Ng Wai Hung Mr. Poon Ka Lee, Barry
Remuneration committee	Mr. Poon Ka Lee, Barry (Chairman) Mr. Ng Wai Hung Mr. Lam Chun Chin, Spencer
Nomination committee	Mr. Lam Chun Chin, Spencer (Chairman) Mr. Ng Wai Hung Mr. Poon Ka Lee, Barry
Corporate governance committee	Ms. Wong Pui Wah (Chairlady) Mr. Ng Wai Hung Mr. Poon Ka Lee, Barry
Principal share registrar and transfer office in Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited HSBC Main Building 1 Queen's Road Central Hong Kong

INDUSTRY OVERVIEW

This section contains information derived from various sources. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Sole Sponsor or any of their respective directors, affiliates or advisers, nor any other parties involved in the Global Offering and no representation is given as to its accuracy or correctness. The information may not be consistent with the information from other sources.

Certain information and statistics are extracted from the Ipsos Report, an independent market research institution. The information extracted from the Ipsos Report reflects an estimate of the market conditions based on research and analysis carried out by Ipsos Hong Kong Limited. The information extracted from this report should not be viewed as a basis for investments from Ipsos Hong Kong Limited, and references to this report should not be considered as Ipsos Hong Kong Limited opinion as to the value of any security or the advisability of investing in our Company. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics, the same has not been independently verified, and there is no representation as to the accuracy of such statements or information. The information and statistics may not be consistent with other information and statistics compiled within or outside China.

We commissioned Ipsos Hong Kong Limited to conduct an analysis of, and to report on, the global, China, Hong Kong and Southeast Asia freight forwarding markets from 2008 to 2016. The information and analysis contained in the Ipsos Report was assessed independently by Ipsos Hong Kong Limited, Ipsos Hong Kong Limited, including all its subsidiaries, affiliates, divisions and units, is not connected to our Group in any way. Ipsos Hong Kong Limited charged us a total fee of HK\$618,000 for the preparation and the use of the Ipsos Report, which our Directors consider to reflect market rates.

Ipsos Hong Kong Limited is a member of the group of companies under Ipsos S.A., which is publicly listed on the NYSE Euronext Paris. The Ipsos Group is the third largest commercial research organisation in the world, with approximately 16,000 personnel across 85 countries.

The Ipsos Report contains the following assumptions in relation to the forecast period therein:

- The global economy will maintain a steady growth
- There will be no external shock such as financial crisis or natural disasters to affect the demand and supply of logistics and freight forwarding services
- The demand for logistics and freight forwarding services will remain stable

Our Directors and the Sole Sponsor, having considered the data and intelligence gathering methodology of Ipsos which includes desk research and primary research comprising interviews with industry associations and other stakeholders, are satisfied that the above assumptions are not misleading.

The following parameters are considered in the market sizing and forecast model in the Ipsos Report:

- GDP value from 2008 to 2013

INDUSTRY OVERVIEW

- GDP in growth rate from 2008 to 2013
- International trade value from 2008 to 2013
- Total logistics value and transportation volume from 2008 to 2013
- Number of freight forwarders from 2008 to 2013
- Government policies such as the 12th five-year plan of the PRC Government

The information contained in the Ipsos Report is derived by means of data and intelligence gathering methodology which includes (i) client consultation on background information about our Company; (ii) desk research; (iii) primary research by having interviews with key stakeholders and industry experts, including customers and experts in our industry and associations etc. The statistics presented in the Ipsos Report are not skewed in favour of our Group, and our Directors consider that the information contained in the Ipsos Report are reliable, after taking into account the abovementioned methodology adopted.

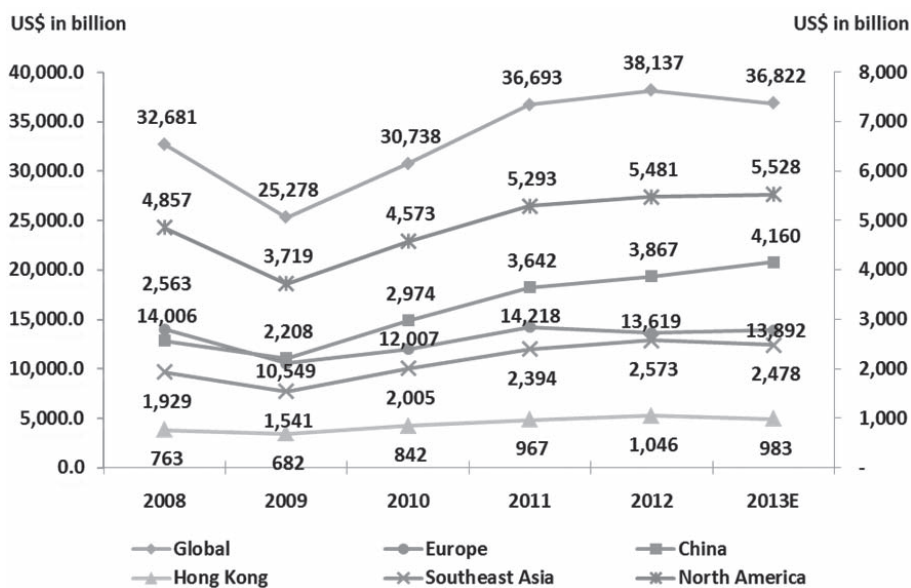
Our Directors, having taken reasonable care, confirm that since that date of the Ipsos Report and up to the Latest Practicable Date, there had been no adverse change in the market information which may qualify, contradict, or have an impact on the information in this section.

OVERVIEW OF GLOBAL, CHINA, HONG KONG AND SOUTHEAST ASIA MACRO-ECONOMIC ENVIRONMENT

Demand for logistics and freight forwarding services is dependent on international trade, which in turn is affected by the global economy.

International Trade Value

Figure 1. Global, China, Hong Kong, Southeast Asia and other regional total trade value from 2008 to 2013



Source: Ipsos Report

INDUSTRY OVERVIEW

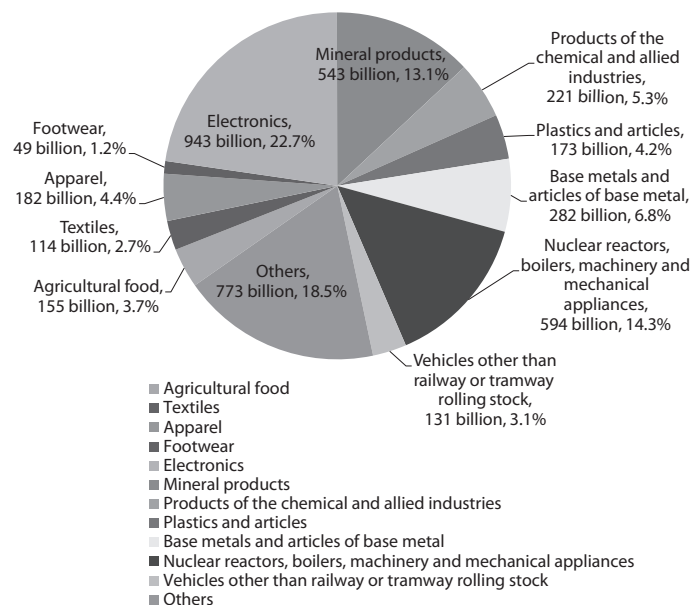
Global trade value increased from approximately US\$32,681 billion in 2008 to approximately US\$36,822 billion in 2013, at a CAGR of approximately 2.4%. There was a sharp drop in global trade value in 2009 by approximately 22.7%, from approximately US\$32,681 billion in 2008 to approximately US\$25,278 billion in 2009, primarily due to the 2008 global financial crisis, when developed countries such as the United States and Europe decreased their imports. Total global trade value rebounded in 2010.

In 2009, due to the 2008 global financial crisis, China also experienced substantial decline in its trade value by approximately 13.9%, from approximately US\$2,563 billion in 2008 to approximately US\$2,208 billion in 2009. In 2010, China's export value returned to pre-crisis level and its import value hit an all-time high. In 2011, despite the slowing world economy as a result of the European debt crisis, total trade value in China grew to approximately US\$3,642 billion.

The total trade value in Hong Kong increased from approximately US\$763 billion in 2008 to approximately US\$983 billion in 2013, at a CAGR of approximately 5.2%. The total trade value in Hong Kong dropped by approximately 10.6% from approximately US\$763 billion in 2008 to approximately US\$682 billion in 2009 due to the 2008 global financial crisis. The total trade value gradually picked up in Hong Kong due to the increase in interaction and trading with mainland China. Furthermore, many foreign enterprises relied on Hong Kong as a gateway to China and the resulting re-export through Hong Kong boosted the trade value in Hong Kong.

In 2013, China accounted for approximately 33.5% of the total trade value in Asia, and approximately 11.3% of the total global trade value; while Hong Kong accounted for approximately 23.6% of the total trade value in China and approximately 2.7% of the global trade value in the same year. Global trade value is expected to continue to grow due to the expected growth of trade in Asia, driving demand for logistics and freight forwarding services worldwide.

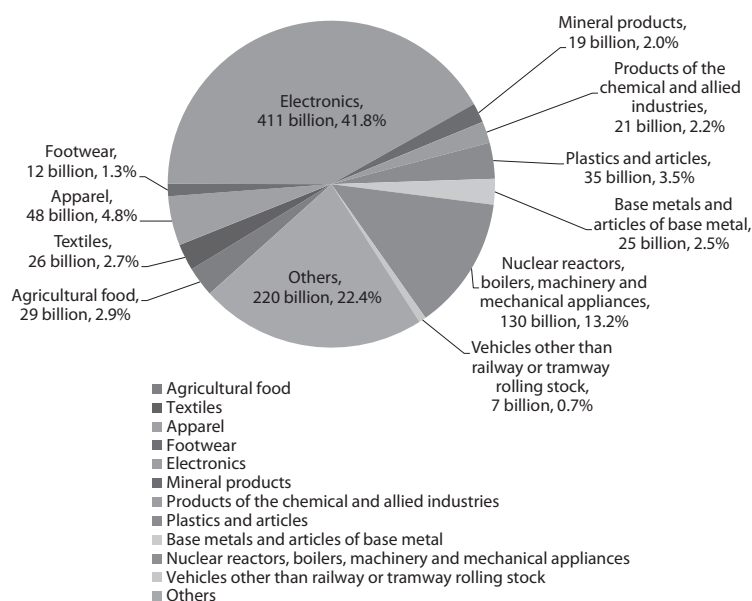
Figure 2. Total trade value in China, segmented by key industry sectors in 2013 (in US\$ billion)



Source: Ipsos Report

INDUSTRY OVERVIEW

Figure 3. Total trade value in Hong Kong, segmented by key industry sectors in 2013 (in US\$ billion)



Source: Ipsos Report

Notes for figures 2 and 3:

- (1) Others include toys, clocks and watches, cotton, iron and steel for Hong Kong; and leather, wood pulp and other fibrous cellulosic material, special transactions not classified for China
- (2) Apparel includes articles of apparel, accessories, knit or crochet; articles of apparel, accessories, not knit or crochet; Other made textile articles, sets, worn clothing etc
- (3) Footwear includes footwear, gaiters and the like, parts thereof

The trade value of China increased from approximately US\$2,563 billion in 2008 to approximately US\$4,160 billion in 2013, representing a CAGR of approximately 10.2%. The electronics segment represented the largest share of the total trade value of China in each year from 2008 to 2013, growing at a CAGR of 9.1% during the same period. In 2013, its value was approximately US\$943 billion. Textiles, apparel and footwear with trade values of approximately US\$114 million, US\$182 billion and US\$49 billion accounted for approximately 2.7%, 4.4% and 1.2% of the total trade value of China, respectively, in 2013. Their trade values respectively grew at CAGR of approximately 9.6%, 6.6% and 9.6% from 2008 to 2013.

The electronics segment, with value of approximately US\$411 billion, also accounted for the largest share of the total trade value of Hong Kong in 2013, representing approximately 41.8% thereof. The second largest share was represented by segment of nuclear reactors, boilers, machinery and mechanical appliances with value of approximately US\$130 billion accounted for approximately 13.2% of the total trade value. The textiles, apparel and footwear segments with trade values of approximately US\$26 billion, US\$48 billion and US\$12 billion accounted for approximately 2.7%, 4.8% and 1.3% of the total trade value of Hong Kong, respectively.

INDUSTRY OVERVIEW

Trends and Developments of International Trade

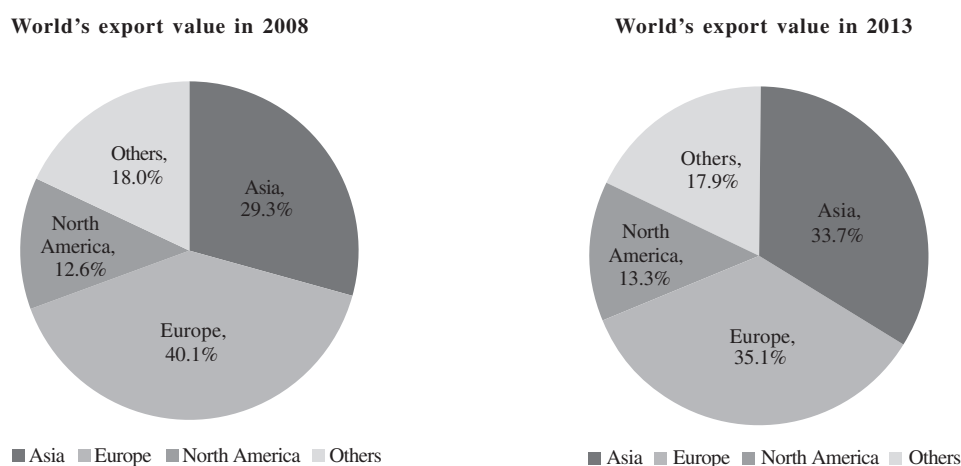
- *High level of intra-regional trade*

Europe has the highest level of intra-regional trade, with approximately 68.6% of its export remaining within Europe in 2013. In the Americas, approximately 48.5% of North America's trade was exported to members of the "North American Free Trade Agreement", while approximately 26.9% of the exports in South and Central America went to other countries in the region in 2013. Approximately 49.3% of Asian trade was exported to Asian countries in 2013.

- *Increase in export from Asian countries*

As illustrated in the charts below, Asia's share of the world's export value increased from approximately 29.3% in 2008 to approximately 33.7% in 2013, while Europe's share decreased from approximately 40.1% in 2008 to approximately 35.1% in 2013. The increase in export from Asia is attributable to the shift of manufacturing from the developed countries in North America and Europe to the less developed countries in Asia, such as China and India. Asia's share in the world export value is expected to further increase in the next few years.

Figure 4. The world's export value in 2008 and 2013



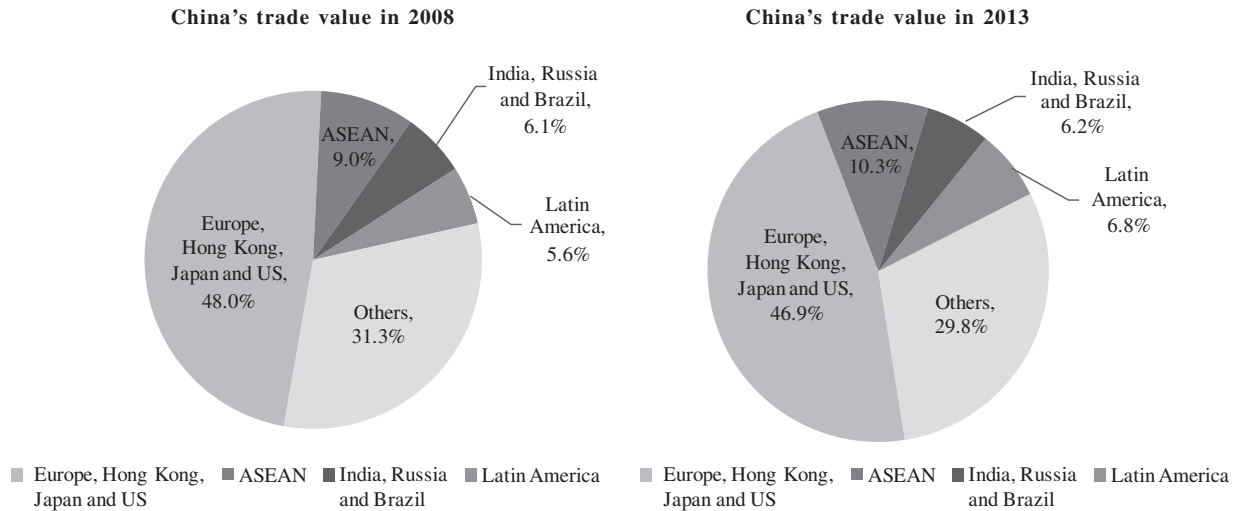
Source: Ipsos Report

- *Fast growth in China's trade to developing countries*

China's trade value with the emerging markets is expected to rise rapidly, while the share of its trade value with traditional markets such as Europe, US, Japan and Hong Kong is expected to shrink as a result of the global financial crisis and European debt crisis, which have more impact on the developed countries. According to the National Bureau of Statistics of the People's Republic of China, China's share of trade value with India, Russia and Brazil increased from approximately 6.1% in 2008 to approximately 6.2% in 2013. Moreover, the share of China's trade value with ASEAN also increased about approximately 9.0% in 2008 to approximately 10.3% in 2013; while the trade with Latin America increased from approximately 5.6% in 2008 to approximately 6.8% in 2013. Furthermore, it is expected that China's trade value developing countries will increase from approximately 53% of the total trade value in China in 2010 to approximately 58.0% in 2015 (the 12th Five-Year-Plan).

INDUSTRY OVERVIEW

Figure 5. China's trade value in 2008 and 2013



Source: Ipsos Report

OVERVIEW OF LOGISTICS AND FREIGHT FORWARDING INDUSTRY

Logistics Industry

The logistics industry includes freight transport, freight forwarding, warehousing and storage, ports and terminals operations and other logistic services such as custom clearance. Logistics services include inbound and outbound transportation management, fleet management, warehousing, materials handling, order fulfillment, logistics network design, inventory management, supply and demand planning, third-party logistics management and other support services. Logistics services are involved at all stages of the planning and execution of the movement of goods.

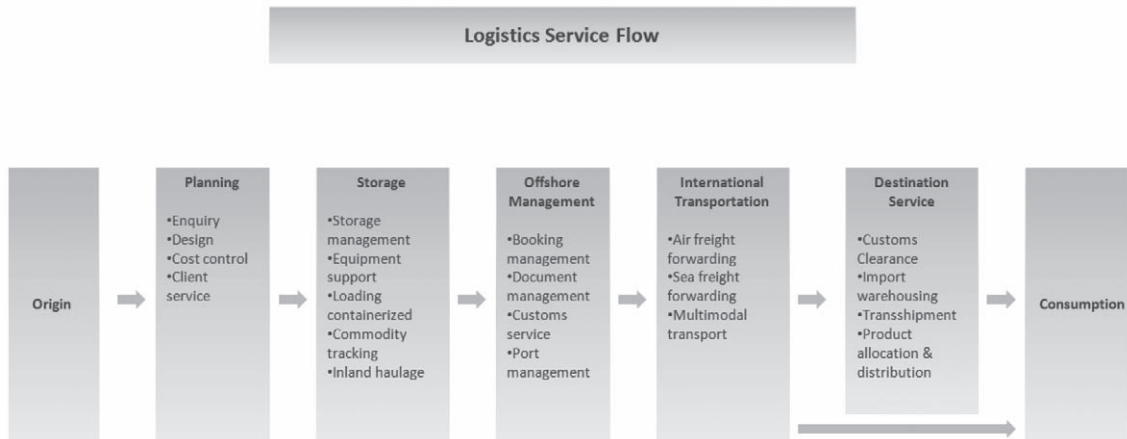
The logistics industry in essence involves navigating different locations within time constraints. It is highly dependent upon technology, integration, globalization and infrastructure support. Usage of electronics data interchange (EDI) technology helps to facilitate just-in-time based supply chain management. To serve customers efficiently, both multinational and domestic logistics firms provide tailored logistics and transportation solutions that ensure coordinated goods movement from origin to destination through a highly-integrated supply chain network by multiple transportation modes, including sea, land and air transport.

The following table sets out a general comparison of certain key features among the three main modes of transportation: sea, land and air.

	Sea	Land	Air
Freight rates	Medium	Low	High
Speed	Low	Medium	High
Weight	High	Medium	Low
Size	Large	Medium	Small
Time criticalness	Low	Medium	High

INDUSTRY OVERVIEW

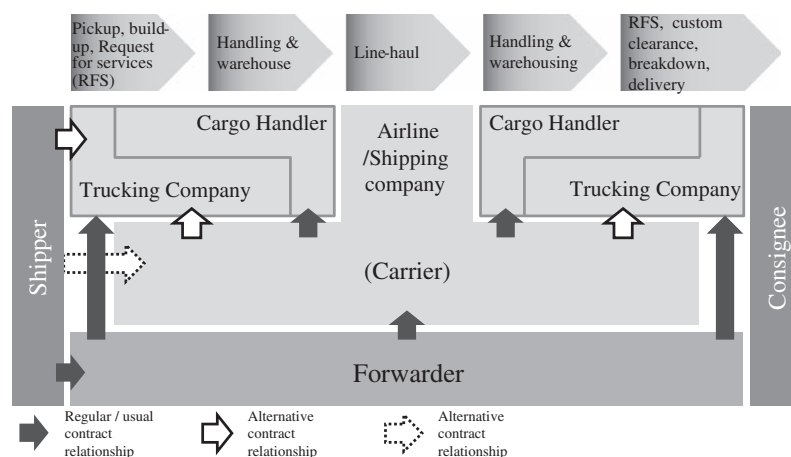
Figure 6. Structure of logistics service flow and services at each stage



Source: Ipsos Report

The core business of a freight forwarder is to move a shipper's consignment to the consignee within the stipulated time, in the required order and at the most competitive price. Freight forwarding services involve combining shipments of different customers in order to secure cargo space from carriers on favorable terms. Freight forwarders are also referred to as non-vessel operating common carriers or NVOCC because they do not own carriers and secure cargo space from the carriers and other logistic industry players. Freight forwarders negotiate pricing with carriers for cargo space, and pricing with warehouse owners and other logistics players for their services, and carry out consolidation of shipments to increase utilisation of any given cargo space, and in return, charge customers fees which cover the costs of cargo space, costs of the other logistics players involved, and their effort in coordinating among various logistics players.

Figure 7. Value chain of freight forwarding services, which is generally divided into booking, inland haulage and final shipping.



Value add of forwarders

- Bundling of customer (shippers) demands
- Procuring transport capacities with volume rebates
- Coordinating many / all transport related players (depending on the agreed international commercial terms between shipper and consignee)
- Enhancing transport management with value added services

INDUSTRY OVERVIEW

Changes in customer behaviour and expectations are transforming the global freight forwarding industry. The industry's four core customer segments including healthcare and pharmaceuticals, electronics and technology, automotive and industrial equipment, consumer packaged goods and retail, are all continuing to globalize. As their customers enter new and especially emerging markets, they are demanding much more than traditional transportation and warehousing services from freight forwarders. The ability to offer new, value-added services such as warranty processing and return management is now a differentiator, and as critical as being able to provide customs and insurance brokerage, or trade and transportation management.

Accordingly, freight forwarders provide value-added services such as warehousing, distribution and total logistics solutions, which involve tracking and monitoring of freight being transported, and applying electronics data interchange (EDI) technology to facilitate just-in-time based supply chain management.

Freight Rates of Freight Forwarding Services

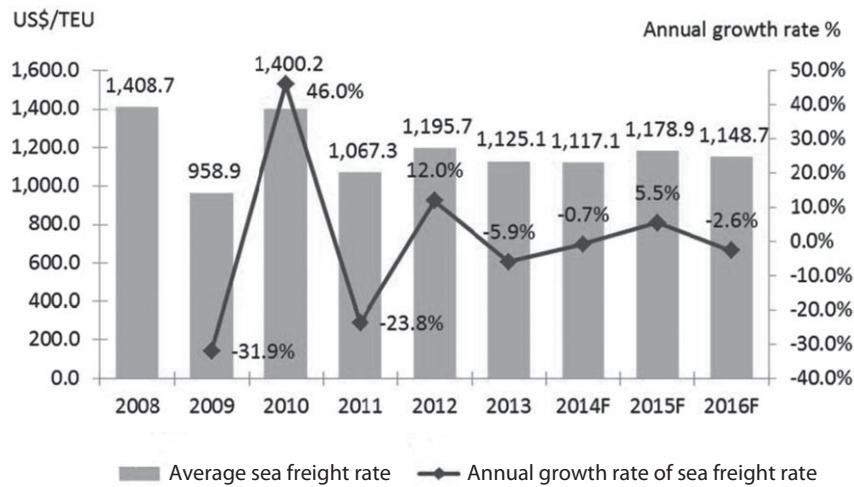
Figure 8. Average price of freight rate by air cargo space in China from 2008 to 2016



Source: Ipsos Report

INDUSTRY OVERVIEW

Figure 9. Average price of freight rate by sea cargo space in China from 2008 to 2016

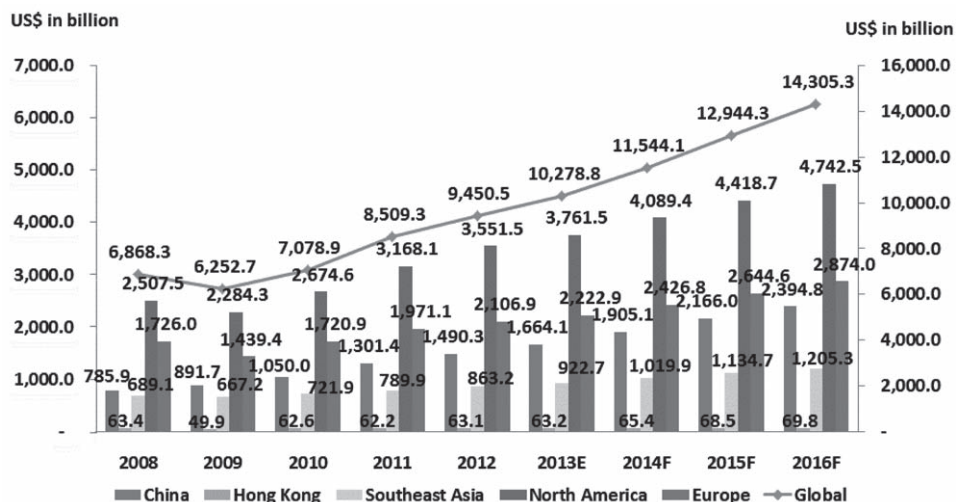


Source: Ipsos Report

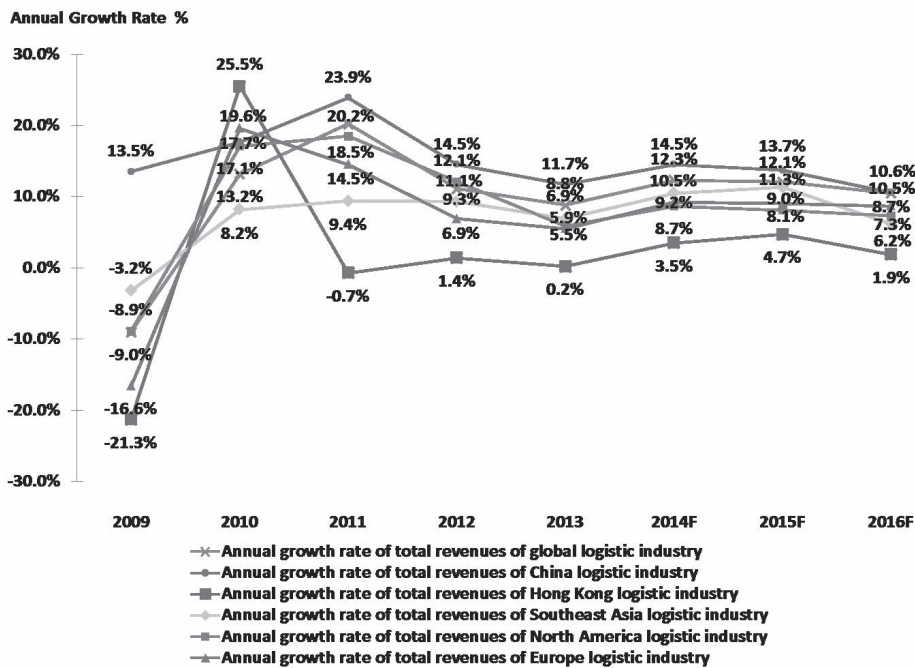
In China, the average air freight rate grew stably at a CAGR of about 4.4% from 2008 to 2013, while the average sea freight rate decreased at a CAGR of about 4.4% from 2008 to 2013. Due to the financial crisis in 2008, the demand for freight forwarding dropped as a result of the decrease in trade value. The average air freight rate remained constant from 2008 to 2009, while the average sea freight rate decreased by about 31.9% in the same period. The total value of global trade rebounded in 2010 due to the recovery of the global economy. Due to the increase in operation costs in 2010, such as fuel and labour costs, the sea freight rate increased by about 46.0% from 2009 to 2010. The average air and sea freight rate is expected to increase at a CAGR of about 2.9% and 1.4%, respectively from 2014 to 2016. The increase in average rates is expected to be caused by the further increase in operation costs, especially fuel and labour costs.

Value of Logistics Industry

Figure 10. Global, China, Hong Kong and Southeast Asia estimated total revenue of logistics industry from 2008 to 2016



INDUSTRY OVERVIEW



Note: The logistics industry includes freight transport, freight forwarding, warehousing and storage, courier activities and other logistic services.

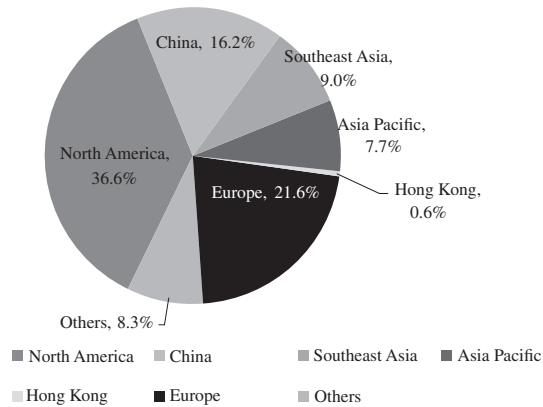
Source: Ipsos Report

The total revenue of global logistics industry grew from approximately US\$6,868.3 billion in 2008 to approximately US\$10,278.8 billion in 2013, at a CAGR of approximately 8.4%. Total revenue declined in 2009 as a result of the global financial crisis, but gradually recovered from 2010 onwards. The global logistics industry was mainly dominated by land transport, which accounted for approximately 75.0% of the total revenue in 2013. The total revenue of the global logistics industry of Southeast Asia grew rapidly from approximately US\$689.1 billion in 2008 to approximately US\$922.7 billion in 2013, at a CAGR of approximately 6.0%, as a result of the continuous shift of manufacturing from Northeast Asia countries such as China and Korea, to lower cost Southeast Asia countries such as Vietnam, Malaysia, Singapore and Thailand. Many international logistics service providers have established their distribution centers in Southeast Asia. The total revenue of logistics industry in China grew from approximately US\$785.9 billion in 2008 to approximately US\$1,664.1 billion in 2013, at a CAGR of approximately 16.2%, which is largely attributed to the rapid growing retail industry. Apart from traditional retail, e-commerce retail has also contributed to the logistic boom in China in the past few years.

In terms of regional demand, North America accounted for approximately 36.6% of the total revenue of the global logistics industry in 2013, followed by Europe and China, which accounted for approximately 21.6% and approximately 16.2%, respectively. Southeast Asia and Hong Kong each accounted for approximately 9.0% and approximately 0.6% of the total revenue of the global logistics industry in 2013.

INDUSTRY OVERVIEW

Figure 11. Total revenue of logistics industry for selected regions in 2013

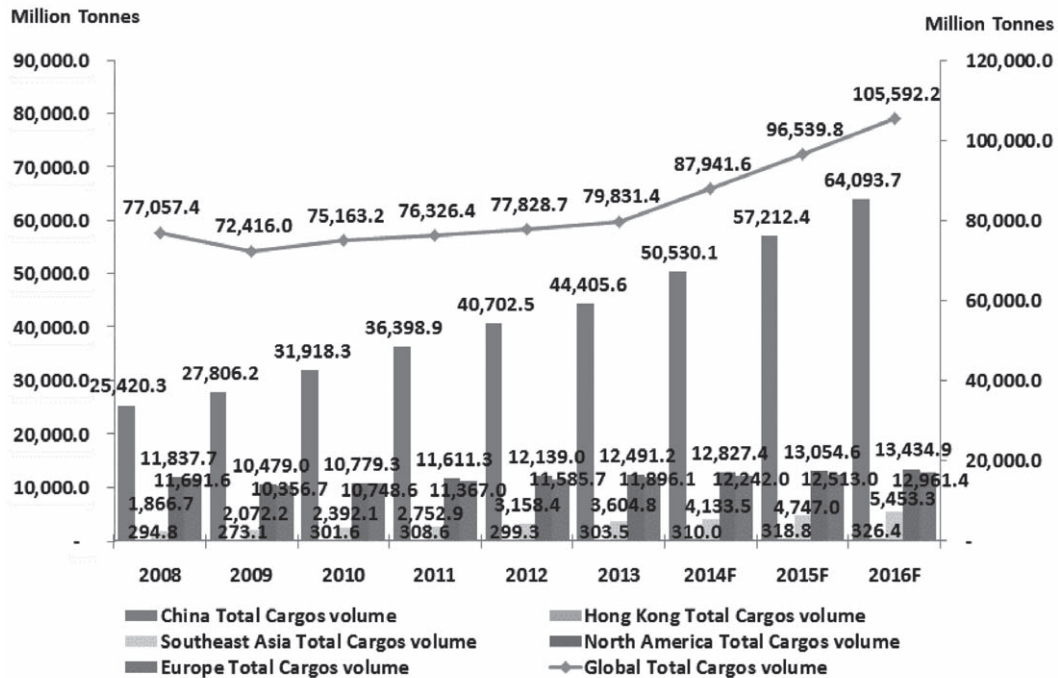


Source: Ipsos Report

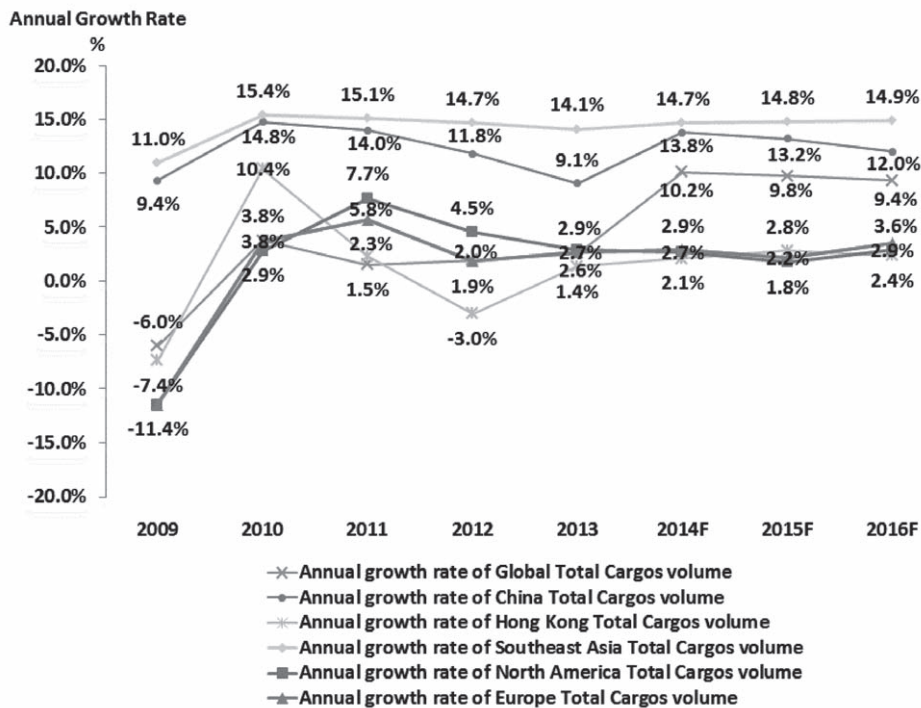
Global logistics industry is expected to grow at a CAGR of approximately 11.3% from 2014 to 2016; while Southeast Asia is expected to grow at CAGR of approximately 8.7%, on the back of increase in exports and shift of manufacturing to that region.

Transportation Volume of Cargo

Figure 12. Global, China, Hong Kong and Southeast Asia total transportation volume of cargo from 2008 to 2016



INDUSTRY OVERVIEW



Source: Ipsos Report

Global transportation volume of cargo increased from approximately 77,057.4 million tonnes in 2008 to approximately 79,831.4 million tonnes in 2013 at a CAGR of approximately 0.7%. Total transportation volume of cargo decreased from 2008 to 2009 due to the effect of the global financial crisis. Global transportation volume picked up in 2010 and thereafter as the global economy recovered and global trade value rebounded at approximately 21.6% from 2009 to 2010. Growth was sustained in 2011 and 2012 by trade in Asian countries despite the outbreak of the European debt crisis. It is expected that the global transportation volume of cargo will continue to grow at a CAGR of approximately 9.6% from 2014 to 2016, with growth driven primarily by increased export from Asian countries.

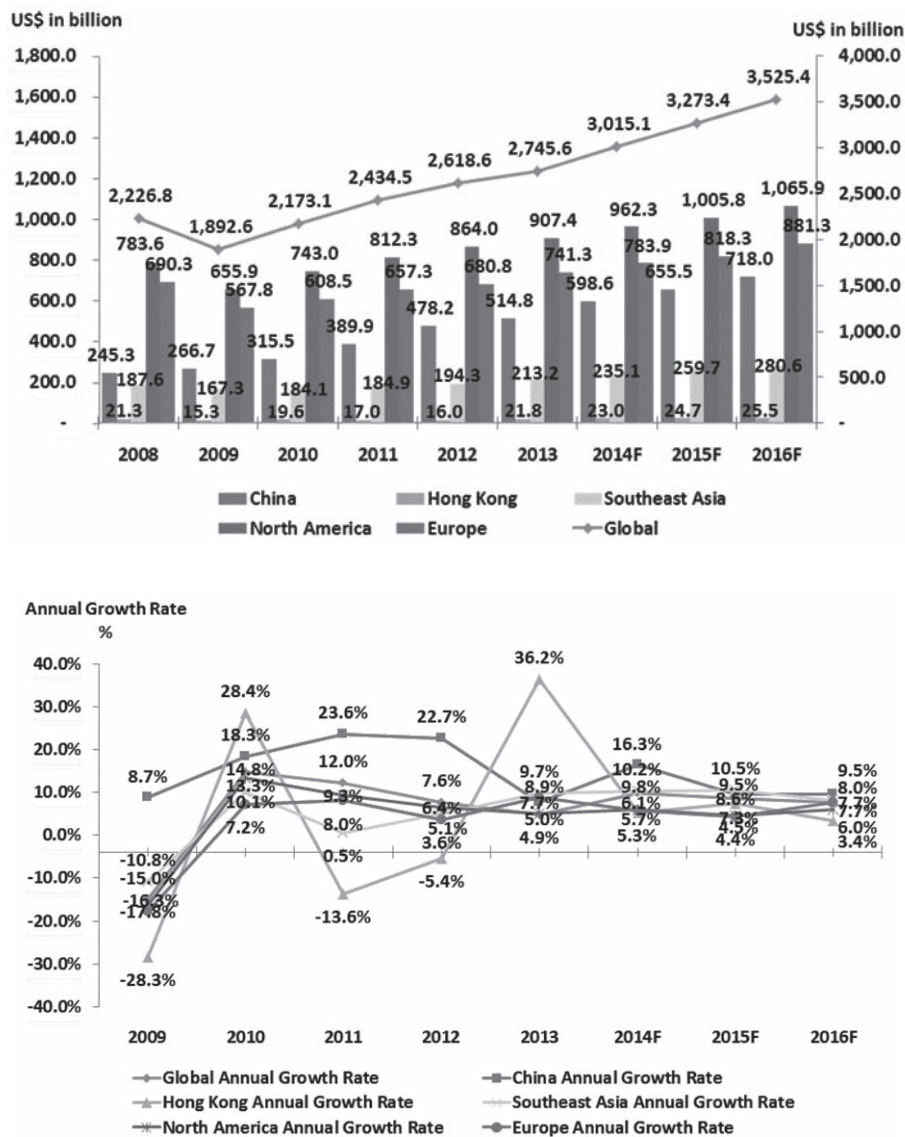
Transportation volume of cargo in Southeast Asia increased from approximately 1,866.7 million tonnes in 2008 to approximately 3,604.8 million tonnes in 2013 at a CAGR of approximately 14.1%. As the cost of doing business (such as labour cost, raw materials, rent etc.) increased in Northeast Asian countries such as Japan and Korea, many manufactures have been shifting their manufacturing capacities south to countries such as Vietnam, Thailand and Malaysia to lower their cost of production. Consequently, the export volume of countries in Southeast Asia increased, boosting their demand for cargo transportation services. As enterprises continue to shift their production base from Northeast Asia to Southeast Asia, it is expected that the transportation volume of cargo will continue to grow at a CAGR of approximately 14.9% from 2014 to 2016 as the export from the region increases.

Value of Freight Forwarding Service

The global freight forwarding industry accounted for approximately 26.7% of the total revenue of the global logistics industry in 2013.

INDUSTRY OVERVIEW

Figure 13. Global, China, Hong Kong, and Southeast Asia total revenue of freight forwarding industry from 2008 to 2016



Source: Ipsos Report

Global

Global freight forwarding industry revenue grew from approximately US\$2,226.8 billion in 2008 to approximately US\$2,745.6 billion in 2013, at a CAGR of approximately 4.3%, and dropped approximately 15.0% in 2009 due to the 2008 global financial crisis. It rebounded quickly by approximately 14.8% in 2010. With the “just-in-time” management concept being increasingly adopted in recent years, global manufacturers, distributors and retailers rely on increasingly frequent shipments to sustain production flows and inventory, rather than accumulate inventory. Such has led to the increase in the demand for freight forwarding services and sustained the growth in the total revenue of the global freight forwarding industry from 2010 to 2013.

INDUSTRY OVERVIEW

Southeast Asia

Asia Pacific was the growth engine for the global freight forwarding industry. In the second half of the twentieth century, economic activities have been shifting rapidly towards Asia which provided vast opportunities for freight forwarding service in Asia as export demand in the region climbs. The total revenue of the freight forwarding industry in Southeast Asia grew from approximately US\$187.6 billion in 2008 to approximately US\$213.2 billion in 2013, at a CAGR of approximately 2.6%. Although Southeast Asia was also adversely impacted by the global financial crisis which caused a decline in trade value by approximately 20.1% from 2008 to 2009, the ongoing shift of manufacturing activities from Northeast Asia to Southeast Asia increased the demand for freight forwarding services in the region which sustained growth from 2008 to 2013. In 2013, Southeast Asia shared approximately 7.8% of the total revenue of the global freight forwarding industry. It is expected the total revenue of the industry will grow faster than before at a CAGR of approximately 9.3% from 2014 to 2016 as economic activities continue to shift within Asia from north to south.

Freight forwarding service providers in Southeast Asia generally catered to an extensive network of shipping locations spanning the Asia-Pacific region, Europe, Middle East, North America, South America and Africa. Among the key countries in Southeast Asia, Singapore has specialized in providing logistics and freight forwarding services as a transshipment hub for much of Southeast Asia.

China

China's strong import and export trade sustained the growth of its freight forwarding industry. In particular, enhancement of services by freight forwarders, as a result of expanding trade between China and foreign countries; adjustment of global supply chain network in respond to foreign customers' demand has enabled China to become one of the most important purchasing and manufacturer centers in the world.

The total revenue of the freight forwarding industry in China increased from approximately US\$245.3 billion in 2008 to approximately US\$514.8 billion in 2013, at a CAGR of approximately 16.0%. In 2013, China accounted for approximately 18.7% of the total revenue of the global freight forwarding industry. Growth in the freight forwarding industry in China was mainly driven by the rapid economic development in China which led to increase in trade between China and the rest of the world. The total trade value in China increased at a CAGR of approximately 10.2% from 2008 to 2013.

Increase in trade value in China, spurred by the economic recovery of Europe and the United States, is expected to drive the demand for freight forwarding services in China. Furthermore, expected growth in the retail sales of social consumer goods and electronic commerce are also expected to drive the demand for inland freight forwarding services in China in the future.

Hong Kong

Hong Kong is a world-class logistic hub with leading freight infrastructure. Hong Kong's international air cargo volume throughput ranks first in the world since 1996 according to Airports Council International, and Hong Kong is the world's third busiest container port from 1999 to 2004 according to the Hong Kong Port and Maritime Board. The freight forwarding service industry in

INDUSTRY OVERVIEW

Hong Kong has contributed fundamentally to Hong Kong's success as the 10th largest merchandise trading entity in 2011 and one of the most trade-oriented economies in the world. The freight forwarding service industry in Hong Kong accounted for approximately 34.6% of the total revenue of logistic industry in Hong Kong in 2013.

COMPETITIVE LANDSCAPE OF FREIGHT FORWARDING INDUSTRY IN CHINA AND HONG KONG

China

The total number of freight forwarders in China grew from approximately 18,400 in 2008 to approximately 31,200 in 2013. The market is fragmented with mainly small and medium freight forwarders, which accounted for approximately 80% of the total number of freight forwarders, while the top ten freight forwarders accounted for approximately 15% of the market share in terms of revenue. Most freight forwarders are with short history and weak brand reputation, and provide mainly traditional freight forwarding services such as custom clearance and cargo space booking. While a few of the large freight forwarders have built up brand reputation, they provide only limited services and lack multimodal transport capability. As a whole, freight forwarders in China are in the developing stage, with only a small number possessing integrated logistics services, modern management and specialized services. Looking forward, the influx of foreign capital is likely to introduce advanced management and technology and bring about mergers and acquisitions among the smaller domestic freight forwarders. This should present acquisition opportunities to larger players with advanced technological support and physical presence in China's export markets.

Hong Kong

As there is no professional requirement for carrying on freight forwarding business, the market entry threshold is low, and the market is fragmented with small and medium freight forwarders. In 2013, Hong Kong had about 4,600 freight forwarders. Hong Kong's history as an export/import gateway means that a number of international logistics company have long established their presence in the city. The following table sets out the top ten freight forwarders in terms of export tonnage of air freight shipments handled by members of the International Air Transport Association in Hong Kong in 2013.

Rank	Name of Company	Headquarter Location	Volume	Share of	Number of countries	Integrated	Key Service Range
			in 2013 <i>(tonnage flown in thousand kg)</i>	Volume in 2013 <i>(%)</i>		carrier/ NVOCC	
1	Expeditors Hong Kong Ltd	USA	66,672.6	6.1%	110	NVOCC	Logistics, warehousing, freight forwarding
2	Schenker Int'l (HK) Ltd	Germany	60,791.9	5.5%	130	NVOCC	Logistics, warehousing, freight forwarding
3	DHL Global Forwarding (Hong Kong) Limited	Germany	56,229.8	5.1%	153	Integrated carrier	Logistics, warehousing, freight forwarding, Express

INDUSTRY OVERVIEW

Rank	Name of Company	Headquarter Location	Volume in 2013 <i>(tonnage flown in thousand kg)</i>	Share of Volume in 2013 <i>(%)</i>	Number of countries	Integrated carrier/ NVOCC	Key Service Range
4	Panalpina China Ltd	Switzerland	40,122.7	3.7%	70	NVOCC	Logistics, warehousing, freight forwarding
5	Nippon Express (HK) Ltd	Japan	33,427.5	3.0%	41	NVOCC	Logistics, warehousing, freight forwarding
6	Kintetsu World Express (HK) Ltd	Japan	29,663.9	2.7%	31	NVOCC	Logistics, warehousing, freight forwarding
7	Combined Logistics (Hong Kong) Ltd	France	27,476.8	2.5%	46	NVOCC	Logistics, warehousing, freight forwarding
8	DHL Aviation (Hong Kong) Limited	Germany	26,211.6	2.4%	153	Integrated carrier	Logistics, warehousing, freight forwarding
9	UPS Scs (Asia) Ltd	USA	26,155.1	2.4%	104	Integrated carrier	Logistics, warehousing, freight forwarding
10	Kuehne & Nagel Limited	Switzerland	24,186.7	2.2%	109	NVOCC	Logistics, warehousing, freight forwarding

Source: Ipsos Report

In contrast, we had approximately 1,000 employees in 16 countries in Asia, the Netherlands and North America as at the Latest Practicable Date. According to the Ipsos Report, in terms of export tonnage of air freight shipments handled by members of the International Air Transport Association in Hong Kong from January to December 2013, we ranked 15th, with approximately 17,322 tonnes of air freight exports and approximately 1.6% of market share.

The freight forwarding service industry in Hong Kong has gradually shifted from simply moving a shipper's consignment to the consignee within the set time towards the handling of high-value goods and provision of high value-added services such as warehousing, packing, sorting, assembling, price tagging, distribution and total logistic solutions in recent years.

Outlook

The destinations for freight forwarding services are increasingly becoming more international. Accordingly, Hong Kong freight forwarders are expected to target markets in Asia to take advantage of the expected increase in intra-regional trade, North America and Western Europe to take advantage of the economic recovery of these traditional markets, while trying to expand in mainland China as it is the most important source of cargo for Hong Kong. They are also increasing the range of services such that they may serve a wider spectrum of the logistics demand. It is expected that the above competitive landscape will increasingly favour those players with presence both within mainland China and in the rest of Asia, North America and Europe, and which are willing to invest in IT and other infrastructure in support of a wider range of services.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

We commenced our freight forwarding business in 1996 through OT HK, founded by Mr. Lam in 1995 with his own financial resources, which was then managed by the then directors of OT HK, namely Mr. Sin Yik Cheong, Alan and Mr. Leung Kam Bun, both being Independent Third Parties along with the staffs then employed. Before joining our Group, Mr. Lam worked for Freight Express International Ltd. from 1984 to 1997 and was not involved in OT HK's daily operations until after he ceased his employment with Freight Express International Ltd. in 1997. In our early stage of development, we mainly carried out export freight forwarding to European destinations including Germany, the Netherlands and the United Kingdom. As our business grew, we began to establish presence outside Hong Kong. We started with a representative office in Shanghai of the PRC, followed by other offices with operational and sales capabilities in other locations in China, the rest of Asia, the Netherlands, and North America. Since 2004, we have expanded our services beyond traditional freight forwarding to warehousing, distribution, customs clearance and other logistic services. Please refer to the paragraph headed "Directors and Senior Management — Directors — Executive Directors" in this prospectus for the information on Mr. Lam, our founder.

Our business and corporate milestones are set out below. For further details regarding changes in shareholdings in OT HK and other Group companies, please refer to the paragraph headed "Establishment and major changes concerning our Company and principal operating subsidiaries" in this section.

MILESTONES

Year	Milestone
1995	We were founded in Hong Kong by Mr. Lam with the incorporation of OT HK
1996	We commenced business
1999	We established a representative office in Shanghai, the PRC
2001	We were awarded the "Megatonner" award by Malaysia Airlines for the first time, and received the same award every year up to and including 2012
2001	We were accredited with membership of the International Air Transport Association
2002	We first entered into a block-space agreement for securing cargo space with an international airline with headquarters in Hong Kong
2002	We were awarded the "Network Award" and "Superior Service Award" by World Cargo Alliance
2002	We began setting up our own offices in other countries in Asia, starting with Malaysia

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestone
2004	We commenced our contract logistics business
2005	We were first awarded the “Top Agent Award” by World Cargo Alliance
2006	We were first awarded the “Top Agent Award” by Cathay Pacific Cargo
2007	We obtained the “China Civil Air Transport Sales Agency Services Certificate” necessary to deal directly with airlines in the PRC
2007	We started our general sales agency business
2010	We set up our first office in India
2011	We expanded to North America by setting up our first office in Canada
2011	We set up our first office in the United States
2011	We acquired 75% equity interest in OTX Logistics Holland
2012	We expanded to the Middle East and set up our office in Dubai, the UAE
2013	We set up seven offices in the United States, bringing the total number of our offices there to nine

ESTABLISHMENT AND MAJOR CHANGES CONCERNING OUR COMPANY AND PRINCIPAL OPERATING SUBSIDIARIES

During the Track Record Period, the principal business of our Group had been operated under four principal operating subsidiaries of our Company. The establishment and major changes concerning our Company and these principal operating subsidiaries are set out below.

Incorporation of our Company

Our Company was incorporated on 6 March 2013 as part of the Reorganisation. On 6 March 2013, one subscriber Share was issued, nil-paid, by our Company to a subscriber which was transferred on the same date to Lam Investco at nil consideration. On the same date, an aggregate of 639,999 Shares, 350,000 Shares and 10,000 Shares were allotted and issued, nil-paid, by our Company to Lam Investco, Haenisch Investco and Cheung Investco, respectively. As a result, our Company was owned by Lam Investco, Haenisch Investco and Cheung Investco as to 64%, 35% and 1%, respectively. Lam Investco, Haenisch Investco and Cheung Investco were wholly owned by Mr. Lam, Mr. Haenisch and Ms. Cheung, respectively and Mr. Lam and Mr. Haenisch had been acting in concert (within the meaning under the Takeovers Code) with each other by actively cooperated with each other to consolidate control of our Group. Please refer to the paragraph headed “Directors and Senior Management — Directors — Executive Directors” in this prospectus for the information on Mr. Lam, Mr. Haenisch and Ms. Cheung. As at the Latest Practicable Date, there are no outstanding options, warrants and convertibles of our Company held by Lam Investco, Haenisch Investco and Cheung Investco.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Establishment and major changes concerning our principal operating subsidiaries of our Company

(1) *OT HK*

OT HK is a limited liability company incorporated under the laws of Hong Kong on 18 July 1995. It is principally engaged in freight transportation and investment holding.

Upon its incorporation, OT HK had an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1 each and two subscriber shares were held by two subscribers. On 17 August 1995, the subscribers each transferred its one share to Tapman (Nominees) Limited (“**Tapman**”) and Chrisanda (Nominees) Limited (“**Chrisanda**”), respectively. These shares were held by each of Tapman and Chrisanda on trust for each of Mr. Joachim Wolfgang Starke (“**Mr. Starke**”) and Mrs. Starke Kwong Woon Ching, Gigig (“**Mrs. Starke**”), who in turn held these shares on trust for Mr. Lam.

On 11 April 1996, OT HK increased its authorized share capital to HK\$500,000 divided into 500,000 shares of HK\$1 each. On the same date, OT HK allotted and issued 249,999 shares and 249,999 shares to each of Tapman and Chrisanda. The 249,999 shares registered in the name of Tapman were held on trust for Mr. Starke and Mr. Starke held such shares on trust for Mr. Lam. The 249,999 shares registered in the name of Chrisanda were held on trust for Mr. Lam.

On 28 February 1997, Tapman transferred all of its 250,000 shares of OT HK to Mr. Sin Yik Cheong, Alan (“**Mr. Sin**”) and Chrisanda transferred all of its 250,000 shares of OT HK to Mr. Leung Kam Bun (“**Mr. Leung**”). Both Mr. Sin and Mr. Leung held all of these shares of OT HK on trust for Mr. Lam.

On 2 March 1998, OT HK increased its authorized share capital to HK\$2,000,000 divided into 2,000,000 shares of HK\$1 each. On the same date, OT HK allotted and issued 400,000 shares, 880,000 shares, 200,000 shares and 20,000 shares to Mr. Lam, Cheerise International Inc, Mr. Haenisch and Ms. Cheung, respectively. Cheerise International Inc was an investment holding company incorporated in the BVI which was then wholly owned by an Independent Third Party. After such allotment and issue, OT HK was beneficially owned as to 45%, 44%, 10% and 1% by Mr. Lam (through himself and the interest held by Mr. Sin and Mr. Leung as his trustees), Cheerise International Inc, Mr. Haenisch and Ms. Cheung, respectively.

On 8 April 1998, Mr. Leung and Mr. Sin transferred 250,000 shares and 230,000 shares in OT HK to Mr. Lam, respectively.

On 3 January 2000, Mr. Sin transferred his remaining 20,000 shares in OT HK to Mr. Haenisch at par. On the same day, Cheerise International Inc transferred 180,000 shares and 260,000 shares in OT HK to Mr. Lam and Mr. Haenisch, respectively. After the above transfer, OT HK was held as to 53%, 22%, 24% and 1% by Mr. Lam, Cheerise International Inc, Mr. Haenisch and Ms. Cheung, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 4 August 2003, Mr. Lam transferred 200,000 shares to Lam Investco, 200,000 shares to Haenisch Investco, and 20,000 shares to Mr. Haenisch. On the same date, Cheerise International Inc transferred all of its 440,000 shares in OT HK to On Choice International Limited and ceased to be a shareholder of OT HK. On Choice International Limited was a company incorporated in Hong Kong which was then owned as to 99.9998% and 0.0002% by Mr. Lam and Cheerise International Inc., respectively. After the above transfer, OT HK was held as to 32%, 10%, 22%, 25%, 10% and 1% by Mr. Lam, Lam Investco, On Choice International Limited, Mr. Haenisch, Haenisch Investco and Ms. Cheung, respectively.

On 10 March 2004, OT HK increased its authorized share capital to HK\$20,000,000 divided into 20,000,000 shares of HK\$1 each. On the same date, OT HK allotted and issued an aggregate of 18,000,000 shares at par to the then existing shareholders in proportion to their then shareholdings in OT HK.

On 29 October 2012, Cheerise International Inc transferred all of its interest in On Choice International Limited to Mr. Lam at a consideration of HK\$100 and Mr. Lam became the sole shareholder of On Choice International Limited.

As part of our Reorganisation, on 31 March 2014, our Company acquired from OT HK Shareholders the entire issued share capital in OT HK to OT BVI at a consideration equal to the then net asset value of OT HK. The consideration was satisfied by the allotment and issue, credited as fully paid, by our Company of an aggregate of 399,992 Shares, as to 255,996 Shares to Lam Investco, 139,996 Shares to Haenisch Investco and 4,000 Shares to Cheung Investco respectively; and credited as fully paid at par the 640,000 nil-paid Shares, 350,000 nil-paid Shares and 10,000 nil-paid Shares then held by Lam Investco, Haenisch Investco and Cheung Investco, respectively. Since then, OT HK has been wholly owned by OT BVI and indirectly owned by our Company.

As at the Latest Practicable Date, OT HK has established representative offices in Shanghai, Chengdu, Dalian and Tianjin, the PRC.

(2) *OT China*

OT China is a limited liability company established under the laws of the PRC on 10 October 2004. It is principally engaged in the provision of freight forwarding services. At the time of its establishment, the registered capital in OT China amounted to US\$970,000 which had been fully paid up by OT HK.

On 8 August 2007, it was resolved by a directors' resolution of OT China to increase the registered capital from US\$970,000 to US\$1,120,000 by way of additional cash contribution in US dollars by OT HK. The additional registered capital has been paid up by OT HK on 30 January 2008 and a new business license has been issued by Shanghai SAIC on 16 April 2008 reflecting such increase of registered capital.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 14 July 2008, it was resolved by a directors' resolution of OT China to change the registered capital from US\$1,120,000 to RMB9,100,400 and increase the registered capital from RMB9,100,400 to RMB10,000,000 by way of additional cash contribution in equivalent US dollars by OT HK. The additional registered capital has been paid up by OT HK on 15 October 2008 and a new business license has been issued by Shanghai SAIC on 5 December 2008 reflecting such increase of registered capital.

On 21 June 2011, it was resolved by a directors' resolution of OT China to increase the registered capital from RMB10,000,000 to RMB10,500,000 by way of additional cash contribution in equivalent US dollars by OT HK. The additional registered capital has been paid up by OT HK on 26 September 2011 and a new business license has been issued by Shanghai SAIC on 20 October 2011 reflecting such increase of registered capital.

On 20 September 2012, it was resolved by a directors' resolution of OT China to increase the registered capital from RMB10,500,000 to RMB12,000,000 by way of additional cash contribution in equivalent US dollars by OT HK. The additional registered capital has been paid up by OT HK on 19 November 2012 and a new business license has been issued by Shanghai SAIC on 13 December 2012 reflecting such increase of registered capital.

As at the Latest Practicable Date, OT China has established branch offices in Beijing, Chengdu, Chongqing, Dalian, Guangzhou, Ningbo, Qingdao, Shenyang, Shenzhen, Tianjin, Xiamen, and Xi'an.

(3) *OTX Florida*

OTX Florida is a company established under the laws of the State of Florida in the United States on 1 October 2011. It is principally engaged in international freight forwarding. OTX Florida is authorized to issue 10,000 shares of common stock and up to the Latest Practicable Date, it has issued 5,000 shares of common stock to OT BVI with paid-in capital of US\$250,000. From its establishment and up to the Latest Practicable Date, OTX Florida is wholly owned by OT BVI, a direct wholly owned subsidiary of our Company.

(4) *OTX Logistics Holland*

OTX Logistics Holland is a limited liability company established under the laws of the Netherlands on 28 May 1998. It is principally engaged in provision of freight forwarding services in the Netherlands. Since its establishment and up to the Latest Practicable Date, OTX Logistics Holland has an authorised share capital of EUR431,500 and an issued share capital of EUR86,300.

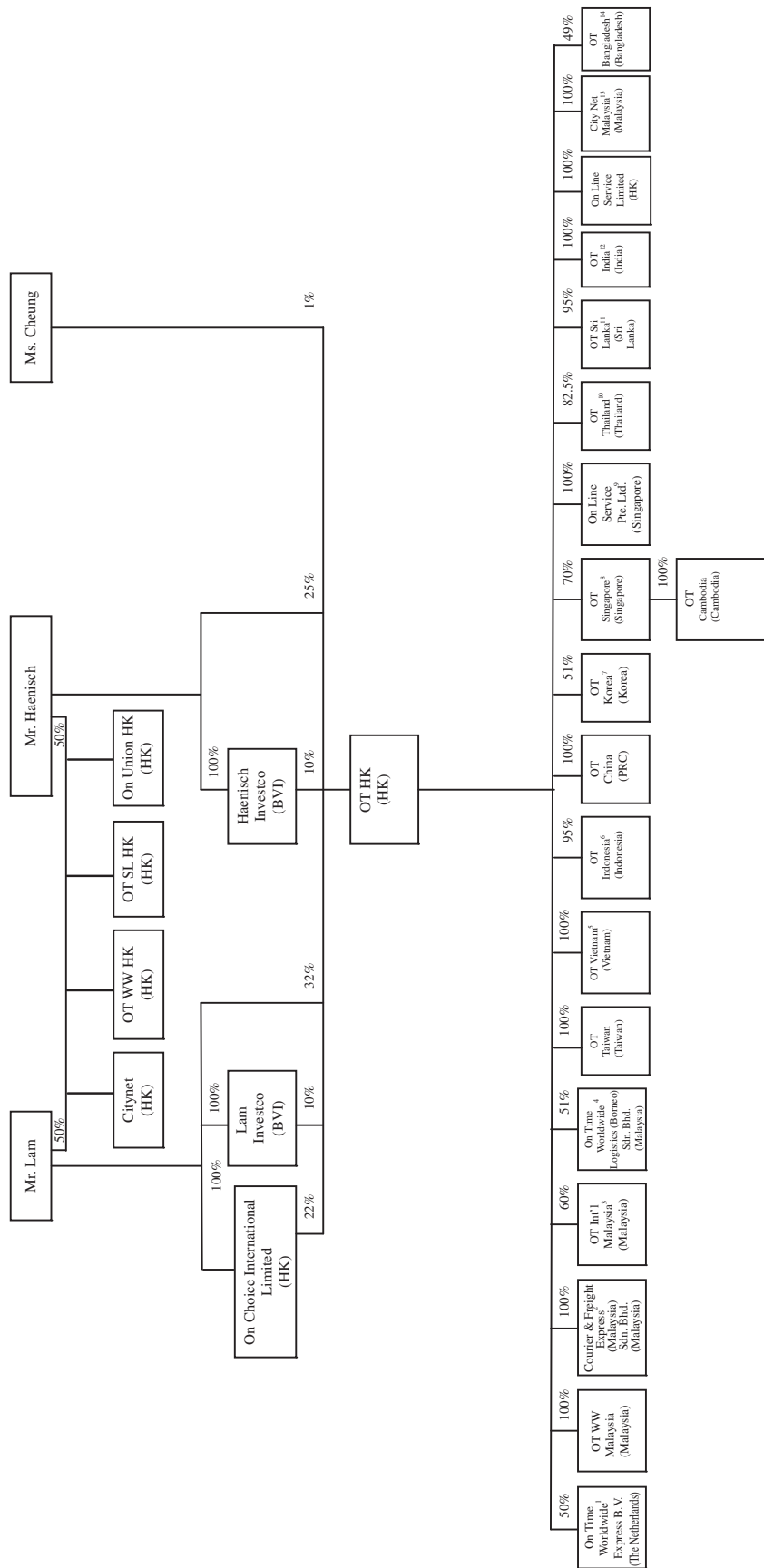
OTX Logistics Holland became member of our Group when Jumbo Channel acquired 75% of its equity interest from its then sole shareholder, namely, T.Y.D. Holding B.V., a company which is controlled by Mr. D.R. de Wit, an executive Director, at a consideration of Euro 5,963,175 on 2 December 2011 (with retroactive economic effect from 1 July 2011). From then and up to the Latest Practicable Date, OTX Logistics Holland was owned as to 25% by T.Y.D. Holding B.V. and 75% by Jumbo Channel. Please refer to the paragraph headed "Major acquisition and disposal during the Track Record Period" in this section for details of the acquisition.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

Prior to the Reorganisation, the structure of our Group was as follows:

(a)



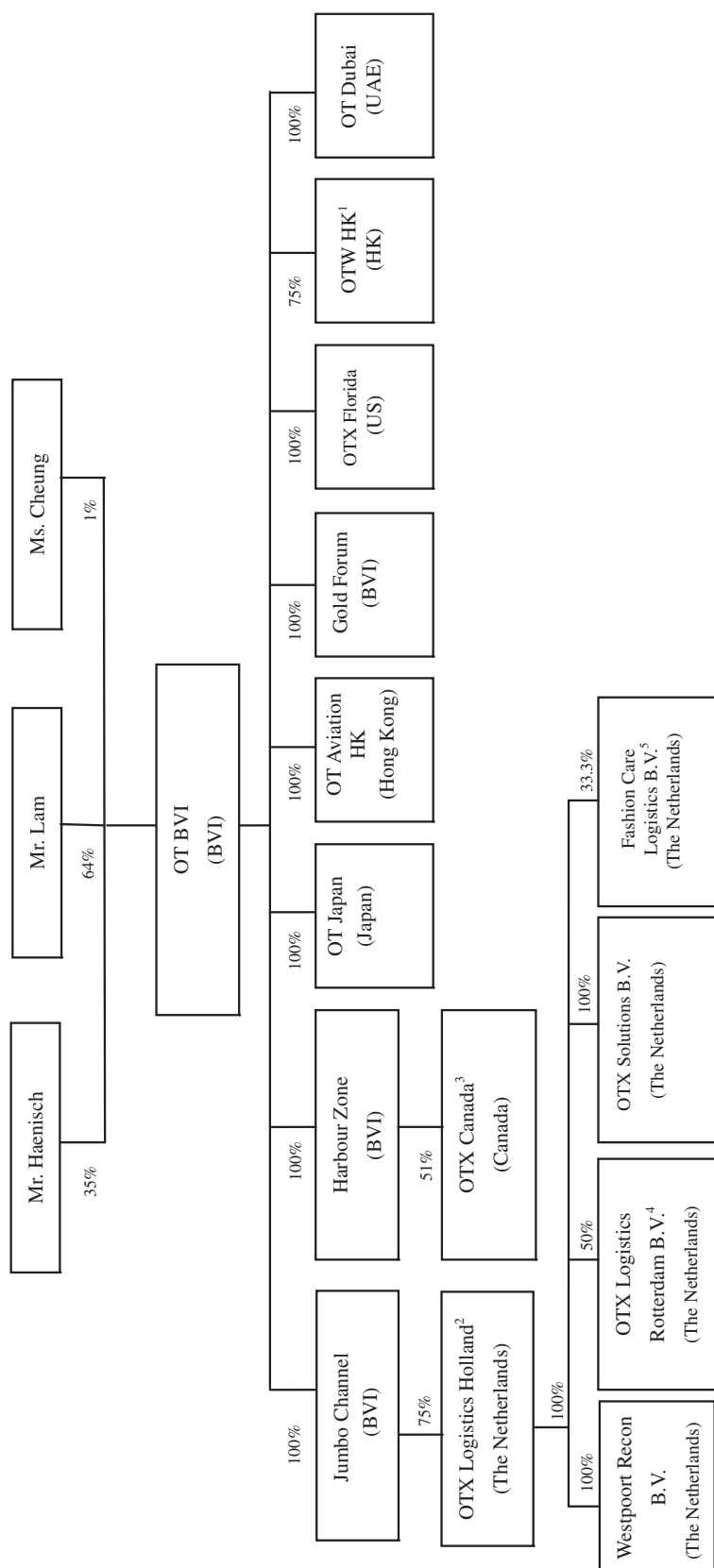
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Notes:

1. The remaining 50% issued share capital in On Time Worldwide Express B.V. was held by A.G. van der Helm Transport Groep B.V., a director of On Time Worldwide Express B.V., a joint venture of our Group, and the sole director of Fashion Care Logistics B.V., an associated company of our Group.
2. The entire issued share capital in Courier & Freight Express (Malaysia) Sdn. Bhd. was held by Wellport, which was wholly beneficially owned by Mr. Lam, on trust for OT HK. Courier & Freight Express (Malaysia) Sdn. Bhd. has made an application for striking off. As at the Latest Practicable Date, Courier & Freight Express (Malaysia) Sdn. Bhd. has not yet been struck off.
3. The remaining 40% issued share capital in OT Int'l Malaysia was held by Baskaran A/L Radhakrishnan, who is an Independent Third Party.
4. The remaining 49% issued share capital in On Time Worldwide Logistics (Borneo) Sdn. Bhd. was held as to 39% by BPMAS Sdn. Bhd., (which is owned by two Independent Third Parties) and as to 10% by an Independent Third Party. As it had ceased its operations, On Time Worldwide Logistics (Borneo) Sdn. Bhd. has made an application for striking off. As at the Latest Practicable Date, On Time Worldwide Logistics (Borneo) Sdn. Bhd. has not yet been struck off.
5. OT HK was the registered owner of 51% of the charter capital of OT Vietnam. The remaining 49% of the charter capital of OT Vietnam was held by Dynamic Freight Co., Ltd., a company which is controlled by Ms. Tran Thi Huynh Anh (a member of the board of directors of OT Vietnam), and was indirectly controlled by OT HK through the OT Vietnam Contractual Arrangements. Please refer to the paragraph headed "OT Vietnam Contractual Arrangements" in this section for details.
6. The remaining 5% issued share capital in OT Indonesia was held by PT. Alsa Indonesia Logistics, which is owned by Mr. Akbar Nampo, a director of OT Indonesia and his associate.
7. The remaining 49% issued share capital in OT Korea was held as to 40% by Mr. Chang-Ho Hur, as to about 8.998% by Mr. Byung-Hwa Ahn, both of whom are directors of OT Korea and as to about 0.002% by Mr. Sang-Jun Oh, an Independent Third Party.
8. The remaining 30% issued share capital in OT Singapore was held by Mr. William Tan, a director of certain of our subsidiaries.
9. On Line Service Pte. Ltd. has submitted an application for striking off. As at the Latest Practicable Date, On Line Service Pte. Ltd. has not yet been struck off.
10. OT HK was the registered owner of 49% of the issued share capital in OT Thailand. 33.5% of the issued share capital of OT Thailand was held by Miss Ruchirek Pipatsriswat, who is our employee and a connected person of our Company under the Listing Rules, and was controlled by OT HK through contractual arrangements entered into between OT HK and Miss Ruchirek Pipatsriswat. The remaining 17.5% issued share capital was held by Mr. Wichai Rungsangthongsuk, the sole director of OT Thailand. Please refer to the paragraph headed "OT Thailand Contractual Arrangements" in this section for details.
11. OT HK was the beneficial owner of 95% of the entire equity interest in OT Sri Lanka, among which 40% of the entire equity interest was registered under the name of OT HK. 60% of the entire equity interest was registered under the name of Ms. Alwis Yudeesha De (among which 55% were held on trust for OT HK). Ms. Alwis Yudeesha De is an Independent Third Party.
12. One share in OT India was held by Mr. Haenisch.
13. OT HK was the registered owner of 99% of the entire equity interest of City Net Malaysia. The remaining 1% of the equity interest was held by Ms. Wong on trust for OT HK.
14. On 29 February 2012, OT HK acquired 49% of the entire issued share capital in OT Bangladesh from two Independent Third Parties at an aggregate consideration of Taka 6,860,000, which was based on the par value of the shares of OT Bangladesh. The remaining 51% issued share capital in OT Bangladesh was held as to 36% by Mr. Helaluddin Akbar, a director of OT Bangladesh, 10% by Mrs. Sayeeda Khanam Akbar and 5% by Ms. Jannatul Firdous Akbar, both are associates of Mr. Helaluddin Akbar.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

(b)



Notes:

1. The remaining 25% issued share capital in OTW HK was held by Mr. Helaluddin Akbar, a director of OTW HK and OT Bangladesh.
2. The remaining 25% issued share capital in OTX Logistics Holland was held by T.Y.D. Holding B.V., the sole director of Westpoort Recon B.V..
3. The remaining 49% issued share capital in OTX Canada is held by Mr. Larry Ka-Yiu Wong, a director of OTX Canada.
4. The remaining 50% issued share capital in OTX Logistics Rotterdam B.V. was held by A.G. van der Helm Expeditie Rotterdam B.V., a director of OTX Logistics Rotterdam B.V., a joint venture of our Group.
5. The remaining 66.7% issued share capital in Fashion Care Logistics B.V. was held as to about 33.33% by A.G. van der Helm Transport Groep B.V., a director of On Time Worldwide Express B.V., a joint venture of our Group, and the sole director of Fashion Care Logistics B.V., and about 33.33% by Brezho B.V., an Independent Third Party.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate restructuring

To rationalise our Group's structure in preparation for the Listing, our Group underwent various corporate structuring as more particularly described as follows:

(1) Disposal of OT Sri Lanka

OT HK was the beneficial owner of 95% of the shareholding interest of OT Sri Lanka (as to 40% was held directly by OT HK and 55% was held by Ms. Alwis Yudeesha De, an Independent Third Party on trust for OT HK). As our business in Sri Lanka was not significant to our operations, on 14 March 2012, OT HK disposed of all of its beneficial interest, representing 95% of the entire shareholding interest of OT Sri Lanka to Ms. Alwis Yudeesha De, at a consideration of (i) Rs 3,192,000 for the 40% shareholding interest held directly by OT HK, which was determined based on the net asset value of OT Sri Lanka attributable to such interest as at 31 December 2011; and (ii) at nil consideration for the 55% shareholding interest which was held by Yudeesha De Alwis on trust for OT HK and the trust arrangement between Yudeesha De Alwis and OT HK had ceased. On 1 March 2012, our Group entered into an agency agreement with OT Sri Lanka in relation to the appointment of each other as agents in their respective countries of domicile for the promotion of transportation and logistics business. Under the agency agreement, OT Sri Lanka and OT HK (for itself and on behalf of certain members of our Group as specified therein) agree to share profits (or loss, if applicable) from operations attributable to the transactions under the agency agreement on the basis of a 50/50 split based on sums invoiced and received, after deduction of expenses. No approval from the relevant authorities in Sri Lanka is required for the above step of reorganisation and our Group is in compliance with the relevant laws and regulations in Sri Lanka regarding the above reorganisation.

(2) Transfer of share in City Net Malaysia to OT HK

On 2 April 2012, City Net Malaysia was incorporated in Malaysia as a limited liability company with an authorised share capital of RM100,000 divided into 100,000 shares of RM1.00 each. Upon its incorporation, an aggregate of 100 subscriber shares were issued, as to 99 shares to OT HK and as to one share to Ms. Wong on trust for OT HK. On 30 April 2012, at the direction of OT HK, Ms. Wong transferred her one share in City Net Malaysia to OT HK at par and the trust arrangement between Ms. Wong and OT HK had ceased.

(3) Transfer of shares in Sun Logistics International Limited ("Sun Logistics")

Sun Logistics was incorporated in Hong Kong as a limited liability company with 10,000 authorised shares of HK\$1.00 each. Upon its incorporation, an aggregate of 10,000 shares of HK\$1.00 each were allotted and issued at par by Sun Logistics to Sun Cargo International Limited, a company incorporated in Hong Kong which was held as to 40% by Wellport. On 28 May 2012, Sun Cargo International Limited transferred 6,000 issued shares, representing 60% of the entire issued share capital in Sun Logistics to OT BVI at par. On the same day, the remaining 4,000 issued shares, representing 40% of the entire issued share capital in Sun Logistics, were transferred to Best Winner

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Consultant Limited, an Independent Third Party, at par. Sun Logistics is principally engaged in the provision of air and sea freight forwarding services. On 10 December 2013, OT BVI transferred its 60% shareholding in Sun Logistics to an Independent Third Party. Immediately following such transfer, Sun Logistics ceased to be member of our Group.

(4) Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company on 6 March 2013 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 30 April 2014. Upon its incorporation, one nil-paid Share was allotted and issued to the subscriber, which was transferred to Lam Investco, and an aggregate of 999,999 Shares were allotted and issued, nil-paid, by our Company to Lam Investco, Haenisch Investco and Cheung Investco on the same day, as to 639,999 Shares, 350,000 Shares and 10,000 Shares, respectively.

(5) Transfer of shares in OTX Solutions B.V.

On 15 March 2013 (with retroactive economic effect from 1 January 2012), OTX Logistics Holland transferred 40% of the entire issued share capital in OTX Solutions B.V. as to 20% to JASA BEHEERGROEP B.V. and as to 20% by DBB Beheer B.V., being management companies held by each of Mr. Jarl Johannes Albert Guichelaar and Mr. Boy Biesma, respectively, both of whom are directors of OTX Solutions B.V., at a consideration of EUR3,600, respectively.

(6) Acquisition of OT BVI by our Company

On 31 July 2013, our Company acquired from Mr. Lam, Mr. Haenisch and Ms. Cheung the entire issued share capital in OT BVI, in consideration of and in exchange for which our Company, at the direction of each of Mr. Lam, Mr. Haenisch and Ms. Cheung, allotted and issued, credited as fully paid, an aggregate of 500,000 Shares, as to 320,000 Shares to Lam Investco, 175,000 Shares to Haenisch Investco and 5,000 Shares to Cheung Investco.

(7) Distribution in specie by OT HK of its shares in OT WW Malaysia, OT Singapore and OT Thailand

- (i) On 25 October 2013, OT HK declared a special dividend to its then shareholders, OT HK Shareholders, for an amount equivalent to the aggregate net asset value of OT WW Malaysia, OT Singapore and OT Thailand represented by OT HK's interests in these companies. The special dividend was satisfied by way of distribution in specie (the "**Distribution**") by OT HK of all its shares (the "**Distributed Shares**") in these companies to OT BVI at the joint direction of the OT HK Shareholders.
- (ii) Pursuant to the Distribution, OT HK had made the following transfer of shares in satisfaction of the special dividend:
 - (a) on 25 October 2013, OT HK transferred the entire issued share capital of OT WW Malaysia to OT BVI;

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- (b) on 25 October 2013, OT HK transferred its 77,000 issued shares, representing 70% of the entire issued share capital, in OT Singapore to OT BVI; and
- (c) on 25 October 2013, OT HK transferred its 49,000 issued shares, representing 49% of the entire issued share capital, in OT Thailand to OT BVI and on the same day, OT HK entered into a deed of assignment with OT BVI and Miss Ruchirek Pipatsriswat, who is our employee, pursuant to which OT HK assigned all its interests, rights and benefits in and under the loan due by Miss Ruchirek Pipatsriswat in the amount of THB3,350,000 to and in favour of OT BVI. For details of the OT Thailand Contractual Arrangements and the reasons for entering into such arrangements, please refer to the paragraph headed “OT Thailand Contractual Arrangements” in this section.

(8) Declaration of cash dividends by OT HK of its shares in OT Korea, OT India and OT Taiwan

- (i) On 25 October 2013, OT HK declared a cash dividend (the “**Cash Dividends**”) to its then shareholders, OT HK Shareholders, for an amount equivalent to the aggregate net asset value of OT Korea, OT India and OT Taiwan, represented by OT HK’s interests in these companies, while OT HK Shareholders directed OT HK to pay such Cash Dividends to OT BVI. At the same time, OT HK transferred its interests in each of OT Korea, OT India and OT Taiwan (the “**Transfers**”) for cash at a consideration equivalent to the respective net asset value of each of these companies represented by OT HK’s interests in each of these companies. Such cash consideration was set-off against the Cash Dividends payable by OT HK to OT BVI.
- (ii) Pursuant to the Transfers, OT HK had made the following transfer of shares in satisfaction of the Cash Dividends:
 - (a) on 25 October 2013, OT HK transferred its 30,600 issued shares, representing 51% of the entire issued share capital, in OT Korea to OT BVI;
 - (b) on 25 October 2013, OT HK transferred 3,314,668 issued shares of OT India to OT BVI and Mr. Haenisch transferred one issued share in OT India to OT HK, which together represent the entire issued share capital in OT India; and
 - (c) on 8 January 2014, OT HK transferred its entire equity interest in OT Taiwan to OT BVI.
- (iii) On 5 June 2014, in consideration for the OT HK Shareholders directing OT HK to transfer and distribute the Distributed Shares to OT BVI, and to settle the amount owed by OT BVI to OT HK Shareholders arising from the payment of the Cash Dividends to OT BVI at the direction of OT HK Shareholders, our Company allotted and issued, credited as fully paid, an aggregate of 100,000 Shares, as to 64,000 Shares to Lam Investco (at the joint directions of On Choice International Limited, Lam Investco and Mr. Lam), 35,000 Shares to Haenisch Investco (at the joint directions of Haenisch Investco and Mr. Haenisch) and 1,000 Shares to Cheung Investco (at the direction of Ms. Cheung), respectively.

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(9) Rectification of the contractual arrangements in respect of OT Vietnam

Due to the restrictions of foreign investment in Vietnam, part of the interest in OT Vietnam has been controlled by our Group through contractual arrangements. In order to rectify such arrangements, we have entered into the OT Vietnam Contractual Arrangements. For details of the OT Vietnam Contractual Arrangements and the reasons for entering into such arrangements, please refer to the paragraph headed “OT Vietnam Contractual Arrangements” in this section.

(10) Acquisition of Citynet, OT WW HK, OT SL HK and On Union HK by our Company

On 31 March 2014, our Company acquired from Mr. Lam and Mr. Haenisch the entire issued share capital in each of Citynet, OT WW HK, OT SL HK and On Union HK and at the direction of our Company, Mr. Lam and Mr. Haenisch transferred the entire issued share capital in each of these companies to OT BVI at a consideration equal to the net asset value of such companies. The consideration was satisfied by the allotment and issue, credited as fully paid, by our Company of an aggregate of eight Shares, as to four Shares to Lam Investco (at the direction of Mr. Lam) and four Shares to Haenisch Investco (at the direction of Mr. Haenisch), respectively.

(11) Acquisition of OT HK by our Company

On 31 March 2014, our Company acquired from OT HK Shareholders the entire issued share capital in OT HK and at the direction of our Company, the OT HK Shareholders transferred the entire issued share capital in OT HK to OT BVI at a consideration equal to the then net asset value of OT HK. The consideration was satisfied by (i) the allotment and issue, credited as fully paid, by our Company of an aggregate of 399,992 Shares, as to 255,996 Shares to Lam Investco (at the joint directions of On Choice International Limited, Lam Investco and Mr. Lam), 139,996 Shares to Haenisch Investco (at the joint directions of Haenisch Investco and Mr. Haenisch) and 4,000 Shares to Cheung Investco (at the direction of Ms. Cheung), respectively; and (ii) credited as fully paid at par the 640,000 nil-paid Shares, 350,000 nil-paid Shares and 10,000 nil-paid Shares then held by Lam Investco, Haenisch Investco and Cheung Investco, respectively.

(12) Incorporation of OT WW Dubai

On 16 February 2014, OT WW Dubai was incorporated in the Emirate of Dubai, UAE as a limited liability company with an authorised share capital of AED300,000 divided into 300 shares of AED1,000 each and it is an associated company of our Group. Upon its incorporation, an aggregate of 300 shares were issued, as to 153 shares to Mr. Abdulla Ibrahim Mohd Nawab Omari, an Independent Third Party, and as to 147 shares to Ms. Cheung which is held on behalf of OT BVI.

Upon completion of the above corporate restructuring from our Group, our Company became the holding company of the members of our Group. There was no exclusion from our Group of any company and/or business which was held by our Controlling Shareholders and engaging in similar type of principal business as our Group.

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(13) Incorporation of Holicbuy

On 30 May 2014, Holicbuy was incorporated in Hong Kong as limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 shares and it is an indirect non-wholly owned subsidiary of our Company. Upon its incorporation, an aggregate of 10,000 shares were issued, as to 6,000 shares to OT BVI and as to 4,000 shares to Aibidding Holdings Limited, an Independent Third Party.

(14) Transfer of trademarks and service marks by Lam Investco to our Group

On 18 June 2014, Lam Investco entered into a trademarks assignment (“**Trademarks Assignment**”) with OT BVI, pursuant to which Lam Investco agreed to transfer the trademarks and service marks as set out in the paragraph headed “Further Information about the Business of Our Company — 11. Intellectual property rights of our Group” in Appendix VI to this prospectus to OT BVI at the aggregate consideration of HK\$9.35 million which was determined after arm’s length negotiation between our Group and Lam Investco with reference to the historical amount of our revenue during the Track Record Period. Under the Trademarks Assignment, the consideration of HK\$9.35 million shall be payable immediately upon signing of the agreement, and which has been paid by our Group accordingly by the internal resources of our Group. To ensure that our Group would be able to use such trademarks and service marks pending completion of the transfer at the relevant jurisdictions of the respective trademarks and service marks), Lam Investco and our Company entered into a trademark license agreement (the “**Trademark Licence Agreement**”) on 18 June 2014 pursuant to which we have been granted an exclusive license to use such trademarks and service marks until the expiry of Lam Investco’s exclusive right to use such trademarks and service marks (that is, the earlier of (a) the expiry of the registration validity period for such trademarks and service marks as set out in Appendix VI to this prospectus or (b) the completion of the registration of OT BVI as the registered owner or assignee of such trademarks and service marks) at nil consideration. Neither party under the Trademarks Assignment and the Trademark Licence Agreement shall have the right to terminate or revoke the Trademarks Assignment or the Trademark Licence Agreement and our Directors estimate that we shall complete the registration of OT BVI as the registered owner or assignee of such trademarks and service marks within 12 months after Listing. Please refer to the section headed “Continuing Connected Transactions” in this prospectus for details of the Trademark Licence Agreement.

Upon completion of the above corporate restructuring from our Group, our Company became the holding company of the members of our Group. There was no exclusion from our Group of any company and/or business which was held by our Controlling Shareholders and engaging in similar type of principal business as our Group.

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Major acquisition and disposal during the Track Record Period

Apart from the Reorganisation mentioned above, our Group also underwent certain acquisition and disposal during the Track Record Period in line with our corporate strategy. Brief details of these acquisition and disposal are set out below:

(A) *Acquisition of OTX Logistics Holland*

On 2 December 2011 (with retroactive economic effect from 1 July 2011), Jumbo Channel acquired from T.Y.D. Holding B.V. (“**TYD**”), 64,725 issued shares, representing 75% of the entire issued share capital in OTX Logistics Holland at a consideration of Euro 5,963,175. Such consideration was determined between the parties on an arm’s length basis with reference to an agreed price to earnings multiple based on the results of OTX Logistics Holland for the year ended 31 December 2010, and has been fully settled on 2 December 2011. We acquired OTX Logistics Holland to expand our operations into the European market. The above acquisition has been properly and legally completed and settled and all approvals from the relevant authorities have been obtained. OTX Logistics Holland is the legal and beneficial owner of (i) the entire issued share capital in Westpoort Recon B.V.; (ii) 50% of the entire issued share capital of OTX Logistics Rotterdam B.V.; (iii) 60% of the issued share capital in OTX Solutions B.V.; and (iv) 33.3% of the entire issued share capital of Fashion Care Logistics B.V. (the “**OTX Logistics Holland Group**”). OTX Logistics Holland Group are principally engaged in the provision of freight forwarding business, while Fashion Care Logistics B.V. is currently inactive. TYD is a company incorporated in the Netherlands situated at Rijnlanderweg 766 G, 2132 NM Hoofddorp, the Netherlands, and is indirectly controlled by Mr. D.R. de Wit, an executive Director.

Pursuant to a shareholders’ agreement (“**Holland SA**”) entered into between TYD, Jumbo Channel and OTX Logistics Holland dated 2 December 2011, on the condition that the Listing has not been materialized on or before 31 December 2014, Jumbo Channel has granted a call option (“**Call Option**”) to TYD to require Jumbo Channel to sell 21,575 shares or such other number of shares in OTX Logistics Holland (the “**Option Shares**”) at a cash consideration of Euro 2,317,880, and TYD has granted a put option (the “**Put Option**”) to Jumbo Channel to require TYD to purchase the Option Shares at a cash consideration of Euro 2,317,880, such that after the exercise of the Call Option or the Put Option, OTX Logistics Holland shall be owned as to 50% and 50% by Jumbo Channel and TYD, respectively. The Call Option and the Put Option may only be exercised within six months after 31 December 2014. If the Listing occurs on or before 31 December 2014, the Call Option and the Put Option shall lapse on the Listing Date.

As part and parcel of the transaction, TYD, Mr. Lam, Mr. Haenisch and Jumbo Channel entered into a loan agreement (“**Holland LA**”) on 2 December 2011 pursuant to which TYD has agreed to lend, and Mr. Lam and Mr. Haenisch have agreed to borrow a total sum of Euro 2,244,960, which represented the purchase price for 24% of the entire issued share capital of OTX Logistics Holland from TYD.

The loan under the Holland LA shall bear an interest of 3.5% per annum and shall be repaid by Mr. Lam and Mr. Haenisch within two months from the Listing Date.

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Under the Holland LA, Jumbo Channel had agreed to act as a guarantor of Mr. Lam and Mr. Haenisch and had pledged 21,575 shares in OTX Logistics Holland, representing 25% of the entire issued share capital in OTX Logistics Holland in favour of TYD as security. Pursuant to the terms of the Holland LA, the above guarantee given by Jumbo Channel has terminated unconditionally upon filing of the listing application to the Stock Exchange of our Company by the Sole Sponsor in March 2014 and the share pledge has also been unconditionally and fully discharged.

Under the Holland LA, in the event that the Listing has not occurred on or before 31 December 2014 and if the loan remains outstanding within two months thereafter, notwithstanding the consideration for the Option Shares as stated in the Holland SA, TYD shall be entitled to exercise the Call Option to purchase the Option Shares at the price of Euro 72,906.18 and Jumbo Channel shall be entitled to exercise the Put Option to sell the Option Shares at the price of Euro 72,906.18. Immediately upon the exercise of the Call Option or the Put Option, the Holland LA shall terminate and Mr. Lam and Mr. Haenisch shall not be required to repay the loan but they are still required to pay the outstanding interest.

In the event the total dividends received by Jumbo Channel in respect of 24% of the entire issued share capital of OTX Logistics Holland from the date of the loan agreement to the date of exercise of the Call Option are higher than the total interest payable by Mr. Lam and Mr. Haenisch under the loan agreement, Jumbo Channel shall reimburse the difference to TYD upon transfer of the Option Shares.

The above acquisition of the equity interest in OTX Logistics Holland by our Group constituted an acquisition of major subsidiary under Rule 4.05A of the Listing Rules. The pre-acquisition financial information on OTX Logistics Holland from the commencement of the Track Record Period (i.e. 1 January 2011) to the date immediately before completion of acquisition (i.e. 30 June 2011) is set out in Appendix II to this prospectus.

(B) *Disposal of D.B. Group China Limited (“D.B. China”)*

D.B. China was incorporated in Hong Kong with limited liability on 16 May 1997. Immediately before the disposal of D.B. China, it was owned as to 35% by OT HK and as to 65% by D.B. Group SPA, an Independent Third Party.

Prior to its disposal, D.B. China was engaged in the provision of freight forwarding services. As D.B. Group SPA would like to purchase our 35% issued share capital, and as D.B. China was not significant to our operations, we disposed of our interest in D.B. China to D.B. Group SPA. By an agreement dated 28 January 2011, OT HK disposed of 1,750,000 shares (35%) in D.B. China to D.B. Group SPA, at a consideration of HK\$12.5 million. Such consideration was determined between the parties on an arm's length basis with reference to an agreed multiple of the net asset value of D.B. China as of 28 January 2011 and the consideration has been fully settled by D.B. Group SPA on 27 April 2011. The above disposal has been properly and legally completed and settled and all approvals from the relevant authorities have been obtained. Following such disposal, OT HK no longer had any interest in D.B. China.

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Each of our Cambodia, Canada, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Netherlands, the PRC, Singapore, Taiwan, Thailand, Vietnam, UAE, US Legal Advisers has advised that we have obtained and completed all the required examination and approval formalities in all material aspects from the relevant governmental bodies in the respective jurisdictions in respect of the reorganisation of our existing Group members and/or the major acquisition or disposal of our Group during the Track Record Period as set out above for the purposes of the Listing, which is legal and valid insofar as applicable laws of the respective jurisdictions are concerned.

OT THAILAND CONTRACTUAL ARRANGEMENTS

Background of the OT Thailand Contractual Arrangements

OT Thailand is principally engaged in the agency service logistics and cargo forwarding to and from Thailand. Under the Foreign Business Act in Thailand enacted since 1999, a foreign company, that is, any company having its foreign national shareholders holding 50% or more of its total issued shares is not allowed to engage in any broker or agency business, including such business in the logistics sector, unless permitted by the Director-General of the Department of Business Development with the approval of the Foreign Business Committee, subject to certain exceptions. The business of OT Thailand does not fall under such exceptions. Please refer to the paragraph headed “The Thailand Laws and Regulations” in Appendix IV to this prospectus for further details. As advised by our Thailand Legal Adviser, approval from the Foreign Business Committee for such restricted businesses is exceptionally difficult to obtain by a foreign owned company and it is not likely that we will be able to obtain such approval. Therefore, we have not sought for the approval from the Foreign Business Committee and we have entered into the OT Thailand Contractual Arrangements to carry on our businesses in Thailand.

OT Thailand was incorporated in Thailand on 4 January 2006. OT Thailand contributed to approximately 1.7%, 1.9% and 1.7% of our total revenue for the years ended 31 December 2011, 2012 and 2013. Upon its incorporation, 49% of the equity interest was directly held by Mr. Lam and the remaining 51% of the equity interest was held by six Thai nationals. In order to obtain the effective control of the 51% equity interest held by the six Thai nationals, the following documents were entered into between OT HK and the six Thai nationals:

- (1) OT HK entered into loan agreements on 4 January 2006 with the six Thai nationals, pursuant to which OT HK had provided loans to these six Thai nationals in amounts equal to their respective capital contributions to OT Thailand, totaling THB5.1 million. The loans were repayable on demand by the lender, and may not be prepaid by the borrowers unless otherwise agreed by the lender.
- (2) As security to the repayment of their respective loans owed to OT HK, the six Thai nationals had entered into share pledge agreements on 4 January 2006 with OT HK to pledge their respective shares in OT Thailand in favour of OT HK, by virtue of which, OT HK could enforce the share pledges in an event of default of the loan repayments. Further,

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pursuant to the loan agreements and the share pledge agreement, upon demand of repayment, OT HK had the right at its sole discretion to demand and effect the transfer of the shares so pledged by the six Thai nationals to OT HK or its designated person at considerations equal to the loan amounts.

- (3) The six Thai nationals had also respectively entered into letters of undertaking on 4 January 2006 with OT HK whereby they had irrevocably undertaken, among other things, to assign and direct all dividends and distribution paid and payable by OT Thailand in relation to their shares in OT Thailand, and all distribution of assets and capital made or to be made by OT Thailand in relation to their shares in OT Thailand solely to OT HK.
- (4) Each of the six Thai nationals also appointed OT HK as their respective proxy to attend and to vote in all shareholders' meetings of OT Thailand for any proposed resolutions.

On 18 August 2006, five Thai nationals shareholders of OT Thailand holding in aggregate 41% of the total equity interest in OT Thailand novated their loans owing to OT HK in the total amount of THB4.1 million and transferred their interest in OT Thailand to another five Thai nationals, one of them was Mr. Wichai Rungsangthongsuk (“**Mr. Wichai**”), a director of OT Thailand. Mr. Wichai had made repayment of THB1 million to OT HK and, immediately after such repayment, THB3 million of the loan remained outstanding. The other four new shareholders had assumed loans due to OT HK totaling THB0.1 million, including Miss Ruchirek Pipatsriswat (“**Miss Ruchirek**”), an employee of OT Thailand, who had assumed a loan of THB99,700. In order to obtain the effective control of the 31% equity interest held by Mr. Wichai, Miss Ruchirek and the other three new shareholders, OT HK entered into loan agreements with them on 18 August 2006 pursuant to which OT HK agreed to continue to lend the loans to them, and OT HK and Mr. Wichai, Miss Ruchirek and the other three new shareholders also entered into share pledge agreements, letters of undertaking and proxies on 18 August 2006, with terms similar to those entered into with the former shareholders on 4 January 2006 as described above. The loan agreements and the related security documents entered into with the five former shareholders on 4 January 2006 were cancelled on 18 August 2006. As a result of the above arrangement, from 18 August 2006 to 23 December 2010, 49% of the total shareholding interest of OT Thailand was held directly by Mr. Lam, 41% of the total shareholding interest of OT Thailand was controlled by OT HK through the contractual arrangements described above and 10% of the total shareholding interest of OT Thailand was held by Mr. Wichai for his own benefit.

On 23 December 2010, all the then shareholders of OT Thailand, including Mr. Lam, transferred all their interest in OT Thailand to OT HK, Miss Ruchirek and Mr. Wichai. After the transfer, OT Thailand was held as to 49%, 33.5% and 17.5% by OT HK, Miss Ruchirek and Mr. Wichai, respectively. Mr. Wichai novated his loan due to OT HK in the amount of THB2.25 million to Miss Ruchirek and OT HK had waived the remaining loan of THB0.75 million. The other four former shareholders of OT Thailand also novated their loan owing to OT HK to Miss Ruchirek in the total sum of THB1,000,300. In order to obtain the effective control of the 33.5% equity interest held by Miss Ruchirek, OT HK entered into a loan agreement with Miss Ruchirek on 23 December 2010 pursuant to which OT HK agreed to continue to lend the loan in the amount of THB3,250,300 to Miss Ruchirek, and OT HK and Miss Ruchirek also entered into share pledge agreement, letter of undertaking and proxy in respect of 33,500 shares in OT Thailand held by her, with terms similar to those entered into with the former shareholders on 4 January 2006 as described above. The loan

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agreements and the related security documents entered into with one former shareholder on 4 January 2006 and the former shareholders on 18 August 2006 were cancelled on 23 December 2010. As a result of the above arrangement, since 23 December 2010 to 25 October 2013, 49% of the total shareholding interest of OT Thailand was held directly by OT HK, 33.5% of the total shareholding interest of OT Thailand was controlled by OT HK through the contractual arrangements described above and 17.5% of the total shareholding interest of OT Thailand was held by Mr. Wichai for his own benefit.

As part of the Reorganisation, on 25 October 2013, OT HK transferred its 49% shareholding in OT Thailand to OT BVI and OT BVI became the registered shareholder in respect of 49% of the shareholding interest. On the same date, OT HK, OT BVI and Miss Ruchirek entered into a loan assignment pursuant to which the loan owed by Miss Ruchirek to OT HK in the total amount of THB3,350,000 has been assigned to OT BVI. The loan agreements, share pledge agreement, letters of undertaking and proxy entered into between OT HK and Miss Ruchirek were cancelled on 25 October 2013 and share pledge agreement, letter of undertaking and proxy with similar terms were entered into by Miss Ruchirek in favour of OT BVI on the same date. As a result of the above arrangement, since 25 October 2013 and up to the Latest Practicable Date, 49% of the total shareholding interest of OT Thailand was held directly by OT BVI, 33.5% of the total shareholding interest of OT Thailand was controlled by OT BVI through the OT Thailand Contractual Arrangements and 17.5% of the total shareholding interest of OT Thailand was held by Mr. Wichai for his own benefit.

Principal terms of the OT Thailand Contractual Arrangements

A brief summary of the principal terms of the four documents constituting the OT Thailand Contractual Arrangements, comprising the loan assignment, the share pledge agreement, the letter of undertaking and the proxy, is set out below:

- (1) Loan assignment dated 25 October 2013 and entered into between OT HK as assignor, OT BVI as assignee and Miss Ruchirek as borrower

Loan assigned:	the non-interest bearing loan for an aggregate principal amount of Baht 3,350,000 then owed by Miss Ruchirek to OT HK, which was assigned to OT BVI under the loan assignment.
Term of the loan:	the loan shall be repayable on demand by OT BVI. Miss Ruchirek may not prepay all or any part of the loan unless otherwise agreed by OT BVI.
Security:	the loan is conditional and secured by the pledge of shares in OT Thailand from time to time held by Miss Ruchirek under the share pledge agreement, and the arrangements under the proxy and the letter of undertakings as more particularly described below.

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Repayment and set-off subject to compliance with the applicable laws and regulations in Thailand, upon demand of repayment of the loan, OT BVI may at its sole discretion demand for and effect the transfer of the shares in OT Thailand so pledged by Miss Ruchirek under the share pledge agreement to OT BVI or its designated transferee(s) at a consideration equal to the then outstanding principal amount of the loan, which shall be off-set by the amount equal to the then outstanding principal amount of the loan.

- (2) Share pledge agreement dated 25 October 2013 and entered into between OT BVI as lender and Miss Ruchirek as borrower

Under the share pledge agreement, as continuing security for the payment, discharge and performance of Miss Ruchirek of the loans and other obligations and liabilities under the loan assignment, the share pledge agreement, the proxy and the letter of undertaking, Miss Ruchirek has pledged in favour of OT BVI, among others, all her 33,500 shares of Baht 100 each in the share capital of OT Thailand, representing 33.5% of the total shareholding interest of OT Thailand, and all further shares and securities deriving from such pledged shares, or otherwise acquired and held by Miss Ruchirek from time to time (whether by way of acquisition from the other shareholder(s) of OT Thailand or by subscription of new shares from OT Thailand).

- (3) Letter of undertaking dated 25 October 2013 by Miss Ruchirek to OT BVI and OT Thailand

Under the letter of undertaking, Miss Ruchirek has given, among others, the following undertakings:

- she has irrevocably granted to OT BVI the right to exercise her rights as a shareholder of OT Thailand;
- she has irrevocably undertaken to OT BVI not to approve any resolution of shareholders of OT Thailand relating to the business transaction, appointment, acceptance of resignation of or the removal of any director of OT Thailand, and shall procure (to the extent within her power as a shareholder of OT Thailand) OT Thailand not to enter into any business transaction or effect such appointment, resignation or removal of directors without the prior consent or approval of OT BVI;
- she has irrevocably undertaken to OT BVI to procure OT Thailand not to deal with any material assets of OT Thailand without the prior written consent of OT BVI, except in the ordinary course of its businesses;
- she has irrevocably assigned and directed all dividends and distributions declared, paid and payable by OT Thailand and all distributions of assets and capital made and to be made by OT Thailand in relation to the shares of OT Thailand from time to time held by her to OT BVI (or such person as from time to time designated by it); and

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- she has appointed any director of OT BVI and our Company and his/her successors (including liquidator(s) replacing the director in the event of winding up of OT BVI and/or our Company) as her attorney pursuant to which such attorney shall have the power to exercise all rights and power in respect of all the shares of OT Thailand held by Miss Ruchirek and to vote in all shareholder' meetings of OT Thailand, sign any documents and make filings with any government authorities.

(4) Proxy dated 25 October 2013 by Miss Ruchirek to OT Thailand

Under the proxy, Miss Ruchirek has irrevocably appointed OT BVI or any person nominated by it to act as Miss Ruchirek's proxy to attend, act and vote in respect of the shares in OT Thailand in her name and on her behalf at any general meeting of shareholders of OT Thailand.

Under the OT Thailand Contractual Arrangements, any dispute shall be resolved by arbitration, and that the arbitral tribunal may grant injunctive relief or arbitration award over the shares or land assets of OT Thailand and may make order regarding the conduct of business of OT Thailand or to compel transfer of the shares, or to order the parties to procure the winding up of OT Thailand. As advised by our Thailand Legal Adviser, such arbitration awards would be final and binding over (subject to enforcement by the Courts of Thailand) the parties and there is no provision in the underlying documents constituting the OT Thailand Contractual Arrangements in respect of injunctive relief that may not be enforceable under the laws of Thailand. OT BVI and OT Thailand may also seek from the courts of Hong Kong or Thailand or the Cayman Islands or any court having jurisdiction any interim or provisional relief that is necessary to protect their rights or property pending the establishment of the arbitral tribunal or pending the arbitral tribunal's determination of the merits of the dispute.

Reasons for and the benefits of the OT Thailand Contractual Arrangements

The OT Thailand Contractual Arrangements enable us to carry on our freight forwarding agency services by OT Thailand in Thailand despite the foreign ownership restrictions there on one hand, and has provided our Group an effective control and (to the extent permitted under the laws of Thailand) the right to acquire the 33.5% equity interests in OT Thailand held by Miss Ruchirek on the other hand. Pursuant to the undertaking executed by Miss Ruchirek, we will be entitled to exercise all rights and power in respect of all the shares of OT Thailand held by Miss Ruchirek and to vote in all shareholder' meetings of OT Thailand, sign any documents and make filings with any government authorities, and we will be entitled to all dividends and distributions declared, paid and payable by OT Thailand and all distributions of assets and capital made and to be made by OT Thailand to Miss Ruchirek. As such, as advised by our Thailand Legal Adviser, our Group has control over the assets of OT Thailand through the OT Thailand Contractual Arrangements and in the event of winding up, the liquidator of OT BVI can seize the assets of OT Thailand for the benefit of its shareholders and creditors. The OT Thailand Contractual Arrangements did not contain any provisions that require our Group to provide additional financial support to OT Thailand. Through the OT Thailand Contractual Arrangements and the 49% shareholding interest registered in the name of OT BVI taken as a whole, OT Thailand is regarded as a 82.5%-owned subsidiary of our Company. Accordingly, the financial

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

results of OT Thailand were consolidated into our Group's financial statements as if it were our subsidiary and, as a result, our Group bears 82.5% of the economic risks and losses of OT Thailand by virtue of its holding of 49% equity interest in OT Thailand and the OT Thailand Contractual Arrangements in relation to the remaining 33.5% equity interest in OT Thailand.

The OT Thailand Contractual Arrangements are currently not subject to any scrutiny by any tax authorities. Under the prevailing laws of Thailand, OT Thailand is not subject to higher income tax rates or would incur additional taxes in Thailand as a result of the OT Thailand Contractual Arrangements. Please refer to the paragraph headed "The Thailand Laws and Regulations" in Appendix IV to this prospectus for details of the prevailing laws in Thailand in relation to taxes for further details. Please also refer to the paragraph headed "Risk Factors — Risks Relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements" for the related risks of the OT Thailand Contractual Arrangements.

Given that Miss Ruchirek is only our employee and is not our officer or Director, our Directors do not consider there is any conflict of interest between our Group and Miss Ruchirek under the OT Thailand Contractual Arrangements.

Legality and enforceability of the OT Thailand Contractual Arrangements

As advised by our Thailand Legal Adviser, (i) the OT Thailand Contractual Arrangements and the previous contractual arrangements as described above are lawful, valid, legally effected, binding and enforceable under the laws of Thailand because there are no provisions under the relevant documents that violate the laws of Thailand or that may constitute a circumvention of the foreign ownership restriction requirements under the Foreign Business Act in Thailand, and there has been no creation of any illegal shareholding; and (ii) the interest of the various borrowers as described above are effectively controlled by OT HK and/or OT BVI through the OT Thailand Contractual Arrangements and the previous contractual arrangements. Based on the above legal advice, our Directors believe that the OT Thailand Contractual Arrangements are enforceable under the relevant laws and regulations of Thailand.

As advised by our Thailand Legal Adviser, the government authority that has legislative power over issues relating to the Foreign Business Act in Thailand is the Legislature, while the Department of Business Development, Ministry of Commerce is responsible for receiving applications and issuance of Foreign Business License in Thailand. However, they are not responsible for answering any queries from the general public regarding private contractual relationships. If the contracting parties have any disputes regarding the legality on the contract between the parties, they could raise such contractual disputes to be resolved through civil litigations in the courts of Thailand. As such, since the OT Thailand Contractual Arrangements comprise only of private contracts, the Thailand Legal Adviser could not consult with the Legislature or the Department of Business Development, Ministry of Commerce on the legality, validity and enforceability of the OT Thailand Contractual Arrangements.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

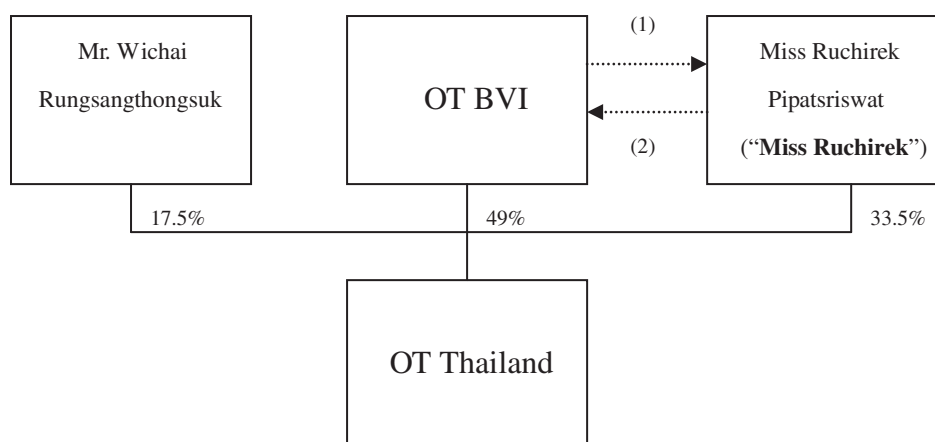
As advised by our Thailand Legal Adviser, since there is (i) no requirement for registration of the OT Thailand Contractual Arrangements and the previous contractual arrangements under the prevailing laws and regulations of Thailand; (ii) no consultation government channel available for any objection to private contracts; and (iii) no case law which held that similar contractual arrangements is illegal, on such basis our Thailand Legal Adviser is of the view that it is unnecessary for them to obtain regulatory assurance from the relevant government authorities in Thailand in relation to the legality, validity and enforceability of the OT Thailand Contractual Arrangements. Furthermore, as advised by our Thailand Legal Adviser, it has taken all possible actions or steps to enable them to reach its legal conclusion including conducting legal research which revealed that there is no case precedent which held that any similar contractual arrangement is illegal.

As advised by our Thailand Legal Adviser, OT BVI could enforce the OT Thailand Contractual Arrangements in accordance with Thai laws if Miss Ruchirek is dead or in bankruptcy by enforcing the share pledge agreement by public auction against the heirs (in case of death) or the official receiver (in case of bankruptcy) of Miss Ruchirek. Our Thailand Legal Adviser also advised that since the shares of OT Thailand were acquired by Miss Ruchirek before marriage, it would be considered as her personal property and therefore the enforcement of the OT Thailand Contractual Arrangements would not be affected in the event of her divorce.

Up to the Latest Practicable Date, we have not encountered any interference or encumbrance from any governing bodies in Thailand in controlling part of our interest in OT Thailand through the OT Thailand Contractual Arrangements. As advised by our Thailand Legal Adviser, under the prevailing laws and regulations of Thailand there is no other specific requirement imposed on foreign investor(s) to operate and carry out freight forwarding agency services in Thailand in the event that the relevant foreign ownership restriction is lifted. We intend to unwind the OT Thailand Contractual Arrangements as soon as possible if and when the relevant laws in Thailand allow us to operate in Thailand without the OT Thailand Contractual Arrangements. As the loan shall only be repayable upon demand by OT BVI, and OT BVI shall have the right at its sole discretion to demand for and effect the transfer of the shares pledged by Miss Ruchirek under the share pledge agreement to OT BVI or its designated transferee(s) to set off against the loan, Miss Ruchirek must, subject to the election by our Group and subject to the relevant laws and regulations, repay the then outstanding principal amount of the loan to us upon our demand either in cash or by returning the shares so pledged to us (or our designated transferee(s)). As such, no net consideration shall be payable by OT BVI to Miss Ruchirek for the acquisition of her shares in OT Thailand upon unwinding of the OT Thailand Contractual Arrangements.

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The following simplified diagram illustrates the mechanism of the OT Thailand Contractual Arrangements:



Notes:

- (1) Pursuant to a loan assignment dated 25 October 2013 and executed between OT HK, OT BVI and Miss Ruchirek, Miss Ruchirek is indebted to OT BVI in the total amount of THB3,350,000.
- (2) As security for the repayment of the loan owed to OT BVI, Miss Ruchirek has entered into a share pledge agreement with OT BVI to pledge her shares in OT Thailand in favour of OT BVI, by virtue of which, OT BVI could enforce the share pledge in an event of default of the loan repayment. Further, pursuant to the loan assignment, upon demand of repayment, OT BVI has the right at its sole discretion to demand and effect the transfer of the shares so pledged by Miss Ruchirek to OT BVI or its designated person at a consideration equal to the loan amount. Miss Ruchirek has also entered into letter of undertaking with OT BVI whereby she has irrevocably undertaken, among other things, to assign and direct all dividends and distribution paid and payable by OT Thailand in relation to her shares in OT Thailand, and all distribution of assets and capital made or to be made by OT Thailand in relation to her shares in OT Thailand solely to OT BVI. Miss Ruchirek also appointed OT BVI as her proxy to receive notices of meetings and to vote in all shareholders' meetings of OT Thailand for any proposed resolutions.

OT VIETNAM CONTRACTUAL ARRANGEMENTS

Background of the OT Vietnam Contractual Arrangements

As advised by our Vietnam Legal Adviser, the establishment, organisation and business operations of foreign invested company established and existing in Vietnam are governed by the Vietnam's WTO Commitments and the Vietnamese laws, as amended and in force from time to time. As advised by our Vietnam Legal Adviser, as at the date of the OT Vietnam Contractual Arrangements, foreign ownership can only hold up to 51% interest in logistic company incorporated in Vietnam like OT Vietnam.

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OT Vietnam was incorporated in Vietnam on 22 December 2005. OT Vietnam contributed to approximately 2.3%, 2.2% and 1.9% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively. As at the Latest Practicable Date, 51% and 49% of the charter capital of OT Vietnam was registered under the name of OT HK and Dynamic Freight Co., Ltd. a company incorporated in Vietnam (“**Vietnam Owner**”) which is controlled by a director of OT Vietnam, respectively.

In order for OT HK to have full and effective control over the financial and operational policies of OT Vietnam, to obtain 100% economic benefits from OT Vietnam and to acquire the 49% charter capital contribution to OT Vietnam as and when permitted under the applicable Vietnam law, OT HK and the Vietnam Owner had verbal agreements around the time of incorporation of OT Vietnam in relation to, and have entered into the following written documents on 6 November 2013 to acknowledge, confirm and record the following contractual arrangements, which verbal agreements were reached among the two parties around the time of incorporation of OT Vietnam:

- (1) a loan agreement between OT HK as the lender and Vietnam Owner as the borrower pursuant to which OT HK has lent to Vietnam Owner a sum equal to Vietnam Owner’s initial charter capital contribution of US\$30,600 made to OT Vietnam;
- (2) a charter capital mortgage agreement by Vietnam Owner as mortgagor, in favour of OT HK as the mortgagee for the mortgage of Vietnam Owner’s charter capital contribution in OT Vietnam in favour of OT HK as security for the repayment obligations under the loan agreement;
- (3) a letter of undertaking by Vietnam Owner to OT HK and OT Vietnam pursuant to which Vietnam Owner has irrevocably undertaken, among others, to assign and direct all dividends and distributions payable by OT Vietnam to Vietnam Owner in respect of the said charter capital contribution to OT HK or person as from time to time designated by OT HK; and
- (4) a proxy by Vietnam Owner to appoint such person nominated by OT HK to act as the authorised representatives of Vietnam Owner to participate in the board of directors’ meetings of OT Vietnam and to direct OT Vietnam to deliver notices of board of directors’ meetings to OT HK or the authorised representatives, to exercise Vietnam Owner’s voting power in all board of directors’ meetings of OT Vietnam and to exercise all power of Vietnam Owner in respect of all the charter capital of OT Vietnam registered under its name from time to time.

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As advised by our Vietnam Legal Adviser, loan agreements with term exceeding 12 months must be registered with the State Bank of Vietnam (the “**SBV**”) within 30 working days upon execution. However, the above loan agreement could not be registered with SBV as it was a loan made in the past, and as such, the above loan agreement is not legal and valid under Vietnamese laws. Our Vietnam Legal Adviser also advised that the validity of the loan agreement, as the principal and primary document, would decide the validity and enforceability of its related legal documents and therefore its related security documents, including the charter capital mortgage, may also be declared invalid and unenforceable under the laws of Vietnam. Please also refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details for the non-compliance on the failure to register the above loan agreement with SBV. To ensure that OT HK would have valid, legal and enforceable contractual arrangements for obtaining full and effective control over the financial and operational policies of OT Vietnam, OT HK and the Vietnam Owner have entered into the OT Vietnam Contractual Arrangements as described below.

On 2 October 2013, OT Vietnam further increased its charter capital from US\$70,000 to US\$80,000 whereby OT HK and Vietnam Owner were required to inject additional capital into the charter capital of OT Vietnam in the amount of US\$5,100 and US\$4,900, respectively. The Vietnam Owner then borrowed US\$4,900 from OT HK for the additional charter capital contribution and both parties have entered into the OT Vietnam Contractual Arrangements as further disclosed below:

Principal terms of the OT Vietnam Contractual Arrangements

A brief summary of the principal terms of the four documents constituting the OT Vietnam Contractual Arrangements, comprising the loan agreement, the charter capital mortgage agreement, the letter of undertaking and the proxy, is set out below:

- (1) Loan agreement dated 6 November 2013 and entered into between OT HK as the lender and Vietnam Owner as the borrower

Grant of loan:	OT HK shall advance to Vietnam Owner the interest bearing loan for a principal amount of US\$4,900.
Term of the loan:	the loan shall be repayable on 22 December 2025 (or such later date as mutually agreed between the parties), except that the loan shall be repayable forthwith on demand by OT HK where an event of default occurs.
Interest:	5% per annum or such rate as may be agreed between the parties.
Security:	the loan is conditional and secured by the mortgage of the charter capital in OT Vietnam from time to time owned by Vietnam Owner under the charter capital mortgage agreement, and the arrangements under the proxy and the letter of undertaking as more particularly described below.

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Repayment and set-off Unless otherwise agreed by OT HK in writing or demanded by OT HK, Vietnam Owner shall not prepay all or any part of the loan.

For the repayment or prepayment of the loan or after the occurrence of any event of default, OT HK may at its sole discretion demand for and effect the transfer of the charter capital in OT Vietnam so mortgaged by Vietnam Owner under the charter capital mortgage agreement to OT HK or its designated transferee(s) at a consideration equal to the then outstanding principal amount of the loan and interest thereof (if any), which shall be off-set by the amount equal to the then outstanding principal amount of the loan and interest thereof (if any).

- (2) Charter capital mortgage agreement dated 6 November 2013 and entered into between OT HK as lender and Vietnam Owner as borrower

Under the charter capital mortgage agreement, as continuing security for the payment, discharge and performance of Vietnam Owner of the loan and other obligations and liabilities under the loan agreement, the charter capital mortgage agreement, the proxy and the letter of undertaking, Vietnam Owner has mortgaged in favour of OT HK, among others, all its US\$39,200 charter capital contributed by and registered in the name of Vietnam Owner to the charter capital of OT Vietnam, representing 49% in the total charter capital of OT Vietnam, and all further charter capital and securities deriving from such mortgaged capital, or otherwise acquired and held by Vietnam Owner from time to time (whether by way of acquisition from the other shareholder(s) of OT Vietnam or by further contribution to the charter capital of OT Vietnam).

- (3) Letter of undertaking dated 6 November 2013 by Vietnam Owner to OT HK and OT Vietnam

Under the letter of undertaking, Vietnam Owner has given, among others, the following undertakings:

- it has irrevocably granted to OT HK the right to exercise its rights as an owner of OT Vietnam;
- it has irrevocably undertaken to OT HK not to, and to procure its authorised representative not to, approve any resolution of the board of directors and/or owners of OT Vietnam relating to the business transaction, appointment, acceptance of resignation of or the removal of any director of OT Vietnam, and shall procure (to the extent within its power as an owner of OT Vietnam) OT Vietnam not to enter into any business transaction or effect such appointment, resignation or removal of directors without the prior consent or approval of OT HK;

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- it has irrevocably assigned and directed all dividends and distributions declared, paid and payable by OT Vietnam and all distributions of assets and capital made and to be made by OT Vietnam in relation to the shares of OT Vietnam from time to time held by it to OT HK (or such person as from time to time designated by it); and
- it has appointed any director of OT HK and our Company and his/her successors (including liquidator(s) replacing the director in the event of winding up of OT HK and/or our Company) as its attorney pursuant to which such attorney shall have the power to exercise all rights and power in respect of all the charter capital of OT Vietnam registered under the name of Vietnam Owner from time to time and to vote in all board of directors' meetings of OT Vietnam, sign any documents and make filings with any government authorities.

(4) Proxy dated 6 November 2013 by Vietnam Owner to OT Vietnam

Under the proxy, Vietnam Owner has irrevocably appointed OT HK to nominate any person(s) designated by OT HK to act as the authorised representative(s) to participate in the board of directors of OT Vietnam and to act and exercise, on behalf of Vietnam Owner, all its power in respect of all the charter capital of OT Vietnam registered in its name.

Under the OT Vietnam Contractual Arrangements, any dispute shall be resolved by arbitration, and that the arbitral tribunal may grant injunctive relief or arbitration award over the charter capital or land assets of OT Vietnam and may make order regarding the conduct of business of OT Vietnam or to compel transfer of the charter capital, or to order the parties to procure the winding up of OT Vietnam in accordance with the Vietnamese laws. As advised by our Vietnam Legal Adviser, such arbitration award (subject to the recognition for enforcement in Vietnam by the competent court of Vietnam) would be final and binding over the parties and there is no provision in the underlying documents constituting the OT Vietnam Contractual Arrangements in respect of injunctive relief that may not be enforceable under the laws of Vietnam. OT HK and OT Vietnam may also seek from the courts of Hong Kong or Vietnam or the Cayman Islands or any court having jurisdiction any interim or provisional relief that is necessary to protect their rights or property pending the establishment of the arbitral tribunal or pending the arbitral tribunal's determination of the merits of the dispute.

Reasons for and the benefits of the OT Vietnam Contractual Arrangements

The OT Vietnam Contractual Arrangements is designed to enable us to carry on our freight forwarding services by OT Vietnam in Vietnam despite the foreign ownership restriction there on one hand, and to provide our Group an effective control and (to the extent permitted under the laws of Vietnam) the right to acquire the remaining 49% equity interests in OT Vietnam on the other hand. Pursuant to the undertaking executed by the Vietnam Owner, we will be entitled to exercise all rights and power in respect of all the charter capital of OT Vietnam held by Vietnam Owner, and to vote in all board of directors' meetings of OT Vietnam, sign any documents and make filings with any government authorities, and we will be entitled to all dividends and distributions declared, paid and payable by OT Vietnam and all distributions of assets and capital made and to be made by OT Vietnam to Vietnam Owner. As such, as advised by our Vietnam Legal Adviser, our Group has control over the

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assets of OT Vietnam, rather than merely the right to manage its business and the right to revenue, through the OT Vietnam Contractual Arrangements and in the event of bankruptcy, liquidation or winding up, the liquidator of OT HK can seize the assets of OT Vietnam for the benefit of its shareholders or creditors. The OT Vietnam Contractual Arrangements did not contain any provisions that require our Group to provide additional financial support to OT Vietnam. Through the operation of the OT Vietnam Contractual Arrangements and together with the 51% shareholding interest held by OT HK directly, OT Vietnam is regarded as a wholly-owned subsidiary of our Company. Accordingly, the financial results of OT Vietnam were consolidated into our Group's financial statements as if it were our wholly-owned subsidiary. As a result, our Group bears 100% of the economic risks and losses of OT Vietnam by virtue of its holding of 51% equity interest in OT Vietnam and the OT Vietnam Contractual Arrangements in relation to the remaining 49% equity interest in OT Vietnam.

The OT Vietnam Contractual Arrangements are currently not subject to any scrutiny by any tax authorities. Under the prevailing laws of Vietnam, OT Vietnam is not subject to higher income tax rates or would incur additional taxes in Vietnam as a result of the OT Vietnam Contractual Arrangements. Please refer to the paragraph headed "The Vietnam Laws and Regulations" in Appendix IV to this prospectus for details of the prevailing laws in Vietnam in relation to taxes for further details. Please also refer to the paragraphs headed "Risk Factors — Risks Relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements" for the related risks of the OT Vietnam Contractual Arrangements.

Given that the Vietnam Owner is not our officer or Director and it would not be allowed to give any specific instruction on the way of voting under the proxy, our Directors do not consider there is any conflict of interest between our Group and the Vietnam Owner under the OT Vietnam Contractual Arrangements.

Legality and enforceability of the OT Vietnam Contractual Arrangements

As advised by our Vietnam Legal Adviser, given that the above loan agreement has obtained the approval of the SBV and the above charter capital mortgage has been registered with the national authority for registration of secured transaction (NARST), the OT Vietnam Contractual Arrangements are legal, valid and enforceable under and to the extent permissible by the Vietnamese law, and the OT Vietnam Contractual Arrangements, together with the registered shareholding of OT HK, enable OT HK to be beneficially interested in, and control all equity interest in OT Vietnam. Based on the above legal advice, our Directors believe that the OT Vietnam Contractual Arrangements are enforceable under the relevant laws and regulations of Vietnam.

Since the relevant documents for the OT Vietnam Contractual Arrangements have been duly approved and registered with the relevant government authorities in Vietnam, our Vietnam Legal Adviser is of the view that it is unnecessary for them to obtain any further regulatory assurance from the relevant government authorities in Vietnam in relation to the legality, validity and enforceability of the OT Vietnam Contractual Arrangements. As such, our Vietnam Legal Adviser advised that it has taken all possible actions or steps to enable them to reach its legal conclusion.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

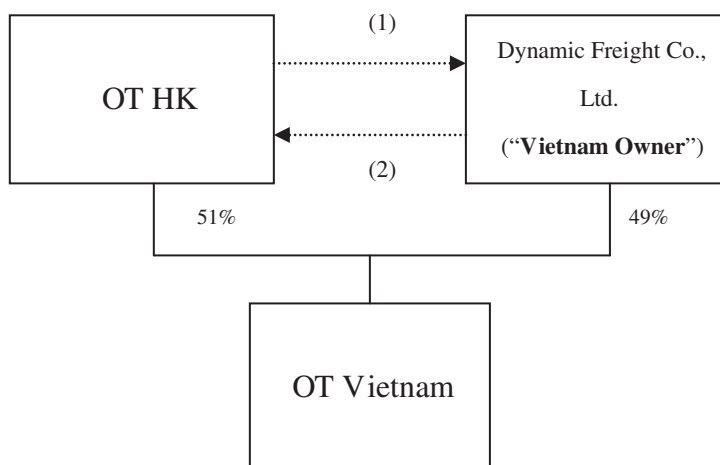
As advised by our Vietnam Legal Adviser, it is likely that OT HK could enforce the OT Vietnam Contractual Arrangements in accordance with Vietnamese laws if the Vietnam Owner is in bankruptcy, liquidation or winding up. However, in practice, there might be risks associated with such enforcement in case there is any dispute among the parties, which is to be brought to court's settlement and the competent court might only accept the enforcement of the charter capital mortgage agreement for the recovery of the loan up to US\$4,900, instead of the whole charter capital contribution held by the Vietnam Owner of US\$39,200 in OT Vietnam under the charter capital mortgage agreement. In any event, as advised by our Vietnam Legal Adviser, the loan amount of US\$4,900 will be recoverable in accordance with Vietnamese laws if the Vietnam Owner is in bankruptcy, liquidation or winding up. If the competent court only accepts the enforcement of the loan amount of US\$4,900, the potential financial impact on our Group will be the non-recovery for the sum of US\$34,300 (comprising the loan for the sum of US\$30,600 previously advanced by us to the Vietnam Owner for its contribution to the initial registered charter capital in OT Vietnam and the dividend for the sum of US\$3,700 previously distributed by OT Vietnam to the Vietnam Owner and re-contributed thereby to OT Vietnam by way of charter capital). Nevertheless, our Directors consider that such risk is insignificant as the amount of loss of the sum involved is insignificant. Notwithstanding that there may be a risk of the non-recovery for the sum of US\$34,300, OT HK has the contractual right to require the Vietnam Owner to transfer the 49% charter capital of OT Vietnam to OT HK or its designated transferee(s) at a consideration of US\$4,900 under the loan agreement, and such consideration of US\$4,900 shall be off-set against the outstanding loan amount and interest (if any) under the loan agreement. As advised by our Vietnam Legal Adviser, such contractual right under the loan agreement is legal, valid and enforceable under the Vietnamese laws and there is no legal requirement that the value of the security must be equal to the loan amount. Please also refer to the paragraph headed "OT Vietnam Contractual Arrangements — Principal terms of the OT Vietnam Contractual Arrangements" of this section of the prospectus for further details of the set-off arrangement under the loan agreement. We do not expect any material adverse impact on the operation or financial position of our Group if any part of the charter capital mortgage agreement is adjudged to be unenforceable, as we can secure the recovery of all of the 49% charter capital under the loan agreement despite the non-recovery of the sum of US\$34,300 under the charter capital mortgage agreement.

Up to the Latest Practicable Date, we have not encountered any interference or encumbrance from any governing bodies in Vietnam in controlling part of our interest in OT Vietnam through the OT Vietnam Contractual Arrangements. We intend to unwind the OT Vietnam Contractual Arrangements as soon as possible if and when the relevant laws in Vietnam allow us to operate in Vietnam without the OT Vietnam Contractual Arrangements. As advised by our Vietnam Legal Adviser, under the prevailing laws and regulations of Vietnam, there is no other specific requirement imposed on foreign investor(s) to operate and carry out freight forwarding services in Vietnam in the event that the relevant foreign ownership restriction is lifted. Please refer to Appendix IV to this prospectus for the applicable laws and regulations in Vietnam for carrying on freight forwarding services in Vietnam. As OT HK shall have the right at its sole discretion to demand for and effect the transfer of the charter capital mortgaged by the Vietnam Owner under the charter capital mortgage agreement to OT HK or its designated transferee(s) to set off against the then outstanding principal amount and interest of the loan upon due and payable, Vietnam Owner must, subject to the election by our Group and subject to the relevant laws and regulations, repay the then outstanding principal

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amount of the loan and interest to us either in cash or by returning the charter capital so mortgaged to us (or our designated transferee(s)). As such, no net consideration shall be payable by OT HK to Vietnam Owner for the acquisition of its charter capital in OT Vietnam upon unwinding of the OT Vietnam Contractual Arrangements.

The following simplified diagram illustrates the mechanism of the OT Vietnam Contractual Arrangements:



Notes:

- (1) Pursuant to two loan agreements both dated 6 November 2013 and executed between OT HK and the Vietnam Owner, the Vietnam Owner is indebted to OT HK in the total principal amount of US\$35,500.
- (2) As security for the repayment of the loan owed to OT HK, the Vietnam Owner has entered into charter capital mortgage agreements in favour of OT HK for the mortgage of Vietnam Owner's charter capital contribution in OT Vietnam in favour of OT HK as security for the repayment obligations under the loan agreements. Further, the Vietnam Owner has also entered into letters of undertaking pursuant to which Vietnam Owner has irrevocably undertaken, among others, to assign and direct all dividends and distributions payable by OT Vietnam to Vietnam Owner in respect of all its charter capital contribution to OT HK or person as from time to time designated by OT HK, to appoint such person nominated by OT HK to act as the authorised representatives of Vietnam Owner to participate in the board of directors' meetings of OT Vietnam and to direct OT Vietnam to deliver notices of board of directors' meetings to OT HK or the authorised representatives, to exercise Vietnam Owner's voting power in all board of directors' meetings of OT Vietnam and to exercise all power of Vietnam Owner in respect of all the charter capital of OT Vietnam registered under its name from time to time.

Corporate governance measures in ensuring implementation of the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements

We have adopted the following measures to ensure the implementation of the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements after the Listing:

- (i) as part of the internal control measures, major issues arising from implementation of the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements will be reviewed by the Board on an annual basis;

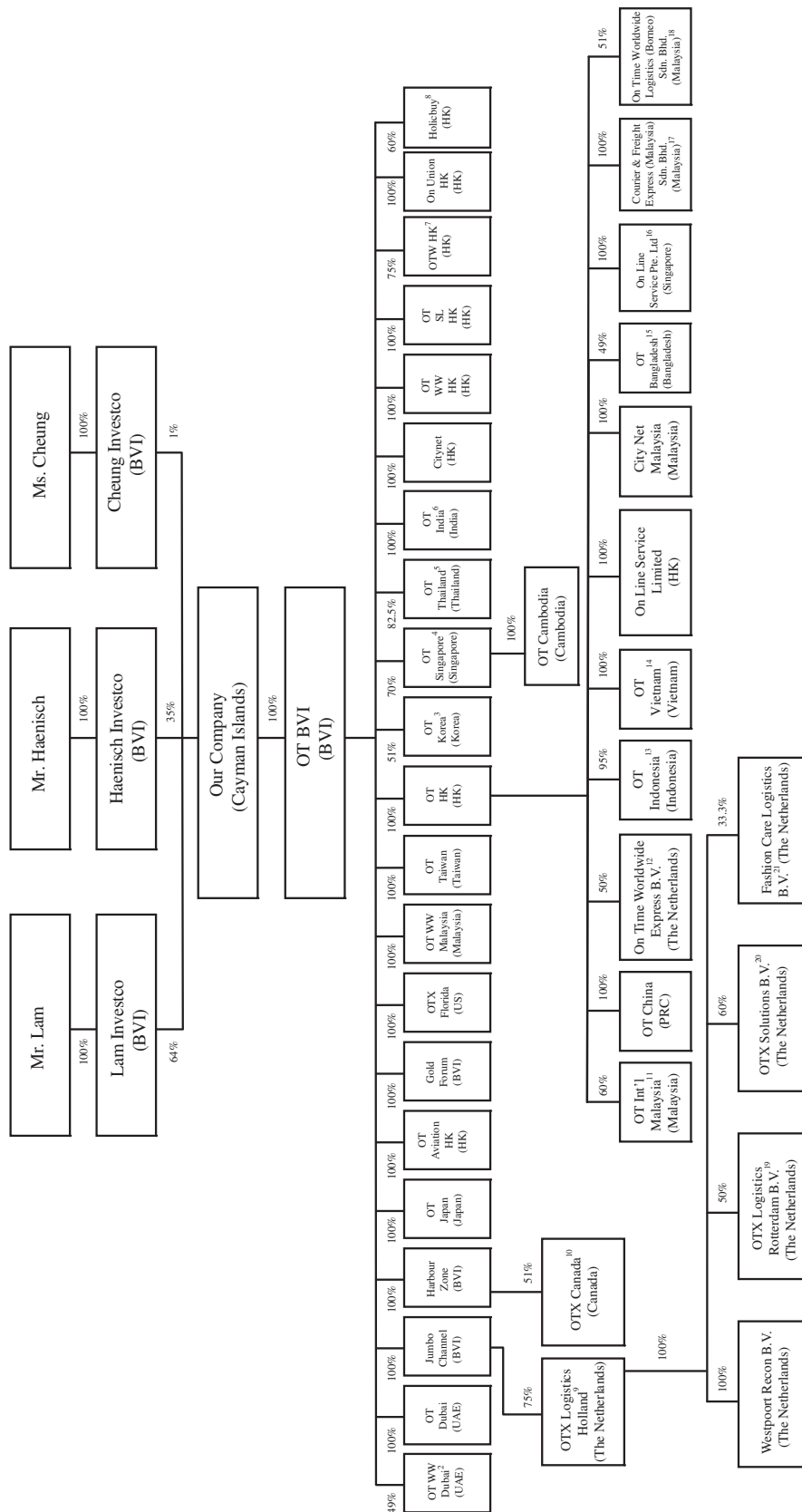
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (ii) matters relating to compliance and regulatory enquiries from governmental authorities (if any) will be reported promptly by OT Thailand and OT Vietnam to the Board;
- (iii) given the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements will constitute continuing connected transactions of our Company, conditional waiver has been sought from the Stock Exchange, further information on which is set forth in the section headed “Continuing Connected Transactions” in this prospectus. Our Company will comply with the conditions prescribed under the waiver granted;
- (iv) legal advisers and/or other professionals will be retained to assist us to deal with specific issues arising from the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements as and when necessary; and
- (v) our independent non-executive Directors will review the compliance of the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements on an annual basis and their confirmation will be disclosed in our annual report.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group immediately before the completion of the Global Offering and the Capitalisation Issue:



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Notes:

1. The following table summarises the brief details of each of our Group companies as at the Latest Practicable Date:

	Name of Group companies	Date of incorporation	Place of incorporation	Principal activities
1.	OT BVI	3 March 2011	BVI	Investment holding
2.	Jumbo Channel	4 May 2011	BVI	Investment holding
3.	Harbour Zone	4 January 2011	BVI	Investment holding
4.	Gold Forum	3 May 2011	BVI	Investment holding
5.	OT Cambodia	4 November 2010	Cambodia	Provision of freight forwarding services
6.	OTX Canada	15 April 2011	Province of Ontario, Canada	Provision of freight forwarding services
7.	OT HK	18 July 1995	Hong Kong	Provision of freight forwarding services and an investment holding company of our Group
8.	OT Aviation HK	11 April 2011	Hong Kong	Inactive
9.	On Union HK	8 December 2003	Hong Kong	Properties holding
10.	OT WW HK	30 April 2004	Hong Kong	Provision of warehousing services
11.	OT SL HK	15 September 2004	Hong Kong	Issuing of bills of lading
12.	Citynet	17 September 1999	Hong Kong	General sales agency
13.	On Line Service Limited	17 December 2009	Hong Kong	Inactive
14.	OTW HK	12 July 2011	Hong Kong	Provision of freight forwarding services
15.	Holicbuy	30 May 2014	Hong Kong	Inactive
16.	OT India	12 January 2010	India	Provision of freight forwarding services
17.	OT Indonesia	22 February 2000	Indonesia	Provision of freight forwarding services
18.	OT Japan	28 November 2011	Japan	Provision of freight forwarding brokerage services
19.	OT Korea	20 January 2006	Korea	Provision of freight forwarding services
20.	OT WW Malaysia	25 November 2004	Malaysia	Provision of freight forwarding services
21.	OT Int'l Malaysia	4 December 2002	Malaysia	Inactive
22.	City Net Malaysia	2 April 2012	Malaysia	General sales agency
23.	Courier & Freight Express (Malaysia) Sdn. Bhd.	16 March 2010	Malaysia	Inactive
24.	On Time Worldwide Logistics (Borneo) Sdn. Bhd.	10 March 2010	Malaysia	Inactive

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	Name of Group companies	Date of incorporation	Place of incorporation	Principal activities
25.	OTX Logistics Holland	28 May 1998	Netherlands	Provision of freight forwarding services
26.	Westpoort Recon B.V.	17 December 1993	Netherlands	Provision of freight forwarding services
27.	OTX Solutions B.V. (formerly known as Unique Logistics Enschede B.V.)	19 April 2006	Netherlands	Provision of freight forwarding services
28.	OT China	10 October 2004	The PRC	Provision of freight forwarding services
29.	OT Singapore	22 June 2006	Singapore	Provision of freight forwarding services
30.	On Line Service Pte. Ltd.	15 January 2010	Singapore	Inactive
31.	OT Taiwan	8 December 2005	Taiwan	Provision of freight forwarding services
32.	OT Thailand	4 January 2006	Thailand	Agent for provision of freight forwarding services
33.	OT Dubai	25 April 2012	UAE	Provision of freight forwarding services
34.	OT WW Dubai	16 February 2014	UAE	Provision of freight forwarding services
35.	OTX Florida	1 October 2011	United States	Provision of freight forwarding services
36.	OT Vietnam	22 December 2005	Vietnam	Provision of freight forwarding services

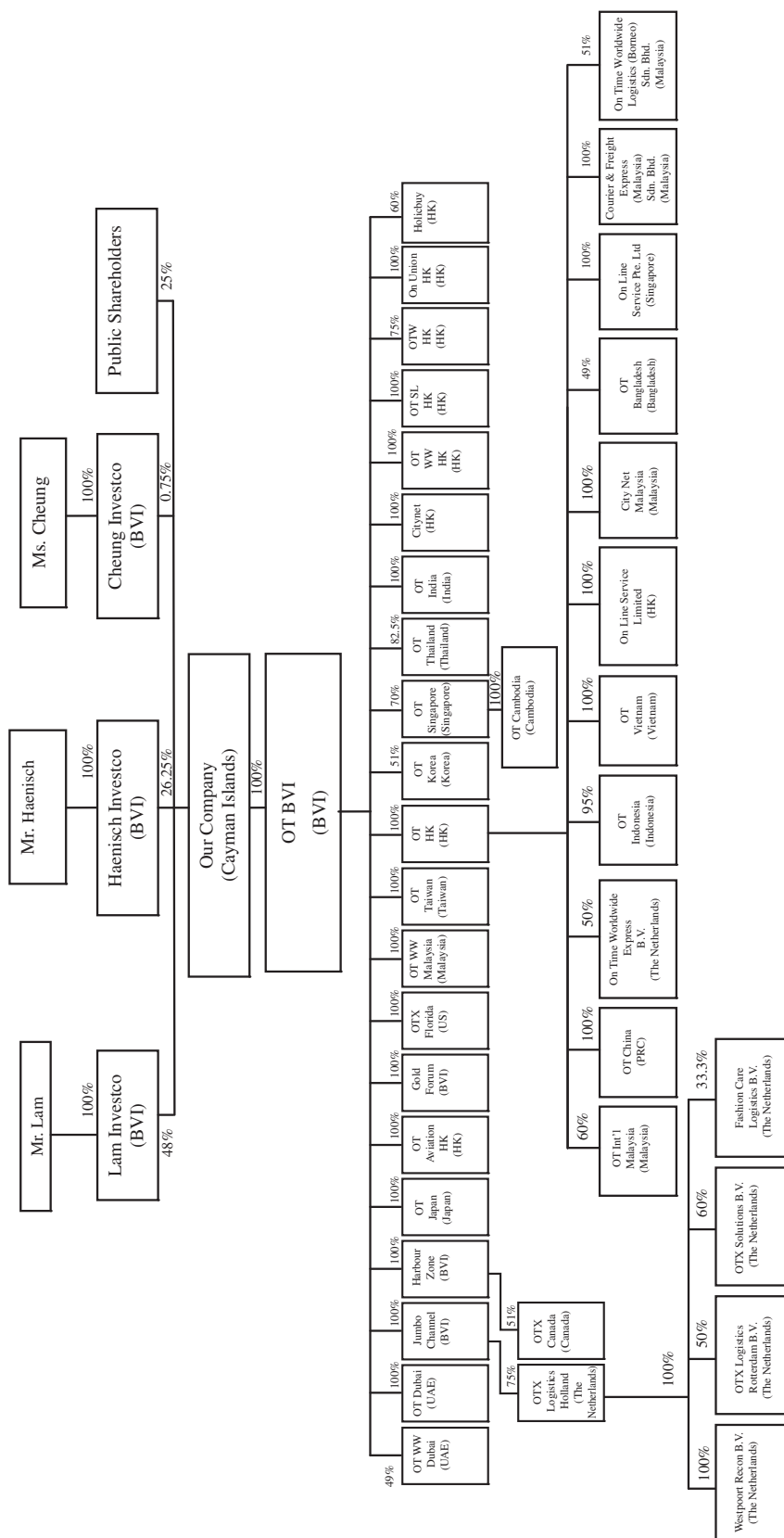
2. The remaining 51% issued share capital in OT WW Dubai was held by Mr. Abdulla Ibrahim Mohd Nawab Omari, an Independent Third Party.
3. The remaining 49% issued share capital in OT Korea are held as to 40% by Mr. Chang-Ho Hur, as to about 8.998% by Mr. Byung-Hwa Ahn, both of whom are directors of OT Korea and as to about 0.002% by Mr. Sang-Jun Oh, an Independent Third Party.
4. The remaining 30% issued share capital in OT Singapore was held by Mr. William Tan, a director of certain of our subsidiaries.
5. OT BVI was the registered owner of 49% of the issued share capital in OT Thailand. 33.5% of the issued share capital of OT Thailand was held by Miss Ruchirek Pipatsriswat, who is our employee, and was controlled by OT BVI through the OT Thailand Contractual Arrangements. The remaining 17.5% of the issued share capital was held by Mr. Wichai Rungsangthongsuk, sole director of OT Thailand.
6. One share in OT India is held by OT HK for and on behalf of OT BVI.
7. The remaining 25% issued share capital in OTW HK was held by Mr. Helaluddin Akbar, a director of OTW HK.
8. The remaining 40% issued share capital in Holicbuy was held by Aibidding Holdings Limited. Aibidding Holdings Limited is owned by two Independent Third Parties.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

9. The remaining 25% issued share capital in OTX Logistics Holland was held by T.Y.D. Holding B.V., the sole director of Westpoort Recon B.V..
10. The remaining 49% issued share capital in OTX Canada was held by Larry Ka-Yiu Wong, a director of OTX Canada.
11. The remaining 40% issued share capital in OT Int'l Malaysia was held by Baskaran A/L Radhakrishnan, who is an Independent Third Party.
12. The remaining 50% issued share capital in On Time Worldwide Express B.V. was held by A.G. van der Helm Transport Groep B.V., a director of On Time Worldwide Express B.V. and the sole director of Fashion Care Logistics B.V..
13. The remaining 5% issued share capital in OT Indonesia was held by PT. Alsa Indonesia Logistics, which is owned by Mr. Akbar Nampo, a director of OT Indonesia and his associate.
14. OT HK was the registered owner of 51% of the charter capital of OT Vietnam. The remaining 49% of the charter capital of OT Vietnam was held by Dynamic Freight Co., Ltd. and was indirectly controlled by OT HK through the OT Vietnam Contractual Arrangements.
15. The remaining 51% issued share capital in OT Bangladesh was held as to 36% by Mr. Helaluddin Akbar, a director of OT Bangladesh, 10% by Mrs. Sayeeda Khanam Akbar and 5% by Ms Jannatul Firdous Akbar, both are associates of Mr. Helaluddin Akbar.
16. On Line Service Pte. Ltd. has submitted an application for striking off. As at the Latest Practicable Date, On Line Service Pte. Ltd. has not yet been struck off.
17. The entire issued share capital in Courier & Freight Express (Malaysia) Sdn. Bhd. was held by Wellport, which was wholly beneficially owned by Mr. Lam, on trust for OT HK. Courier & Freight Express (Malaysia) Sdn. Bhd. has made an application for striking off. As at the Latest Practicable Date, Courier & Freight Express (Malaysia) Sdn. Bhd. has not yet been struck off.
18. The remaining 49% issued share capital in On Time Worldwide Logistics (Borneo) Sdn. Bhd. was held as to 39% by BPMAS Sdn. Bhd., (which is owned by two Independent Third Parties) and as to 10% by an Independent Third Party. As it had ceased its operations, On Time Worldwide Logistics (Borneo) Sdn. Bhd. has made an application for striking off. As at the Latest Practicable Date, on Time Worldwide Logistics (Borneo) Sdn. Bhd. has not yet been struck off.
19. The remaining 50% issued share capital in OTX Logistics Rotterdam B.V. was held by A.G. van der Helm Expeditie Rotterdam B.V., a director of OTX Logistics Rotterdam B.V..
20. The remaining 40% issued share capital in OTX Solutions B.V. are held as to 20% by JASA BEHEERGROEP B.V. and as to 20% by DBB Beheer B.V., being management companies held by each of Mr. Jarl Johannes Albert Guichelaar and Mr. Boy Biesma, respectively, both of whom are directors of OTX Solutions B.V..
21. The remaining 66.7% issued share capital in Fashion Care Logistics B.V. was held by as to about 33.33% by A.G. van der Helm Transport Groep B.V., a director of On Time Worldwide Express B.V. and the sole director of Fashion Care Logistics B.V., and about 33.33% by Brezho B.V., an Independent Third Party.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group immediately upon completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and taking no account of any Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme):



BUSINESS

OVERVIEW

We are an established and growing international freight forwarding service provider. Founded and headquartered in Hong Kong since 1995, we have expanded to 16 countries with 54 offices in Asia, the Netherlands and North America as at the Latest Practicable Date. Air and ocean freight forwarding are our core businesses, whilst we also provide warehousing, distribution, customs clearance, contract and ancillary logistics services. With access to most major trade destinations via our trade partners and other logistics industry players, we have built a broad customer base which comprises freight forwarder customers and direct customers in various industries, including garments, footwear and electronics.

Our freight forwarding service principally involves obtaining cargo space from major airlines and other carriers so as to deliver the consigned shipments to the destinations required by our customers. Our services are supported by our in-house developed freight operations system, which is tailored to our air and ocean freight operational needs, whilst its electronic data interchange facilitates convenient and direct data exchange among our suppliers of cargo space and customers. We subcontract some of our services, such as ground transportation, to our trade partners and other logistics industry players. With approximately 1,000 employees in Hong Kong, the PRC, Cambodia, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, Vietnam, the UAE, the Netherlands, Canada and the United States as at the Latest Practicable Date, we have the local market knowledge and operational know-how to serve international customers, whose requirements often span across different destinations.

During the Track Record Period, there was no material change in our business focus and we have grown through setting up offices on our own effort and acquiring OTX Logistics Holland in 2011. Our goal is to become an international logistics service provider by expanding our network of offices, strengthening our IT systems, enlarging our scope of services, increasing our sales and marketing effort, and exploring e-commerce opportunities. In Asia, we plan to increase our volume and market share by hiring more staff, offering more services and selectively opening new offices to target specific industries. In North America, we plan to increase staff and operational capabilities to existing offices, and open new offices in the United States through acquisition(s). We had not identified any suitable acquisition target(s) as at the Latest Practicable Date. We believe that implementation of our future plans and strategies, including our e-commerce strategy, will not constitute any significant shift in our business focus after the Listing.

In each of the three years ended 31 December 2013, our revenue was approximately HK\$2,319.9 million, HK\$2,633.9 million and HK\$3,161.3 million, respectively. In each of the three years ended 31 December 2013, our net profit attributable to Shareholders was approximately HK\$51.2 million, HK\$37.8 million and HK\$46.4 million, respectively.

BUSINESS

COMPETITIVE STRENGTHS

We believe that the following competitive strengths are the key factors contributing to our success to date, and will enable us to achieve our goal of becoming an international logistics provider and to capture growth opportunities:

Established market position with an extensive network of offices serving freight forwarding flow from Asia to Europe and North America

We have established and maintained our headquarters in Hong Kong since 1995, and have grown to become an international freight forwarding services provider. As at the Latest Practicable Date, we had approximately 1,000 employees in 54 offices in Asia, the Netherlands and North America, of which 44 offices are located in 13 Asian countries comprising Hong Kong, the PRC, Cambodia, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, the UAE and Vietnam. Since the mid-2000's, we have captured opportunities resulting from the increase in export volumes from Asia to traditional export destinations in Europe and North America. We believe that industries in Asia will move upscale and relocate within the region, creating more freight forwarding demand, both intra-Asia and ex-Asia, to traditional export destinations in Europe, North America and the developing countries. We believe that our strong network in Asia will enable us to take advantage of such expected growth, complement our offices in the Netherlands, Canada and the United States, and facilitate the expansion of our network of offices in North America.

We are well recognised in the logistics industries on an international level, having received numerous awards from international organisations and major airlines since 2000, including various awards granted by World Cargo Alliance, and “Top Agent Award” by Cathay Pacific Cargo/Dragonair Cargo every year since 2006. For details of our awards and accreditation, please refer to the paragraph headed “Business — Memberships, Certifications, and Awards” of this prospectus.

Broad customer base, strong relationship with customers and airline suppliers of cargo space

For the years ended 31 December 2011, 2012 and 2013, we had approximately 25,000, 28,000 and 29,000 customers comprising both freight forwarder customers and direct customers such as WT Microelectronics Co., Ltd. and Tommy Hilfiger Europe B.V. Our customers are across a diverse range of industries, which reduces our exposure to downturn in any particular industry and provides cross-selling opportunities. In addition, this enables us to carry out consolidation more effectively, thereby contributing to optimised utilisation of cargo space and our profitability.

We have strong business relationships with our customers. We have business relationships of more than four years with four of our five largest customers for the year ended 31 December 2013. We have served the freight forwarding and logistics needs of brands such as Tommy Hilfiger, Tom Tailor and Witt Weiden as our direct customers or through our freight forwarder customers for more than five years. We have also been successful in attracting new customers, adding approximately 14,000, 14,000 and 13,000 new customers for the years ended 31 December 2011, 2012 and 2013, respectively. As Hong Kong is a transit hub for garments, footwear and electronics, we have developed relationships with customers in these industries, as well as the know-how in serving their specific logistics needs.

BUSINESS

We have strong business relationship with our airline suppliers of cargo space, and our air freight business generated approximately 77.4%, 73.8% and 68.2% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively. We enter into block-space agreements with airlines, which generally guarantee us allocation of agreed quantities of air cargo space at pre-determined rates over durations ranging from four to 12 months. For the years ended 31 December 2011, 2012 and 2013, the number of airlines with which we had block-space agreements was 11, eight and nine, respectively. As at the Latest Practicable Date, we had entered into block-space agreements with 13 airlines with terms due to expire in the next one to 11 months. Of our five largest suppliers for the year ended 31 December 2013, four were international airlines with headquarters in Europe and Asia, and we have over four years of business relationship with all of them.

Growing ocean freight segment

We began to lay more emphasis on our ocean freight business in 2004. For the years ended 31 December 2011, 2012 and 2013, our ocean freight revenue was approximately HK\$444.6 million, HK\$606.4 million and HK\$897.2 million, respectively. We have over five years of business relationships with three of our five largest shipping line suppliers of cargo space for the year ended 31 December 2013.

Advanced information technology and systems

We believe an advanced and efficient IT platform is crucial to our goal of becoming an international logistics provider. We have made substantial investments in IT systems and related equipment, and our in-house IT team developed our own freight operations system in 2007 and have since continuously carried out its maintenance and upgrading. Our freight operations system also embodies an electronic data interchange which facilitates convenient and direct data exchange among our suppliers of air cargo space and customers. We believe our electronic data interchange has enabled us to forge strong relationship with our customers and other logistics industry players. As at the Latest Practicable Date, we had 16 electronic data interchanges.

STRATEGIES

Further details on our expansion plans and possible acquisition targets (if any) are set out in the section headed “Future Plans and Use of Proceeds” of this prospectus. We believe that, barring unforeseen circumstances, there will not be any material change in our business focus after the Listing.

Our goal is to become an international logistics provider by implementing the following strategies:

Continue to strengthen our presence in Asia to capture the expected growth in logistics demand

According to the Ipsos Report, logistics demand in Asia is expected to grow as industries in Asia continue to move upscale or relocate within the region, creating opportunities in both ex-China, ex-Asia and intra-Asia freight forwarding business. We plan to increase our volume and market share by (i) hiring more business development and other personnel in our offices in the PRC, Japan and

BUSINESS

Taiwan; (ii) offering more services, including contract logistics through planned facilities in Shanghai and Shenzhen to capture China related freight forwarding and other logistics demand; and (iii) targeting the garment, footwear and the electronics industries. Our Shanghai and Beijing offices will focus on the air and ocean freight segments and related services to and from eastern and northern China, as we believe these two cities will be the drivers of air and ocean freight business for routes serving these regions within China and for China's international import and export traffic. Our Shanghai, Shenzhen and Hong Kong offices will rely on existing relationships with trade partners and shipping lines to further develop our ocean freight segment and related services. Given the expected continued growth in the logistics market in China, we also plan to increase the number of our offices there, through setting up on our own effort or making acquisition. Based on our experience in setting up new offices during the Track Record Period in China, we estimate that the relevant payback period, which is the amount of time taken for the accumulated net profit (excluding depreciation and amortization) from an office to recover the costs of setting it up, is approximately 44 months, and the relevant breakeven period is approximately nine months.

For the rest of Asia, we plan to establish our presence in countries with growing export needs from their garment and other industries. Since 2012, through our office in Dubai, the UAE, we have been gaining experience in the logistics industry in the Middle East, a growing destination for exports from the rest of Asia and Western Europe. We believe that a stronger presence in the Middle East, through upgrading our capabilities in Dubai or setting up offices on our own or making acquisition to complement our operations in that region, will enhance business flow through our offices in other countries. Based on our experience in setting up new offices during the Track Record Period in Asia other than China, we estimate that the relevant payback period is approximately 44 months and the relevant breakeven period is approximately 15 months.

As at the Latest Practicable Date, we had not identified any suitable acquisition target(s) in China or other countries in Asia including the Middle East.

Strengthen our complementary network of offices in North America

We have set up 10 offices in Canada and the United States since 2011. Based on our experience in setting up new offices in North America during the Track Record Period, we estimate that the relevant payback period is approximately 21 months and the relevant breakeven period is approximately eight months. With our own offices in North America complementing the export-leg of our freight forwarding services, we are also well positioned to forge closer relationships with local consignees and other players in the logistics chain, and to capture the import-leg of freight forwarding services. Our North America strategy involves making acquisition to expand existing staff levels and operational capabilities of our offices in New York, Los Angeles, San Francisco and Doral (near Miami) and in new locations to expand our geographical coverage and to enhance our network synergies. We plan to upgrade our current logistics facilities in Los Angeles, and to increase the number of business development personnel for the other three offices. To oversee our North America operations, Mr. Haenisch, an executive Director, has moved to Los Angeles since the second half of 2013. For more information relating to our network synergies, please refer to the paragraph headed "Business — Our Operations — Network synergies" of this prospectus.

BUSINESS

As at the Latest Practicable Date, we had not identified any suitable acquisition target(s) in North America.

Further strengthen our information technology and systems

We will continue to invest in IT systems to integrate all our offices, and to keep up with the expanding IT requirements of our Group, suppliers, customers and other logistics industry players. We plan to upgrade our freight operations system with more comprehensive purchase order management functions. We plan to integrate, via our own developed portal, our IT into the business processes of our suppliers and customers and to help them connect and share data with relevant industry players so as to enhance operational and management efficiency. We also plan to implement a comprehensive warehouse management system to cater for our growing contract logistics business. We believe the above will provide a wider range of information-based solutions in a more efficient manner and improve our customers' supply chain management.

Expand the scope of our services and increase sales and marketing effort for existing and new customers

According to the Ipsos Report, as industries in Asia move upscale in size, production method and complexity, there will be a resultant growth in demand for ancillary and contract logistics services. We believe this trend will be prevalent among our existing customers. We plan to offer more comprehensive contract logistics services, through our offices in Shanghai, Shenzhen and Los Angeles.

With our planned expansion for our offices in San Francisco and Doral, we intend to target the import-leg of freight forwarding services bound for destinations in certain regions in North America and South America.

We plan to grow with our existing customers by offering a wider range of services, through increase in sales and operations staff in selected offices in Asia and North America, and helping them with IT integration. For those existing and new customers which are multinationals often with cross-border logistics requirements, we intend to increase and develop business with them through more joint sales effort among our offices and creation of cross-function customer service teams.

Explore e-commerce opportunities

We are conscious of the increasing importance of e-commerce and its impact on the distribution channel between manufacturers and end consumers. As an IT driven logistics provider with 54 offices in 16 countries and a broad customer base serving the retail sector, we are well positioned to explore (i) e-commerce cross-selling of goods among our existing direct customers, (ii) e-commerce sales opportunities for our existing direct customers to gain new markets and new business and consumer customers; and (iii) other e-commerce sales opportunities which may complement our air freight segment. We expect that our e-commerce operations will mainly involve setting up online platforms where garment, footwear and electronics goods sourced from our existing direct customers will be made available for purchase by other existing and new customers, with delivery of the goods at all stages through our freight forwarding and logistics services and other services that we may outsource.

BUSINESS

With respect to our e-commerce target customers, we expect that some will be existing direct customers, and they, in line with our current shipment flow from Asia to Western countries, will be based in the traditional export markets of Asia such as Europe and the United States, as well as the more affluent markets in Asian countries. Other customers will be new customers which we aim to develop by cost efficient means such as online marketing.

We intend to carry out our e-commerce operations from the second half of 2014 from our Hong Kong headquarters via Holicbuy, a recently incorporated subsidiary. As advised by our Hong Kong legal adviser, no specific license and permit is required under Hong Kong laws for our e-commerce operations. To spearhead and manage our e-commerce operations, we will have in place a dedicated team of around seven members, who are our existing or new employees with technical know-how and experience in e-commerce marketing and identifying products with good e-commerce potential. The team will be led by a manager with approximately 10 years experience in e-commerce, and will work closely with our IT, operations and sales and marketing staff in our offices in our target markets to leverage upon our current resources and infrastructure. As we already have warehousing, distribution, consolidation capabilities and in-house IT support for adapting our IT infrastructure and its tracking, tracing, purchase order management and other functions for our e-commerce operations, we believe that any capital expenditure required for our e-commerce operations and other associated expenses will be minimal and can be met out of our general working capital.

BUSINESS PERFORMANCE AND PROFITABILITY

Air and ocean freight forwarding are our core services. We make a profit by carrying out consolidation, that is, the grouping of a number of consignments into a single consignment in order to optimise the amount of goods for carriage on a given cargo space.

Our general sales agency business involves us being appointed as non-exclusive general sales agent (for term of usually one year) to on-sell a minimum quantity of air cargo space on certain air routes against bank guarantees that we provide to the airlines.

We also derive service incomes through our provision of ancillary and contract logistics services.

BUSINESS

For details of our business model and operations, please see the paragraphs headed “Business - Business Model” and “Business — Our Operations” of this prospectus.

We believe that our business performance and profitability are affected by the following factors, among others:

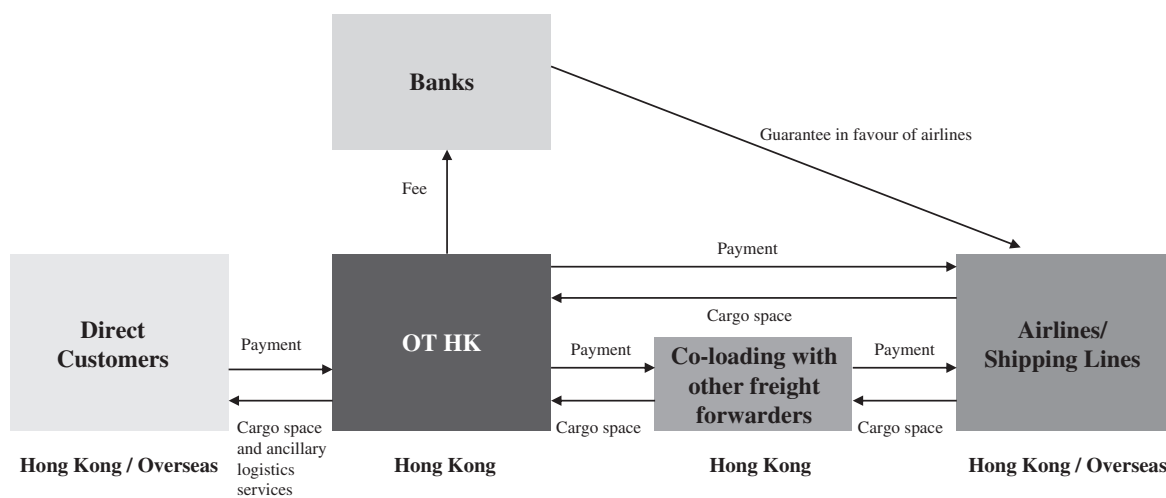
Industry outlook	Growth drivers - global markets	Growth drivers - industry specific factors	Potential levers	Value added by forwarders
<ul style="list-style-type: none"> • A fragmented industry with low barriers to entry • Emphasis on process efficiency and network cost • Differentiation by value-added services • Requires knowledgeable and experienced staff 	<ul style="list-style-type: none"> • Increasing global consumption demand • Increase in cross-border trade and globalization • Growth in merchandise trade (as a multiplier of GDP growth) • Growth in intra-Asia trade • Rapidly growing logistics industry in the PRC • Launch of new and popular products with shorter product life cycle in the consumer electronics industry 	<ul style="list-style-type: none"> • Volatile freight / shipping rates encourage customers to use a forwarder as it is able to obtain very competitive prices • Customers may have limited access to purchase cargo space directly from carriers • Optimise the utilisation of cargo space • Lower inventory levels of customers • Integration and consolidation of IT platforms to support day-to-day operations • Coverage of trade lanes 	<ul style="list-style-type: none"> • Increase revenue • Control cost of sales • Reduction of direct operating expenses • Capacity management of cargo space to reduce exposure to market volatility 	<ul style="list-style-type: none"> • Coordinating transport-related players (depending on agreed international commercial terms between shipper and consignee) • Provision of related services like contract logistics and warehousing • Consolidation of volumetric and dense cargo, allowing customers to enjoy lower rates and reduce their costs of airfreight

BUSINESS MODEL

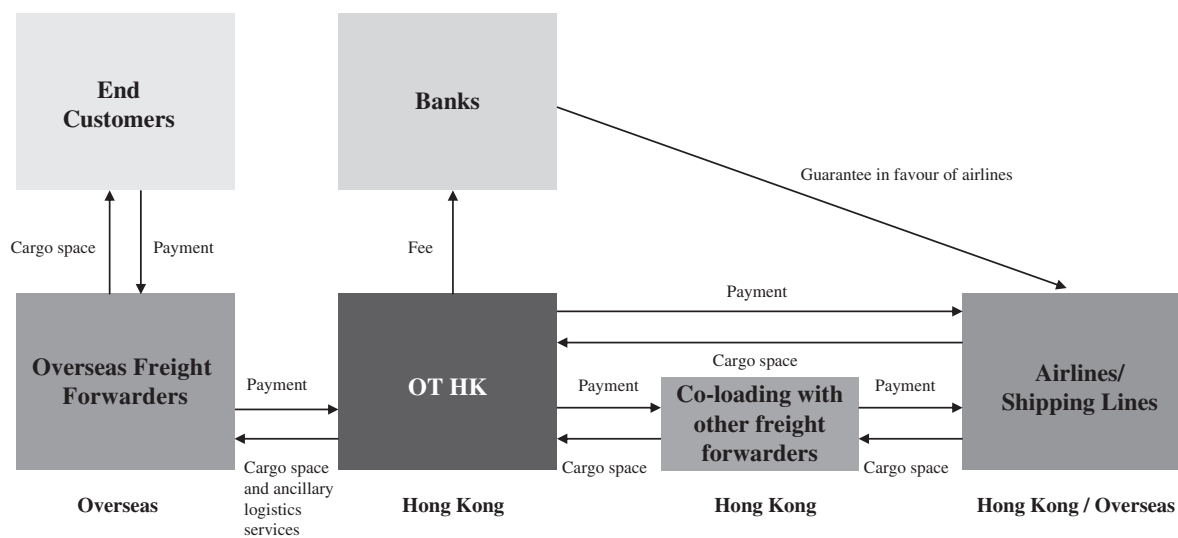
Our business model principally involves providing export freight forwarding services through obtaining cargo space from carriers, carrying out consolidation and preparing the relevant documentation to deliver the consigned shipments to the destinations required by direct customers and freight forwarder customers. We also provide ancillary logistics services such as warehousing, distribution and customs clearance through our own facilities and other independent contractors.

BUSINESS

The following chart illustrates the provision of freight forwarding services by our Hong Kong headquarters to direct customers:



The following chart illustrates the provision of freight forwarding services by our Hong Kong headquarters to customers which are overseas freight forwarders:



For details and illustration of the typical freight forwarding flow of an export shipment, please see the paragraph headed “Business — Our Operations — Operational Flow” of this prospectus.

BUSINESS

The following table sets out our revenue by business segment during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Air freight	1,795,725	77.4	1,942,403	73.8	2,154,586	68.2
Ocean freight	444,571	19.2	606,421	23.0	897,240	28.4
GSA	3,680	0.1	4,271	0.2	3,593	0.1
Logistics	22,345	1.0	24,754	0.9	58,237	1.8
Others	<u>53,546</u>	<u>2.3</u>	<u>56,037</u>	<u>2.1</u>	<u>47,634</u>	<u>1.5</u>
Total	<u>2,319,867</u>	<u>100.0</u>	<u>2,633,886</u>	<u>100.0</u>	<u>3,161,290</u>	<u>100.0</u>

The following table sets out our gross profit by business segment during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>Gross profit margin %</i>	<i>HK\$'000</i>	<i>Gross profit margin %</i>	<i>HK\$'000</i>	<i>Gross profit margin %</i>
Air freight	222,758	12.4	280,676	14.4	264,730	12.3
Ocean freight	86,667	19.5	75,961	12.5	158,909	17.7
GSA	3,680	100.0	4,271	100.0	3,593	100.0
Logistics	11,135	49.8	12,121	49.0	26,419	45.4
Others	<u>2,684</u>	<u>5.0</u>	<u>8,909</u>	<u>15.9</u>	<u>11,509</u>	<u>24.2</u>
Total	<u>326,924</u>	<u>14.1</u>	<u>381,938</u>	<u>14.5</u>	<u>465,160</u>	<u>14.7</u>

Air freight

Air freight forwarding service is the largest of our business segments. It principally involves arranging shipment upon receipt of booking instructions from our customers, obtaining cargo space from airlines, preparing the relevant documentation, consolidation, and upon delivery to destination, arranging customs clearance and cargo handling. For the years ended 31 December 2011, 2012 and 2013, our air freight revenue was approximately HK\$1,795.7 million, HK\$1,942.4 million and HK\$2,154.6 million, respectively, or approximately 77.4%, 73.8% and 68.2% of our total revenue, respectively. For the years ended 31 December 2011, 2012 and 2013, our air freight shipment volumes were 59,766 tonnes, 65,913 tonnes and 68,415 tonnes, respectively. We obtain all of our air cargo space by entering into the three types of arrangements set out below. Under each arrangement, the airlines are ultimately responsible for the loss, damage and delay of the consigned shipment during transit due to the airlines' fault, and their liabilities are limited to typically no more than 19 SDRs per kilogram, which is in line the Warsaw Convention or the Montreal Convention as may be applicable.

BUSINESS

Block-space agreements with airlines

We enter into legally binding block-space agreements with airlines. These agreements generally guarantee us allocation of agreed quantities of air cargo space at pre-determined rates over durations ranging from four to 12 months, and are terminable by either party at one to three months' notice. The block-space agreements typically contain penalty provisions requiring us to make payments to the airlines by reference to the volume of the block cargo space that we did not use. In line with industry practice, we provide the airlines with bank guarantees as security against our performance of the monthly target utilisation and generally. For the years ended 31 December 2011, 2012 and 2013, the number of airlines with which we had block-space agreements was 11, eight and nine, respectively, and the tonnage attributed to shipment handled via blocked air cargo space in terms of our total export tonnage was approximately 34.8%, 28.2% and 30.1%, respectively. As at the Latest Practicable Date, we had entered into block-space agreements with 13 airlines with terms due to expire in the next one to 11 months.

Other contractual arrangements with airlines

Where we anticipate shipments requiring space other than those available to us under the block-space agreements, we obtain air cargo space from airlines through informal contractual arrangements. Such arrangements sometimes involve our providing bank guarantees to the airlines as security against the performance of our contractual obligations to use the cargo space. Where the arrangements involve the entering of agreements between us and the airlines, the agreements do not set out commitment with respect to the quantities of cargo space, and are generally terminable at 30 days' notice by either party. For the years ended 31 December 2011, 2012 and 2013, the number of airlines with which we had such contractual agreements was 11, 17 and 22, respectively.

Co-loading cargo space with trade partners

In line with industry practice, we co-load air cargo space with our trade partners where they have excess space that they cannot utilise under their block-space agreements and which we anticipate we could take up for our customers' shipments. Where we have excess air cargo space under our block-space agreements, we also enter into co-loading arrangements with our trade partners. Co-loading arrangement is relatively informal, and does not involve our entering into formal agreement or giving bank guarantee. We believe that such gives us flexibility in our management of air cargo space.

Ocean freight

Our provision of ocean freight forwarding service involves major steps similar to those in our air freight services. We have agreements with major shipping lines for allocating cargo space to us. These agreements generally are less than 12 months in duration, and do not contain cargo space guarantee provisions. For the years ended 31 December 2011, 2012 and 2013, our ocean freight revenue was approximately HK\$444.6 million, HK\$606.4 million and HK\$897.2 million, respectively, or approximately 19.2%, 23.0% and 28.4% of our total revenue, respectively. For the years ended 31 December 2011, 2012 and 2013, our ocean freight shipment volumes were 74,942 TEUs, 88,646 TEUs and 106,567 TEUs, respectively.

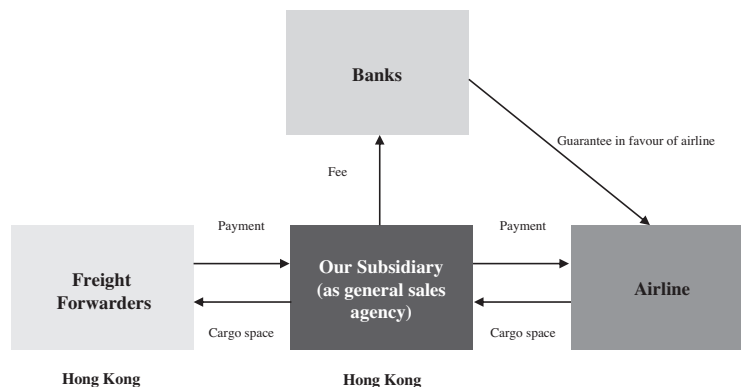
BUSINESS

General sales agency (“GSA”)

We have a vast network of offices and sales staff through which we can liaise with a large number of trade partners and other logistics industry players. Leveraging on this, we enter into a GSA agreement with a regional airline to act as wholesaler of its air cargo space to our trade partners. Under the GSA agreement, we are appointed as non-exclusive general sales agent for term of one year to on-sell a minimum quantity of air cargo space on certain air routes against bank guarantee which we are obliged to provide to the airline. Our appointment may be terminated by the airline with 30 days’ prior notice. We have not breached any material terms of the GSA agreement and the bank guarantee we provided has not been invoked by the airline. During the Track Record Period, we entered into two GSA agreements with airlines based in Asia. As at the Latest Practicable Date, we had one GSA agreement with an airline based in Asia, and we have over six years’ of GSA relationship with this airline. During the Track Record Period, the amount of bank guarantee fee charged by our bank in relation to our GSA operation was less than HK\$73,000 per year and other costs are mainly staff cost, these costs amounted to approximately HK\$0.8 million, HK\$1.0 million and HK\$2.1 million for the years ended 31 December 2011, 2012 and 2013, respectively. However, our Directors consider that the bank guarantee fee and other costs are insignificant to our Group, therefore these costs are classified as administration expenses.

For the years ended 31 December 2011, 2012 and 2013, our GSA revenue was approximately HK\$3.7 million, HK\$4.3 million and HK\$3.6 million respectively, or approximately 0.1%, 0.2% and 0.1% of our total revenue, respectively.

The following chart illustrates our GSA business:



Ancillary and contract logistics services

Our ancillary services include warehousing, distribution and customs clearance. Warehousing includes pick and pack, labelling, quality inspection, sorting, pick-up and delivery service for export shipments from the shipper’s location to the outgoing port, delivery of import shipments from arrival at the incoming port to the consignee’s location. Our ancillary services are supported by our IT platform. Customers may access and trace inventory levels, incoming and outgoing shipments, and other information online.

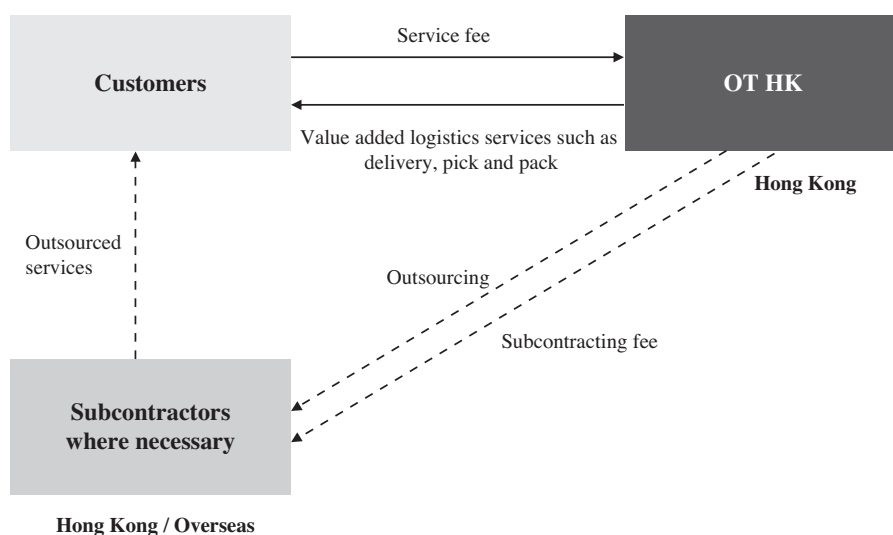
BUSINESS

Contract logistics involve tailor-making logistics solutions to our customers' special needs, from establishing an electronic data interchange with a customer, arranging consolidation and order assembly from multiple origins to arranging distribution functions.

Our most comprehensive ancillary and contract logistics facilities are located in premises in Hong Kong, Shanghai, Amsterdam, Los Angeles and Carson (in California, the United States, occupying a total of approximately 19,000 sq.m.. Where we do not provide the required ancillary and contract logistics services, we subcontract them to our suppliers. Please refer to the paragraph headed "Business — Suppliers and Bank Guarantees" of this prospectus.

For the years ended 31 December 2011, 2012 and 2013, revenue of our ancillary and contract logistics services was approximately HK\$22.3 million, HK\$24.8 million and HK\$58.2 million, respectively, or approximately 1.0%, 0.9% and 1.8% of our total revenue, respectively.

The following chart illustrates the provision of contract logistics services by our Hong Kong headquarters:



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OUR OPERATIONS

Most of our operations involve carrying out consolidation and our various offices working together to leverage our geographical spread and staff of different expertise.

Consolidation to optimise cargo space utilisation

Cargo space is sold to freight forwarders according to volume and/or weight parameters. Airlines generally charge freight forwarders based on the higher of the actual gross weight of a cargo and the minimum weight charged for a unit load device, which in turn is subject to a maximum volume (dimension) and weight, depending on the configuration of the aircraft. Shipping lines generally charge freight forwarders by reference to the number of containers used to carry the shipment, and hence volume is the key determinant of sea freight rates, whilst weight plays a less important role than air freight. A freight forwarder, having purchased a cargo space, carries out consolidation to group a number of consignments into a single consignment to optimise the amount of goods that can be loaded for carriage on its cargo space, and the profit that may be derived from that cargo space. The broader is the range of consignment (in terms of the nature of the goods being shipped, their volume, weight or other specifications), the consolidation is more likely to optimise the utilisation of a given cargo space. Consolidation may also alleviate any adverse impact from freight rate fluctuation and/or cargo space unavailability. We believe that our broad customer base and the ensuing diverse range of consignments gives us considerable advantage over our competitors in our consolidation process.



The photograph above shows consolidation of light weight/small volume cargos loaded on top of heavy weight/large volume cargos.



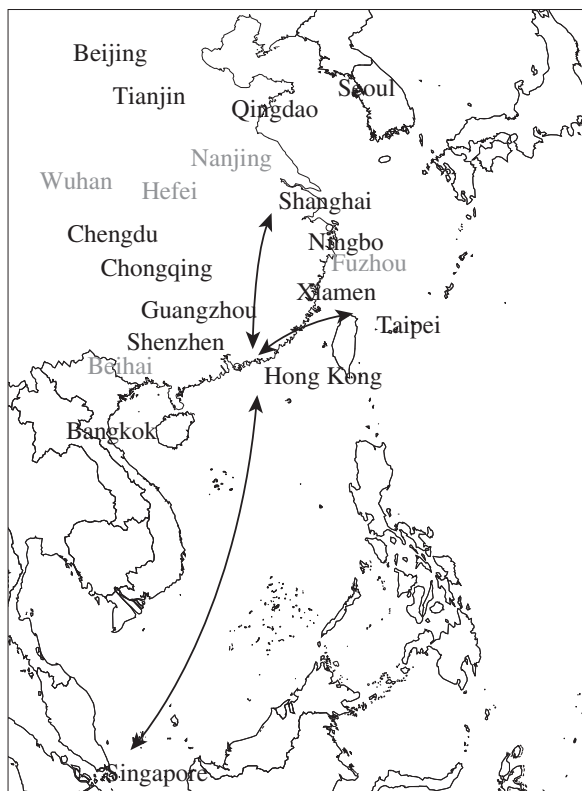
The photograph above shows that the consolidated cargos are loaded onto a unit load device.

Network synergies

Our sales, operations and management staff in our offices work together to serve the needs of international customers, whose freight forwarding and logistics requirements are often cross-border and multi-faceted in nature. The geographical diversification of our offices mitigates the negative impact on our overall business as a result of downturn in any particular market. We have established good working relationships with a large number of trade partners in key transportation hubs and destinations via informal alliance and short-term non-exclusive agreements whereby the trade partners and we typically undertake to rely on one another in our respective locations for freight forwarding services upon prevailing market freight rates.

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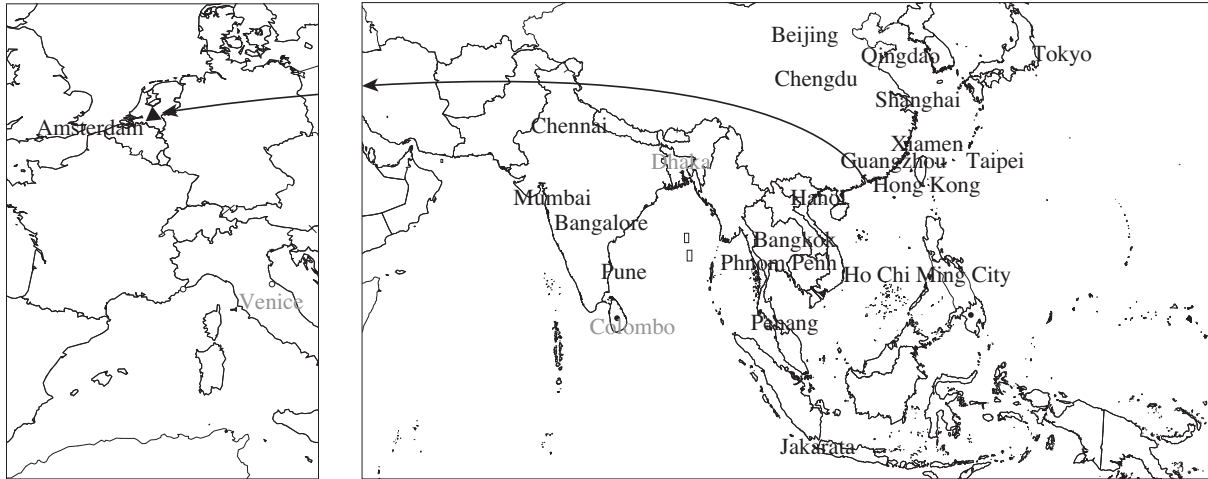
The following diagram and the caption below illustrate and describe the synergies of our offices working together to deliver shipments of electronic goods for a direct customer whose shipments are handled by 15 of our own offices.



We first developed airfreight business with WT Microelectronics Co., Ltd., a world renowned Taiwan based semiconductor distributor, in 2009. Revenue generated from this customer grew from approximately HK\$37,000 for the year ended 31 December 2011, to approximately HK\$9.2 million for the year ended 31 December 2012, and to approximately HK\$11.0 million for the year ended 31 December 2013. We have handled shipments of electronic goods for this customer on a timely basis among the 20 locations in Asia as indicated on the above diagram. We attribute our success in developing this customer within a short period of time to the fact that in 15 of these locations, we have our own offices which work together to handle the shipments; for those locations where this customer's main traffic passes through, such as Hong Kong, Shanghai, Singapore and Taiwan, we assign dedicated local staff to coordinate with the customer's staff based in the same locations for effective shipment management; and in Nanjing, Wuhan, Hefei, Fuzhou and Beihai where we do not have our own offices, we rely on our network of trade partners to handle the shipments.

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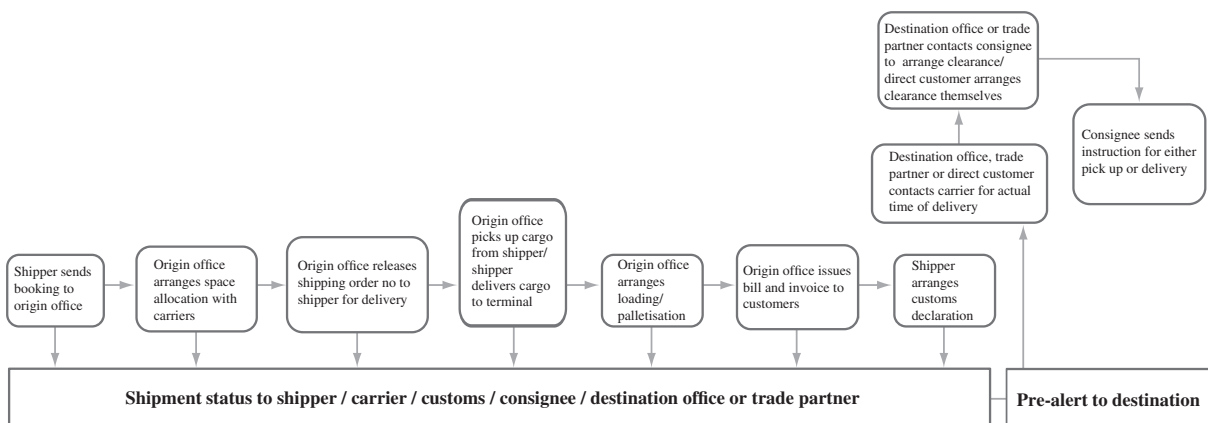
The following diagrams and the caption below illustrate and describe the synergies of our offices working together to deliver shipments of garment for one of our top five customers during the Track Record Period.



Our Netherlands subsidiary has been serving the freight forwarding needs of Tommy Hilfiger Europe B.V. for a number of years, even prior to its becoming part of our Group in 2011. With our extensive network, 19 of our offices in Asia as indicated in the above right diagram work together with our Amsterdam office to handle shipments for this customer. In Dhaka, Colombo, Venice and Santos (Brazil) where we do not have our own offices, we rely on our associated company and trade partners to handle the shipments. In addition, through working with our trade partners in major trade markets, we are able to handle the sample consignments for this customer with a wide geographical reach.

Operational Flow

The diagram below illustrates the freight forwarding flow of an export shipment from Hong Kong:



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Where the export shipment is freight prepaid, the customer will receive a quotation from our office. If the customer agrees with the quotation, the cargo flow will commence. Where the shipment is freight collect, the overseas customer will receive a quotation from our destination office or trade partner. If the overseas customer agrees with the quotation, our office or trade partner at destination will send relevant information to our office. The overseas customer will ask the shipper to book the shipment with our office, and the cargo flow will commence. The obvious operational flow is as follows:

- (i) Shipper books the shipment with our origin office, indicating the proper incoterm and freight terms.
- (ii) Our origin office checks available cargo space. Origin office proceeds to book cargo space and arranges the shipment accordingly.
- (iii) Origin office releases the shipping order number to shipper for cargo delivery.
- (iv) Origin office picks up cargo from shipper or shipper delivers cargo to terminal, or shipper delivers directly to carrier's warehouse. The cargo will be weighted and measured.
- (v) Origin office arranges loading for ocean freight, or palletisation for air freight.
- (vi) Origin office issues bill of lading for ocean freight and airway bill for air freight with invoice to the customer where shipment is freight prepaid or to our destination office or trade partner where shipment is freight collect and other relevant parties.
- (vii) Shipper arranges customs declaration by itself.
- (viii) Origin office sends pre-alert to destination office (or trade partner, or direct customer) with necessary documents.
- (ix) Origin office collects the invoiced payment from the customer for freight prepaid shipment. Where the customer has been extended credit, accounting department would debit the customer's account before releasing the bill of lading or airway bill.
- (x) Destination office, trade partner or direct customer contacts carrier for the time of arrival.

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- (xi) Destination office or trade partner will release the shipment upon being presented with the relevant documentation where shipment is freight prepaid, or where the shipment is freight collect, the documentation indicating the consignee's settlement of all required payment in accordance with approved credit terms with our destination office or trade partner.
- (xii) Consignee arranges customs clearance by itself, through a customs broker, our destination office or trade partner.
- (xiii) Consignee instructs destination office or trade partner for either pick up or delivery.

QUALITY MANAGEMENT AND CONTROL

Our employees work together to oversee quality management control measures. We believe that our quality control measures will enable us to improve services to our customers. Our quality management team is responsible for maintaining, compiling and reviewing our quality management procedures and other systematic documentations, and providing support to our staff training. It holds management review meetings regularly to discuss the results of external quality accreditation audits, review operations resources, follow up on customer feedback and complaints, and identify areas for improvement.

As at the Latest Practicable Date, the quality management team comprised 13 staff members with experience in supply chain management from our Hong Kong headquarters and our offices in Indonesia, the PRC, the Netherlands and the United States. The team is headed by an employee with over 10 years experience with us and the relevant training in quality management. He also holds a bachelor's degree in logistics and supply chain management from a university in the United Kingdom. Our offices in Hong Kong, the PRC, Taiwan, Thailand and Indonesia have been accredited with ISO certifications.

SALES AND MARKETING

Sales markets and network

Apart from our Hong Kong headquarters, as at the Latest Practicable Date, we had 13 offices in the PRC (excluding our representative offices there), 23 offices in the rest of Asia, one office in the Netherlands, one office in Canada, and eight offices in the United States. All of these offices have our sales staff who are responsible for sales and marketing.

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The following table sets out the number of our offices by country as at 31 December 2011, 2012 and 2013 and the Latest Practicable Date:

	As at 31 December			Latest
	2011	2012	2013	Practicable Date
Asia				
Hong Kong	6	7	7	8
The PRC	12	12	13	13
Cambodia	1	1	1	1
India	7	6	6	6
Indonesia	3	4	4	4
Japan	1	1	1	1
Korea	1	1	1	1
Malaysia	7	6	4	4
Singapore	1	1	1	1
Taiwan	1	1	1	1
Thailand	1	1	1	1
The UAE	—	1	1	1
Vietnam	2	2	2	2
Total in Asia	<u>43</u>	<u>44</u>	<u>43</u>	<u>44</u>
Europe				
Netherlands	2	2	1	1
Total in Europe	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>
North America				
Canada	1	1	1	1
United States	1	2	9	8
Total in North America	<u>2</u>	<u>3</u>	<u>10</u>	<u>9</u>
Total	<u><u>47</u></u>	<u><u>49</u></u>	<u><u>54</u></u>	<u><u>54</u></u>

For the years ended 31 December 2011, 2012 and 2013 and the period from 1 January 2014 up to the Latest Practicable Date, we respectively added 10, four, eight and one offices, of which two offices in the Netherlands came under our control in 2011 pursuant to our acquisition of OTX Logistics Holland. We estimate that the capital expenditure of opening a new office outside Hong Kong would usually range between HK\$10,000 and HK\$260,000. For the years ended 31 December 2011 and 2012, we closed one office in India, and one office in each of India and Malaysia, respectively, to focus management resources on the other offices in these countries. For the year ended 31 December 2013, we combined the office under Westpoort Recon B.V. with the office under OTX Logistics Holland in the Netherlands. For the period from 1 January 2014 up to the Latest Practicable Date, we closed our office in Syracuse on the east coast of the United States in order to focus our resources in our New York office and added one office among our Hong Kong headquarters. During the Track Record Period and up to the Latest Practicable Date, our Hong Kong offices comprised premises at Chek Lap Kok, Kowloon Bay, Sheung Shui, Tuen Mun and To Kwa Wan.

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Our offices are located in strategic transportation hubs: our PRC head office is based in Shanghai, the city in which China (Shanghai) Pilot Free-Trade Zone is situated; our office in the Netherlands is located in Amsterdam, the hub for Europe; and our offices in the United States enable us to cover its east coast, west coast, mid-west region and trade routes with South America. The following table sets out our offices by country and by city as at the Latest Practicable Date:

<u>Asia</u>	City	Number of offices
Hong Kong	Hong Kong	8
The PRC	Beijing, Chengdu, Chongqing, Dalian, Guangzhou, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Tianjin, Xi'an, Xiamen	13
Cambodia	Phnom Penh	1
India	Bangalore, Chennai, Gurgaon, Mumbai, Pune, Tuticorin	6
Indonesia	Bandung, Denpasar, Jakarta, Surabaya	4
Japan	Tokyo	1
Korea	Seoul	1
Malaysia	Selangor, Penang, Shah Alam	4
Singapore	Singapore	1
Taiwan	Taipei	1
Thailand	Bangkok	1
The UAE	Dubai	1
Vietnam	Hanoi, Ho Chi Minh City	<u>2</u>
Total in Asia		44
<u>Europe</u>	City	Number of offices
Netherlands	Amsterdam	<u>1</u>
Total in Europe		1
<u>North America</u>	City	Number of offices
Canada	Mississauga	1
United States	Carson, Dallas, Doral, Houston, Los Angeles, New York, Richmond, San Francisco	8
Total in North America		<u>9</u>
Total		<u><u>54</u></u>

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The following table sets out our revenue by destination during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Europe	1,465,945	63.2	1,482,276	56.3	1,699,144	53.8
North America	445,532	19.2	632,214	24.0	964,382	30.5
Asia (including Middle East)	332,765	14.3	470,368	17.9	371,442	11.7
Others	<u>75,625</u>	<u>3.3</u>	<u>49,028</u>	<u>1.8</u>	<u>126,322</u>	<u>4.0</u>
Total	<u><u>2,319,867</u></u>	<u><u>100.0</u></u>	<u><u>2,633,886</u></u>	<u><u>100.0</u></u>	<u><u>3,161,290</u></u>	<u><u>100.0</u></u>

Sales and operations staff

Our sales staff undertake in-house training to gain up-to-date information on market development and our businesses. We require our sales staff to sell to a broad range of customers to enable them to develop knowledge across industries. Our managers, who are conversant with the languages and the cultures of our export destinations, oversee the needs of our export destination customers and maintain relationship with them and other business partners.

Our sales staff are responsible for marketing our services to existing customers and bringing in new customers. We may form cross-function teams involving sales and operations staff from different offices to ensure that the technical aspects of our customers' requirements will be clearly communicated, to provide training to customers and to provide solutions for international customers with large volume and customised specifications.

Members of our staff are generally entitled to a basic salary and a performance based bonus. For a breakdown of the number of our staff by office locations, please see the table in the paragraph headed "Business — Employees" of this prospectus. For a sensitivity analysis on the impact of staff costs on our results of operations, please refer to the paragraph headed "Financial Information — Principal Factors Affecting Our Results of Operations — Staff costs" of this prospectus.

Seasonality

Demand for our services is generally stronger during the second half of the year, especially in the few months leading to the Thanksgiving and the Christmas holidays, and the few weeks leading to the lunar new year holidays. Accordingly, comparison of sales and operating results from different periods in any given financial year may not be relied upon as indicators of our performance. For a detailed discussion of seasonality, please refer to the paragraph headed "Financial Information — Principal Factors Affecting Our Results of Operations — Seasonality" of this prospectus.

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Customers

Our customers comprise direct customers and freight forwarder customers. For the years ended 31 December 2011, 2012 and 2013, our five largest customers contributed to approximately 18.2%, 16.5% and 14.5% of our total revenue, respectively. We believe that any concentration risk among our five largest customers was not significant given their respective contribution to our total revenue set out in the table below. During the Track Record Period, none of our Directors or their associates or any of our existing Shareholders had any interest in any of our five largest customers, all of which were Independent Third Parties.

We are not dependent on any single customer. For the years ended 31 December 2011, 2012 and 2013, our largest customer accounted for approximately 6.2%, 5.5% and 3.6% of our total revenue respectively, and we had approximately 25,000, 28,000 and 29,000 customers of which approximately 14,000, 14,000 and 13,000 were new customers, respectively.

Some of our five largest customers during the Track Record Period were also our suppliers because these customers were freight forwarders and we relied on their freight forwarding services to deliver consignments as required by end customers. Our purchases from any one of these freight forwarder customers were insignificant, ranging from less than 0.1% to approximately 0.5% of our costs of sales in any one year of the Track Record Period.

We generally do not have long-term customer contracts. Our customer contracts do not restrict our customers to use our services for specific durations or to give us minimum volume of shipments over any duration. We operate in a competitive industry and our customer contracts contain terms and conditions which we believe are in line with industry practice. They typically provide that we are indemnified against the loss and damages arising from following shipper's instruction relating to the shipment and its contents, and that we are liable for the loss, damages and unauthorized delivery due to default on our part, subject to exclusions and limitations in liability of typically no more than 19 SDRs per kilogram, which is in line with the Warsaw Convention or the Montreal Convention as may be applicable unless otherwise specifically agreed between the customer and us. We believe that we have established good and solid relationships with our customers.

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The following table sets out the basic information about our five largest customers and their respective revenue contribution as a percentage of our total revenue for the years ended 31 December 2011, 2012 and 2013:

For the year end 31 December 2013

Our five largest customers	Background	Length of relationship with us	% of our total revenue
Customer "A"	A freight forwarder customer headquartered in the United Kingdom; also a supplier	Over seven years of relationship	3.6
Customer "B"	A freight forwarder customer headquartered in Hong Kong	Approximately one year of relationship	3.3
Customer "C"	A direct customer in the apparel and retailing industry headquartered in The Netherlands	Over five years of relationship	2.6
Customer "D"	A freight forwarder customer headquartered in the US	Over four years of relationship	2.6
Customer "E"	A freight forwarder customer headquartered in Germany; also a supplier	Over seven years of relationship	2.4
Total:			<u>14.5</u>

For the year ended 31 December 2012

Our five largest customers	Background	Length of relationship with us	% of our total revenue
Customer "A"	A freight forwarder customer headquartered in the United Kingdom; also a supplier	Over six years of relationship	5.5
Customer "C"	A direct customer in the apparel and retailing industry headquartered in The Netherlands	Over four years of relationship	3.6
Customer "E"	A freight forwarder customer headquartered in Germany; also a supplier	Over six years of relationship	3.5
Customer "F"	A freight forwarder customer headquartered in the US	Over four years of relationship	2.0
Customer "G"	A freight forwarder customers headquartered in Italy; also a supplier	Over four years of relationship	1.9
Total:			<u>16.5</u>

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For the year ended 31 December 2011

Our five largest customers	Background	Length of relationship with us	% of our total revenue
Customer "A"	A freight forwarder customer headquartered in the United Kingdom; also a supplier	Over five years of relationship	6.2
Customer "E"	A freight forwarder customer headquartered in Germany; also a supplier	Over five years of relationship	5.3
Customer "G"	A freight forwarder customers headquartered in Italy; also a supplier	Over three years of relationship	2.7
Customer "C"	A direct customer in the apparel and retailing industry headquartered in The Netherlands	Over three years of relationship	2.5
Customer "H"	A freight forwarder customers headquartered in Italy; also a supplier	Over five years of relationship	1.5
Total:			<u>18.2</u>

Pricing

Our management, taking into account feedback from sales and other frontline employees, ultimately determine the rates that we charge for our core freight forwarding services and ancillary services. When we set rates or target margins for our services or contemplate a change in rates or target margins, we generally consider the followings:

- cost of sales, including the cost of cargo space charged by airlines and shipping lines, security charge, terminal charge, fuel surcharge, bunker adjustment and currency adjustment factors
- rates offered by our competitors
- level of acceptance of the current market rates for similar services
- seasonality
- prevailing supply and demand levels
- expected market trend for rates
- potential business from the relevant customer

Our Group's air freight rates are particularly affected by the following factors:

- distance

BUSINESS

- country origin and destination
- airlines
- nature of shipments
- service type

Our ocean freight rates are particularly affected by the following factors:

- rate structure of the relevant trade lanes
- routing

For a freight forwarding shipment via air, we adopt a dual pricing policy. This usually involves pricing based on our cost of sales as a starting point and on rates driven by market competition based on the cargo nature as another starting point, comparing the results of the two methods, and then adopting the better rates which we believe will be acceptable to customers. When pricing is based upon our cost of sales, we usually set our rates in respect of a shipment at the cost of the relevant air cargo space or below cost, relying on consolidation of shipments to make a profit on the given air cargo space. For a freight forwarding shipment via ocean, our pricing policy usually involves using rates based on shipment volume sourced through our Hong Kong office, with reference to rates set out in our agreements with shipping lines or prevailing rates offered by shipping lines and consideration of market competition, plus a target margin. We believe that we can partially pass on increases in cargo space costs to our customers.

As we pay close attention to prevailing market conditions when set rates for our services, we generally do not offer any discount or promotion for our services.

Credit management and payment terms of customers

We adopt prudent credit policies. For a new customer, we assess its creditworthiness based on, e.g., search of public records, site visit and its reputation within the industry. We will only grant credit to a new customer after we are satisfied with the result of our assessment. Our finance department closely monitors our customers' payment records and reminds our sales staff to follow up overdue payments. For those customers approved for credit, we extend credit periods generally ranging from 30 to 60 days. For those customers not approved for credit, we require cash on delivery. Our Group's customers who were granted with credit terms accounted for approximately 53.5%, 65.6% and 63.1% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively. For the years ended 31 December 2011, 2012 and 2013, our amounts written-off in relation to the allowance for doubtful debts were approximately HK\$2.8 million, HK\$3.0 million and HK\$0.6 million, respectively.

Our customers settle payments with us mainly by telegraphic transfers. Sales are principally denominated and settled in Hong Kong dollars, Renminbi, US dollars, EUR and the currencies in which the shipment prices are being paid for.

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Customer complaints

We require our sales staff to handle customer complaints promptly and in accordance with the applicable procedures. This enables our management to monitor and suggest measures to prevent similar incidents from occurring in the future. We believe that we have handled customer complaints promptly and satisfactorily. During the Track Record Period and up to the Latest Practicable Date, save for HK\$2.6 million paid in the year 2012 to customers for goods damaged in prior years, there was no incident of customer complaint leading to material refunds of our services.

SUPPLIERS AND BANK GUARANTEES

Our suppliers are generally classified into two types: suppliers of cargo space and other suppliers providing ground transportation, warehousing and other logistics related services.

In terms of both overall purchases and cargo space purchases for the years ended 31 December 2011, 2012 and 2013, our five largest suppliers were suppliers of cargo space, and they were all international airlines with headquarters in Europe and Asia, except that one was a freight forwarder supplier of cargo space for the year ended 31 December 2013. For the years ended 31 December 2011, 2012 and 2013, purchases from our five largest suppliers amounted to approximately HK\$513.9 million, HK\$508.7 million and HK\$631.6 million, or approximately 25.8%, 22.6% and 23.3% of our total cost of sales, respectively and purchases from our largest supplier amounted to approximately HK\$164.1 million, HK\$162.2 million and HK\$194.7 million, or approximately 8.2%, 7.2% and 7.2% of our total cost of sales, respectively. We believe that any concentration risk among our five largest suppliers was not significant given their respective contribution to our total costs of sales set out in the table below. We are not aware of any legality issue in connection with the source of supply of cargo space. During the Track Record Period, none of our Directors or their associates or any of our existing Shareholders had any interest in any of our five largest suppliers, all of which were Independent Third Parties.

We generally do not have long term contracts with our airlines or other suppliers. Our block-space agreements with the airlines for the supply of air cargo space are legally binding and of durations ranging from four to 12 months. They are generally terminable at one to three month's notice by either party, and do not contain automatic renewal provisions. The block-space agreements typically contain penalty provisions requiring us to make payments to the airlines by reference to the volume of the block cargo space we did not use, and the penalty payments we made during the Track Record Period were minimal. In line with industry practice, we arrange bank guarantees in favour of our airline suppliers as security against our performance of our obligations under the block-space agreements and other contractual arrangements for obtaining cargo space. Such bank guarantees are provided by our banks which require collaterals from us such as charges over deposits and mortgages on properties. As at 31 December 2011, 2012 and 2013, the aggregate bank guarantees were approximately HK\$51.6 million, HK\$69.6 million and HK\$58.3 million, respectively. The average credit period offered by our suppliers is 30 days. During the Track Record Period and up to the Latest Practicable Date, we did not breach in any material manner our block-space agreements or other contractual arrangements with the airlines, including terms relating to monthly target utilisation, and no bank guarantee was invoked by the airlines.

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The following table sets out the basic information about our five largest suppliers and our respective purchases from them as a percentage of our cost of sales for the years ended 31 December 2011, 2012 and 2013:

For the year ended 31 December 2013

Our five largest suppliers	Background	Length of relationship with us	% of cost of sales
Supplier "A"	An international airline	Over ten years of relationship	7.2
Supplier "B"	An international airline	Over ten years of relationship	5.4
Supplier "C"	An international airline	Over four years of relationship	4.6
Supplier "D"	A PRC freight forwarder	Over five years of relationship	3.6
Supplier "E"	An international airline	Over six years of relationship	2.5
Total:			<u>23.3</u>

For the year ended 31 December 2012

Our five largest suppliers	Background	Length of relationship with us	% of cost of sales
Supplier "A"	An international airline	Over ten years of relationship	7.2
Supplier "B"	An international airline	Over ten years of relationship	6.9
Supplier "E"	An international airline	Over five years of relationship	3.6
Supplier "F"	An international airline	Over two years of relationship	2.5
Supplier "C"	An international airline	Over three years of relationship	2.4
Total:			<u>22.6</u>

For the year ended 31 December 2011

Our five largest suppliers	Background	Length of relationship with us	% of cost of sales
Supplier "B"	An international airline	Over nine years of relationship	8.2
Supplier "A"	An international airline	Over nine years of relationship	6.4
Supplier "E"	An international airline	Over four years of relationship	5.3
Supplier "G"	An international airline	Over ten years of relationship	4.0
Supplier "F"	An international airline	Over one year of relationship	1.9
Total:			<u>25.8</u>

Purchases from our largest shipping line supplier of cargo space amounted to approximately HK\$13.1 million, HK\$33.8 million and HK\$35.4 million, or approximately 0.7%, 1.5% and 1.3% of our total cost of sales for the years ended 31 December 2011, 2012 and 2013, respectively. We generally do not have long term contracts with the shipping lines, and they generally do not grant us any credit term.

One of our five largest suppliers during the Track Record Period was also our customer. This supplier was a freight forwarder from whom we purchased air cargo space under co-loading arrangements. It was also our customer for the years ended 31 December 2011 and 31 December 2013 because it co-loaded shipments with us, generating gross profit of less than 0.1% of our total gross profit for the relevant year.

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During the Track Record Period and up to the Latest Practicable Date, there was no material complaints from our suppliers due to late payment, or material shortage of cargo space (or other goods or services) from our suppliers.

EMPLOYEES

Recruitment and remuneration

Our success in the logistics industry is highly dependent on our employees. We recruit our employees having regard to their industry experience and interpersonal and cross-cultural skills. We generally pay our employees a fixed salary and a performance based bonus. During the Track Record Period, we hired our employees directly, except that we relied on two employment agencies in the PRC, which are Independent Third Parties, to hire certain employees there. Pursuant to the terms of engagement with the employment agencies, OT China was responsible for making contributions to all applicable social, housing and other employment related schemes. Our Directors confirm that all such contributions have been duly made.

Training

We offer our employees formal and on-the-job training to enhance their customer handling skills and awareness of quality control, internal policy, procedures and safety related issues.

Labour unions, labour and safety incidents

Most of our employees are not unionized. We strive to maintain good relationship with our employees and provide them with a safe working environment. During the Track Record Period and up to the Latest Practicable Date, we did not experience any form of industrial action of our employees or any work safety-related incidents that led to material disruption of our operations or claims against us.

Welfare or mandatory contribution

In Hong Kong, we operate a defined contribution mandatory provident fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong who are eligible to participate in the Scheme. Under the relevant PRC laws and regulations, we are required to contribute to a number of employee social welfare schemes in respect of our employees. Such schemes include housing provident fund contribution requirements for all employees. During the Track Record Period, we had not paid housing provident fund contributions in relation to some of our employees in the PRC. Save for these non-compliances in the PRC as disclosed in the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus, we have complied with the applicable labour laws in all material aspects during the Track Record Period and up to the Latest Practicable Date in Cambodia, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, Vietnam, the UAE, the Netherlands and the United States.

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Our Canadian legal counsel provided that, solely based on confirmation given by OTX Canada, OTX Canada has complied, in all material aspects, with all applicable labour laws in Canada during the Track Record Period and up to the Latest Practicable Date.

Number of employees

For the years ended 31 December 2011, 2012 and 2013, we had 950, 944 and 1,031 employees. The following table sets out the number of our employees by office locations and functions as at the Latest Practicable Date:

	Sales	Operations	Finance and administration	Management	Total
Asia					
Hong Kong	15	99	30	8	152
The PRC	84	278	86	11	459
Cambodia	1	5	—	1	7
India	19	43	13	4	79
Indonesia	7	28	30	3	68
Japan	—	2	—	1	3
Korea	5	17	2	1	25
Malaysia	6	16	7	1	30
Singapore	4	8	4	1	17
Taiwan	4	17	6	1	28
Thailand	2	7	4	1	14
The UAE	—	—	2	—	2
Vietnam	6	18	11	2	37
Total in Asia	153	538	195	35	921
Europe					
Netherlands	8	42	10	5	65
Total in Europe	8	42	10	5	65
North America					
Canada	2	6	1	1	10
United States	12	39	8	8	67
Total in North America	14	45	9	9	77
Total	175	625	214	49	1,063

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MEMBERSHIPS, CERTIFICATIONS AND AWARDS

We are a member of the International Air Transport Association, the International Federation of Freight Forwarders Associations, and the Hong Kong Association of Freight Forwarding and Logistics Ltd. Our major awards and certifications are set out below:

Year of certification / award	Awarding organisation or authority	Certification/ award	Recipient
2014	SGS United Kingdom Ltd.	ISO9001:2008 ISO14001:2004	OT Thailand
2013	SGS United Kingdom Ltd.	ISO9001: 2008 ISO14001: 2004	OT China / OT Taiwan
2013	Cathay Pacific Airways jointly with Dargon Airlines	上海飛躍貨運銷售代理	OT China
2012-2013	Emirates Airline	Supporting Agent Award 2012-2013	OT HK
2013 2012	China Southern Airlines Company Limited	貨運銷售銅獎 貨運銷售銀獎	OT China
2012	SGS United Kingdom Ltd.	ISO9001: 2008 ISO14001: 2004	OT HK / OT WW HK
2012	Air France, KLM and Martinair	Top Supporting Agent	OT HK
2012	SGS United Kingdom Ltd.	ISO9001:2008	OT Indonesia
2011	Lufthansa Cargo	2011 Top 3 Agent Vietnam	OT Vietnam
2011	ASUS Tek Computer Inc	Best Sales Award	OT HK
2006	Cargolux Airlines Cargo	Top Agent Award	OT HK
2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013	Cathay Pacific Cargo in 2006 and jointly with Dragonair Cargo since 2007	Top Agent Award	OT HK
2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012	Malaysia Airlines	Mega Tonners Award	OT HK
2000, 2002, 2004, 2005, 2006, 2008, 2010, 2011 and 2013	World Cargo Alliance	Various including Top Agent Award and Asia Best Partner Award	OT HK

INFORMATION TECHNOLOGY

Our in-house IT department, with seven staff members as at the Latest Practicable Date, is based in our Hong Kong headquarters and Shenzhen office. It regularly maintains and upgrades our IT platform, and uniforms the accounting information systems across our offices in North America and most of our offices in Asia.

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Our in-house developed freight operations system is tailored to our various operational and functional needs, including freight forwarding, flight and route planning, container loading planning, cargo receiving, online shipper booking and shipping documentation, tracking and tracing and purchase order management. Its electronic data interchange platform facilitates convenient and direct data exchange among our suppliers of air cargo space, customers and trade partners. Such simplifies the procedures required for customs declaration and clearance and the import and export of cargo. Our IT platform also consists of a customer relationship management system (leased from an independent third party vendor) which helps to manage our customer relationships.

During the Track Record Period, our freight operations system handled over 570,000 import and export shipments for our offices. As at the Latest Practicable Date, we had 16 electronic data interchanges with customers, airline suppliers and other logistics industry players. During the Track Record Period and up to the Latest Practicable Date, we did not experience any failure in our information systems which caused material disruptions to our operations. We did not capitalise the development cost of our freight operation system in accordance with the relevant accounting standards since the cost could not be measured reliably during the development period.

INTELLECTUAL PROPERTY

As part of the Reorganisation, we have entered into the Trademarks Assignment with Lam Investco for the transfer of the trademarks and service marks as set out in the paragraph headed “Further Information about the Business of Our Company — 11. Intellectual property rights of our Group” in Appendix VI to this prospectus. We have also entered into a Trademark Licence Agreement with Lam Investco for the use of certain trademarks and service marks as a transitional arrangement pending completion of the registration of OT BVI as the registered owner or assignee of such trademarks and service marks to our Group. Please see the sections headed “History, Reorganisation and Corporate Structure” and “Continuing Connected Transactions” of this prospectus for further details.

For details of our intellectual property rights, please refer to the paragraph headed “Further Information about the Business of Our Company — 11. Intellectual property rights of our Group” in Appendix VI to this prospectus. Save for the trademarks and domain names disclosed in this prospectus, our business and profitability are not dependent on any other trademarks, copyrights or other intellectual property rights.

We are not aware of any material infringement of trademarks copyrights or other intellectual property rights owned by us during the Track Record Period, any litigation or material disputes regarding the intellectual property rights owned by us during the Track Record Period, and any infringement by us of intellectual property rights owned by any third party.

MARKET AND COMPETITION

According to the Ipsos Report, the value of the global logistics industry was approximately US\$10,278.8 billion in 2013, and approximately 26.7% of that was attributed to freight forwarding services. The industry as a whole is very competitive, highly fragmented with low barriers of entry and many participants of different sizes, ranging from integrated carriers having their own global

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network of offices and transport infrastructure as well as IT, warehousing, distribution, ground handling and other capabilities, to small family-owned freight forwarders operating at single locations. Industry maturity vary across markets. Hong Kong is highly developed and relatively concentrated among the top ten freight forwarders which had approximately 35.6% of the market share in terms of export tonnage of air freight shipments handled by members of the International Air Transport Association in Hong Kong in 2013. Europe and North America are highly developed but less concentrated with local trade partners playing strong roles at different legs of the consignments. China is still developing with the top ten freight forwarders accounting for approximately only 15% of the market share in terms of revenue in 2013. According to the Ipsos Report, in terms of export tonnage of air freight shipments handled by members of the International Air Transport Association in Hong Kong in 2013, we ranked 15th, with approximately 17,322 tonnes of air freight exports and approximately 1.6% of market share. From the perspective of the Hong Kong logistics industry as a whole, the air freight segment accounted for approximately 30.5% of the industry revenue in 2013. For more details on the logistics industry, please see the section headed “Industry Overview” of this prospectus.

We believe that our major competitors are those with sizeable operations but without the carrier infrastructure of the integrated carriers. As industries in Asia move upscale in size, production method and complexity, we believe the demand for logistic services will increase in both quantity and complexity and the destinations for freight forwarding services will increasingly be more international. Given our strengths set out under the paragraph headed “Business — Competitive Strengths” of this prospectus, we are well positioned to capture such expected increase in demand, and to grow organically and through acquisitions.

REGULATORY COMPLIANCE, LICENCES AND PERMITS

The laws and regulations applicable to our operations in all relevant jurisdictions are summarised in Appendix IV to this prospectus. Nevertheless, there is no assurance that such laws and regulations in those jurisdictions will not change in the future.

During the Track Record Period and up to the Latest Practicable Date, we had failed to comply with certain applicable laws and regulations in Hong Kong, the PRC, Indonesia, Japan, Vietnam and the United States which could have had material impact on us or our operations. A summary of these material non-compliances, their legal consequences and the remedial measures taken as at the Latest Practicable Date or to be taken by us, is set out in the table at the end of this section. The non-compliances are not related to lack of licences and permits which might lead to the forfeiture of part of our revenue or its being deemed illegal under the applicable laws and regulations in the relevant countries. Please also refer to the section headed “Risk Factors” of this prospectus in relation to the risks we may encounter due to such non-compliances.

Apart from the remedial actions as mentioned in the table, our Controlling Shareholders have also agreed to indemnify us against any loss, cost, expenses, damages and other liabilities that we may suffer in respect of the above non-compliances under the Deed of Indemnity. Our Group is able to meet Rule 8.05(1)(a) of the Listing Rules requirement after taking into account the possible relevant financial impacts as set out above as a result of the above non-compliance matters.

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Each of our Hong Kong Legal Adviser, PRC Legal Adviser, Cambodia Legal Adviser, India Legal Adviser, Indonesia Legal Adviser, Japan Legal Adviser, Korea Legal Adviser, Malaysia Legal Adviser, Singapore Legal Adviser, Taiwan Legal Adviser, Thailand Legal Adviser, Vietnam Legal Adviser, UAE Legal Adviser, Netherlands Legal Adviser and US Legal Adviser has advised that, save as disclosed in the table, each of our subsidiaries in the respective jurisdiction has obtained all the permits and licences which are material for its business operations from the relevant governmental bodies and has complied with all the applicable laws, rules and regulations, and/or all applicable international conventions in its own jurisdiction in all material aspects since its establishment.

Our Canadian Legal Adviser advised that, based on the confirmation given by OTX Canada, OTX Canada has obtained all the permits and licenses which are material for its business operations from the relevant governmental bodies and has complied with all the applicable laws, rules and regulations, and/or all applicable international conventions in Canada in all material aspects since its establishment.

Hong Kong

Name of our subsidiaries	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
OT HK, Citynet, On Line Service Limited, OT Aviation HK, OT SL HK, OTW HK, OT WW HK and On Union HK	Prior to and during the Track Record Period, these subsidiaries failed to lay their respective profit and loss accounts and balance sheet at their respective annual general meetings within the prescribed time limit under section 122(1A) of the Predecessor CO.	The omission was principally due to the lack of professional knowledge of their respective directors in corporate compliance in Hong Kong, their reliance on the secretary and the insufficient advice on the relevant requirements therefrom in this regard.	Application was made to the High Court of Hong Kong by each of OT HK, Citynet, OT SL HK, OT WW HK and On Union HK on 17 June 2013 for extending the time limit for the laying of their respective accounts to the day on which respective accounts had been tabled at the respective annual general meeting of each of the companies. The extended time limit for laying the accounts of (i) OT HK was 14 April 1998, 13 July 1999, 14 August 2000, 14 August 2001, 1 August 2002, 28 September 2003 and 3 March 2011; (ii) Citynet was 12 December 2008, 18 December 2010, 19 September 2011 and 12 September 2012; (iii) OT SL HK was 18 December 2009, 18 December 2010, 19 December 2011 and 8 February 2013; (iv) OT WW HK was 30 December 2006, 30 December 2007, 30 December 2008, 30 December 2010, 16 December 2011 and 7 February 2013; and	Each director of the respective companies shall be liable to a maximum fine of HK\$300,000 and, if the High Court of Hong Kong is of the opinion that such offence was committed wilfully, a maximum imprisonment of 12 months.	Mr. Lam and Mr. Haenisch	Our company secretary and an executive Director, Ms. Wong, who is a fellow member of the Association of Chartered Certified Accountants and a non-practising member of the Hong Kong Institute of Certified Public Accountants, will assist us to ensure our compliance with the Companies Ordinance. Furthermore, our audit committee formed by all independent non-executive Directors will oversee the financial reporting and internal control procedures of our Company. In addition, our Directors have attended a training provided by Chiu & Partners on 20 May 2013 where the Directors were provided with training in relation to directors' statutory, common law and fiduciary duties, corporate governance of listed companies and other Listing Rules requirements. We have engaged an external Hong Kong legal adviser to provide training to our Directors on the latest development of various compliance matters that is related to the Listing Rules and Companies Ordinance, from time to time, as and when needed.	No penalty has been imposed on the relevant companies and the directors of the respective companies during the Track Record Period and up to the Latest Practicable Date. As the High Court of Hong Kong have granted orders for extension of the prescribed time limit under section 122(1A) of the Predecessor CO and as such the non-compliances have been rectified, and our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.

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Name of our subsidiaries	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
			<p>(v) On Union HK was 8 December 2007, 9 December 2009, 18 December 2010, 17 December 2011 and 8 February 2013; and such date was the date on which the respective accounts had been tabled at the annual general meeting of the respective companies.</p> <p>Application was made to the High Court of Hong Kong by each of On Line Service Limited, OT Aviation HK and OTW HK on 17 June 2013 for extending the time limit for the laying of their respective accounts to 10 October 2013, the day on which respective accounts had been tabled at the annual general meeting of the respective companies.</p> <p>Such orders were granted by the High Court of Hong Kong on 12 September 2013. As a result, the relevant non-compliance has been rectified as of such date.</p>				
						<p>Ms. Wong was not involved in such non-compliance incident. Save as disclosed in this prospectus, there was no other material non-compliance incident in Hong Kong after her appointment.</p> <p>Please also refer to the section headed “Directors and Senior Management” in this prospectus for biographical details of Ms. Wong and our independent non-executive Directors.</p>	

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Name of our subsidiaries	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
OT HK, OT Aviation HK, OT SL HK, OT WW HK and On Union HK	Prior to and during the Track Record Period, these subsidiaries failed to hold their respective annual general meetings within the prescribed time limit under section 111(1) of the Predecessor CO.	The omission was principally due to the lack of professional knowledge of their respective directors in corporate compliance in Hong Kong, their reliance on the then company secretary and the insufficient advice on the relevant requirements therefrom in this regard.	Application was made to the High Court of Hong Kong by each of OT HK, OT Aviation HK, OT SL HK, OT WW HK and On Union HK on 17 June 2013 for allowing the extension of the time limit for holding an annual general meeting under the Predecessor CO. Such orders were granted by the High Court of Hong Kong on 12 September 2013. As a result, the relevant non-compliance has been rectified as of such date.	The respective companies and every officer of the respective companies who is liable to a maximum fine of HK\$50,000.	Mr. Lam and Mr. Haenisch	Our company secretary and an executive Director, Ms. Wong, who is a fellow member of the Association of Chartered Certified Accountants and a non-practising member of the Hong Kong Institute of Certified Public Accountants, will assist us to ensure our compliance with the Companies Ordinance. Furthermore, our audit committee formed by all independent non-executive Directors will oversee the financial reporting and internal control procedures of our Company. In addition, our Directors have attended a training provided by Chiu & Partners on 20 May 2013 where the Directors were provided with training in relation to directors' statutory, common law and fiduciary duties, corporate governance of listed companies and other Listing Rules requirements. We have engaged an external Hong Kong legal adviser to provide training to our Directors on the latest development of various compliance matters that is related to the Listing Rules and Companies Ordinance, from time to time, as and when needed.	No penalty has been imposed on the relevant companies and their officers during the Track Record Period and up to the Latest Practicable Date. As the High Court of Hong Kong have granted orders for extension of the prescribed time limit under section 111(1) of the Predecessor CO and as such the non-compliances have been rectified, and our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.

Name of our subsidiaries	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
					<p>Ms. Wong was not involved in such non-compliance incident. Save as disclosed in this prospectus, there was no other material non-compliance incident in Hong Kong after her appointment.</p> <p>Please also refer to the section headed “Directors and Senior Management” in this prospectus for biographical details of Ms. Wong and our independent non-executive Directors.</p>		

PRC

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/ senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
OT China	During the Track Record Period, OT China failed to make financial contributions for housing provident funds for 22 previous and existing non-urban employees.	(i) As the place of work was not the same as the place of residence of these non-urban employees, they were not willing to make contributions for the housing provident funds, (ii) the housing provident funds management centre in Shanghai did not impose strict requirement on housing fund contributions for non-urban employees.	We have started to make contributions to housing provident funds for all existing non-urban employees from December 2013 and the non-compliance has been duly rectified as of such date.	Pursuant to the relevant PRC laws and regulations, the relevant housing provident funds management centre or the courts may require us to make the contributions within a specified period of time. The aggregate unpaid housing provident funds amounted to approximately RMB64,100.	None. Our staff in the PRC was delegated in ensuring the compliance of this aspect.	We have delegated our regional China accounting manager of OT China to oversee and monitor the contribution for housing provident funds of our employees in the PRC. As our regional China accounting manager of OT China was responsible to handle the rectification of the non-compliance, he is currently familiar with the relevant requirement of the PRC laws and regulations in relation to the contribution of the housing provident funds. We have engaged an external PRC legal adviser to provide training to our regional China accounting manager of OT China and other relevant employees of OT China on the latest development of various compliance matters (including contribution of the housing provident funds) that is related to the relevant PRC laws and regulations, from time to time, as and when needed.	We have not been requested by the relevant housing provident funds management centre to make up the outstanding contributions during the Track Record Period and up to the Latest Practicable Date. Provision of approximately RMB59,000 has been made on our financial statements.

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/ senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
					<p>Our regional China accounting manager of OT China has over 15 years of working experience in accounting and has obtained a Bachelor degree in Economic Management from Donghua University. He was appointed in January 2011 as our regional China accounting manager of OT China and he was not involved in such non-compliance incident. Save as disclosed in this prospectus, there was no other material non-compliance incident in the PRC after his appointment.</p> <p>The external PRC legal adviser will also advise us on compliance with the applicable PRC laws and regulations from time to time, as and when needed.</p>		

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/ senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
OT China, its branch offices in Beijing, Tianjin and Chongqing, the representative offices of OT HK in Tianjin and Chengdu	During the Track Record Period and up to the Latest Practicable Date, this subsidiary, the subject branch offices, and the subject representative offices of OT HK fail to register or file the leases with relevant PRC authorities with respect to 12 leased properties which were used by us as our offices and/or warehouses.	The omission was principally due to the lack of professional knowledge of our staff in properties matters.	We have requested the relevant landlords to register the relevant leases but the relevant landlords refused to do so. Given the above, as of the Latest Practicable Date, the non-compliances have not yet been rectified.	Pursuant to the relevant PRC laws and regulations, lease agreement must be registered or filed with relevant PRC authorities within 30 days after the signing thereof. The relevant PRC authorities may order the parties to the lease agreements to register the lease agreements within a prescribed time and, should they fail to do so, we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement.	None. Our staff in the PRC was delegated in ensuring the compliance of this aspect.	We have delegated our regional China accounting manager of OT China to oversee the compliance matters related to registration of lease(s). All future lease(s) will be reviewed by our regional China accounting manager of OT China and he will make sure that the relevant landlord will agree to the registration of such lease before entering into such lease(s). As our regional China accounting manager of OT China was responsible to handle the rectification of the non-compliances, he is currently familiar with the relevant requirement of the relevant PRC laws and regulations in relation to requirement for registration of lease. We have engaged an external PRC legal adviser to provide training to our regional China accounting manager of OT China and other relevant employees of OT China on the latest development of various compliance matters (including matters in relation to registration of lease) that is related to the relevant PRC laws and regulations, from time to time, as and when needed.	No penalty has been imposed on OT China, the relevant branches and representative offices during the Track Record Period and up to the Latest Practicable Date. As our Directors consider that the penalty is insignificant and, given that our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary. As advised by our PRC Legal Adviser, OT China or the representative offices of OT HK maybe penalized but such penalty will not have significant impact on OT China or the representative offices of OT HK.

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/ senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
					<p>Our regional China accounting manager of OT China has over 15 years of working experience in accounting and has obtained a Bachelor degree in Economic Management from Donghua University. He was appointed in January 2011 as our regional China accounting manager of OT China and he was not involved in such non-compliance incident. Save as disclosed in this prospectus, there was no other material non-compliance incident in the PRC after his appointment.</p> <p>The external PRC legal adviser will also advise us on compliance with the applicable PRC laws and regulations from time to time, as and when needed.</p>		

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/ senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
OT China's branch office in Chengdu and OT HK's representative office in Chengdu	During the Track Record Period, two of the properties leased by us were used as office, which were inconsistent with the designated residential usage as stated under the relevant building ownership certificates.	The omission was principally due to the lack of professional knowledge of our staff in properties matters.	The relevant leases have been terminated on 15 July 2013 and the non-compliances have been rectified upon the termination of the relevant leases.	Pursuant to the relevant PRC laws and regulations, if the owners or occupiers fail to obtain the necessary consents and/or to comply with the applicable legal requirements for the change of usage of these premises, the relevant authority may order us to use these leased properties for designated usage only and we may be subject to a fine of RMB5,000 to RMB30,000 for each lease.	None. Our staff in the PRC was delegated in ensuring the compliance of this aspect.	We have delegated our regional China accounting manager of OT China to oversee the compliance matters related to proper usage of lease property(ies). All future lease(s) will be reviewed by our regional China accounting manager of OT China before execution to ensure the Group's intended usage of such property(ies) are in compliance with such lease(s) and the relevant PRC laws and regulations. As our regional China accounting manager of OT China was responsible to handle the rectification of the non-compliances, he is currently familiar with the relevant requirement of the relevant PRC laws and regulations in relation to requirement to comply with the actual usage of property. We have engaged an external PRC legal adviser to provide training to our regional China accounting manager of OT China and other relevant employees of OT China on the latest development of various compliance matters (including matters in relation to actual usage of property) that is related to the relevant PRC laws and regulations, from time to time, as and when needed.	No penalty has been imposed on the relevant branch and representative office during the Track Record Period and up to the Latest Practicable Date. Since no order has been issued by the relevant authorities in the PRC for rectification of the non-compliances and the relevant leases have been terminated, and given that our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/ senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
					<p>Our regional China accounting manager of OT China has over 15 years of working experience in accounting and has obtained a Bachelor degree in Economic Management from Donghua University. He was appointed in January 2011 as our regional China accounting manager of OT China and he was not involved in such non-compliance incident. Save as disclosed in this prospectus, there was no other material non-compliance incident in the PRC after his appointment.</p> <p>The external PRC legal adviser will also advise us on compliance with the applicable PRC laws and regulation from time to time, as and when needed.</p>		

Indonesia

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
OT Indonesia	Prior to and during the Track Record Period, OT Indonesia had failed to hold any annual general meeting.	The omission was principally due to the lack of professional knowledge of our staff, in Indonesia, in corporate matters.	The board of directors of OT Indonesia had arranged for the annual general meeting to be held and such meeting was held on 24 April 2013. As such, the non-compliances have been duly rectified as of such date.	Pursuant to the relevant Indonesia laws and regulations, failure to hold the annual general meeting may subject OT Indonesia to dissolution by the District Court of Indonesia at the request of a district attorney.	None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.	We will engage an external company secretarial firm in Indonesia to assist us to ensure our compliance with the relevant Indonesia laws and regulations in respect of holding of annual general meeting. Furthermore, we have delegated our country manager of OT Indonesia to oversee the compliance matters related to OT Indonesia to hold annual general meeting. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliance, he is currently familiar with the relevant requirement of the relevant Indonesia laws and regulations in relation to requirement for OT Indonesia to hold annual general meeting. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to holding of annual general meeting) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.	No penalty has been imposed on OT Indonesia during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia will be prosecuted or any sanctions or penalties be imposed on it in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.
							OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>Our country manager of OT Indonesia has 16 years of working experience in freight forwarding industry and has obtained a degree of Management in College of Economic Adhy Niaga in Indonesia. He was appointed in June 2008 as our country manager of OT Indonesia and he was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as he was responsible to handle the rectification of the non-compliance, with the assistance of our Indonesia Legal Adviser, he has attained the necessary knowledge in the requirement of the relevant Indonesia laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Indonesia legal adviser to provide training to him in Indonesia and to advise us on compliance with the applicable Indonesia laws and regulations, our Directors are of the view that he will be capable of ensuring compliance with</p>	

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliance incidents	Financial impacts
						<p>the relevant Indonesia laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Indonesia after his appointment.</p> <p>The external Indonesia legal adviser will also advise us on compliance with the applicable Indonesia laws and regulations from time to time, as and when needed.</p>	

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
	<p>Prior to and during the Track Record Period, OT Indonesia had failed to submit the investment activities report.</p>	<p>The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.</p>	<p>OT Indonesia has submitted all the relevant investment activities reports to the relevant authorities in Indonesia by 7 March 2014 and the non-compliances have been duly rectified as of such date.</p>	<p>Pursuant to the relevant Indonesia laws and regulations, failure to submit the investment activities report to the relevant authorities in Indonesia may result in administrative sanction ranging from written warning up to the revocation of business activities license and/ or capital investment facilities.</p>	<p>None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated our country manager of OT Indonesia to oversee the compliance matters related to submission of investment activities report. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliance, he is currently familiar with the relevant requirement of the relevant Indonesia laws and regulations in relation to submission of investment activities report. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to submission of investment activities report) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.</p>	<p>No penalty has been imposed on OT Indonesia during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia will be prosecuted or any sanctions or penalties be imposed on it in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p> <p>OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.</p>

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					<p>Our country manager of OT Indonesia has 16 years of working experience in freight forwarding industry and has obtained a degree of Management in College of Economics Adhy Niaga in Indonesia. He was appointed in June 2008 as our country manager of OT Indonesia and he was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as he was responsible to handle the rectification of the non-compliance, with the assistance of our Indonesia Legal Adviser, he has attained the necessary knowledge in the requirement of the relevant Indonesia laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Indonesia legal adviser to provide training to him in Indonesia and to advise us on compliance with the applicable Indonesia laws and regulations, our Directors are of the view that he will be capable of ensuring compliance with</p>		

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						<p>the relevant Indonesia laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Indonesia after his appointment.</p> <p>The external Indonesia legal adviser will also advise us on compliance with the applicable Indonesia laws and regulations from time to time, as and when needed.</p>	

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	<p>During the Track Record Period, OT Indonesia had failed to obtain Company Registration Certificate for all OT Indonesia's branch offices.</p>	<p>The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.</p>	<p>OT Indonesia has obtained the Company Registration Certificate for branch office in Bandung on 10 June 2013, Surabaya on 30 August 2013 and Denpasar on 20 September 2013.</p> <p>Given the above remedial actions, the non-compliances have been duly rectified as of the respective date as set out above in which the Company Registration Certificate for the respective branch offices had been obtained.</p>	<p>Pursuant to the relevant Indonesia laws and regulation, the directors of OT Indonesia may be subject to sanction at maximum three months of imprisonment or fine at maximum Rp. 3 million (equivalent to approximately US\$310) for failure to comply with the foregoing obligations</p> <p>Mr. Haenisch and Ms. Cheung, both our executive Directors, are also directors of OT Indonesia.</p>	<p>None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated our country manager of OT Indonesia to oversee the compliance matters related to the requirement to obtain Company Registration Certificate for future new branch office(s) in Indonesia. He will ensure that any new branch office(s) to be established in Indonesia will apply for and obtain Company Registration Certificate. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliances, he is currently familiar with the relevant requirement of the Indonesia laws and regulations in relation to the requirement to obtain Company Registration Certificate for branch office. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to Company Registration Certificate) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.</p>	<p>No penalty has been imposed on OT Indonesia or its directors during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia or its directors will be prosecuted or any sanctions or penalties be imposed on any of them in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p> <p>OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.</p>

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					<p>Our country manager of OT Indonesia has 16 years of working experience in freight forwarding industry and has obtained a degree of Management in College of Economics Adhy Niaga in Indonesia. He was appointed in June 2008 as our country manager of OT Indonesia and he was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as he was responsible to handle the rectification of the non-compliance, with the assistance of our Indonesia Legal Adviser, he has attained the necessary knowledge in the requirement of the relevant Indonesia laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Indonesia legal adviser to provide training to him in Indonesia and to advise us on compliance with the applicable Indonesia laws and regulations, our Directors are of the view that he will be capable of ensuring compliance with</p>		

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						<p>the relevant Indonesia laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Indonesia after his appointment.</p> <p>The external Indonesia legal adviser will also advise us on compliance with the applicable Indonesia laws and regulations from time to time, as and when needed.</p>	

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	<p>During the Track Record Period, OT Indonesia had failed to obtain nuisance permit for OT Indonesia main office and all of its branch offices.</p>	<p>The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.</p>	<p>OT Indonesia has obtained nuisance permit for its main office on 23 May 2013, Bandung branch office on 10 June 2013, Denpasar branch office on 20 September 2013 and Surabaya branch office on 12 February 2014.</p> <p>Given the above remedial actions, the non-compliances have been duly rectified as of the respective date as set out above in which the nuisance permit for the respective main office and branch offices has been obtained.</p>	<p>Pursuant to the relevant Indonesia laws and regulation, failure to comply with the foregoing obligation may: (i) subject the directors of OT Indonesia to a sanction of maximum six months imprisonment or fine to maximum Rp. 50 million (equivalent to approximately US\$5,181) and (ii) result in various administrative sanctions including closure of business place.</p> <p>Mr. Haemisch and Ms. Cheung, both our executive Directors, are also directors of OT Indonesia.</p>	<p>None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated our country manager of OT Indonesia to oversee the compliance matters related to the requirement to obtain nuisance permit for future branch office(s) in Indonesia. He will ensure that any new main office(s) and/or branch office(s) to be established in Indonesia will apply for and obtain nuisance permit. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliances, he is currently familiar with the relevant requirement of the Indonesia laws and regulations in relation to the requirement to obtain nuisance permit for main office and/or branch office. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to nuisance permit) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.</p>	<p>No penalty has been imposed on OT Indonesia or its directors during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia or its directors will be prosecuted or any sanctions or penalties be imposed on any of them in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p> <p>OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.</p>

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					<p>Our country manager of OT Indonesia has 16 years of working experience in freight forwarding industry and has obtained a degree of Management in College of Economics Adhy Niaga in Indonesia. He was appointed in June 2008 as our country manager of OT Indonesia and he was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as he was responsible to handle the rectification of the non-compliance, with the assistance of our Indonesia Legal Adviser, he has attained the necessary knowledge in the requirement of the relevant Indonesia laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Indonesia legal adviser to provide training to him in Indonesia and to advise us on compliance with the applicable Indonesia laws and regulations, our Directors are of the view that he will be capable of ensuring compliance with</p>		

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						<p>the relevant Indonesia laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Indonesia after his appointment.</p> <p>The external Indonesia legal adviser will also advise us on compliance with the applicable Indonesia laws and regulations from time to time, as and when needed.</p>	

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	<p>During the Track Record Period, OT Indonesia has failed to obtain Taxpayer Registration Number of OT Indonesia's branch office in Bandung.</p>	<p>The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.</p>	<p>OT Indonesia has obtained the Taxpayer Registration Number of its branch office in Bandung on 23 April 2013 and the non-compliance has been duly rectified as of such date.</p>	<p>Pursuant to the relevant Indonesia laws and regulation, failure to comply with foregoing obligation may subject the directors of OT Indonesia to imprisonment at the maximum of six years and a fine at the maximum of four times the amount of tax due which is not paid or underpaid. As OT Indonesia's branch office in Bandung did not have any tax due which was not paid or underpaid prior to the obtaining of the Taxpayer Registration Number, no fine shall be imposed in respect of the above non-compliance.</p>	<p>None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated our country manager of OT Indonesia to oversee the compliance matters related to the requirement to obtain Taxpayer Registration Number for future branch office(s) in Indonesia. He will ensure that any new branch office(s) to be established in Indonesia will apply for and obtain Taxpayer Registration Number. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliance, he is currently familiar with the relevant requirement of the Indonesia laws and regulations in relation to the requirement to obtain Taxpayer Registration Number for branch office.</p> <p>We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to the requirement to obtain Taxpayer Registration Number) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.</p>	<p>No penalty has been imposed on OT Indonesia or its directors during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliance have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia or its directors will be prosecuted or any sanctions or penalties be imposed on any of them in respect of the non-compliance is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p> <p>OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.</p>

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					<p>Our country manager of OT Indonesia has 16 years of working experience in freight forwarding industry and has obtained a degree of Management in College of Economics Adhy Niaga in Indonesia. He was appointed in June 2008 as our country manager of OT Indonesia and he was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as he was responsible to handle the rectification of the non-compliance, with the assistance of our Indonesia Legal Adviser, he has attained the necessary knowledge in the requirement of the relevant Indonesia laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Indonesia legal adviser to provide training to him in Indonesia and to advise us on compliance with the applicable Indonesia laws and regulations, our Directors are of the view that he will be capable of ensuring compliance with</p>		

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	As required under Law No. 42 Year 2009 regarding Value Added Tax for Goods and Services and Luxurious Goods Sales Tax, a company that conducts delivery of taxable goods/services with total gross circulation and/or gross revenue exceeding Rp. 600 million annually is obliged to obtain a Taxable Entrepreneur and each of its branch office is also required to obtain a Taxable Entrepreneur as well. During the track Record Period, OT Indonesia's branch offices in Bandung and Denpasar had failed to obtain Taxable Entrepreneur.	The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.	OT Indonesia's branch offices in Bandung and Denpasar have obtained the Taxable Entrepreneur on 1 May 2013 and 22 May 2013, respectively. Given the above remedial actions, the non-compliances have been duly rectified as of the respective date as set out above in which the Taxable Entrepreneur for the respective branch offices has been obtained.	Pursuant to the relevant Indonesia laws and regulation, failure to comply with foregoing obligation may subject the directors of OT Indonesia to imprisonment at the maximum of six years and a fine at the maximum of four times the amount of tax due which is not paid or underpaid.	None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.	We have delegated our country manager of OT Indonesia to oversee the compliance matters related to the requirement to obtain Taxable Entrepreneur for future branch office(s) in Indonesia. He will ensure that any new branch office(s) to be established in Indonesia will apply for and obtain Taxable Entrepreneur. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliances, he is currently familiar with the relevant requirement of the Indonesia laws and regulations in relation to the requirement to obtain Taxable Entrepreneur for branch office. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to the requirement to obtain Taxable Entrepreneur) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.	No penalty has been imposed on OT Indonesia or its directors during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia or its directors will be prosecuted or any sanctions or penalties be imposed on any of them in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.
				Given that the amount of fine shall be calculated with reference to the amount of tax due which is not paid or underpaid by the relevant branch office which has failed to obtain the Taxable Entrepreneur, as OT Indonesia's branch offices in Bandung and Denpasar did not have any tax due which was not paid or underpaid prior to the obtaining of the Taxable Entrepreneur, no fine shall be imposed in respect of the above non-compliances.			OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.
				Mr. Haemisich and Ms. Cheung, both our executive Directors, are also directors of OT Indonesia.			

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	During the Track Record Period, OT Indonesia had failed to re-register the freight forwarding licence from the Head of Transportation Agency of DKI Jakarta.	The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.	OT Indonesia has re-registered its freight forwarding license on 23 May 2013 and the non-compliance has been duly rectified as of such date.	Pursuant to the relevant Indonesia laws and regulation, failure to comply with the foregoing obligation may result in administrative sanction in the form of revocation of the OT Indonesia's freight forwarding licences with three times prior written notification and follows by foreclosure.	None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.	We have delegated our country manager of OT Indonesia to oversee the compliance matters related to the requirement to re-register OT Indonesia's freight forwarding license. He will monitor and ensure that OT Indonesia's freight forwarding license will be re-registered upon its expiry. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliance, he is currently familiar with the relevant requirement of the relevant Indonesia laws and regulations in relation to the requirement to re-register freight forwarding license. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to the requirement to re-register freight forwarding license) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.	No penalty has been imposed on OT Indonesia during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia will be prosecuted or any sanctions or penalties be imposed on it in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.
							OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.

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	<p>During the Track Record Period, OT Indonesia had failed to submit written recommendation to the Governor of DKI Jakarta for the opening of all of OT Indonesia's branch office.</p>	<p>The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.</p>	<p>OT Indonesia has obtained the written recommendation for the opening of all of its branch offices on 23 May 2013 and the non-compliances have been duly rectified as of such date.</p>	<p>Pursuant to the relevant Indonesia laws and regulation, failure to comply with the foregoing obligation may result in administrative sanction in the form of revocation of the OT Indonesia's freight forwarding licenses with three times prior written notification and follows by foreclosure.</p>	<p>None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated our country manager of OT Indonesia to oversee the compliance matters related to submission of written recommendation. He will ensure that any new branch office(s) to be established in Indonesia will submit written recommendation to the Governor of DKI Jakarta for its opening. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliances, he is currently familiar with the relevant requirement of the relevant Indonesia laws and regulations in relation to the requirement to submit written recommendation to the Governor of DKI Jakarta for the opening of branch office. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to the requirement to submit written recommendation) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.</p>	<p>No penalty has been imposed on OT Indonesia during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia will be prosecuted or any sanctions or penalties be imposed on it in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p> <p>OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.</p>

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	<p>Prior to and during the Track Record Period, OT Indonesia had failed to submit the monthly and annual report of OT Indonesia to Transportation Agency of Jakarta.</p>	<p>The omission was principally due to the lack of professional knowledge of our staff in the relevant Indonesia laws and regulations.</p>	<p>OT Indonesia has submitted all the relevant annual report by 17 January 2014 and the non-compliance in relation to the failure to submit the relevant annual report have been duly rectified on such date.</p> <p>OT Indonesia has submitted all the relevant monthly report by 26 February 2014 and the non-compliance in relation to the failure to submit the relevant monthly report have been duly rectified on such date.</p>	<p>Pursuant to the relevant Indonesia laws and regulation, failure to comply with the foregoing obligation may result in administrative sanction in the form of revocation of the OT Indonesia's freight forwarding licenses with three times prior written notification and follows by foreclosure.</p>	<p>None. Our staff in Indonesia was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated our country manager of OT Indonesia to oversee the compliance matters related to submission of monthly and annual report. He will monitor and ensure that monthly and annual report of OT Indonesia will be submitted to Transportation Agency of Jakarta. As our country manager of OT Indonesia was responsible to handle the rectification of the non-compliance, he is currently familiar with the relevant requirement of the relevant Indonesia laws and regulations in relation to the requirement to submit monthly and annual report. We have engaged an external Indonesia legal adviser to provide training to our country manager of OT Indonesia and other relevant employees of OT Indonesia on the latest development of various compliance matters (including matters in relation to the requirement to submit monthly and annual report) that is related to the relevant Indonesia laws and regulations, from time to time, as and when needed.</p>	<p>No penalty has been imposed on OT Indonesia during the Track Record Period and up to the Latest Practicable Date. As advised by the Indonesia Legal Adviser, given that the non-compliances have been duly rectified by OT Indonesia, the risk or likelihood that OT Indonesia will be prosecuted or any sanctions or penalties be imposed on it in respect of the non-compliances is low, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p> <p>OT Indonesia contributed to approximately 1.9%, 1.3% and 1.4% of our total revenue for the years ended 31 December 2011, 2012 and 2013, respectively.</p>

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
					Our country manager of OT Indonesia has 16 years of working experience in freight forwarding industry and has obtained a degree of Management in College of Economics Adhy Niaga in Indonesia. He was appointed in June 2008 as our country manager of OT Indonesia and he was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as he was responsible to handle the rectification of the non-compliance, with the assistance of our Indonesia Legal Adviser, he has attained the necessary knowledge in the requirement of the relevant Indonesia laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Indonesia legal adviser to provide training to him in Indonesia and to advise us on compliance with the applicable Indonesia laws and regulations, our Directors are of the view that he will be capable of ensuring compliance with		

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliance incidents	Financial impacts
						<p>the relevant Indonesia laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Indonesia after his appointment.</p> <p>The external Indonesia legal adviser will also advise us on compliance with the applicable Indonesia laws and regulations from time to time, as and when needed.</p>	

Japan

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
OT Japan	During the Track Record Period, OT BVI as the shareholder of OT Japan, failed to notify the Bank of Japan under the Foreign Exchange and Trade Control Law of Japan (“FEL”) with respect to the acquisition of the shares in OT Japan within the prescribed time limit.	The omission was principally due to the lack of professional knowledge of our staff, in Japan, in corporate matters.	OT BVI had made the notification to the Minister of Finance and the relevant Ministers, through the Bank of Japan on 8 January 2013 and the non-compliance have been duly rectified as of such date. Up to the Latest Practicable Date, OT Japan has not received from the Bank of Japan any reprimand relating to the delay of the notification.	Pursuant to the FEL, any person who has failed to make a report shall be punished by imprisonment with work for not more than six months or a fine of not more than JPY 500,000.	None. Our staff in Japan was delegated in ensuring the compliance of this aspect.	We have delegated our country manager of OT Japan to oversee the compliance matters related to notification to Bank of Japan under the FEL for acquisition of shares of a company in Japan. He will ensure that notification will be made to Bank of Japan and/or any other relevant authority for any future acquisition of shares of a company in Japan. As our country manager of OT Japan was responsible to handle the rectification of the non-compliances, he is currently familiar with the relevant requirement of the relevant Japan laws and regulations in relation to the requirement to notify the Bank of Japan. We have engaged an external Japan legal adviser to provide training to our country manager of OT Japan and other relevant employees of OT Japan on the latest development of various compliance matters (including matters in relation to the requirement to notify the Bank of Japan for acquisition of shares of a company in Japan) that is related to the relevant Japan laws and regulations, from time to time, as and when needed.	No penalty has been imposed on OT BVI during the Track Record Period and up to the Latest Practicable Date. As advised by the Japan Legal Adviser, given that the non-compliances have been duly rectified by OT BVI, it is reasonably expected that no penalty or sanction will be imposed on BVI, and as our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>Our country manager of OT Japan has 13 years of working experience in the freight forwarding industry and has obtained a Diploma in English in Kanda Institute of Foreign languages. He was appointed in October 2011 as our country manager of OT Japan and he was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as he was responsible to handle the rectification of the non-compliance, with the assistance of our Japan Legal Adviser, he has attained the necessary knowledge in the requirement of the relevant Japan laws and regulations in relation to such non-compliance. Furthermore, as we have engaged an external Japan legal adviser to provide training to him in Japan and to advise us on compliance with the applicable Japan laws and regulations, our Directors are of the view that he will be capable of ensuring compliance with</p>	

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>the relevant Japan laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Japan after his appointment.</p> <p>The external Japanese legal adviser will also advise us on compliance with the applicable Japan laws and regulations from time to time, as and when needed.</p>	

Vietnam

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliance incidents	Financial impacts
OT Vietnam	<p>Prior to and during the Track Record Period and up to the Latest Practicable Date, payment by the owners (i.e. OT HK and Dynamic Freight Co., Ltd) to the charter capital of OT Vietnam was not in full compliance with:</p> <p>(a) the time schedule for charter capital contribution as provided by the investment licence and the charter of OT Vietnam; and</p> <p>(b) the relevant Vietnam laws and regulations on foreign exchange control, whereby OT Vietnam must establish a specialised capital account as soon as practicable after the date of the investment licence of OT Vietnam.</p> <p>Furthermore, prior to and during the Track Record Period and up to the Latest Practicable Date, the owners (i.e. OT HK and Dynamic Freight Co., Ltd) failed to make a part of the cash contribution of the charter capital of OT Vietnam through the specialised capital account.</p>	<p>The omission was principally due to the lack of professional knowledge of our Directors in the relevant Vietnam laws and regulations on foreign exchange control.</p>	<p>OT Vietnam had attempted to rectify the non-compliance.</p> <p>On 23 January 2013 and 18 April 2014, OT Vietnam had sent a letter to the State Bank of Vietnam seeking for guidance on the non-compliance. However, up to the Latest Practicable Date, OT Vietnam has not received a reply from the State Bank of Vietnam.</p> <p>As advised by our Vietnam Legal Adviser, as the non-compliances occurred in the past and since the State Bank of Vietnam had not provided any guidance on the rectification of such non-compliances, OT Vietnam could not rectify such non-compliance by unwinding the previous non-compliant charter capital contribution and replacing it with a new one that complies with the relevant laws and regulations of Vietnam. Therefore, our Vietnam Legal Adviser is of the view that such non-compliances could not be remedied.</p>	<p>Pursuant to the relevant Vietnam laws and regulations, OT HK may be restricted to remit aboard any proceeds that OT HK may gain for any future proposed transfer of OT Vietnam's capital contribution.</p> <p>As recommended by our Vietnam Legal Adviser, OT HK and OT Vietnam should be prepared to provide an explanation to the State Bank of Vietnam if it restricts OT Vietnam to remit aboard any proceeds that OT HK may gain for any future proposed transfer of OT Vietnam's capital contribution.</p>	<p>None. Our staff in Vietnam was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated a director of OT Vietnam, who is stationed in Vietnam, to oversee the compliance matters related to future payment of charter capital and contribution of the charter capital through specialized capital account. She will ensure that any future payment and/or contribution of the charter capital will comply with the relevant Vietnam laws and regulation in force from time to time. As such director of OT Vietnam was responsible to handle the rectification of the non-compliances, she is currently familiar with the relevant requirement of the relevant Vietnam laws and regulations in relation to payment and/or contribution of the charter capital. We have engaged an external Vietnam legal adviser to provide training to such director of OT Vietnam and other relevant employees of OT Vietnam on the latest development of various compliance matters (including matters in relation to the requirement for payment and/or contribution of the charter capital) that is related to the relevant Vietnam laws and regulations, from time to time, as and when needed.</p>	<p>As OT HK has no present intention to transfer the capital contribution of OT Vietnam, and our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p>

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>Our director of OT Vietnam has eight years of working experience in accounting and management and has obtained a Bachelor degree in Foreign Trade from the Economic University in Vietnam. She was appointed in January 2006 as our director of OT Vietnam and she was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as she was responsible to handle the rectification of the non-compliance, with the assistance of our Vietnam Legal Adviser, she has attained the necessary knowledge in the requirement of the relevant Vietnam laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Vietnam legal adviser to provide training to her in Vietnam and to advise us on compliance with the applicable Vietnam laws and regulations, our Directors are of the view that she will be capable of ensuring compliance with the relevant Vietnam laws and regulations in the future. Save as disclosed in this prospectus, there was no other material</p>	

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>non-compliance incident in Vietnam after her appointment.</p> <p>The external Vietnam legal adviser will also advise us on compliance with the applicable Vietnam laws and regulations from time to time, as and when needed.</p>	

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
	<p>Prior to and during the Track Record Period and up to the Latest Practicable Date, OT Vietnam had failed to withhold and pay the foreign contractor tax imposed on the interest payable by OT Vietnam to OT HK pursuant to the shareholder loan contract between the parties dated 22 October 2007.</p>	<p>The omission was principally due to the lack of professional knowledge of our staff in the relevant Vietnam laws and regulations.</p>	<p>As advised by our Vietnam Legal Adviser, the non-compliances could not be remedied as Vietnamese laws are silent on the remedial procedures.</p> <p>As advised by our Vietnam Legal Adviser, OT HK should be prepared for the possible foreign contractor tax obligations that may arise.</p>	<p>Pursuant to the relevant Vietnam laws and regulations, OT Vietnam may be subject to a fine of up to US\$240, which equals to three times of the amount of unpaid tax. The stipulated time limit for sanction of the act of tax evasion is five years counting from the date of when the act of evasion was committed.</p>	<p>None. Our staff in Vietnam was delegated in ensuring the compliance of this aspect.</p>	<p>We have delegated our director of OT Vietnam, which is stationed in Vietnam, to oversee the compliance matters related to future withholding and payment of foreign contractor tax where required. She will ensure that any future withholding and payment of foreign contractor tax, where required, will be complied with. As such director of OT Vietnam was responsible to handle the rectification of the non-compliances, she is currently familiar with the relevant requirement of the relevant Vietnam laws and regulations in relation to withholding and payment of foreign contractor tax. We have engaged a financial adviser to advise us on withholding tax issue to prevent future non-compliance. We have also engaged external Vietnam legal adviser to provide training to such director of OT Vietnam and other relevant employees of OT Vietnam on the latest development of various compliance matters (including matters in relation to the requirement for withholding and payment of foreign contractor tax) that is related to the relevant Vietnam laws and regulations, from time to time, as and when needed.</p>	<p>No penalty has been imposed on OT Vietnam during the Track Record Period and up to the Latest Practicable Date. As advised by the Vietnam Legal Adviser, given the small amount of the possible penalty and provided that OT Vietnam has no repeated violation of its tax payment obligations in the recent years, OT Vietnam will not be prosecuted for such non-compliance, and given that our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.</p>

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
					<p>Our director of OT Vietnam has eight years of working experience in accounting and management and has obtained a Bachelor degree in Foreign Trade from the Economic University in Vietnam. She was appointed in January 2006 as our director of OT Vietnam and she was involved in such non-compliance incident due to the lack of professional knowledge in the past. As disclosed above, as she was responsible to handle the rectification of the non-compliance, with the assistance of our Vietnam Legal Adviser, she has attained the necessary knowledge in the requirement of the relevant Vietnam laws and regulations in relation to such non-compliances. Furthermore, as we have engaged an external Vietnam legal adviser to provide training to her in Vietnam and to advise us on compliance with the applicable Vietnam laws and regulations, our Directors are of the view that she will be capable of ensuring compliance with the</p>		

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>relevant Vietnam laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Vietnam after her appointment.</p> <p>The external Vietnam legal adviser will also advise us on compliance with the applicable Vietnam laws and regulations from time to time, as and when needed.</p>	

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliance incidents	Financial impacts
	<p>Prior to and during the Track Record Period and up to the Latest Practicable Date, we failed to register with the SBV the loan agreement between OT HK as the lender and Vietnam Owner as borrower in relation to the initial charter capital contribution of US\$30,600.</p>	<p>As advised by our Vietnam Legal Adviser, foreign loan agreements with term exceeding 12 months must be registered with the SBV within 30 working days upon execution of the same. However, as the loan agreement dated 6 November 2013 was to govern the initial charter capital contribution which occurred in 2005, it could not be registered with SBV as it was a loan made in the past.</p>	<p>As advised by our Vietnam Legal Adviser, as the loan was made in the past, such loan agreement could not be registered and OT Vietnam could not rectify such non-compliance.</p>	<p>Pursuant to the relevant Vietnam laws and regulations, loan agreements with term exceeding 12 months must be registered with SBV to be legal and valid.</p> <p>As advised by our Vietnam Legal Adviser the validity of the loan agreement, as the principal and primary document, would decide the validity and enforceability of its related legal documents and therefore its related security documents, including the charter capital mortgage, may also be declared invalid and unenforceable under the laws of Vietnam.</p>	<p>Mr. Lam and Mr. Haenisch</p>	<p>Our company secretary and an executive Director, Ms. Wong, who is a fellow member of the Association of Chartered Certified Accountants and a non-practicing member of the Hong Kong Institute of Certified Public Accountants along with a director of OT Vietnam, who is stationed in Vietnam, will ensure all future loan agreements (if any) will be registered with the SBV.</p>	<p>The non-recovery for the sum of US\$34,300 (comprising the loan for the sum of US\$30,600 previously advanced by us to the Vietnam Owner for its contribution to the initial registered charter capital in OT Vietnam and the dividend for the sum of US\$3,700 previously distributed by OT Vietnam to the Vietnam Owner and re-contributed thereby to OT Vietnam by way of charter capital). Given that the amount of loss of the sum involved is insignificant, our Directors consider that such risk is insignificant.</p>

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
					<p>Our director of OT Vietnam has eight years of working experience in accounting and management and has obtained a Bachelor degree in Foreign Trade from the Economic University in Vietnam. She was appointed in January 2006 as our director of OT Vietnam and she was involved in such non-compliance incident due to the lack of professional knowledge in the past. Ms. Wong was not involved in such non-compliance. As disclosed above, as Ms. Wong and our director of OT Vietnam were responsible to handle the rectification of the non-compliance, with the assistance of our Vietnam Legal Adviser, they both have attained the necessary knowledge in the requirement of the relevant Vietnam laws and regulations in relation to such non-compliance. Furthermore, as we have engaged an external Vietnam legal adviser to provide training to our director of OT Vietnam and to advise us on compliance</p>		

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>with the applicable Vietnam laws and regulations, the Directors are of the view that our director of OT Vietnam along with Ms. Wong will be capable of ensuring compliance with the relevant Vietnam laws and regulations in the future. Save as disclosed in this prospectus, there was no other material non-compliance incident in Vietnam after the appointment of our director of OT Vietnam.</p> <p>We have engaged an external Vietnam legal adviser to provide training to such director of OT Vietnam and other relevant employees of OT Vietnam on the latest development of various compliance matters (including matters in relation to the requirement of registration of loan agreement) that is related to the relevant Vietnam laws and regulations, from time to time, as and when needed.</p>	

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
				<p>In practice, there might be risks associated with enforcement of the whole charter capital contribution held by the Vietnam Owner in case there is any dispute among the parties, which is to be brought to court's settlement and the competent court might only accept the enforcement of the charter capital mortgage agreement for the recovery of the loan up to US\$4,900, instead of the whole charter capital contribution held by the Vietnam Owner of US\$39,200 in OT Vietnam under the charter capital mortgage agreement.</p>		<p>The external Vietnam legal adviser will also advise us on compliance with the applicable Vietnam laws and regulations from time to time, as and when needed.</p> <p>Please also refer to the section headed "Directors and Senior Management" in this prospectus for biographical details of Ms. Wong.</p>	

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Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
				<p>Legal consequences and maximum potential penalty</p> <p>Please also refer to the paragraphs headed "Risk Factors — Risks Relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements" and "History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements" of this prospectus for further details.</p>			

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United States

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliance incidents	Financial impacts
OTX Florida's branch office	During the Track Record Period and up to the Latest Practicable Date, OTX Florida's branch office occupied a premises in Houston which is leased to an Independent Third Party by the landlord.	The omission was principally due to the lack of professional knowledge of our staff in the US in applicable laws and regulations in relation to leasing of property in the US.	Our Group has been paying the rents for the occupation of the premises. As at the Latest Practicable Date, we have not been requested by the owner to vacate from such premises. We plan to enter into a new lease with the landlord for the premises located in Houston upon expiry of the existing lease. Such lease will expire on 30 June 2015. We will disclose the progress of the rectification of this non-compliance in our interim/annual reports.	As advised by our US Legal Adviser, our Group has no right to enforce our rights to occupy and use the premises located in Houston. Hence, we may be required to vacate from the premises if we are requested by the owner. Our Directors estimate that the aggregate removal costs (including write-off of leasehold improvements and other costs thereof) will not be more than HK\$300,000 and it may take not more than one month to relocate our operation to other leased property as replacement.	None. Our staff in the US was delegated in ensuring the compliance of this aspect.	We have delegated our accounting manager of OTX Florida, to oversee the compliance matters related to lease(s). All future lease(s) will be reviewed by our accounting manager of OTX Florida before execution and will ensure that our Group will not occupy any premises which is not leased by us in the future. As our accounting manager of OTX Florida was responsible to handle the rectification of the non-compliance, he is currently familiar with the relevant requirement of the relevant US laws and regulations in relation to leasing of property. We also have engaged US legal adviser to provide training to our accounting manager of OTX Florida and other relevant employees of OTX Florida on the latest development of various compliance matters (including matters in relation to the requirement for leasing of property) that is related to the relevant US laws and regulations, from time to time, as and when needed.	As advised by our US Legal Adviser, given that OTX Florida was not a party to the lease agreement, OTX Florida was not in breach of the agreement. Our US Legal Adviser also advised that given the soft property market in the area, it is highly unlikely that the landlord would seek to evict our Group from the premises as long as OTX Florida timely pays the rent and the amount of rent paid is not significantly below the market rent. Also, given that our Controlling Shareholders have agreed to indemnify us under the Deed of Indemnity, no provision on our financial statements is considered necessary.

BUSINESS

Name of our subsidiary	Non-compliant incidents	Cause(s) of non-compliance	Remedial actions	Legal consequences and maximum potential penalty	Director(s)/senior management(s) involved in the non-compliance incidents	Measures in place to prevent recurrence of the non-compliant incidents	Financial impacts
						<p>Our accounting manager of OTX Florida has seven years of working experience in accounting and has obtained a Bachelor degree in Business Administration from Soongsil University. He was appointed in August 2013 as our accounting manager of OTX Florida and he was not involved in such non-compliance incident. Save as disclosed in this prospectus, there was no other material non-compliance incident in the US after his appointment.</p> <p>The external US legal adviser will also advise us on compliance with the applicable US laws and regulations from time to time, as and when needed.</p>	

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The aggregated potential maximum fine arising from the non-compliance incidents disclosed in the paragraph headed “Business — Regulatory Compliance, Licences and Permits” in this prospectus and which have not been rectified as at the Latest Practicable Date amounts to approximately HK\$163,000.

RISK MANAGEMENT AND INTERNAL CONTROL

For details of our risk management measures for air cargo space availability and freight rates fluctuation, please refer to the paragraphs headed “Business — Business Model — Air Freight — Block-space agreements with airlines” and “Business — Our Operations — Consolidation to Optimise Cargo Space Utilisation” of this prospectus.

For details of our foreign exchange hedging measures, please see the paragraph headed “Financial Information — Capital Risk Management and Financial Risk Management — Financial Risk Management — Foreign exchange risk and hedging”.

For our measures to address the non-compliances referred to in this section, please see the paragraph below headed “Measures to prevent recurrence of non-compliance”.

Internal control review

On 9 January 2013, we engaged an independent internal control adviser (“**Internal Control Adviser**”) to conduct an internal control review of certain of our Group members. The Internal Control Adviser is a professional firm which specialises in corporate governance, internal audit and internal control review services, and has been providing internal control review services to listing applicants and listed companies since 2007. The review period was from 1 January 2012 to 30 September 2013 (the “**Review Period**”), which covered a review of our financial procedures, systems and controls (including accounting and management systems). The Internal Control Adviser has conducted follow-up review for the period from 1 October 2013 to 31 May 2014 (the “**Follow-up Review Period**”) and has issued a follow-up review report on 18 June 2014. The review was conducted on the basis that any resultant findings and advice based on the findings would constitute private advice to our Directors. Accordingly, the identity of the Internal Control Adviser is not required to be disclosed in this prospectus pursuant to the HKEx Guidance Letter HKEx-GL63-13 issued by the Stock Exchange.

Based on the said review, the Internal Control Adviser has identified the following major weaknesses on our financial procedures, systems and controls in relation to our following principal operating subsidiaries of our Company and provided the corresponding recommendations:

- Written policies and procedural guidelines are not in place to govern practices for certain processes (such as financial reporting, revenue and receipts etc.) in OT HK, OT China and OTX Logistics Holland, the Internal Control Adviser recommended that OT HK, OT China and OTX Logistics Holland should establish formal policies and procedures for these processes.

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- There is no evidence of review to ascertain the completeness of the data in the accounting system used by OT HK and OTX Florida from the reports generated by the freight operations system and the accounting system, the Internal Control Adviser recommended that OT HK and OTX Florida should prepare a documentation of review for the report of reconciliation between the freight operations system and the accounting system used by OT HK and OTX Florida in order to ascertain the completeness of data in the accounting system.
- The timeframe of clearing unknown receipts is not included in the policy and procedures of OT HK, the Internal Control Adviser recommended that OT HK should set the timeframe for verifying and clearing the unknown receipts to ascertain the accuracy of the financial information.
- Bank reconciliation statement in OT HK is not reviewed by appropriate personnel, the Internal Control Adviser recommended that OT HK should arrange appropriate personnel to review the bank reconciliation statement. The review of bank reconciliation statement should be properly documented as evidence.
- The amendment of staff information in the staff payroll system used by OT HK are not reviewed by independent personnel, the Internal Control Adviser recommended that OT HK should assign independent personnel to review the staff master file in the staff payroll system used by OT HK upon amendment of staff information in the master file.
- Payroll breakdown prepared by the financial controller of OT HK is not reviewed by independent personnel, the Internal Control Adviser recommended that OT HK should review the payroll breakdown before recording the payroll expenses in the accounting system in order to avoid inaccurate payroll journal entries in the accounting system.
- The rights for preparation and review of journal entries are not properly segregated in the accounting system, the Internal Control Adviser recommended that (i) OT China and OTX Florida should establish proper segregation of duties between preparing and approving journal entries in the accounting system; and (ii) all journal entries should be approved before posting to the ledger in the accounting system.
- The accounts of OT China are closed annually but not closed monthly, the Internal Control Adviser recommended that OT China should perform closing of accounts in the accounting system at the end of each month and establish formal checklists to govern proper and timely period-end closing procedures to prevent unauthorized subsequent changes.
- Bank reconciliations of OT China are not performed on monthly basis, the Internal Control Adviser recommended that OT China should assign appropriate personnel to perform bank reconciliation each month. Results and discrepancies of monthly bank reconciliation statement should be properly documented and investigated.
- Amendment of chart of accounts in the accounting system of OTX Logistics Holland is made and approved by the finance director of OTX Logistics Holland, the Internal Control Adviser recommended that OTX Logistics Holland should segregate the duties over preparation and approval on chart of accounts for addition, amendment and deletion and should request independent personnel to review the chart of accounts for accuracy.

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- There is no standard application form and record established for credit application in OTX Logistics Holland, the Internal Control Adviser recommended that OTX Logistics Holland should: (i) establish standard application form for recording the customers' information as application record; (ii) maintain credit search report on financial position in order to evaluate the customer's repayment ability; (iii) approval record on credit application of customers should be retained for audit trail; and (iv) credit limits should be set for different kind of customers.
- There is no dual control payment authorization in OTX Florida, the Internal Control Adviser recommended that OTX Florida should consider establishing an authorization matrix which requires at least two signatures for cheques and setting up limits on payments through internet banking.
- There is an absence of mechanism on price setting and documentation on quotation approval in OTX Florida, the Internal Control Adviser recommended that OTX Florida should consider maintaining a determination of selling price and approval from operations manager to ensure desired profit margins are met; and establishing a formal and written policy on selling price and mark up setting.
- There is no document checklists before each shipment closed to ensure all documents are filed properly, the Internal Control Adviser recommended that OTX Florida should maintain a checklist for each shipment file.

As at the Latest Practicable Date, we have implemented all measures recommended by the Internal Control Adviser and it is satisfied with those remedial measures during the Follow-up Review Period.

Measures to prevent recurrence of non-compliance

To continuously improve our corporate governance and to prevent recurrence of non-compliance in the future, our Group intends to adopt or have adopted the following measures:

- (i) our Board has established a corporate governance committee on 21 June 2014, comprising Ms. Wong, an executive Director, and Mr. Ng Wai Hung and Mr. Poon Ka Lee, Barry, both independent non-executive Directors with Ms. Wong as the chairlady of the corporate governance committee, to keep the effectiveness of the corporate governance and system of internal non-financial controls of our Group. The primary functions of our corporate governance committee include, among others, reviewing and making recommendation to our Board in respect of our Group's policies and practices on corporate governance, reviewing and monitoring our Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board, contained in any constitutional documents of our Group, or imposed by the Listing Rules, other applicable laws, regulations, rules and codes, and ensuring that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies, and monitoring the implementation of our Group's plan to maintain high compliance with own risk management standards;

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- (ii) we have established an audit committee on 21 June 2014, comprising of all of our independent non-executive Directors, namely, Mr. Wong See Ho, Mr. Ng Wai Hung and Mr. Poon Ka Lee, Barry with Mr. Wong See Ho as chairman of the audit committee, to establish formal and transparent arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations, including timely preparation and laying of accounts. Our audit committee will disclose any material issues in relation to internal control principles in accounting and financial matters in our annual report;
- (iii) we have appointed the Internal Control Adviser to perform a detailed evaluation of the adequacy and effectiveness of our internal control system, recommend action plans for improvements in areas (which include compliance functions) under their review. Please see the paragraph headed “Internal control review” above for the Internal Control Adviser’s findings and recommendations. When necessary, we will appoint an internal control adviser to perform evaluation of the adequacy and effectiveness of our internal control system subsequent to Listing;
- (iv) we have designated Ms. Wong (an executive Director, our chief financial officer and company secretary), who is experienced in compliance issues in Hong Kong and has attained knowledge in compliance issues in those members of our Group in which non-compliance occurred during the Track Record Period as set out in the paragraph headed “Business — Regulatory Compliance, Licences and Permits” in this prospectus, as our compliance officer to assist our Board to identify, assess and manage the risks associated with our operations from time to time to ensure due compliance of laws, rules and regulations applicable to our Group. To ensure there is effective internal control measures at our Group level in relation to the compliance matters in each of the subsidiaries of our Group, our compliance officer will be responsible for monitoring our compliance matters in each of the subsidiaries of our Group at group level. Please also refer to the section headed “Directors and Senior Management” in this prospectus for biographical details of Ms. Wong;
- (v) we have entered into retainer agreements with our legal counsels in Hong Kong, the PRC, Indonesia, Japan, Vietnam and the US in June 2014 for their engagement as our legal advisers from June 2014 to December 2015, who will advise us on the compliance matters under their respective jurisdictions. Training has been provided by our Hong Kong and Indonesia legal adviser to our staff responsible for compliance issues in Hong Kong and Indonesia respectively, and trainings will be provided by the respective foreign counsels to our staff responsible for compliance issues in PRC, Japan, Vietnam and US shortly after Listing. As we also have substantial operations in the Netherlands, we also plan to retain legal counsels in the Netherlands shortly after Listing to advise us on compliance issues that may arise from time to time;
- (vi) our chief financial officer, company secretary and compliance officer will act as the principal channel of communication between members of our Group and our Company in relation to legal, regulatory and financial reporting compliance matters of our Group as well as the chief coordinators to oversee the internal control procedures in general. Upon

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receipt of any queries or reports on legal, regulatory and financial reporting compliance matters, the company secretary or the compliance officer will look into the matter and, if considered appropriate, seek advice, guidance and recommendation from professional advisers and report to relevant members of our Group and/or our Board;

- (vii) we have appointed RHB OSK Capital as our compliance adviser upon Listing to advise our Group on compliance matters in accordance with Rule 3A.19 of the Listing Rules;
- (viii) we will procure future lease agreements which we are to enter into to be registered and filed with relevant authorities, and will impose an obligation on the relevant lessors to comply with the requisite registration and filing requirement under the lease agreements, ensure that lessors can provide us with relevant ownership certificates or other written consent from the relevant owners evidencing lessors' rights to lease properties and ensure that the designated usage stated under the relevant building ownership certificates are consistent with the purpose of our use; and
- (ix) we will provide our Directors, senior management and employees involved with training, development programmes and/or updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time.

Views of our Directors and the Sole Sponsor

Our Directors are of the view that we have adequate internal control procedures and policies in place to prevent further occurrence of the above non-compliance by our Group in the future. In light of the preventive measures mentioned above, our Directors and the Sole Sponsor are of the view that our Group has adequate and effective internal control procedures in place.

Having considered the facts and circumstances relating to the non-compliance incidents as disclosed in this section, their immaterial financial impact on our Group and our Group's internal control measures to avoid recurrence of these non-compliances, our Directors and the Sole Sponsor are of the view that these past non-compliance incidents did not involve our Directors, and where they involved our Directors (as in the case of non-compliances relating to some of our Hong Kong based subsidiaries), they have been rectified, and in any event, the non-compliances do not involve any dishonesty on the part of our Directors or impugn on their integrity or competence and do not affect their suitability to act as directors of a listed issuer under Rules 3.08, 3.09 and 8.15 of the Listing Rules, and the suitability for listing of our Company under Rule 8.04 of the Listing Rules. Our board of Directors include members who are professionally qualified accountants and lawyer, and Ms. Wong, our executive Director, chief financial officer and company secretary, has relevant experience in compliance matters, and we will engage external legal advisers to advise us on compliance matters. Our Directors are of the view that the above measures will prevent future occurrence of non-compliance incidents.

LEGAL PROCEEDINGS

As at the Latest Practicable Date, no member of our Group or any of our Directors was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was pending or threatened by or against any member of our Group or any of our Directors.

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INSURANCE COVERAGE

During the Track Record Period and up to the Latest Practicable Date, we have maintained insurance coverage insofar as applicable laws of the jurisdictions in which we have physical presence and applicable regulations of the industry associations that we belong to require. We consider our insurance coverage to be customary for businesses of our size and nature and in line with normal commercial practice of the logistics industry. During the Track Record Period, we did not experience any material claims from third parties nor did we make any material insurance claims.

PROPERTY INTERESTS

Owned properties

As at the Latest Practicable Date, we owned a total of five properties in the PRC. We have been advised by our PRC legal adviser that there is no title defect with respect to any of these properties. The gross floor areas of these properties range from approximately 109.7 sq.m. to approximately 362.3 sq.m., and are approximately 1,018.0 sq.m. in aggregate. We use three properties primarily as our offices and their gross floor area are approximately 761.4 sq.m. in aggregate. We lease out two properties for investment purposes, and their gross floor area are approximately 256.6 sq.m. in aggregate.

Leased and licensed properties

As at the Latest Practicable Date, we occupied 86 properties under leases and licences with terms ranging from one month to five years. We use these properties primarily as our offices and warehouses. The gross floor areas of these properties range from approximately nine sq.m. to approximately 5,574 sq.m., and in aggregate are approximately 38,000 sq.m.. These properties are located in Hong Kong, the PRC, Cambodia, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, Vietnam, the UAE, the Netherlands, Canada and the United States. Except for two properties in Hong Kong, which occupy an aggregate gross floor area of approximately 1,300 sq.m. and which we use primarily as our offices, and one property in Hong Kong which we lease as staff quarters, all the above premises are leased from Independent Third Parties. We paid rental expenses of approximately HK\$20.6 million, HK\$25.9 million and HK\$33.9 million for the years ended 31 December 2011, 2012 and 2013, respectively.

Of the 86 properties, 32 are located in the PRC. In respect of two of our leased properties located in Shanghai and Xi'an with aggregate gross floor areas of approximately 1,998.9 sq.m. used by us primarily as our warehouse, the relevant lessors have not provided us with the relevant title ownership certificates or other written consent from the relevant owner evidencing their rights to lease the properties to us. As advised by our PRC Legal Adviser, if the lessors do not have the requisite rights to lease out the properties, the lease agreements may be deemed invalid, and we may be forced to move out from the properties. Our Directors estimate that the aggregate removal costs (including write-off of leasehold improvements and other costs thereof) will not be more than approximately RMB200,000, and it may take not more than one month to relocate our operations to other leased properties as replacement. We believe that these two leased properties are not crucial to our Group as a whole or to our operations in the PRC.

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In respect of 12 of our leased properties used by us as our office and/or warehouse, we have failed to register or file the leases with relevant PRC authorities. Pursuant to the relevant PRC laws and regulations, lease agreement must be registered or filed with relevant PRC authorities within 30 days after the signing thereof. The relevant PRC authorities may order the parties to the lease agreements to register the lease agreements within a prescribed time and, should they fail to do so, we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreement. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fine in respect of this non-compliance. Our Directors estimate that the aggregate maximum fine which we may be subject to for all our unregistered lease agreements is RMB120,000. According to our PRC Legal Adviser, notwithstanding our failure to register the above leases, they remain valid and binding among the parties thereto under PRC laws. We believe that the above leased properties are not crucial to our Group as a whole or to our operations in the PRC.

In respect of one property with gross floor area of approximately 464.52 sq.m. in Houston occupied by our US office there, it is not leased to our Group. The property is used by us as part of our operations in the United States. We may be required to vacate the premises if we are requested by its owner. We estimate that the total relocation costs for the premises will not be more than HK\$300,000 and it may take more than one month to relocate to alternative premises. We believe that this property is not crucial to our Group as a whole or to our operations in the United States.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance, which require valuation report with respect to all our Company's interests in land or buildings, for the reason that as at 31 December 2013 each of our properties has a carrying amount below 15% of our consolidated total assets and the leased properties are considered to have no commercial value.

Please refer to the paragraph headed "Business — Regulatory Compliance, Licences and Permits" of this prospectus, for details of non-compliances in relation to certain properties occupied by us in the PRC and one property occupied by us in the United States. Please refer to the section headed "Continuing Connected Transactions" of this prospectus for details of properties leased by us from connected persons and the paragraph headed "Further Information About the Business of Our Company — 10. Material properties of our Group" in Appendix VI to this prospectus. Please also refer to the paragraph headed "Risk Factors — Risks Relating to Our Group — Defects related to certain properties leased by us in the PRC may materially and adversely affect our ability to use such properties" in this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme, we will be owned as to (i) about 48% by Lam Investco, which is in turn wholly owned by Mr. Lam; (ii) about 26.25% by Haenisch Investco, which is in turn wholly owned by Mr. Haenisch. As Lam Investco, Haenisch Investco, Mr. Lam and Mr. Haenisch are, directly or indirectly, individually or together with the others, entitled to exercise or control the exercise of 30% or more of the voting power at our general meetings, each of Lam Investco, Haenisch Investco, Mr. Lam and Mr. Haenisch is regarded as our Controlling Shareholder under the Listing Rules. Please refer to the section headed “Directors and Senior Management” in this prospectus for biographical details of Mr. Lam and Mr. Haenisch.

Mr. Lam, who is one of our executive Directors and the ultimate largest Shareholder immediately prior to completion of the Global Offering and the Capitalisation Issue, is a permanent resident in Hong Kong. Up to the Latest Practicable Date, Mr. Lam had not been a full time government official of a country nor had he been a full time employee of a state or government-owned or operated entity for a substantial period of time.

Our Directors consider that our Group is capable of carrying on our business independent of our Controlling Shareholders and their respective associates based on the following reasons:

Operational independence

Our operations are independent of and not connected with any of our Controlling Shareholders. During the Track Record Period and up to the Latest Practicable Date, we have independent access to our customers and suppliers. We have our own internal control systems and accounting systems for our business operations. We have entered into the Trademarks Assignment with Lam Investco, pursuant to which Lam Investco agreed to transfer the trademarks and the service marks set out in the paragraphs headed “Further Information about the Business of Our Company — 11. Intellectual property rights of our Group — (a) Trademarks and (b) Service Marks” in Appendix VI to this prospectus to OT BVI. As a transitional arrangement pending completion of the registration of OT BVI as the registered owner or assignee of such trademarks and service marks to our Group, we have also entered into the Trademark Licence Agreement pursuant to which we have been granted an exclusive license for the use of such trademarks and service marks. Please refer to the sections headed “History, Reorganisation and Corporate Structure” and “Continuing Connected Transactions” in this prospectus for details of the Trademarks Assignment and Trademark Licence Agreement. On such basis, our Directors believe that we do not unduly rely on our Controlling Shareholders to carry on our business.

Financial independence

During the Track Record Period and up to the Latest Practicable Date, we had our own finance department and independent accounting systems. Our Directors also believe that we are able to obtain financing independent from our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

To meet our working capital requirements, during the Track Record Period, we had bank borrowings of approximately HK\$97.3 million, HK\$108.9 million and HK\$165.4 million as at 31 December 2011, 2012 and 2013, respectively. Most of our banking facilities were secured by (i) pledged bank deposits; (ii) properties owned by the associates of our Controlling Shareholders; (iii) personal guarantee given by Mr. Lam and/or Mr. Haenisch; and/or (iv) trade receivables. During the Track Record Period, we have also provided corporate guarantee for On Good, an associate of one of our Controlling Shareholders. Please refer to the paragraph headed “Financial Information — Contingent Liabilities and Guarantees” in this prospectus for details. The bank has given its in principle consent to release all such securities provided by our Controlling Shareholders and/or their respective associates to us and the corporate guarantee we provide for On Good upon the Listing.

Amounts due from our Controlling Shareholders, their respective associates and/or related parties to our Group amounted to approximately HK\$17.1 million, HK\$18.7 million and HK\$16.7 million as at 31 December 2011, 2012 and 2013, respectively. Amounts due to our Controlling Shareholders, their respective associates and/or related parties from our Group amount to approximately HK\$8.5 million, HK\$79,000 and HK\$535,000 as at 31 December 2011, 2012 and 2013, respectively. Such amounts were unsecured, interest free and repayable upon demand. Save for the dividend in the amount of HK\$97.0 million which will be paid to the existing Shareholders as disclosed in the paragraph headed “Financial Information — Dividends and dividend policy” of this prospectus, and the amounts payable by us to First Choice and On Good for lease of properties by us from First Choice and On Good, respectively, which will be settled in accordance with the terms of the relevant agreements, the balance of any outstanding amounts due from or to any of our Controlling Shareholder, their respective associates and/or related parties has been repaid and settled in full. Please refer to the section headed “Continuing Connected Transactions” and the paragraph headed “Financial Information — Related Party Transactions” in this prospectus for details of our aforementioned transactions with First Choice and On Good.

Please also refer to the paragraph headed “Financial Information — Disclosure Required under Rules 13.13 to 13.19 of the Listing Rules” in relation to a specific performance by Mr. Lam, one of our Controlling Shareholders, under a loan agreement entered into by our Group.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had not provided any loans to, nor given any guarantee, security or pledge for, our Controlling Shareholders, our Directors or their respective associates, and none of our Directors or any of their respective associates had provided any personal guarantee, security or pledge for any of our banking facilities.

In light of the foregoing, our Directors are of the view that our Group does not rely on our Controlling Shareholders and/or their associates by virtue of their provision of financial assistance.

Management independence

Our Board comprises five executive Directors and three independent non-executive Directors. Two directorships of our executive Directors are held by Mr. Lam and Mr. Haenisch, who are our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

RULE 8.10 OF THE LISTING RULES

None of our Controlling Shareholders and our Directors has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, our Controlling Shareholders have given an irrevocable Deed of Non-competition in our favour on 21 June 2014 pursuant to which each of our Controlling Shareholders has, among other matters, irrevocably and unconditionally undertaken with us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective associates (other than our Group) shall:

- (i) save for the Excluded Business (as defined below), not, directly or indirectly, carry on, invest in or be engaged in any business which will or may compete with the business currently and from time to time engaged by our Group ("**Restricted Business**") including but not limited to the operation of freight forwarding services and general sales agency and other services provided by our Group from time to time ("**Restricted Services**");
- (ii) not solicit any existing or then existing employee of our Group for employment by them or their respective associates (excluding our Group);
- (iii) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to their knowledge in their capacity as our Controlling Shareholders and/or Directors for the purpose of competing with the Restricted Business; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iv) in respect of any order undertaken or proposed to be undertaken by them or their respective associates involving the marketing, sales, distribution, production and/or processing of any Restricted Services, unconditionally use reasonable endeavours to procure that such customer(s) to appoint or contract directly with any member of our Group for the marketing, sales, distribution, production and/or processing of the Restricted Services under the relevant order.

For the above purpose:

- (A) the “Relevant Period” means the period commencing from the Listing Date and shall expire upon the earliest date of occurrence of the events below:
 - (a) the date on which our Controlling Shareholders (individually or taken as a whole) ceases to be the controlling shareholders for the purpose of the Listing Rules;
 - (b) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange;
- (B) the “Excluded Business” means
 - (a) any direct or indirect investments of our Controlling Shareholders and/or their respective associates (excluding our Group) in any member of our Group;
 - (b) any direct or indirect investment of our Controlling Shareholders and/or their respective associates (excluding our Group) in the operation of freight forwarding and general sales agent or the marketing, sales, distribution, and/or engage in the provision of the Restricted Services outside Hong Kong, the PRC, the Netherlands and the United States whereby:
 - (i) the aggregate investment by such Controlling Shareholder and/or his/its associates in the business shall not exceed 30% of the entire equity interests in that business; and
 - (ii) none of such Controlling Shareholder and/or his/its associates will be involved in the operation and management of that business; and
 - (c) any direct or indirect investment in our Controlling Shareholders and/or their respective associates (excluding our Group) in shares of a publicly listed company (other than any member of our Group) whereby:
 - (i) the aggregate interests held by such Controlling Shareholder and/or his/its associates shall not exceed 5% of the entire issued shares of that company, and
 - (ii) none of such Controlling Shareholder and/or his/its associates (individually or taken as a whole) will be the single largest shareholder or equity holder of that company; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iii) none of such Controlling Shareholder and/or his/its associates will be involved in the operation and management of that company and/or its subsidiaries.

Each of our Controlling Shareholders has undertaken under the Deed of Non-competition that he or it shall, and procure his/its respective associates (other than our Group) to, provide to us and/or our Directors (including the independent non-executive Directors) from time to time all information necessary for annual review by the independent non-executive Directors with regard to compliance with the terms of the Deed of Non-competition by our Controlling Shareholders. Each of our Controlling Shareholders has also undertaken to make an annual declaration as to compliance with the terms of the Deed of Non-competition in our annual report.

In order to properly manage any potential or actual conflict of interests between us and our Controlling Shareholders in relation to the compliance and enforcement of the Deed of Non-competition, we have adopted the following corporate governance measures:

- (i) our independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-competition by our Controlling Shareholders;
- (ii) we will disclose any decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition either through our annual report or by way of announcement;
- (iii) we will disclose in the corporate governance report of our annual report on how the terms of the Deed of Non-competition have been complied with and enforced; and
- (iv) in the event that any of our Directors and/or their respective associates has material interest in any matter to be deliberated by the Board in relation to the compliance and enforcement of the Deed of Non-competition, he/she shall disclose his/her interests to our Board and may not vote on the resolutions of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective associates and our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.

CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Upon Listing, we will continue to engage in certain transactions with persons who will become our connected persons under the Listing Rules and such transactions will be regarded as our connected transactions under Chapter 14A of the Listing Rules.

Based on the tentative timetable for the proposed Listing, it is expected that we will be listed on the Main Board of the Stock Exchange after 1 July 2014. Accordingly, all references to the provisions in Chapter 14A of the Listing Rules in this section are references to the new connected transaction provisions in accordance with the amendments to Chapter 14A of the Listing Rules which will take effect from 1 July 2014.

Upon the Listing, the transactions set forth below will constitute continuing connected transactions (as defined in the Listing Rules) for our Company under Chapter 14A of the Listing Rules:

- (i) the grant of trademark licence by Lam Investco to our Group;
- (ii) the provision of secretarial services by AC (Tax Consultants) to our Group;
- (iii) the purchase and maintenance of air conditioners from Homcare to our Group;
- (iv) the provision of management services by each of ASIB Beheer B.V., Mrs. Astrid Kalshoven, D.R. de Wit Beheer B.V., Mr. D.R. de Wit, Casty B.V., Mr. Gerard van der Werff, JASA BEHEERGROEP B.V. and DBB Beheer B.V. to our Group;
- (v) employment of Mr. Anthony J.D. de Wit by our Group;
- (vi) the provision of financial assistance by a director and substantial shareholder of OT Korea for the benefit of OT Korea;
- (vii) the lease of premises from each of First Choice and On Good to our Group;
- (viii) master agency agreement for the promotion of transportation and logistics business between OTX Logistics Holland Group and OT BVI (for itself and on behalf of our subsidiaries and associated companies excluding the OTX Logistics Holland Group) (“OT BVI Members”) in its respective countries of domicile; and
- (ix) the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements.

Relationship between our Group and connected persons

Lam Investco is our Controlling Shareholder and therefore is a connected person of our Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Andrew Chiu (Tax Consultants) Limited (趙汝鴻(稅務顧問)有限公司) (“**AC (Tax Consultants)**”), a company incorporated in Hong Kong with limited liability, is principally engaged in secretarial and tax advisory services. It is owned as to 50% by Mr. Chiu Yu Hung and 50% by Ms. Lam Suet Ching. As Mr. Chiu Yu Hung and Ms. Lam Suet Ching are associates of Mr. Lam, AC (Tax Consultants) is a connected person of our Company under the Listing Rules.

Homcare Specialty Limited (香港屋宇發展有限公司) (“**Homcare**”), a company incorporated in Hong Kong with limited liability, is principally engaged in the sale and maintenance of air conditioners. It is owned as to 50% by Mr. Cheung Ming Sum and 50% by Mr. Pang Kwok Hing. As Mr. Cheung Ming Sum is an associate of Ms. Cheung, Homcare is a connected person of our Company under the Listing Rules.

ASIB Beheer B.V., a company incorporated in the Netherlands with limited liability, is principally engaged in the provision of management services. It is wholly owned by Mrs. Astrid Kalshoven, a director of certain of our subsidiaries. Hence, ASIB Beheer B.V. is an associate of Mrs. Astrid Kalshoven. ASIB Beheer B.V. and Mrs. Astrid Kalshoven are connected persons of our Company under the Listing Rules.

D.R. de Wit Beheer B.V., a company incorporated in the Netherlands with limited liability, is principally engaged in the provision of management services. It is wholly owned by Mr. D.R. de Wit, an executive Director. Hence, D.R. de Wit Beheer B.V. is an associate of Mr. D.R. de Wit. D.R. de Wit Beheer B.V. and Mr. D.R. de Wit are connected persons of our Company under the Listing Rules.

Casty B.V., a company incorporated in the Netherlands with limited liability, is principally engaged in the provision of management services. It is owned as to 50% by Mr. Gerard van der Werff and 50% by Ms. Carla Hofwegen, the spouse of Mr. Gerard van der Werff. Mr. Gerard van der Werff is a director of OTX Logistics Holland. Hence, Casty B.V. is an associate of Mr. Gerard van der Werff. Casty B.V. and Mr. Gerard van der Werff are connected persons of our Company under the Listing Rules.

JASA BEHEERGROEP B.V., a company incorporated in the Netherlands with limited liability, is principally engaged in the provision of management services. It is a substantial shareholder of OTX Solutions B.V.. Hence, JASA BEHEERGROEP B.V. is a connected person of our Company under the Listing Rules.

DBB Beheer B.V., a company incorporated in the Netherlands with limited liability, is principally engaged in the provision of management services. It is a substantial shareholder of OTX Solutions B.V.. Hence, DBB Beheer B.V. is a connected person of our Company under the Listing Rules.

Mr. Anthony J.D. de Wit is the son of Mr. D.R. de Wit, an executive Director. Hence, Mr. Anthony J.D. de Wit is an associate of Mr. D.R. de Wit and a connected person of our Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Mr. Chang-ho Hur is the representative director and a substantial shareholder of OT Korea which is a non-wholly owned subsidiary of our Company. Hence, Mr. Chang-ho Hur is a connected person of our Company under the Listing Rules.

First Choice International Limited (輝財國際有限公司) (“**First Choice**”), a company incorporated in Hong Kong with limited liability, is principally engaged in property investment. It is owned as to 50% by Mr. Lam and 50% by his spouse. As Mr. Lam is our Controlling Shareholder and an executive Director, First Choice is a connected person of our Company under the Listing Rules.

On Good Development Limited (安昌發展有限公司) (“**On Good**”), a company incorporated in Hong Kong with limited liability, is principally engaged in property investment. It is owned as to 50% by Mr. Lam and 50% by Mr. Haenisch. As each of Mr. Lam and Mr. Haenisch is our Controlling Shareholder and an executive Director, On Good is a connected person of our Company under the Listing Rules.

OTX Logistics Holland is an indirect non-wholly owned subsidiary of our Company which is owned as to 75% by Jumbo Channel and 25% by T.Y.D. Holding B.V.. T.Y.D. Holding B.V. is controlled by Mr. D.R. de Wit, an executive Director. Hence, OTX Logistics Holland and its subsidiaries are connected persons of our Company under the Listing Rules.

Miss Ruchirek, the borrower under the OT Thailand Contractual Arrangements holds 33.5% shareholding interest in OT Thailand and is a substantial shareholder of a subsidiary of our Company, Miss Ruchirek is regarded as a connected person of our Company under the Listing Rules. Similarly, the Vietnam Owner, the borrower under the OT Vietnam Contractual Arrangements, holding 49% charter capital in OT Vietnam and is controlled by a member of the board of directors of OT Vietnam, the Vietnam Owner is also regarded as a connected person of our Company under the Listing Rules.

Under the Listing Rules, for so long as each of the above companies and persons remains as a connected person of our Company, the transactions described below would constitute continuing connected transactions for our Company under the Listing Rules upon the Listing.

(A) Continuing connected transactions which are exempted from reporting, annual review, announcement and independent shareholders’ approval requirements

(i) *The grant of trademark licence by Lam Investco to our Group*

We market our services primarily under the “On Time” and “OTX” brand names. The related trademarks and service marks were owned by Lam Investco, a company wholly owned by Mr. Lam, which are solely used for the business of our Group. We have entered into the Trademarks Assignment with Lam Investco, pursuant to which Lam Investco agreed to transfer these trademarks and the service marks to OT BVI. Please refer to the section headed “History, Reorganisation and Corporate Structure” in this prospectus for details of the Trademarks Assignment. As a transitional arrangement pending completion of the registration of OT BVI as the registered owner or assignee of such trademarks and service marks, we have also entered into a trademark licence agreement with Lam Investco, with the principal terms and conditions as set out below.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the trademark licence agreement (“**Trademark Licence Agreement**”) dated 18 June 2014 and entered into between Lam Investco as licensor and our Company as the licensee, Lam Investco has agreed to grant to our Group an exclusive right for the use of the trademarks and service marks as set out in the paragraph headed “Further Information about our Company and our Subsidiaries — 11. Intellectual property rights of our Group” in Appendix VI to this prospectus. The Trademark Licence Agreement is for a term expiring on Lam Investco’s exclusive right to use such trademarks and service marks (that is, the earlier of (a) the expiry of the registration validity period for such trademarks and service marks as set out in Appendix VI to this prospectus or (b) the completion of the registration of OT BVI as the registered owner or assignee of such trademarks and service marks) at nil consideration.

Given that no consideration is payable by us under the Trademark Licence Agreement and each of the applicable percentage ratios (other than profits ratio) for such transaction is less than 0.1% on annual basis calculated with reference to Rule 14.07 of the Listing Rules, the transaction contemplated under the Trademark Licence Agreement will be exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Our Directors (including independent non-executive Directors) consider that the Trademark Licence Agreement has been entered into on an arm’s length basis and on normal commercial terms which are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

(ii) *The provision of secretarial services by AC (Tax Consultants) to our Group*

During the Track Record Period, we engaged AC (Tax Consultants) for the provision of secretarial services. During the years ended 31 December 2011, 2012 and 2013, the amount payable to AC (Tax Consultants) for provision of secretarial services amounted to approximately HK\$187,000, HK\$126,000 and HK\$127,805, respectively.

Our Directors estimate that the annual transaction amount payable by us to AC (Tax Consultants) will not exceed HK\$210,000 for each of the years ending 31 December 2014, 2015 and 2016, respectively, which were determined by our Directors with reference to the average expenses incurred by us for the provision of secretarial services during the Track Record Period. Given the applicable percentage ratios (other than the profits ratio) of the above continuing connected transactions are expected to be less than 0.1% on annual basis calculated with reference to Rule 14.07 of the Listing Rules, the above transactions will be exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

(iii) *The purchase and maintenance of air conditioners from Homcare to our Group*

During the Track Record Period, we engaged Homcare for the purchase and maintenance of air conditioners for our Group. During the years ended 31 December 2011, 2012 and 2013, the amount payable to Homcare for the purchase and maintenance of air conditioners amounted to approximately HK\$46,910, HK\$68,800 and HK\$29,000, respectively.

CONTINUING CONNECTED TRANSACTIONS

Our Directors estimate that the annual transaction amount payable by us to Homcare will not exceed HK\$70,000 for each of the years ending 31 December 2014, 2015 and 2016, respectively, which were determined by our Directors with reference to the average expenses incurred by us for the purchase and maintenance of air conditioners during the Track Record Period. Given the applicable percentage ratios (other than the profits ratio) of the above continuing connected transactions are expected to be less than 0.1% on annual basis calculated with reference to Rule 14.07 of the Listing Rules, the above transactions will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(iv) ***The provision of management services by each of ASIB Beheer B.V., Mrs. Astrid Kalshoven, Casty B.V., Mr. Gerard van der Werff, JASA BEHEERGROEP B.V. and DBB Beheer B.V. to our Group***

During the Track Record Period, we engaged ASIB Beheer B.V., Mrs. Astrid Kalshoven, Casty B.V., Mr. Gerard van der Werff, JASA BEHEERGROEP B.V. and DBB Beheer B.V. for the provision of management services. During the years ended 31 December 2011, 2012 and 2013, the amount paid by our Group to each of (i) Mrs. Astrid Kalshoven; (ii) Casty B.V. and Mr. Gerard van der Werff; (iii) JASA BEHEERGROEP B.V.; and (iv) DBB Beheer B.V. for the provision of management services are as follows:

- (i) Approximately EUR62,200 (equivalent to approximately HK\$656,000), approximately EUR150,700 (equivalent to approximately HK\$1.6 million) and approximately EUR147,883 (equivalent to approximately HK\$1.6 million) to Mrs. Astrid Kalshoven (*Note 1*);
- (ii) Approximately EUR13,400 (equivalent to approximately HK\$141,000), approximately EUR36,000 (equivalent to approximately HK\$380,000) and approximately EUR20,000 (equivalent to approximately HK\$211,000) to Casty B.V. and Mr. Gerard van der Werff (*Note 1*);
- (iii) nil, nil and approximately EUR209,375 (equivalent to approximately HK\$2.2 million) to JASA BEHEERGROEP B.V. (*Note 2*); and
- (iv) ni, nil and approximately EUR209,375 (equivalent to approximately HK\$2.2 million) to DBB Beheer B.V. (*Note 2*).

Notes:

- (1) Such management services were provided to OTX Logistics Holland. OTX Logistics Holland became member of our Group on 2 December 2011 (with retroactive economic effect from 1 July 2011). The amount paid by our Group in 2011 represented the amount paid for the year ended 31 December 2011.
- (2) The management agreements were entered into on 15 March 2013 (with retroactive economic effect from 1 January 2013). Hence, no amount was paid for the provisions of management services during the two years ended 31 December 2012.

CONTINUING CONNECTED TRANSACTIONS

Our Directors estimate that the annual transaction amount payable by us to each of (i) Mrs. Astrid Kalshoven; (ii) Casty B.V. and Mr. Gerard van der Werff; (iii) JASA BEHEERGROEP B.V.; and (iv) DBB Beheer B.V. for their provision of management services for each of the years ending 31 December 2014, 2015 and 2016, respectively, will not exceed the amount as set out below:

- (i) EUR150,000 (equivalent to approximately HK\$1.6 million), EUR155,000 (equivalent to approximately HK\$1.6 million) and EUR160,000 (equivalent to approximately HK\$1.7 million) to Mrs. Astrid Kalshoven;
- (ii) EUR165,000 (equivalent to approximately HK\$1.7 million), EUR170,000 (equivalent to approximately HK\$1.8 million) and EUR175,000 (equivalent to approximately HK\$1.8 million) to Casty B.V. and Mr. Gerard van der Werff;
- (iii) EUR250,000 (equivalent to approximately HK\$2.6 million), EUR250,000 (equivalent to approximately HK\$2.6 million) and EUR250,000 (equivalent to approximately HK\$2.6 million) to JASA BEHEERGROEP B.V.; and
- (iv) EUR250,000 (equivalent to approximately HK\$2.6 million), EUR250,000 (equivalent to approximately HK\$2.6 million) and EUR250,000 (equivalent to approximately HK\$2.6 million) to DBB Beheer B.V..

The above were determined by our Directors with reference to the basic contractual amount payable to each of them for the provision of management services and the expected financial results of OTX Logistics Holland and OTX Solutions B.V.. Given the applicable percentage ratios (other than the profits ratio) of each of the above continuing connected transactions are expected to be less than 1% on annual basis calculated with reference to Rule 14.07 of the Listing Rules and the transaction is a continuing connected transaction only because it involves a person who is a connected person of our Company by virtue of its/his/her relationships with our subsidiaries, the above transactions will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(v) ***Employment of Mr. Anthony J.D. de Wit by our Group***

During the Track Record Period, we employed Mr. Anthony J.D. de Wit as an import/administrative assistant. During the years ended 31 December 2011, 2012 and 2013, the amount paid to Mr. Anthony J.D. de Wit amounted to nil, approximately EUR21,300 (equivalent to approximately HK\$225,000) and approximately EUR27,200 (equivalent to approximately HK\$287,000), respectively.

CONTINUING CONNECTED TRANSACTIONS

Our Directors estimate that the annual salary payable by us to Mr. Anthony J.D. de Wit will not exceed EUR37,000 (equivalent to approximately HK\$390,000), EUR44,000 (equivalent to approximately HK\$463,000) and EUR52,000 (equivalent to approximately HK\$548,000) for each of the years ending 31 December 2014, 2015 and 2016, respectively, which were determined by our Directors with reference to the contractual amount payable to Mr. Anthony J.D. de Wit under his employment contract and the expected increase in his salary. Given the applicable percentage ratios (other than the profits ratio) of the above continuing connected transactions are expected to be less than 5% on annual basis calculated with reference to Rule 14.07 of the Listing Rules and the annual caps are less than HK\$1 million, the above transactions will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(vi) *Financial assistance provided by a director and substantial shareholder of OT Korea for the benefit of OT Korea*

During the Track Record Period, Mr. Chang-ho Hur has provided financial assistance for the benefit of OT Korea by way of provision of personal guarantee in favour of a credit card company to secure the obligations of OT Korea under the company credit cards issued by that credit card company, and in favour of a financial institution to secure the obligations of OT Korea under the lease of cars by OT Korea. The maximum guaranteed amount under the guarantees in favour of the credit card company and the financial institution are KRW39 million (equivalent to approximately HK\$296,000) and KRW49 million (equivalent to approximately HK\$372,000), respectively. It is expected that such guarantees will continue after the Listing.

Given that the above guarantees were provided by Mr. Chang-ho Hur for the benefit of OT Korea on normal commercial terms and no security over the assets of our Group has been or will be granted in respect of such guarantees, these guarantees will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

(B) Continuing connected transactions which is subject to the reporting, announcement and annual review requirements but exempted from independent shareholders' approval requirements

(i) Tenancy agreements for a Director's quarter and office

Pursuant to tenancy agreements ("CCT Tenancy Agreements") entered into between (i) First Choice as the landlord and OT HK as the tenant; (ii) On Good as the landlord and OT HK as the tenant; (iii) On Good as landlord and Citynet as tenant, our Group has agreed to lease from First Choice and On Good the following premises on the principal terms and conditions as set out below.

Details in relation to the premises leased by our Group from First Choice:

Address	(i) Approx. gross floor area	(ii) Use	(i) Date of agreement	(ii) Term of lease	Annual rent payable under the tenancy agreement (<i>Note</i>)	Payment method	Rent for the Track Record Period
Duplex No. 1, House 9 (Dynasty Villa 10), No. 2 Yin Ping Road, Dynasty Heights, Kowloon	(i) 185.4 sq.m.	(i) Director's quarter	(i) 27 June 2013	(ii) 1 July 2013 to 31 December 2015	HK\$1,020,000	Monthly rent of HK\$85,000 is payable by our Group to First Choice in advance each month	Year ended 31 December (i) 2011: HK\$1,020,000 (ii) 2012: HK\$1,020,000 (iii) 2013: HK\$1,020,000
			(i) 16 June 2014	(ii) 1 January 2016 to 31 December 2016	HK\$1,140,000	Monthly rent of HK\$95,000 is payable by our Group to First Choice in advance each month	

all inclusive of (i) Government rent, rates and management fees; and (ii) all utility charges which shall be paid by First Choice and reimbursed by the occupier of the property

CONTINUING CONNECTED TRANSACTIONS

Details in relation to the premises leased by our Group from On Good:

Address	(i) Approx. gross floor area (ii) Use	(i) Date of agreement (ii) Term of lease	Annual rent payable under the tenancy agreement <i>(Note)</i>	Payment method	Rent for the Track Record Period	
Workshop Nos 8-19, 22-26, 28 and flat roof of workshop No.53 on 1st Floor, Sino Industrial Plaza, No.9 Kai Cheung Road, Kowloon	(i) 1,255 sq.m (ii) Office	(i) 1 January 2013	HK\$1,448,400	Monthly rent of HK\$120,700 is payable by our Group to On Good in advance each month	Year ended 31 December (i) 2011: HK\$1,430,550 (ii) 2012: HK\$1,430,550 (iii) 2013: HK\$1,448,400	
		(ii) 1 January 2013 to 31 December 2013				
		(i) 5 July 2013	HK\$1,448,400			
			(ii) 1 January 2014 to 31 December 2015		Monthly rent of HK\$120,700 is payable by our Group to On Good in advance each month	
			(i) 16 June 2014	HK\$1,680,000	Monthly rent of HK\$140,000 is payable by our Group to On Good in advance each month	
			(ii) 1 January 2016 to 31 December 2016			
			all exclusive of utility charges but inclusive of Government rent, rates and management fees			
Workshop No.27 on 1st Floor, Sino Industrial Plaza, No.9 Kai Cheung Road, Kowloon	(i) 69.12 sq.m (ii) Office	(i) 1 January 2014	HK\$72,000	Monthly rent of HK\$6,000 is payable by our Group to On Good in advance each month	Year ended 31 December (i) 2011: Nil (ii) 2012: Nil (iii) 2013: HK\$72,000	
		(ii) 1 January 2014 to 31 December 2014				
		(i) 16 June 2014	HK\$84,000	Monthly rent of HK\$7,000 is payable by our Group to On Good in advance each month		
		(ii) 1 January 2015 to 31 December 2016				
			all exclusive of management fees but inclusive of Government rent, rates and utility charges			

Note: The rent was arrived at after arm's length negotiations between the parties and determined by reference to the prevailing market rent of the premise.

CONTINUING CONNECTED TRANSACTIONS

RHL Appraisal Limited, the property valuer of our Company, has reviewed the rental payable pursuant to the CCT Tenancy Agreements and considers that the annual rent under the CCT Tenancy Agreements is fair and reasonable and consistent with the then current market rents for similar premises in similar locations in Hong Kong and the terms of the CCT Tenancy Agreements are on normal commercial basis and the duration of the lease under the CCT Tenancy Agreements is consistent with the prevailing market.

Our Directors anticipate that the aggregate rent payable by our Group (i) to First Choice shall not exceed HK\$1,020,000, HK\$1,020,000 and HK\$1,140,000; and (ii) to On Good shall not exceed HK\$1,520,400, HK\$1,532,400 and HK\$1,764,000 under the CCT Tenancy Agreements for each of the years ending 31 December 2014, 2015 and 2016, respectively. The annual caps represent the actual rent payable by our Group to First Choice and On Good pursuant to the CCT Tenancy Agreements.

(ii) *Management agreement with an executive Director and his controlled company*

During the Track Record Period, we engaged D.R. de Wit Beheer B.V. and Mr. D. R. de Wit for the provision of management services. During the years ended 31 December 2011, 2012 and 2013, the amount paid by our Group to Mr. D. R. de Wit for the provision of management services was approximately EUR113,500 (equivalent to approximately HK\$1.2 million), approximately EUR282,800 (equivalent to approximately HK\$3.0 million) and approximately EUR326,000 (equivalent to approximately HK\$3.4 million) (*Note*).

On 21 June 2014, OTX Logistics Holland entered into a management agreement (the “**Management Agreement**”) with D.R. de Wit Beheer B.V. and Mr. D. R. de Wit for the provision of management services for a term commencing on 21 June 2014 and expiring on 31 December 2016.

Pursuant to the Management Agreement, D. R. de Wit Beheer B.V. 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. D. R. de Wit. Our Group shall pay Mr. D. R. de Wit a fee of EUR14,658 per month, a holiday allowance equivalent to 8% of his monthly fee and a guaranteed year-end bonus of an amount equivalent to his monthly fee. In addition, Mr. D. R. de Wit is entitled to a minimum of 5% of annual pre-tax profits of OTX Logistics Holland Group. Mr. D. R. de Wit is also entitled to 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. The 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 Management Agreement, each of D. R. de Wit Beheer B.V. and Mr. D. R. de Wit have 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 Management Agreement for a period of three years after termination of the Management Agreement.

CONTINUING CONNECTED TRANSACTIONS

Our Directors estimate that the annual transaction amount payable by us to Mr. D. R. de Wit will not exceed EUR310,000 (equivalent to approximately HK\$3.3 million), EUR320,000 (equivalent to approximately HK\$3.4 million) and EUR330,000 (equivalent to approximately HK\$3.5 million) for each of the years ending 31 December 2014, 2015 and 2016, respectively, which were determined by our Directors with reference to the basic contractual amount payable by us to Mr. D. R. de Wit for the provision of management services and the expected financial results of OTX Logistics Holland Group.

Note: Such management services were provided to OTX Logistics Holland. OTX Logistics Holland became member of our Group on 2 December 2011 (with retroactive economic effect from 1 July 2011). The amount paid by our Group in 2011 represents the amount paid for the year ended 31 December 2011.

(iii) *Master Agency Agreement with OTX Logistics Holland Group*

We entered into an agency agreement with OTX Logistics Holland in January 2009. Under the agency agreement, OTX Logistics Holland along with its subsidiaries and OT HK (for itself and on behalf of its subsidiaries) appoint each other as agent in its respective countries of domicile for the promotion of transportation and logistics business.

Under the agency agreement, OTX Logistics Holland along with its subsidiaries and OT HK (for itself and on behalf of its subsidiaries) agreed to share profits (or loss, if applicable) from operations attributable to the transactions under the agency agreement on the basis of a 50/50 split based on sums invoiced and received after deduction of expenses and excluding 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. During the years ended 31 December 2011, 2012 and 2013, the amount of profits or loss from operations shared (i) by OT HK (for itself and on behalf of its subsidiaries) to OTX Logistics Holland and its subsidiaries; and (ii) by OTX Logistics Holland and its subsidiaries to OT HK (for itself and on behalf of its subsidiaries) under the agency agreement amounted to are as follows:

- (i) profit of approximately HK\$7.5 million, HK\$4.3 million and HK\$11.5 million by OT HK (for itself and on behalf of its subsidiaries) to OTX Logistics Holland and its subsidiaries; and
- (ii) profit of approximately HK\$8,100, HK\$1.0 million and HK\$1.5 million by OTX Logistics Holland and its subsidiaries to OT HK (for itself and on behalf of its subsidiaries).

On 21 June 2014, OT BVI Members entered into a master agency agreement (“**Master Agency Agreement**”) 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. 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. The

CONTINUING CONNECTED TRANSACTIONS

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 our Group is still entitled to 75% of the dividends and distributions of OTX Logistics Holland in accordance with our 75% shareholding interests. For each transaction under the Master Agency Agreement, the parties shall enter into separate order, provided that the terms and conditions of each of the order shall be (a) on normal commercial terms; and (b) on terms which we consider to be no less favourable to us than terms offered by Independent Third Parties agent to us for such services of comparable quality. The Master Agency Agreement was entered into for a term commencing from 21 June 2014 and expiring on 31 December 2016 unless terminated earlier by 60 days' written notice by either party.

Our Directors estimate that the annual amount of profits from operations attributable to the transactions under the Master Agency Agreement will not exceed (i) HK\$4.8 million, HK\$5.2 million and HK\$5.7 million by OT BVI Members to OTX Logistics Holland Group; and (ii) HK\$1.2 million, HK\$1.3 million and HK\$1.4 million by OTX Logistics Holland Group to OT BVI Members, for each of the years ending 31 December 2014, 2015 and 2016, respectively, which were determined by our Directors with reference to (i) the historical amount of profits from operations attributable to the transactions under the agency agreement shared during the Track Record Period (a) by OT HK (for itself and on behalf of its subsidiaries) to OTX Logistics Holland and its subsidiaries and (b) by OTX Logistics Holland and its subsidiaries to OT HK (for itself and on behalf of its subsidiaries); (ii) the expected growth in demand of transportation and logistics business to and from the Netherlands; and (iii) the buffer to cater for the unanticipated increase in revenue under the Master Agency Agreement.

Waiver from compliance with the announcement requirements

Based on the respective annual caps for the transactions under (i) the CCT Tenancy Agreements; (ii) the Management Agreement; and (iii) the Master Agency Agreement as mentioned above, it is expected that each of the percentage ratios (other than the profit ratio) for the CCT Tenancy Agreements; the Management Agreement and the Master Agency Agreement, where applicable, calculated by reference to Rule 14.07 of the Listing Rules, will be less than 5% on annual basis. Accordingly, each of (i) the CCT Tenancy Agreements; (ii) the Management Agreement; and (iii) the Master Agency Agreement is subject to the reporting, announcement and annual review requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Application for waivers from the announcement requirements

(a) Reason for the application

Given that the transactions under the CCT Tenancy Agreements, the Management Agreement and the Master Agency Agreement were entered into prior to the Listing Date and have been disclosed in this prospectus and potential investors of our Company will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement requirements in respect thereof immediately after the Listing would add unnecessary administrative costs for us to strictly comply with the announcement requirements as set out in Chapter 14A of the Listing Rules following the Listing.

Accordingly, our Company applied to the Stock Exchange for, and the Stock Exchange has granted, the above-mentioned waivers from strict compliance with the relevant announcement requirements in respect of (i) the lease under the CCT Tenancy Agreements; (ii) the provision of management services under the Management Agreement; and (iii) the provision for the promotion of transportation and logistics business under the Master Agency Agreement under Chapter 14A of the Listing Rules.

(b) Compliance with applicable rules set out in Chapter 14A of the Listing Rules

Our Company will comply with the applicable requirements under the Listing Rules in respect of the transactions under the CCT Tenancy Agreements, the Management Agreement and the Master Agency Agreement. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as at the date of this prospectus relating to the transactions, our Company will take immediate steps to ensure compliance with such requirements within a reasonable period.

(c) Confirmation from our Directors

Our Directors (including independent non-executive Directors) consider that the CCT Tenancy Agreements, the Management Agreement and the Master Agency Agreement has been and shall be entered into in the ordinary and usual course of business and on normal commercial terms and that the terms of the CCT Tenancy Agreements, the Management Agreement and the Master Agency Agreement and the annual caps set out above are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

(d) Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that each of the CCT Tenancy Agreements, the Management Agreement and the Master Agency Agreement has been and shall be entered into in the ordinary and usual course of business and on normal commercial terms and that the terms of the CCT Tenancy Agreements, the Management Agreement and the Master Agency Agreement and the annual caps set out above are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

(C) Non-exempt continuing connected transactions

As disclosed in the paragraphs headed “History, Reorganisation and Corporate Structure — OT Thailand Contractual Arrangements” and “History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements” of this prospectus, our Group has entered into the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements.

As Miss Ruchirek, the borrower under the OT Thailand Contractual Arrangements and the Vietnam Owner, the borrower under the OT Vietnam Contractual Arrangements are connected persons of our Company under the Listing Rules by virtue of them being substantial shareholders of our subsidiaries, the transactions contemplated under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements constitute continuing connected transactions of our Company.

Our Directors, including our independent non-executive Directors, are of the view that the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements are in the ordinary and usual course of our business and on normal commercial terms, and on terms that are fair and reasonable so far as our Group is concerned and in the interests of the Shareholders as a whole. Our Directors also believe that the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements are fundamental to our legal structure and business and that the unique nature of the structure whereby the financial results of OT Thailand are consolidated into our Group’s financial statements as if it were the subsidiary of our Company and that we are able to obtain control of the entire equity interest in OT Vietnam, places us in a unique position in relation to the connected transaction rules. Accordingly, notwithstanding that the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements technically constitute continuing connected transactions for the purposes of Chapter 14A of the Listing Rules, our Directors consider that it would be impracticable and unduly burdensome for the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements to be subject to the requirements for non-exempt continuing connected transactions under Chapter 14A of the Listing Rules including the periodic approval of the independent Shareholders.

Waiver Sought

In view of the above reasons, we have therefore applied to the Stock Exchange for, and the Stock Exchange has granted, a specific waiver from (i) strict compliance with the applicable announcement and independent Shareholders’ approval requirements of Chapter 14A of the Listing Rules in relation to the transactions contemplated under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements; (ii) fixing the terms of the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements to three years or less; and (iii) setting an annual cap for the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements, for the reasons and on the conditions set out below:

- (1) No change without independent non-executive Directors’ approval:

No changes to the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements will be made without the approval of our independent non-executive Directors.

CONTINUING CONNECTED TRANSACTIONS

(2) No change without independent Shareholders' approval:

No changes to the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements will be made without the approval of independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further periodic or other approvals will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements in the annual reports of our Company (as set out in paragraph (6) below) will however continue to be applicable.

(3) Economic benefits flexibility

The OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements enable our Group to receive the economic benefits derived from OT Thailand and OT Vietnam through assignment and direction by the relevant borrowers of all dividends and special distribution paid and payable by OT Thailand and OT Vietnam in relation to their respective interest in OT Thailand and OT Vietnam, all distribution of assets made or to be made by OT Thailand and OT Vietnam in relation to their respective interest in OT Thailand and OT Vietnam solely to our Group and our Group's right to control the management and operation of, as well as, in substance, the voting rights of OT Thailand and OT Vietnam. In order to enable our Group to receive all of the economic benefits derived from OT Thailand and OT Vietnam through the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements, there will be no monetary cap on any of the agreements under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements, save that maximum monetary cap of all the loan granted to the respective borrowers under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements will be limited to THB3,350,000 (equivalent to approximately HK\$800,000), and US\$35,500 (equivalent to approximately HK\$275,000), respectively.

(4) Cloning

On the basis that the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements provide an acceptable framework for the relationship between our Company and subsidiaries, on one hand, and OT Thailand and OT Vietnam, on the other hand, that framework may be renewed and/or "cloned" upon the expiring of the existing arrangement or in relation to any existing or new company that our Company might wish to establish, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements that protect our Shareholders. The directors, chief executive or substantial shareholders of any existing or new company engaging in the same business as that of our Group which our Group may establish will, upon renewal and, or reproduction of the OT Thailand Contractual Arrangements and the OT Vietnam Contractual Arrangements, however be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the applicable laws, regulations and approvals of the relevant jurisdictions.

CONTINUING CONNECTED TRANSACTIONS

(5) Termination of OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements

In the event that the restriction regarding foreign investment in Thailand and Vietnam are abolished or relaxed, our Company may wish to exercise the right to acquire the equity interests held by the respective borrowers in OT Thailand and OT Vietnam under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements by demanding the repayment of the loan and demanding and effecting the transfer of the shares pledged by the respective borrowers to our Group under the respective share pledge agreements at a consideration equal to the loan amount and the consideration will be offset by the amount equal to the entire amount of the loan. This may require the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements to be terminated. Our Company shall be able to carry out the aforesaid reorganisation without Shareholders' approval.

(6) Ongoing reporting and approvals

Our Company will disclose details relating to the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements on an ongoing basis as follows:

- details of whether the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements have been in place during each financial period will be disclosed in the annual report and accounts in accordance with the relevant provisions of Rule 14A.45 of the Listing Rules;
- our independent non-executive Directors will review the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements annually and confirm in the annual report and accounts for the relevant year that the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements remain unchanged and consistent with existing disclosure and that the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements are fair and reasonable so far as our Group is concerned and in the interests of our Shareholders as a whole;
- our Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements, and to provide a confirmation to the Board, with a copy to the Stock Exchange, at least 10 business days before the bulk-printing of our annual report, confirming that the economic interest generated by OT Thailand and OT Vietnam flows to our Group is in accordance with the criteria and principles set out under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements and is properly approved by the respective board of directors of OT Thailand and OT Vietnam and that no dividends or other distributions have been made by OT Thailand and OT Vietnam; and

CONTINUING CONNECTED TRANSACTIONS

- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, each of OT Thailand, OT Vietnam and any other newly established operating company, will be treated as a subsidiary of our Company, but at the same time, the directors, chief executive and substantial shareholders of OT Thailand, OT Vietnam and any other newly established operating company, and their respective associates will be treated as “connected persons” of our Group and transactions (excluding the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements) between these connected persons and our Group (including OT Thailand, OT Vietnam and any other newly established operating company), shall comply with Chapter 14A of the Listing Rules.

The Sole Sponsor is of the view that the terms of the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group’s legal structure and business operations and that the transactions under the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements have been and shall be in the ordinary and usual course of business, are on normal commercial terms and are fair and reasonable and in the interests of our Company and Shareholders as a whole.

With respect to the term of the relevant agreements constituting the OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements which terms are of a duration longer than three years (as stipulated under Rule 14A.35(1) of the Listing Rules), the Sole Sponsor, after taking into account the situation of our Group and structural arrangements entered into by a number of listed issuers on the Stock Exchange, considers that such is a justifiable and normal business practice to ensure that the financial and operational policies of OT Thailand and OT Vietnam can be effectively controlled by OT BVI and OT HK, respectively, and any possible dissipation of assets and values of OT Thailand and OT Vietnam can be prevented.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Directors

Our Board consists of eight Directors, including five executive Directors and three independent non-executive Directors. Our Board is responsible for and has general powers for the management and the conduct of our business. The table below lists the current members of our Board and sets out certain information in respect of members of our Board.

Name	Age	Position	Date of appointment	Date of joining our Group	Responsibilities in our Group
<i>Executive Directors</i>					
Lam Chun Chin, Spencer (林進展)	56	Executive Director; chairman of the Board and chief executive officer	6 March 2013 (Note)	July 1995	Overall strategic development, and leading the business development of our Group
Hartmut Ludwig Haenisch	49	Executive Director, vice chairman and chief operating officer	20 December 2013	January 1998	Overall sales, leading the business development of our Group and communication with key customers and suppliers
Cheung Ching Wa, Camy (張貞華)	48	Executive Director and chief administrative officer	20 December 2013	November 1997	Overall administration, management and information technology development of our Group
Wong Pui Wah (黃珮華)	39	Executive Director, chief financial officer and company secretary	20 December 2013	March 2006	Overall financial and banking management of our Group
Dennis Ronald de Wit	56	Executive Director	20 December 2013	December 2011	Overall sales, leading the business development of our Group and communication with key customers and suppliers in the Netherlands, Central Europe, and the US

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment	Date of joining our Group	Responsibilities in our Group
<i>Independent non-executive Directors</i>					
Ng Wai Hung (吳偉雄)	50	Independent non-executive Director	20 June 2014	June 2014	Supervising and providing independent judgment to the Board, the audit committee, the remuneration committee, the nomination committee and the corporate governance committee
Poon Ka Lee, Barry (潘家利)	54	Independent non-executive Director	20 June 2014	June 2014	Supervising and providing independent judgment to the Board, the audit committee, the remuneration committee, the nomination committee and the corporate governance committee
Wong See Ho (黃思豪)	65	Independent non-executive Director	20 June 2014	June 2014	Supervising and providing independent judgment to the Board and the audit committee

Note: Mr. Lam was appointed as our Director on 6 March 2013 and re-designated as our executive Director on 20 December 2013.

Senior Management

The following table lists the current members of our senior management (other than our Directors) who are primarily responsible for the operations and management of our Group:

Name	Age	Present position in our Group	Date of joining our Group	Date of first becoming a senior management of our Group	Responsibilities in our Group
Mr. Lau Wai Man (劉偉文)	42	Air freight director of our Group	June 1998	June 1998	Supervising the air freight department of our Group
Mr. Cheng Wai Kit, Matthew (鄭偉傑)	43	Seafreight and account manager of our Group	April 2011	April 2011	Overseeing the seafreight matters of our Group

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position in our Group	Date of joining our Group	Date of first becoming a senior management of our Group	Responsibilities in our Group
Ms. Barbara Beckmann Hoffmann	39	Head of trade lane management of our Group	April 2008	April 2008	Overseeing the trade lane management of our Group
Mr. Cheung Hin Wai (張顯偉)	40	China manager of our Group	February 2002	February 2003	Supervising the China division of our Group
Mr. Louis Francois Frederic Malouvier	35	Trade lane manager of our Group	August 2010	August 2010	Overseeing the trade lane sales of our Group

DIRECTORS

Executive Directors

Mr. Lam Chun Chin, Spencer (林進展), aged 56, is an executive Director, the chairman of the Board and the chief executive officer of our Company. He was appointed as a Director on 6 March 2013 and re-designated as executive Director on 20 December 2013. Mr. Lam is the founder of our Group and he is responsible for overall strategic development, and leading the business development of our Group. Prior to the establishment of our Group in 1995, Mr. Lam had been an assistant route manager from May 1984 to December 1986 and was then promoted as route manager from January 1987 to June 1988, as assistant sales manager from July 1988 to December 1989, as sales manager from January 1990 to December 1990 and as an assistant general manager from January 1991 to December 1997 of Freight Express International Ltd., which was then principally engaged in freight forwarding service. He was mainly responsible for the overall sales strategy as well as sales activities of Freight Express International Ltd. on the east and westbound sector for air freight, sea freight and sea-air traffic worldwide. Mr. Lam founded our Group in July 1995 with the incorporation of OT HK, although he was not involved in OT HK's daily operations until after he ceased his employment with Freight Express International Ltd. in December 1997. He has over 30 years of experience in operation and management of freight forwarding and logistics industry. Mr. Lam obtained his diploma in management studies which was jointly awarded by Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) and The Hong Kong Management Association in September 1991. He is also a director of certain subsidiaries of our Group. He was a director of Prime International Logistics Limited and SHDS Transportation Limited, each a company incorporated in Hong Kong and dissolved by deregistration by the Registrar of Companies in Hong Kong as a defunct company pursuant to Section 291AA of the Predecessor CO in September 2005 and June 2009, respectively. Prior to being dissolved by deregistration, Prime International Logistics Limited and SHDS Transportation Limited had ceased to carry on business or operation for more than three months immediately before application for deregistration or had never commenced business or operation.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam is currently performing the roles of chairman and chief executive officer of our Company. Under code provision A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should not be performed by the same individual. Taking into account Mr. Lam's strong expertise in the freight forwarding industry, our Board considered that the roles of chairman and chief executive officer being performed by Mr. Lam enables more effective and efficient overall business planning, decision making and implementation thereof by our Group. In order to maintain good corporate governance and fully comply with code provision, our Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

Mr. Hartmut Ludwig Haenisch, aged 49, is an executive Director, the vice chairman of the Board and chief operating officer of our Company. Mr. Haenisch is responsible for overall sales and leading the business development of our Group and communication with key customers and suppliers. He joined our Group in January 1998 and worked as director of international sales from January 1998 to February 1998. Mr. Haenisch has been the managing director of our Group since March 1998 and was appointed as an executive Director on 20 December 2013. Prior to joining our Group, he had been a marketing executive from May 1994 to July 1995 and was later promoted as sales manager in charge of European traffic from August 1995 to December 1997 of Freight Express International Ltd., which was then principally engaged in freight forwarding service. Mr. Haenisch was mainly responsible for the sales activities of Freight Express International Ltd. He has over 20 years of experience in sales and management of freight forwarding and logistics industry. Mr. Haenisch obtained a master's degree in business administration from University of Osnabrück of Germany in March 1992. He is also a director of certain subsidiaries of our Group. Mr. Haenisch was a director of Prime International Logistics Limited, SHDS Transportation Limited and Courier and Freight Express Limited, each a company incorporated in Hong Kong and dissolved by deregistration by the Registrar of Companies in Hong Kong as a defunct company pursuant to Section 291AA of the Predecessor CO in September 2005, June 2009 and February 2012, respectively. Prior to being dissolved by deregistration, Prime International Logistics Limited, SHDS Transportation Limited and Courier and Freight Express Limited had ceased to carry on business or operation for more than three months immediately before application for deregistration or had never commenced business or operation.

Ms. Cheung Ching Wa, Camy (張貞華), aged 48, is an executive Director and chief administrative officer of our Company. She is responsible for overall administration and management information technology development of our Group. Ms. Cheung joined our Group in November 1997 and worked as executive secretary from December 1997 to December 2000. She has been the general manager of our Group since January 2001 and was appointed as an executive Director on 20 December 2013. Prior to joining our Group, Ms. Cheung has acquired secretarial experiences by working in Nina Ricci (Far East) Ltd., which was then principally engaged in perfume trading, the Hongkong and Shanghai Banking Corporation Limited, Gemex Trading Limited, which was then principally engaged in trading, and Freight Express International Ltd., which was then principally engaged in freight forwarding service during June 1986 to November 1997. She has over 21 years of experience in administration and management of freight forwarding and logistics industry. She completed a course in office management for secretaries and administrative assistants from The Hong Kong Polytechnic University Centre for Professional and Continuing Education (currently known as College of

DIRECTORS AND SENIOR MANAGEMENT

Professional and Continuing Education) in September 1997. Ms. Cheung graduated from the Bolton Institute of Higher Education (currently known as University of Bolton) of the United Kingdom with a bachelor's degree in business studies in June 2003, a long distance learning course conducted in Hong Kong. She is also a director of certain subsidiaries of our Group.

Ms. Wong Pui Wah (黃珮華), aged 39, is an executive Director, chief financial officer and the company secretary of our Company. She is responsible for overall financial and banking management of our Group. Ms. Wong joined our Group in March 2006 and worked as accounting manager. She became the financial controller of our Group since August 2006. She was appointed as an executive Director on 20 December 2013. Prior to joining our Group, Ms. Wong had acquired auditing and accounting experiences by working in various accountancy firm which include Frank Ho & Co, Y. L. Ngan & Company, C.W. Leung & Co and RSM Nelson Wheeler during June 1998 to March 2006. She has over 16 years of experience in auditing, accounting and financial management. Ms. Wong graduated from Lingnan College (currently known as Lingnan University) with a bachelor's degree in business administration in November 1998. She also obtained a master's degree in professional accounting from The Hong Kong Polytechnic University in November 2010. She is a non-practising member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Ms. Wong is also a director of certain subsidiaries of our Group.

Mr. Dennis Ronald de Wit, aged 56, is an executive Director. He is responsible for overall sales, leading the business development of our Group and communication with key customers and suppliers in the Netherlands, central Europe and the US. Mr. D.R. de Wit joined our Group in December 2011 as a result of our acquisition of OTX Logistics B.V. and was appointed as an executive Director on 20 December 2013. Prior to joining our Group, he had been a director from March 1984 to October 1986 of Allfreight International B.V., which was then principally engaged in freight forwarding services, and was mainly responsible for the overall management. Mr. D.R. de Wit managed Internationaal Expeditiebedrijf Ebrex Air B.V., which was then principally engaged in freight forwarding services, through his management company D.R. de Wit Beheer B.V. from December 1987 to June 1993. He has been a director of Unique Logistics B.V. (currently known as OTX Logistics B.V.), a member of our Group, since May 1999. Mr. D.R. de Wit is also a director of certain subsidiaries of our Group.

Independent non-executive Directors

Mr. Ng Wai Hung (吳偉雄), aged 50, is an independent non-executive Director. He was appointed as our independent non-executive Director on 20 June 2014. Mr. Ng is qualified as a solicitor in Hong Kong and he is currently a partner in Iu, Lai & Li Solicitors & Notaries.

DIRECTORS AND SENIOR MANAGEMENT

In addition to his directorship in our Company, Mr. Ng has also held directorship in the following listed companies in the three years preceding the Latest Practicable Date:

Company	Position
<i>Current directorship</i> Fortune Sun (China) Holdings Limited (listed on the Main Board of the Stock Exchange: stock code:352)	Independent non-executive director
GOME Electrical Appliances Holding Limited (listed on the Main Board of the Stock Exchange: stock code: 493)	Independent non-executive director
Hycomm Wireless Limited (listed on the Main Board of the Stock Exchange: stock code: 499)	Independent non-executive director
Sustainable Forest Holdings Limited (listed on the Main Board of the Stock Exchange: stock code: 723)	Independent non-executive director
Trigiant Group Limited (listed on the Main Board of the Stock Exchange: stock code: 1300)	Independent non- executive director
Perception Digital Holdings Limited (listed on the Main Board of the Stock Exchange: stock code: 1822)	Independent non-executive director
Tech Pro Technology Development Limited (listed on the Main Board of the Stock Exchange: stock code: 3823)	Independent non-executive director
<i>Past directorship</i> Tomorrow International Holdings Limited (currently known as Talent Property Group Limited) (listed on the Main Board of the Stock Exchange: stock code: 760)	Independent non-executive director

Mr. Poon Ka Lee Barry (潘家利), aged 54, is an independent non-executive Director. He was appointed as our independent non-executive Director on 20 June 2014.

Mr. Poon obtained a professional diploma in accountancy from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1983 and a master's degree in business administration from the University of Manchester of the United Kingdom, a long distance learning course conducted in Hong Kong, in December 2002. He is currently a practising member of

DIRECTORS AND SENIOR MANAGEMENT

the Hong Kong Institute of Certified Public Accountants and an associate member of the Association of Chartered Certified Accountants. He has over 25 years of experience in audit, accounting and finance. Mr. Poon is currently an executive director, chief financial officer and company secretary of Telefield International (Holdings) Limited (Stock Code: 1143) (“**Telefield**”), a company listed on the Main Board of the Stock Exchange, and which is principally engaged in electronic manufacturing services, marketing and distribution of branded SMB phone systems, assembling and/or marketing and distribution of branded multimedia products and computer accessories, gaming and entertainment products. Mr. Poon is responsible for developing and implementing the strategic objectives and business plans of Telefield. He had been an independent non-executive director of Sunlink International Holdings Limited (Stock Code: 2336) from October 2009 to February 2012, a company listed on the Main Board of the Stock Exchange, and which is principally engaged in the sale of semiconductors and related products and development and provision of electronic turnkey device solutions. Mr Poon’s appointment was subsequent to a winding-up petition against Sunlink International Holdings Limited which was filed in December 2008 and such petition was subsequently dismissed in February 2012.

Mr. Poon was a director of Atlinks International Holdings Limited, a company incorporated in Hong Kong and dissolved by deregistration by the Registrar of Companies in Hong Kong as a defunct company pursuant to Section 291AA of the Predecessor CO in April 2013. Prior to being dissolved by deregistration, Atlinks International Holdings Limited had ceased to carry on business or operation for more than three months immediately before application for deregistration or had never commenced business or operation.

Mr. Wong See Ho, B.B.S. (黃思豪, B.B.S.), aged 65, is an independent non-executive Director. He was appointed as our independent non-executive Director on 20 June 2014.

Mr. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants, qualified in July 1974 and has over 20 years of working experience in accounting with Cathay Pacific Airways Limited. He started his accounting career with Cathay Pacific Airways Limited, which is principally engaged in aviation services, in September 1968 and was promoted to become general manager finance in January 1989 before he moved into general management work starting with Swire Air Catering Services Limited (now known as Cathay Pacific Catering Services (HK) Limited), which is principally engaged in airline catering, as its chief executive and general manager in December 1992 until March 1999. Mr. Wong was also a director of Vogue Laundry Service Limited, which is principally engaged in laundry and dry cleaning services, from March 1990 to December 1999, and was appointed as its chairman in November 1994. He was then appointed as managing director of Hong Kong Air Cargo Terminals Limited, an air cargo terminal operator at Hong Kong International Airport, in April 1999 and worked until August 2010, and was its senior advisor from September 2010 to May 2012. Mr. Wong has been elected a Chartered Fellow of The Chartered Institute of Logistics and Transport in August 2011. Mr. Wong is presently a member of the Aviation Development Advisory Committee appointed by The Government of the Hong Kong Special Administrative Region.

Mr. Wong was awarded the Bronze Bauhinia Star by The Government of the Hong Kong Special Administrative Region in July 2011 in recognition of his dedication and valuable contribution to the development of the logistics industry in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

General

Save as disclosed above, each of our Directors:

- (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date;
- (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of our Company as at the Latest Practicable Date; and
- (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date.

As at the Latest Practicable Date, save as the interests of Mr. Lam, Mr. Haenisch, Ms. Cheung and Mr. D.R. de Wit in the Shares, underlying Shares or debentures of our Company and our associated corporations as disclosed in the paragraph headed “Further Information About Directors and Shareholders — 13. Directors — 13(d) Interests and short positions of our Directors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering” as set out in Appendix VI to this prospectus, each of our Directors did not have any interest in the Shares, underlying Shares or debentures of our Company and our associated corporations within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Mr. Lau Wai Man (劉偉文), aged 42, is the air freight director of our Group. He has been with our Group since June 1998. Since he joined our Group, Mr. Lau has been our operations manager from June 1998 to December 2011, where he was responsible for operational matters. He obtained a certificate in air freight forwarding from the Vocational Training Council of Hong Kong in July 1992. He then completed a traineeship as an airfreight operations clerk in September 1993. Mr. Lau also obtained a professional diploma in inventory and logistics management from The Hong Kong Management Association in September 2002, a continuing education diploma in management studies from City University of Hong Kong in July 2010 and a bachelor’s degree in logistics from University of Huddersfield of the United Kingdom in November 2012, an offshore learning course conducted in Hong Kong (*Note*). He is a chartered member of The Chartered Institute of Logistics and Transport since June 2013.

Mr. Cheng Wai Kit, Matthew (鄭偉傑), aged 43, is the seafreight and account manager of our Group. He has been with our Group since April 2011. Prior to joining our Group, he had been an airfreight trainee in the export department from September 1990 to July 1991 of Freight Express International Ltd, which was then principally engaged in freight forwarding service, and he was mainly responsible for airfreight operations. Mr. Cheng had been an airfreight operations officer, sales executive and sales supervisor during August 1991 to January 1996 of Proud Sky Company Limited, which was then principally engaged in freight forwarding service and he was mainly responsible for import and export operations, sales and customer service in relation to airfreight and seafreight

Note: Offshore learning course is equivalent to long distance learning course.

DIRECTORS AND SENIOR MANAGEMENT

services. He had also been a sales supervisor, account manager and sea freight manager during February 1996 to April 2011 of BEL International Logistics Limited, which was then principally engaged in freight forwarding service, and he was mainly responsible for operations, pricing, customer service, risk management and business development. Mr. Cheng had obtained a diploma in business management from the School of Continuing Education of Hong Kong Baptist University in December 2001 and a bachelor's degree in logistics from the University of Huddersfield of the United Kingdom in June 2006, an offshore learning course conducted in Hong Kong (*Note*). He has been elected as a full member of The Hong Kong Management Association in March 2007, a chartered member of The Chartered Institute of Logistics and Transport in June 2007, and he was elected as an executive committee member of the Hong Kong Sea Transport and Logistics Association since January 2009.

Ms. Barbara Beckmann Hoffmann, aged 39, is the head of the trade lane management of our Group, where she is responsible for overseas agent sales. She has been with our Group since April 2008. She had been a regional development manager from April 2008 to December 2010. Prior to joining our Group, Ms. Hoffmann had worked in Fritz Companies, Inc., UPS SCS Transportes (Brasil) Ltda., Odeum Brazil and Ore Way International Logistics, all of which were then logistics companies. She had been an operations supervisor from April 1993 to October 1997 of Fritz Companies, Inc. and from October 1997 to September 2000 of UPS SCS Transportes (Brasil) Ltda, and was mainly responsible for contacting customers in both of these companies, an export supervisor from April 2001 to December 2004 of Odeum Brazil and was mainly responsible for contacting customers and handling process of air and sea freight export and a commercial supervisor from January 2005 to December 2007 of One Way International Logistics and was mainly responsible for contacting carriers and clients for quotations and shipment arrangements.

Mr. Cheung Hin Wai (張顯偉), aged 40, is the China manager of our Group. He has been with our Group since February 2002. Mr. Cheung was our seafreight operations supervisor from February 2002 to January 2003 of OT HK and branch manager from February 2003 to January 2004 of our Guangzhou branch office. Prior to joining our Group, he had been an offshore co-ordinator from August 1997 to June 1999 of United States Consolidation Limited, which was then principally engaged in freight consolidation services, a shipping executive (development) in the corporate development division from July 1999 to May 2000 of Pacific International Lines (Hong Kong) Limited, which was then a shipping company and he was mainly responsible for handling special projects, logistics and information technology, a logistics supervisor from May 2000 to August 2001 of Wintech Microelectronics (Hong Kong) Limited, which was then principally engaged as distributor of electronics and was mainly responsible for managing the warehouse operations and a logistics officer from October 2001 to January 2002 of Polaroid Far East Limited, which was then principally engaged in photographic equipment supplies and was responsible for handling the logistics operation between Hong Kong and China. Mr. Cheung obtained a bachelor of social science with major in geography and minor in economics from The Chinese University of Hong Kong in December 1997. Mr. Cheung completed and passed the training for ISO 9001: 2008 and ISO 14001: 2004 held by Shanghai Chance Management Consultant Co., Ltd. in December 2012.

Mr. Louis Francois Frederic Malouvier, aged 35, is the trade lane manager for France region of our Group, where he is responsible for sales covering Le Havre's Interland of France. He has been with our Group since August 2010. Prior to joining our Group, he had been sales agent from September 2003 to July 2006 of Derudder SA, which was then principally engaged in freight forwarding. Mr.

DIRECTORS AND SENIOR MANAGEMENT

Malouvier had worked at Bofill & Arnan S.A., which was then principally engaged in the provision of logistics services. He had been a headquarters representative in Seoul, Korea of Bofill & Arnan S.A. from September 2006 to January 2008, and was mainly responsible for coordination with headquarters and overseas network. He had been a operations and sales manager of Hong Kong office of Bofill & Arnan S.A. from February 2008 to July 2010 and he was mainly responsible for air and sea operations and sales covering agents and direct customers.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors and senior management members that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules as at the Latest Practicable Date.

COMPANY SECRETARY

Our company secretary is Ms. Wong. She is employed by us on a full-time basis. Please refer to her biographical details in the sub-section headed “Executive Directors” above.

COMPENSATION AND REMUNERATION POLICY

The aggregate amounts of remuneration of our Directors for the years ended 31 December 2011, 2012 and 2013 were approximately HK\$4.7 million, HK\$4.8 million and HK\$4.4 million respectively. Details of the arrangement for remuneration are set out in Note 14 to the Accountants’ Report in Appendix I to this prospectus. Under such arrangement and pursuant to our Directors’ service agreements and letters of appointment referred to in the paragraph headed “Further Information About Directors and Shareholders — 13. Directors — (b) Particulars of Directors’ service contracts” as set out in Appendix VI to this prospectus, the aggregate amount of directors’ fee and other emoluments payable to our Directors for the year ending 31 December 2014 is estimated to be approximately HK\$5.2 million, excluding any discretionary bonuses.

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We have also adopted the Share Option Scheme, which enables us to provide incentive or reward to our Directors, senior management and other selected participants. For details of the Share Option Scheme, please see the paragraph headed “Other Information — 16. Share Option Scheme” as set out in Appendix VI to this prospectus. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management.

After Listing, our Remuneration Committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Director' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to note 14 to our combined financial statements, included in the Accountants Report set out in Appendix I to this prospectus.

BOARD COMMITTEES

The audit committee, remuneration committee, nomination committee and the corporate governance committee of our Company were approved to be established by resolutions of our Directors passed on 21 June 2014. The memberships of such committee are as follows:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
<i>Executive Directors</i>				
Lam Chun Chin, Spencer (林進展)		Member	Chairman	
Hartmut Ludwig Haenisch				
Cheung Ching Wa, Camy (張貞華)				
Wong Pui Wah (黃珮華)				Chairlady
Dennis Ronald de Wit				
<i>Independent non-executive Directors</i>				
Ng Wai Hung (吳偉雄)	Member	Member	Member	Member
Poon Ka Lee, Barry (潘家利)	Member	Chairman	Member	Member
Wong See Ho (黃思豪)	Chairman			

Each of the above committee has written terms of reference. The functions of the above four committees are summarized as follows:

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Code C.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of our audit committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration committee

Our Company established a remuneration committee with written terms of reference in compliance with Code B.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary functions of our remuneration committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration.

Nomination committee

Our Company established a nomination committee with written terms of reference in compliance with Code A.5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary functions of our nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board.

Corporate Governance Committee

Our Company established a corporate governance committee with written terms of reference in compliance with Code D.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary functions of our corporate governance committee are to develop and review our policies and practices on corporate governance and make recommendations to our Board.

COMPLIANCE ADVISER

We have appointed RHB OSK Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us, among others, at the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

DIRECTORS AND SENIOR MANAGEMENT

The term of appointment of our compliance adviser shall commence on the Listing Date and end on the date of despatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 21 June 2014 under which certain selected classes of participants (including, among others, full-time employees) may be granted options to subscribe for the new Shares. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Other Information — 16. Share Option Scheme” in Appendix VI to this prospectus.

SUBSTANTIAL SHAREHOLDERS

PERSONS HAVING NOTIFIABLE INTERESTS UNDER THE SFO

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalisation Issue (but without taking account of any Shares which may be taken up under the Global Offering and without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme), the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of our Group other than our Company:

Long and short positions in the Shares and underlying Shares

Name of Shareholder	Nature of interest	Number of securities held <i>(Note 1)</i>	Approximate shareholding percentage <i>(%)</i>
Lam Investco	Beneficial owner	192,000,000(L)	48%
Mr. Lam <i>(Note 2)</i>	Interest of a controlled corporation	192,000,000(L)	48%
Ms. Li Wai Fun <i>(Note 3)</i>	Interest of spouse	192,000,000(L)	48%
Haenisch Investco	Beneficial owner	105,000,000(L)	26.25%
Mr. Haenisch <i>(Note 4)</i>	Interest of a controlled corporation	105,000,000(L)	26.25%
Ms. Haenisch Leung, Man San <i>(Note 5)</i>	Interest of spouse	105,000,000(L)	26.25%

Notes:

- (1) The letter “L” denote a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
- (2) These Shares are held by Lam Investco, which is wholly owned by Mr. Lam. By virtue of the SFO, Mr. Lam is deemed to be interested in the Shares held by Lam Investco. Mr. Lam is the sole director of Lam Investco.
- (3) Ms. Li Wai Fun is the spouse of Mr. Lam. Under the SFO, Ms. Li Wai Fun is deemed to be interested in the same number of Shares in which Mr. Lam is interested.
- (4) These Shares are held by Haenisch Investco, which is wholly owned by Mr. Haenisch. By virtue of the SFO, Mr. Haenisch is deemed to be interested in the Shares held by Haenisch Investco. Mr. Haenisch is the sole director of Haenisch Investco.
- (5) Ms. Haenisch Leung, Man San is the spouse of Mr. Haenisch. Under the SFO, Ms. Haenisch Leung, Man San is deemed to be interested in the same number of Shares in which Mr. Haenisch is interested.

SUBSTANTIAL SHAREHOLDERS

In addition to the above and so far as our Directors are aware, immediately following completion of the Global Offering, the following entities are directly or indirectly interested in 10% or more of the nominal value of any class of equity capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of our subsidiary	Substantial shareholder of such subsidiary	Percentage of shareholding
1. OTW HK	Mr. Helaluddin Akbar	25%
2. OTX Canada	Mr. Larry Ka-Yiu Wong	49%
3. OT Korea	Mr. Chang-ho Hur	40%
4. OT Int'l Malaysia	Mr. Baskaran A/L Radhakrishnan	40%
5. OT Borneo	Mr. Lingkan Anak Kechi	10%
	BPMAS Sdn.Bhd. (<i>Note 1</i>)	39%
6. OTX Logistics Holland	T.Y.D Holding B.V. (<i>Note 2</i>)	25%
7. OTX Solutions B.V.	JASA BEHEERGROEP B.V. (<i>Note 3</i>)	20%
	DBB Beheer B.V. (<i>Note 4</i>)	20%
8. OT Singapore	Mr. William Tan	30%
9. OT Thailand	Mr. Wichai Rungsangthongsuk	17.5%
	Ms. Ruchirek Pipatsriswat (<i>Note 5</i>)	33.5%
10. OT Vietnam	Dynamic Freight Co., Ltd (<i>Note 6</i>)	49%
11. Holicbuy	Aibidding Holdings Limited (<i>Note 7</i>)	40%

Notes:

- (1) BPMAS Sdn.Bhd. is owned by two Independent Third Parties.
- (2) T.Y.D Holding B.V. is owned as to 12.5%, 75%, and 12.5% by ASIB Beheer B.V., D.R. de Wit Beheer B.V. and Casty B.V., respectively. ASIB Beheer B.V. is wholly owned by Mrs. Astrid Kalshoven, an employee of our Group. D.R. de Wit Beheer B.V. is wholly owned by Mr. D.R. de Wit, an executive Director. Casty B.V. is wholly owned by Mr. Gerard van der Werff, an employee of our Group, and his spouse.
- (3) JASA BEHEERGROEP B.V. is wholly owned by Mr. Jarl Johannes Albert Guichelaar, a director of OTX Solutions B.V..
- (4) DBB Beheer B.V. is wholly owned by Mr. Boy Biesma, a director of OTX Solutions B.V..
- (5) These 33.5% interest in OT Thailand held by Ms. Ruchirek Pipatsriswat was controlled by OT BVI through the OT Thailand Contractual Arrangements.
- (6) These 49% interest in OT Vietnam held by Dynamic Freight Co., Ltd was controlled by OT HK through the OT Vietnam Contractual Arrangements. Dynamic Freight Co., Ltd is owned as to 80% and 20% by Ms. Tran Thi Huynh Anh and Ms. Nguyen Thi Kim Anh, both of them are members of the board of directors of OT Vietnam, respectively.
- (7) Aibidding Holdings Limited is owned by two Independent Third Parties.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering and the Capitalisation Issue (but without taking account of any Shares which may be taken up under the Global Offering and any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

Please refer to the paragraph headed “History, Reorganisation and Corporate Structure — Corporate Restructuring” and the section headed “Relationship with our Controlling Shareholders” in this prospectus for details of relationship among our substantial Shareholders.

SHARE CAPITAL

Total authorised and issued share capital of our Company

HK\$

Authorised share capital:

<u>2,000,000,000</u>	Shares of HK\$0.10 each	<u>200,000,000</u>
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Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue will be as follows:

Issued and to be issued, fully paid or credited as fully paid

2,000,000	Shares in issue at the date of this prospectus	200,000
298,000,000	Shares to be issued pursuant to the Capitalisation Issue	29,800,000
100,000,000	Shares to be issued pursuant to the Global Offering (excluding any Shares with may be issued under the Over-allotment Option)	10,000,000
<u>400,000,000</u>	Shares	<u>40,000,000</u>

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue will be as follows:

Issued and to be issued, fully paid or credited as fully paid

2,000,000	Shares in issue at the date of this prospectus	200,000
298,000,000	Shares to be issued pursuant to the Capitalisation Issue	29,800,000
100,000,000	Shares to be issued pursuant to the Global Offering	10,000,000
15,000,000	Shares to be issued if the Over-allotment Option is exercised in full	1,500,000
<u>415,000,000</u>	Shares	<u>41,500,000</u>

This table assumes the Global Offering has become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of any Shares which may be allotted and issued upon the exercise of options which have been granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Ranking

The Offer Shares and the Shares that may be issued pursuant to the Over-allotment Option rank pari passu with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus except for the Capitalisation Issue.

SHARE CAPITAL

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out under “Other Information — 16. Share Option Scheme” in Appendix VI to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue, excluding the Shares which may be issued pursuant to the Over-allotment Option, immediately following completion of the Global Offering and the Capitalisation Issue; and
- (b) the aggregate nominal value of share capital of our Company repurchased by our Company, if any, under the general mandate to repurchase Shares referred to below.

The aggregate nominal value of the Shares which our Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles of Association, or pursuant to the exercise of options which were granted under the Share Option Scheme or under the Global Offering or the Capitalisation Issue or upon the exercise of the Over-allotment Option.

This mandate will expire at the earliest of:

- the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which our Company is required by law or its Articles of Association to hold its next annual general meeting; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to “Further Information about Our Company and Our Subsidiaries — 3. Resolutions in writing of our Shareholders passed on 21 June 2014” in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option).

SHARE CAPITAL

This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in “Further Information about Our Company and Our Subsidiaries — 7. Repurchase by our Company of our own securities” in Appendix VI to this prospectus.

This mandate will expire at the earliest of:

- the conclusion of our Company’s next annual general meeting; or
- the expiration of the period within which our Company is required by law or its Articles of Association to hold its next annual general meeting; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate are set out in “Further Information about Our Company and Our Subsidiaries — 3. Resolutions in writing of our Shareholders passed on 21 June 2014” in Appendix VI to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

Please refer to Appendix V to this prospectus on the circumstances under which general meeting of our Company is required.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our combined financial information set out in the Accountants' Report included as Appendix I to this prospectus and selected historical combined financial data, in each case, together with the accompanying notes thereto included elsewhere in this prospectus. The financial information included in the Accountants' Report has been prepared in accordance with HKFRSs. Our financial information and the discussion and analysis below assume that our current structure had been in existence throughout the Track Record Period. For further information in relation to our Group structure, please refer to the section headed "History, Reorganisation and Corporate Structure" in this prospectus. Additionally, the following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our future results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including without limitation, the factors set out in the section headed "Risk Factors" and elsewhere in this prospectus.

Our financial year begins from 1 January and ends on 31 December. All references to "FY2011", "FY2012" and "FY2013" mean the financial years ended 31 December 2011, 2012 and 2013, respectively.

OVERVIEW

We are an established and growing international freight forwarding service provider. Founded and headquartered in Hong Kong since 1995, we have expanded to 16 countries with 54 offices in Asia, the Netherlands and North America as at the Latest Practicable Date. Air and ocean freight forwarding are our core businesses, whilst we also provide warehousing, distribution, customs clearance, contract and ancillary logistics services. With access to most major trade destinations via our trade partners and other logistics industry players, we have built a broad customer base which comprises freight forwarder customers and direct customers in various industries, including garments, footwear and electronics. Our goal is to become an international logistics service provider by expanding our network of offices, strengthening our IT systems, expanding our scope of services and increasing our sales and marketing effort.

In FY2011, FY2012 and FY2013, our revenue was approximately HK\$2,319.9 million, HK\$2,633.9 million and HK\$3,161.3 million, respectively. In FY2011, FY2012 and FY2013, our net profit attributable to our Shareholders was approximately HK\$51.2 million, HK\$37.8 million and HK\$46.4 million, respectively.

Our Directors believe that our growth is attributable to our established market position; our broad customer base and strong relationship with customers and airline suppliers of cargo space; and our advanced information technology and systems.

Our Group has adopted pricing policy for air freight and ocean freight as described in the paragraph headed "Business — Sales and Marketing — Customers" of this prospectus. Since our rates charged to our customers are determined with reference to our cost of the relevant cargo space, we believe that our Group can generally pass on the increase in cost of cargo space to our customers.

FINANCIAL INFORMATION

For details of our business overview, please refer to the paragraph headed “Business — Overview” of this prospectus.

BASIS OF PRESENTATION

The combined financial statements of our Group have been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 “Prospectus and the Reporting Accountant” issued by the Hong Kong Institute of Certified Public Accountants. The combined statements of profit or loss, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of our Group for the Track Record Period which include the results, changes in equity and cash flows of the companies comprising our Group have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment or acquisition where this is a shorter period, except for the subsidiaries acquired by our Group and disposed by our Group during the Track Record Period as disclosed in Note 39 and Note 40 of the Accountants’ Report respectively, which are included in the Accountants’ Report since the date of acquisition or up to date of disposal by our Group. The combined statements of financial position of our Group as at 31 December 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the companies comprising our Group as if the current group structure had been in existence at the end of those reporting periods, except for the subsidiaries acquired by our Group and disposed by our Group during the Track Record Period as disclosed in Note 39 and Note 40 of the Accountants’ Report respectively, which are included in the Accountants’ Report since the date of acquisition or up to date of disposal by our Group. The net assets and results of our Group were combined using the existing book values from our Controlling Shareholders’ perspective.

Further details on the basis of presentation are set out in Note 1 in the Accountants’ Report.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Group’s business, results of operations and financial conditions have been and are expected to be affected by a number of principal factors which are set forth below.

International trade value

The demand for the freight forwarding services is driven by the levels of international trade, which is in turn affected by global economic performance. According to the Ipsos Report, the global trade value increased from 2008 to 2013 at a CAGR of approximately 2.4%. Our Directors believe that the continuous global economic growth will drive the growth in the international trade value, which will be beneficial to our Group as the demand for the freight forwarding service will be increased.

FINANCIAL INFORMATION

Our ability to enter into block-space agreements with major airlines

Our growth and profitability are significantly dependent on our ability to secure cargo space from major airlines and other carriers to deliver the consigned shipments to the destinations required by our customers. Our Group enters into block-space agreements with airlines, which generally guarantee us allocation of agreed quantities of air cargo space at pre-determined rates over periods of time ranging from four to 12 months.

Our Group is committed to purchase such agreed quantity of air cargo space at pre-determined rates negotiated with airlines on an arm's length basis over a relevant period of time regardless of whether we are able to utilise the allocated air cargo space through shipment consigned with us or co-loading arrangements with our trade partners. Since our Group is committed to purchase such air cargo space at pre-determined rates, we are subject to price fluctuations when utilising such air cargo space for providing freight forwarding services, depending on the prevailing demand and supply in the market. For FY2011, FY2012, FY2013, we entered into block-space agreements with 11, eight and nine airlines.

Our Directors are of the view that, should the utilisation of air cargo space under any of the existing block-space agreements become uncertain, we will take a more prudent approach to negotiate the quantities of air cargo space with the airlines when entering / renewing the block-space agreements. Our Directors will continue to endeavour to identify new block-space agreements that would enhance our air freight services as well as profitability.

We rely on technique of consolidation to optimise cargo space utilisation to manage the risks resulting from fluctuations in freight rates

Our Group purchases cargo space at either pre-determined rates by entering into block-space agreements or at market rates by other contractual arrangements which are affected by the prevailing demand and supply in the market. The selling rates of cargo space are relatively transparent in the market and similar selling rates of cargo space are offered by our competitors in the industry. Therefore, our Directors consider that consolidation technique to optimise cargo space utilisation is a key factor for our Group to increase the revenue that can be derived from the cargo space.

Consolidation of cargo space involves the grouping of a number of consignments into a single consignment in order to increase the amount of goods that it can load for carriage on the cargo space in order to increase the profit that it can derive from that cargo space. The ability of our Group to perform consolidation is determined by the diverse range of weight, volume, shapes and textures of the consignments. With the diversity of consignments such as garments, footwear and electronics products, together with the operational experience of our Group and stable supply of air cargo space as secured under the block-space agreements, our Group is in a better position to plan and execute consolidation technique to optimise the utilisation of cargo space. For further details on the consolidation of cargo space, please refer to the paragraph headed "Business — Our Operations — Consolidation to optimise cargo space utilisation" of this prospectus.

FINANCIAL INFORMATION

Seasonality

Our revenue has historically been affected by seasonality. As our services are used by our customers in their respective manufacturing or production processes, the demand for our services fluctuates in accordance with fluctuations in the demand for our customers' products. Our shipments are generally more in the few months leading to the thanksgiving and the Christmas holidays, and the few weeks leading to the lunar new year holidays. Historically, the percentage of the revenue derived from the second half of a calendar year has been higher than the first half of the calendar year, reflecting higher demand of our services. As a result of such fluctuations, comparisons of sales and results of operations between different periods within a single financial year, or between different periods in different financial years cannot be relied on as indicators of our performance.

Staff costs

We experienced an increase in staff costs during the Track Record Period. As at 31 December 2013, we had a total of 1,031 employees. Staff costs for FY2011, FY2012 and FY2013 were approximately HK\$162.2 million, HK\$191.9 million and HK\$238.7 million, respectively, representing approximately 7.0%, 7.3% and 7.6% of our total revenue, respectively.

Our staff costs increased from approximately HK\$162.2 million for FY2011 to approximately HK\$238.7 million for FY2013, representing a CAGR of approximately 21.3%. The increase was mainly attributable to the increase in number of staff from 950 as at 31 December 2011 to 1,031 as at 31 December 2013 as a result of the increase in number of staff deriving from the expansion of overseas operations in United States. Our operational results and conditions may be adversely affected should we fail to control our staff costs.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs on our profit before tax and our profit for the year during the Track Record Period. Fluctuations are assumed to be approximately 5.0%, 8.0% and 10.0% for FY2011, FY2012 and FY2013, respectively, which correspond to the range of historical fluctuations of our staff costs during the Track Record Period.

	(HK\$'000, except percentages)					
Hypothetical Fluctuation	+5%	-5%	+8%	-8%	+10%	-10%
<i>Impact on Certain Combined Income</i>						
<i>Statement Items for the year ended</i>						
<i>31 December 2011</i>						
Change in staff costs	8,112	(8,112)	12,980	(12,980)	16,225	(16,225)
Change in profit before tax	(8,112)	8,112	(12,980)	12,980	(16,225)	16,225
Change in profit after tax	(6,817)	6,817	(10,908)	10,908	(13,634)	13,634

FINANCIAL INFORMATION

Hypothetical Fluctuation	+5%	-5%	+8%	-8%	+10%	-10%
(HK\$'000, except percentages)						
<i>Impact on Certain Combined Income</i>						
<i>Statement Items for the year ended</i>						
<i>31 December 2012</i>						
Change in staff costs	9,593	(9,593)	15,349	(15,349)	19,187	(19,187)
Change in profit before tax	(9,593)	9,593	(15,349)	15,349	(19,187)	19,187
Change in profit after tax	(7,322)	7,322	(11,716)	11,716	(14,645)	14,645
<i>Impact on Certain Combined Income</i>						
<i>Statement Items for the period ended</i>						
<i>31 December 2013</i>						
Change in staff costs	11,935	(11,935)	19,095	(19,095)	23,869	(23,869)
Change in profit before tax	(11,935)	11,935	(19,095)	19,095	(23,869)	23,869
Change in profit after tax	(8,861)	8,861	(14,177)	14,177	(17,721)	17,721

To manage the adverse impact of possible staff costs, our management will closely monitor our staff costs by regularly reviewing staff costs benchmarking to the market salary, setting out realistic budget for each station in relation to staff costs for the forth coming financial year and closely monitor staff cost budget against the actual costs. Our management will ensure that we will have sufficient funding and working capital before hiring new staff.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

Please refer to Note 3 of the Accountants' Report in relation to the significant accounting policies adopted by our Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Freight services income is recognised when services are rendered, the revenue from outbound services is recognised when the cargos are delivered to the carriers at origin, and the revenue from inbound services is recognised upon the arrival of cargos at destination.

General sales agency income is recognised when the services are rendered.

Logistics services income is recognised when the services are rendered.

FINANCIAL INFORMATION

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to our Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant leases.

Management fee and IT service fee income are recognised when services are rendered.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the combined statements of financial position. For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Property, plant and equipment

Property, plant and equipment, other than leasehold land and buildings, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses if any. Depreciation is recognised so as to write off the cost or revalued amount of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

FINANCIAL INFORMATION

Our property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Leasehold land and buildings	Over the term of the lease
Computer equipment	20%
Furniture and equipment	20%
Leasehold improvements	5 years or over the term of the lease if shorter
Motor vehicles	20%

Impairment losses on tangible and intangible assets

At the end of the reporting period, our Group reviews the carrying amounts of our tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, our Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

FINANCIAL INFORMATION

Estimated impairment losses on trade receivables

Our Group makes impairment losses on trade receivables based on the assessments of the recoverability of the outstanding balances. Impairment losses are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible or recoverable. The identification of impairment losses require the estimation of future cash flows. Where the expectation of the recoverability of the trade receivables is different from the original estimate, such difference will impact the carrying values of the trade receivables and impairment losses in the year in which such estimate has changed. As at 31 December 2011, 2012 and 2013, the carrying amounts of trade receivables were approximately HK\$312.6 million, HK\$438.2 million and HK\$549.5 million (net of allowance for doubtful debts of approximately HK\$2.6 million, HK\$4.4 million and HK\$9.9 million), respectively.

RESULTS OF OPERATIONS

The following is a summary of the combined statements of comprehensive income of our Group for FY2011, FY2012 and FY2013, respectively, as extracted from the Accountants' Report set out in Appendix I to this prospectus.

Combined Income Statements

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2,319,867	2,633,886	3,161,290
Cost of sales	<u>(1,992,943)</u>	<u>(2,251,948)</u>	<u>(2,696,130)</u>
Gross profit	326,924	381,938	465,160
Other income	3,053	3,019	4,818
Administration expenses	(261,928)	(308,882)	(378,694)
Other gains or losses	(1,378)	(7,929)	(227)
Listing expense	—	(6,895)	(12,596)
Share of profit (loss) of associates	56	(189)	(65)
Share of profit of joint ventures	791	463	408
Finance costs	<u>(3,086)</u>	<u>(3,521)</u>	<u>(4,757)</u>
Profit before taxation	64,432	58,004	74,047
Income tax expense	<u>(10,286)</u>	<u>(13,731)</u>	<u>(19,072)</u>
Profit for the year	<u><u>54,146</u></u>	<u><u>44,273</u></u>	<u><u>54,975</u></u>
Profit for the year attributable to:			
Owners of the Company	51,218	37,830	46,447
Non-controlling interests	<u>2,928</u>	<u>6,443</u>	<u>8,528</u>
	<u><u>54,146</u></u>	<u><u>44,273</u></u>	<u><u>54,975</u></u>

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PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generated our revenue from provision of air and ocean freight forwarding services, GSA and other services including warehousing, distribution, customs clearance, contract and ancillary logistics services during the Track Record Period.

During the Track Record Period, our Group's revenue has experienced a growth through our business expansion from freight forwarding services to the destinations in North America, the Netherlands and Middle East. Our revenue increased from approximately HK\$2,319.9 million for FY2011 to approximately HK\$3,161.3 million for FY2013, representing a CAGR of approximately 16.7%. Such growth in revenue was mainly attributable to our business growth in ocean freight forwarding and logistics services.

Revenue by business segment

Set forth below are the details of our Group's revenue by business segment during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Air freight	1,795,725	77.4	1,942,403	73.8	2,154,586	68.2
Ocean freight	444,571	19.2	606,421	23.0	897,240	28.4
GSA	3,680	0.1	4,271	0.2	3,593	0.1
Logistics	22,345	1.0	24,754	0.9	58,237	1.8
Others	<u>53,546</u>	<u>2.3</u>	<u>56,037</u>	<u>2.1</u>	<u>47,634</u>	<u>1.5</u>
 Total	 <u>2,319,867</u>	 <u>100.0</u>	 <u>2,633,886</u>	 <u>100.0</u>	 <u>3,161,290</u>	 <u>100.0</u>

Air freight

Air freight forwarding services involves arranging shipment, preparing the relevant documentation, consolidation, and arranging customs clearance and cargo handling. For FY2011, FY2012, FY2013, air freight contributed to approximately HK\$1,795.7 million, HK\$1,942.4 million and HK\$2,154.6 million, or approximately 77.4%, 73.8% and 68.2% of our total revenue, respectively.

Our revenue generated from provision of air freight forwarding services recorded an increase of approximately HK\$146.7 million or 8.2% in FY2012 as compared with FY2011, which was mainly attributable to the expansion of our business in the Netherlands along with the improved market condition in our export destinations, i.e. North America and Asia.

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Our revenue generated from provision of air freight forwarding services recorded an increase of approximately HK\$212.2 million or 10.9% in FY2013 as compared with FY2012, which was mainly attributable to increase in overall air freight shipment volume handled by our Group.

The table below set out our shipment volume of our air freight segment during the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	<i>(Tonnes)</i>	<i>(Tonnes)</i>	<i>(Tonnes)</i>
Air freight shipment volume	59,766	65,913	68,415

Ocean freight

Ocean freight forwarding services principally involves arranging shipment, preparing the relevant documentation, and arranging clearance of goods through customs and cargo handling. For FY2011, FY2012 and FY2013, ocean freight contributed to approximately HK\$444.6 million, HK\$606.4 million and HK\$897.2 million, or approximately 19.2%, 23.0% and 28.4% of our total revenue, respectively.

Our revenue generated from provision of ocean freight forwarding services recorded an increase of approximately HK\$161.9 million or 36.4% in FY2012 as compared with FY2011, which was mainly attributable to the increase from both export and import shipment volume handled by our Group.

Our revenue generated from provision of ocean freight forwarding services recorded an increase of approximately HK\$290.8 million or 48.0% in FY2013 as compared with FY2012, which was mainly attributable to increase in volume handled by our recent expanded operation in United States.

The table below set out our shipment volume of our ocean freight segment during the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	<i>(TEUs)</i>	<i>(TEUs)</i>	<i>(TEUs)</i>
Ocean freight shipment volume	74,942	88,646	106,567

GSA

Revenue from GSA mainly arises from entering into general sales agency agreements with regional airlines and on-sell air cargo space on behalf of such airlines. For FY2011, FY2012 and FY2013, our GSA business contributed approximately HK\$3.7 million, HK\$4.3 million and HK\$3.6

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million, or approximately 0.1%, 0.2% and 0.1% of our total revenue, respectively. Our revenue from GSA recorded an increased by approximately HK\$0.6 million or 16.1% in FY2012 as compared with FY2011, which was mainly attributable to the increase in volume as a result of the increase in overall demand in cargo spaces.

Our revenue generated from GSA recorded a decrease of approximately HK\$0.7 million or 15.9% in FY2013 as compared with FY2012, which was mainly due to decrease in volume handled and subsequently terminated with one of our GSA agreements on 31 December 2013.

Logistics

Logistics services includes pick and pack, labelling, quality inspection, contract logistics, sorting, pick-up and delivery service for export shipments from the shipper's location to the outgoing port, delivery of import shipments from arrival at the incoming port to the consignee's location. For FY2011, FY2012 and FY2013, our logistics services contributed approximately HK\$22.3 million, HK\$24.8 million and HK\$58.2 million, or approximately 1.0%, 0.9% and 1.8% of our total revenue, respectively. Our revenue from logistics services recorded an increased by approximately HK\$2.4 million or 10.8% in FY2012 as compared with FY2011, which was mainly attributable to the organic growth of our business.

Our revenue generated from logistics services recorded an increase of approximately HK\$33.5 million or 135.3% in FY2013 as compared with FY2012, which was mainly attributable to our expansion in logistics services in North America.

Others

Other businesses include the provision of trucking, hand-carrying and other miscellaneous services. For FY2011, FY2012 and FY2013, our other businesses contributed approximately HK\$53.5 million, HK\$56.0 million and HK\$47.6 million, or approximately 2.3%, 2.1% and 1.5% of our total revenue, respectively.

Revenue by location of operations

Set forth below are the details of our revenue by location of operations during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Hong Kong	1,200,072	51.7	1,328,844	50.4	1,398,665	44.2
The PRC	407,414	17.6	406,874	15.4	435,308	13.8
Other Asian Regions	481,609	20.8	499,825	19.0	525,908	16.6
The Netherlands	192,510	8.3	351,768	13.4	425,275	13.5
North America	38,262	1.6	46,575	1.8	376,134	11.9
	<u>2,319,867</u>	<u>100.0</u>	<u>2,633,886</u>	<u>100.0</u>	<u>3,161,290</u>	<u>100.0</u>

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Hong Kong

Our revenue generated from our operations in Hong Kong during the Track Record Period has comprised significant part of our total revenue, which amounted to approximately HK\$1,200.1 million, HK\$1,328.8 million and HK\$1,398.7 million, and representing approximately 51.7%, 50.4% and 44.2% of our total revenue for FY2011, FY2012 and FY2013, respectively. Our revenue generated from our operations in Hong Kong recorded an increase by approximately HK\$128.8 million or 10.7% in FY2012 as compared with FY2011, and further increase by approximately HK\$69.8 million or 5.3% in FY2013 as compared with FY2012. The overall increase in revenue generated from operations in Hong Kong from FY2011 to FY2013 was primarily due to increase in air freight shipment volume handled in Hong Kong.

The PRC

Our revenue generated from our operations in the PRC during the Track Record Period amounted to approximately HK\$407.4 million, HK\$406.9 million and HK\$435.3 million, and representing approximately 17.6%, 15.4% and 13.8% of our total revenue for FY2011, FY2012 and FY2013, respectively. Our revenue generated from our operations in the PRC recorded a decrease of approximately HK\$0.5 million or 0.1% in FY2012 as compared with FY2011, and increase by approximately HK\$28.4 million or 7.0% in FY2013 as compared with FY2012. The overall increase in revenue generated from operations in the PRC from FY2011 to FY2013 was primarily due to increase in air freight shipment volume handled in the PRC.

Other Asian Regions

Our revenue generated from our operations in other Asian regions during the Track Record Period amounted to approximately HK\$481.6 million, HK\$499.8 million and HK\$525.9 million, and representing approximately 20.8%, 19.0% and 16.6% of our total revenue for FY2011, FY2012 and FY2013, respectively. Our revenue generated from our operations in other Asian regions recorded an increase by approximately HK\$18.2 million or 3.8% in FY2012 as compared with FY2011, and increase by approximately HK\$26.1 million or 5.2% in FY2013 as compared with FY2012. The overall increase in revenue generated from operations in other Asian regions from FY2011 to FY2013 was primarily due to our Group's organic growth in other Asian regions. The increase from FY2011 to FY2012 was primarily due to more resources has been put into business development in other Asian regions.

The Netherlands

Our revenue generated from our operations in the Netherlands during the Track Record Period amounted to approximately HK\$192.5 million, HK\$351.8 million and HK\$425.3 million, and representing approximately 8.3%, 13.4% and 13.5% of our total revenue for FY2011, FY2012 and FY2013, respectively. Our revenue generated from our operations in the Netherlands recorded an increase of approximately HK\$159.3 million or 82.7% in FY2012. The increase from FY2011 to

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FY2012 was primarily due to the full-year results of OTX Logistics Holland being recorded in FY2012 while only half-year result being recorded in FY2011. Our revenue generated from our operation in the Netherlands recorded an increase of approximately HK\$73.5 million or 20.9%, primarily due to our Group's organic growth in the Netherlands.

North America

Our revenue generated from our operations in North America during the Track Record Period amounted to approximately HK\$38.3 million, HK\$46.6 million and HK\$376.1 million, and representing approximately 1.6%, 1.8% and 11.9% of our total revenue for FY2011, FY2012 and FY2013, respectively. Our revenue generated from our operations in North America recorded an increase of approximately HK\$8.3 million or 21.7% in FY2012 as compared with FY2011, and increase by approximately HK\$329.6 million or 707.6% in FY2013 as compared with FY2012. The increase from FY2011 to FY2012 was primarily due to our Group's organic growth in North America. Our operations in the United States expanded from two offices as at 31 December 2012 to nine offices as at 31 December 2013. The increase from FY2012 to FY2013 was primarily due to expansion of operations in United States.

Revenue by destination

Set forth below are the details of our revenue by shipment destination during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Europe	1,465,945	63.2	1,482,276	56.3	1,699,144	53.8
North America	445,532	19.2	632,214	24.0	964,382	30.5
Asia (including Middle East)	332,765	14.3	470,368	17.9	371,442	11.7
Others	75,625	3.3	49,028	1.8	126,322	4.0
	<u>2,319,867</u>	<u>100.0</u>	<u>2,633,886</u>	<u>100.0</u>	<u>3,161,290</u>	<u>100.0</u>

Europe

Our revenue derived from the shipment destination in Europe during the Track Record Period comprised a significant part of our total revenue, which amounted to approximately HK\$1,465.9 million, HK\$1,482.3 million and HK\$1,699.1 million and representing approximately 63.2%, 56.3% and 53.8% of total revenue for FY2011, FY2012 and FY2013, respectively. Our revenue derived from the shipment destination in Europe increased by approximately HK\$16.3 million or 1.1% in FY2012 as compared with FY2011, and increase by approximately HK\$216.9 million or 14.6% in FY2013 as compared with FY2012. The overall increase from FY2011 to FY2013 was primarily due to our Group's organic growth in our shipment destination in Europe.

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North America

Our revenue derived from the shipment destination in North America during the Track Record Period comprised the second largest portion of our total revenue, which amounted to approximately HK\$445.5 million, HK\$632.2 million and HK\$964.4 million, and representing approximately 19.2%, 24.0% and 30.5% of total revenue for FY2011, FY2012 and FY2013, respectively. Our revenue derived from the shipment destination in North America increased by approximately HK\$186.7 million or 41.9% in FY2012 as compared with FY2011, and increased by approximately HK\$332.2 million or 52.5% in FY2013 as compared with FY2012. The overall increase from FY2011 to FY2013 was primarily due to the expansion in our Group's operation in United States.

Asia (including Middle East)

Our revenue derived from the shipment destination in Asia (including Middle East) during the Track Record Period comprised the third largest portion of our total revenue, which amounted to approximately HK\$332.8 million, HK\$470.4 million and HK\$371.4 million, and representing approximately 14.3%, 17.9% and 11.7% of our revenue for FY2011, FY2012 and FY2013, respectively. Our revenue derived from the shipment destination in Asia (including Middle East) increased by approximately HK\$137.6 million or 41.4% in FY2012 as compared with FY2011, and decrease by approximately HK\$98.9 million or 21.0% in FY2013 as compared with FY2012. Such overall increase was in line with our Group's strategies to strengthen our presence in Asia (including Middle East).

Revenue by type of customers

Our customers comprise direct customers and freight forwarder customers. The table below set out a breakdown of our revenue by type of customers during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Direct customers	980,652	42.3	1,113,810	42.3	1,519,608	48.1
Freight forwarder customers	<u>1,339,215</u>	<u>57.7</u>	<u>1,520,076</u>	<u>57.7</u>	<u>1,641,682</u>	<u>51.9</u>
	<u><u>2,319,867</u></u>	<u><u>100.0</u></u>	<u><u>2,633,886</u></u>	<u><u>100.0</u></u>	<u><u>3,161,290</u></u>	<u><u>100.0</u></u>

Our direct customers contributed to approximately 42.3%, 42.3% and 48.1% and our freight forwarder customers contributed to approximately 57.7%, 57.7% and 51.9% of our total revenue for FY2011, FY2012 and FY2013, respectively. During the Track Record Period, we have increased our revenue from both direct customers and freight forwarder customers.

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Revenue by type of shipments

Set forth below are the details of our revenue by type of shipments during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Export shipments	1,824,916	78.7	2,008,732	76.3	2,128,373	67.3
Import shipments	419,060	18.1	544,363	20.7	927,046	29.3
Others	<u>75,891</u>	<u>3.2</u>	<u>80,791</u>	<u>3.0</u>	<u>105,871</u>	<u>3.4</u>
	<u>2,319,867</u>	<u>100.0</u>	<u>2,633,886</u>	<u>100.0</u>	<u>3,161,290</u>	<u>100.0</u>

Our export shipments contributed to approximately 78.7%, 76.3% and 67.3% and our import shipments contributed to approximately 18.1%, 20.7% and 29.3% of our total revenue for FY2011, FY2012 and FY2013, respectively. During the Track Record Period, we have increased our revenue from both import and export shipments.

Cost of sales

Our cost of sale mainly consists of (i) freight charges for cost of cargo spaces; (ii) local charges including cost of local handling and documentation; (iii) surcharges including fuel surcharges, security surcharges, peak season surcharges and other surcharges; (iv) trucking cost for ground transportation; (v) custom clearance; and (vi) others. The following table sets out a breakdown of our Group's cost of sales during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Freight charges	1,265,092	63.5	1,411,794	62.7	1,644,151	61.0
Local charges	230,766	11.6	281,846	12.5	314,126	11.7
Surcharges	262,501	13.2	304,789	13.5	333,875	12.4
Trucking cost	78,167	3.9	104,237	4.6	141,987	5.2
Custom clearance	20,663	1.0	21,916	1.0	28,372	1.0
Others	<u>135,754</u>	<u>6.8</u>	<u>127,366</u>	<u>5.7</u>	<u>233,619</u>	<u>8.7</u>
	<u>1,992,943</u>	<u>100.0</u>	<u>2,251,948</u>	<u>100.0</u>	<u>2,696,130</u>	<u>100.0</u>

For FY2011, FY2012 and FY2013, our cost of sales was approximately HK\$1,992.9 million, HK\$2,251.9 million and HK\$2,696.1 million, respectively. Our cost of sales increased by approximately HK\$259.0 million or 13.0% in FY2012 as compared with FY2011, and increase by approximately HK\$444.2 million or 19.7% in FY2013 as compared with FY2012. The overall increase was primarily a result of increase in sales volume of cargo spaces.

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The table below sets out a breakdown of our cost of sales by business segments, with respective percentages of our cost of sales for the relevant year.

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Air freight	1,572,967	78.9	1,661,727	73.8	1,889,856	70.1
Ocean freight	357,904	18.0	530,460	23.6	738,331	27.4
GSA	—	—	—	—	—	—
Logistics	11,210	0.6	12,633	0.6	31,818	1.2
Others	<u>50,862</u>	<u>2.5</u>	<u>47,128</u>	<u>2.0</u>	<u>36,125</u>	<u>1.3</u>
Total	<u><u>1,992,943</u></u>	<u><u>100.0</u></u>	<u><u>2,251,948</u></u>	<u><u>100.0</u></u>	<u><u>2,696,130</u></u>	<u><u>100.0</u></u>

Our Group's unutilised cargo space under the block-space agreements with our airlines suppliers of cargo space were approximately 610 kilograms, nil and 257 kilograms representing less than 0.1%, nil and 0.1% of our total committed tonnage for the years ended 31 December 2011, 2012 and 2013, respectively. Our Group have paid a total penalty of approximately HKD13,000 for the unutilised cargo space under the block-space agreements during the Track Record Period.

Gross profit and gross profit margin

Our gross profit amounted to approximately HK\$326.9 million, HK\$381.9 million and HK\$465.2 million for FY2011, FY2012 and FY2013, representing gross profit margin of approximately 14.1%, 14.5% and 14.7%, respectively.

The following table sets forth the analysis of gross profit with respective gross profit margins by business segments of our Group during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	<i>HK\$'000</i>	<i>Gross profit margin</i>	<i>HK\$'000</i>	<i>Gross profit margin</i>	<i>HK\$'000</i>	<i>Gross profit margin</i>
		%		%		%
Air freight	222,758	12.4	280,676	14.4	264,730	12.3
Ocean freight	86,667	19.5	75,961	12.5	158,909	17.7
GSA	3,680	100.0	4,271	100.0	3,593	100.0
Logistics	11,135	49.8	12,121	49.0	26,419	45.4
Others	<u>2,684</u>	<u>5.0</u>	<u>8,909</u>	<u>15.9</u>	<u>11,509</u>	<u>24.2</u>
Total	<u><u>326,924</u></u>	<u><u>14.1</u></u>	<u><u>381,938</u></u>	<u><u>14.5</u></u>	<u><u>465,160</u></u>	<u><u>14.7</u></u>

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Gross profit

Our gross profit increased by approximately HK\$55.0 million, or 16.8% in FY2012 as compared with FY2011. Such increase was mainly attributable to the increase in gross profit from air freight forwarding services of approximately HK\$57.9 million.

Our gross profit increased by approximately HK\$83.2 million, or 21.8% in FY2013 as compared with FY2012. Such increase was mainly attributable to the increase in gross profit from ocean freight forwarding services benefit from our expansion of operation in United States. Such increase was mainly attributable to the increase in gross profit from and ocean freight forwarding services of approximately HK\$82.9 million.

Gross profit margin

Our gross profit margin of total revenue increased from approximately 14.1% for FY2011 to approximately 14.5% for FY2012. Such increase was mainly attributable to the increase in gross profit margin from air freight forwarding services as a result of overall decrease in cost of cargo space charged by our suppliers in FY2012.

Our gross profit margin of total revenue increased from approximately 14.5% for FY2012 to approximately 14.7% for FY2013. Such increase was mainly attributable to the increase in gross profit margin from ocean freight forwarding services as a result of decrease in cost of cargo space charged by our suppliers in FY2013.

Air freight

Our gross profit margin from provision of air freight forwarding services increased from approximately 12.4% for FY2011 to approximately 14.4% for FY2012 and decrease to approximately 12.3% for FY2013. The increase in gross profit margin for FY2012 was mainly due to overall decrease in cost of cargo space charged by our suppliers in FY2012.

Ocean freight

Our gross profit margin from provision of ocean freight forwarding services decreased from approximately 19.5% for FY2011 to approximately 12.5% for FY2012 which was mainly due to overall increase in cost of cargo space charged by our suppliers in FY2012. Our gross profit margin increased to approximately 17.7% for FY2013 which was mainly due to decrease in cost of cargo space charged by our suppliers in FY2013.

GSA

Our revenue generated from GSA recorded as net agency income therefore our gross profit margin from GSA maintained at 100% during the Track Record Period.

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Logistics

Our gross profit margin from provision of logistics services maintained at approximately 49.8% and 49.0% for FY2011 and FY2012, respectively. Our gross profit margin decreased to approximately 45.4% for FY2013 which was mainly due to increase in rental cost of our warehouses in FY2013.

Others

Our gross profit margin from provision of other services increased from approximately 5.0% for FY2011 to approximately 15.9% for FY2012 and further increased to approximately 24.2% for FY2013. Such was mainly due to our Group commenced other businesses such as hand-carrying business in late 2011 and has higher gross profit margin.

Other income

Our other income mainly consists of interest income from bank deposits and loan receivables, rental income, write-down long outstanding payables and IT-related service income.

Administrative expenses

Our administrative expenses mainly consist of (i) staff costs for management and operational personnel; (ii) utilities and management fees for offices; (iii) office expenses; (iv) operating lease payments; (v) depreciation and amortization; (vi) entertainment expenses; (vii) transportation expenses; (viii) professional fees; (ix) marketing and promotion expenses; and (x) impairment loss of trade and other receivables. The following table sets out a breakdown of our Group's administrative expenses during the Track Record Period:

	Year ended 31 December					
	2011		2012		2013	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Staff costs	162,246	61.9	191,866	62.1	238,693	63.0
Utilities and management fees	2,511	1.0	5,750	1.9	5,759	1.5
Office expenses	13,943	5.3	20,424	6.6	27,218	7.2
Operating lease payments	20,640	7.9	28,644	9.3	38,003	10.0
Depreciation and amortisation	9,280	3.5	11,051	3.6	12,145	3.2
Entertainment expenses	7,194	2.7	10,585	3.4	8,366	2.2
Transportation expenses	10,230	3.9	9,526	3.1	12,594	3.3
Professional fees	6,734	2.6	8,064	2.6	9,663	2.6
Marketing and promotion expenses	3,189	1.2	3,748	1.2	2,023	0.5
Impairment loss of trade and other receivables	3,807	1.5	5,287	1.7	7,651	2.0
Others	<u>22,154</u>	8.5	<u>13,937</u>	4.5	<u>16,579</u>	4.5
Total	<u><u>261,928</u></u>	100.0	<u><u>308,882</u></u>	100.0	<u><u>378,694</u></u>	<u><u>100.0</u></u>

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Our administrative expenses were approximately HK\$261.9 million, HK\$308.9 million and HK\$378.7 million, representing approximately 11.3%, 11.7% and 12.0% of our total revenue for FY2011, FY2012 and FY2013, respectively. Our administrative expenses increased by approximately HK\$116.8 million, representing a CAGR of approximately 20.2%, from approximately HK\$261.9 million in FY2011 to approximately HK\$378.7 million in FY2013, primarily due to the increase in staff costs, office expenses, operating leases payments and depreciation and amortisation as a result of increase in office locations from our business expansion.

Other gains or losses

Other gains or losses are primarily derived from net foreign exchange gain or losses, fair value gain on investment properties, changes in fair value of derivative financial instruments and gain or loss on disposal of subsidiaries, associate, property, plant and equipment.

Share of profit (loss) of associates

Our interests in associates as at 31 December 2011 represent our 35%, 32% and 25% equity interests in the issued capital of the associates, namely Courier and Freight Express Limited, Courier and Freight Express (Malaysia) Sdn. Bhd. and Fashion Care Logistics B.V.. Fashion Care Logistics B.V. is a limited company incorporated in the Netherlands.

Our interests in associates as at 31 December 2012 and 2013 represent our 25% and 49% equity interests in the issued capital of the associates, namely Fashion Care Logistics B.V. and On Time Worldwide Logistics Limited. On Time Worldwide Logistics Limited is a limited company incorporated in Bangladesh, principally engaged in provision of freight forwarding services.

Our Group's share of profits (loss) from associates represented the excess of our share of the net fair value of our associates' identifiable assets over the cost of investments.

Share of profit of joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

During the Track Record Period, we had two joint ventures, namely On Time Worldwide Express B.V. and OTX Logistics Rotterdam B.V., which are limited companies incorporated in the Netherlands and principally engaged in provision of freight forwarding services, in which OTX Logistics Rotterdam B.V. was acquired during FY2011.

Our Group's share of profit of joint ventures is recognised in the combined income statements under the equity method of accounting.

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Finance costs

Our finance costs represent interest expenses on bank loans and finance leases. Our finance leases comprised of leases for motor vehicles and office equipments. Our finance costs for FY2011, FY2012 and FY2013 were approximately HK\$3.1 million, HK\$3.5 million and HK\$4.8 million, respectively.

Income Tax

The following table sets forth our income tax expenses by countries for the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:			
— Hong Kong Profits Tax	3,759	6,369	4,928
— Enterprise Income Tax in the PRC	185	161	3,489
— Dutch Corporate Income Tax	3,139	4,374	5,043
— Indonesian Corporate Income Tax	1,055	630	318
— Vietnam Corporate Income Tax	966	800	1,403
— Other jurisdictions	<u>1,254</u>	<u>1,681</u>	<u>2,312</u>
	<u>10,358</u>	<u>14,015</u>	<u>17,493</u>
(Over)underprovision in respect of prior years			
— Vietnam Corporate Income Tax	—	102	(194)
— Other jurisdictions	<u>(31)</u>	<u>(4)</u>	<u>85</u>
	<u>(31)</u>	<u>98</u>	<u>(109)</u>
Deferred taxation	<u>(41)</u>	<u>(382)</u>	<u>1,688</u>
	<u><u>10,286</u></u>	<u><u>13,731</u></u>	<u><u>19,072</u></u>

The BVI and Cayman Islands

Pursuant to the rules and regulations of the BVI and the Cayman Islands, our Group is not subject to any income tax in the BVI and the Cayman Islands.

Hong Kong

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits during the Track Record Period.

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The PRC

Our Group's operations in China are under the PRC EIT Law and Implementation Regulation of the PRC EIT Law, the subsidiary and the representative offices of our Group is taxed at 25% during the Track Record Period.

Netherlands

The Dutch Corporate Income Tax rates are progressive tax rates. The corporate income tax charge has been calculated at the tax rate between 20.0% to 25.5% during the Track Record Period.

Vietnam

The Corporate Income Tax in Vietnam is calculated at 20% of the estimated assessable profit. Additionally, being a small and medium enterprise, the Vietnamese subsidiary is entitled to a 30% reduction in Corporate Income Tax during the Track Record Period, in accordance with the Vietnamese laws.

Indonesia

The Indonesian Corporate Income Tax is calculated at 25% of the estimate assessable profit during the Track Record Period.

United States

During the Track Record Period, our operations in the United States have made a loss of approximately HK\$20,000, HK\$2.6 million and HK\$4.9 million for FY2011, FY2012 and FY2013, respectively. Our income tax expense paid in the United States was approximately nil, HK\$6,000 and HK\$33,000 for FY2011, FY2012 and FY2013, such tax payment was mainly provided for the income tax payment in accordance with the state law of California and New York in the United States. Our Directors confirm that such income tax payment is required by the relevant state law regardless of the loss making of our operations in the United States. Our United States subsidiary will subject to United States federal income tax at the rates ranging from 15% to 39.5% (depends on the level of income) and to various United States state income taxes at rates ranging from 5.5% to 8.8% (based on the states we operate in as at Latest Practicable Date) when our operations in the United States become profitable. The Group's effective tax rate may increase in the event our operations in the United States become profitable.

Other jurisdictions

Taxation in the other jurisdictions has been calculated on the estimated assessable profit for the year at the rates prevailing in the those countries in which our Group operates.

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Our Group has made adequate tax provision on the assessable profit based on the tax rates prevailing in the countries in which our Group operates in FY2011, FY2012 and FY2013. Payments of taxes are made in accordance with the payment schedule stipulated by the relevant tax authorities. As at 31 December 2011, 2012 and 2013, our tax payables amounted to approximately HK\$7.0 million, HK\$7.8 million and HK\$11.3 million, respectively.

Save for disclosed in paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus, our Directors are not aware of any unpaid tax, any dispute or any unresolved tax issues with the relevant tax authorities.

Effective tax rate

Our effective tax rate, representing income tax expense divided by profit before taxation, was approximately 16.0%, 23.7% and 25.8% for FY2011, FY2012 and FY2013, respectively.

Our effective tax rates increased from 16.0% for FY2011 to 23.7% for FY2012, which was mainly due to full year income tax from the Netherlands’ subsidiaries was recognised in FY2012, where partial income tax for FY2011 was recognised in FY2011, as the acquisition took place in the year.

Our effective tax rates increased from 23.7% for FY2012 to 25.8% for FY2013, which was mainly due to (i) the increase in Enterprise Income Tax in the PRC charged in FY2013; and (ii) the increase in deferred taxation in FY2013 which was mainly arisen from withholding tax on undistributed earnings from our PRC operations.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

FY2013 compared to FY2012

Revenue

Our revenue increased by approximately HK\$527.4 million, or 20.0%, from approximately HK\$2,633.9 million for FY2012 to approximately HK\$3,161.3 million for FY2013. Such increase was mainly attributable to the increase in revenue from our expansion of operations in United States.

Cost of sales

Our cost of sales increased by approximately HK\$444.2 million, or 19.7%, from approximately HK\$2,251.9 million for FY2012 to approximately HK\$2,696.1 million for FY2013, which was in line with our revenue increased from FY2012 to FY2013.

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Gross profit and gross profit margin

Our gross profit increased by approximately HK\$83.2 million, or 21.8%, from approximately HK\$381.9 million for FY2012 to approximately HK\$465.2 million for FY2013. In addition, our gross profit margin was approximately 14.7% in FY2013 which increased from approximately 14.5% in FY2012. The increase in gross profit and gross profit margin was mainly attributable to the increase in gross profit from ocean freight forwarding services as a result of increase in volume of ocean freight shipment following our expansion of operations in United States.

Other income

Our other income increased by approximately HK\$1.8 million, or 59.6%, from approximately HK\$3.0 million in FY2012 to approximately HK\$4.8 million in FY2013, as a result of the increase in write-down of long outstanding payables and sundry income.

Administrative expenses

Our administrative expenses increased by approximately HK\$69.8 million, or 22.6%, from approximately HK\$308.9 million in FY2012 to approximately HK\$378.7 million in FY2013. Such increase was mainly attributable to increase in staff costs, office expenses and operating lease payments from expansion of operations in United States.

Other gains or losses

Our Group recorded other losses amounted approximately HK\$7.9 million in FY2012, and other gains amounted approximately HK\$0.2 million in FY2013. Such decrease was mainly due to an decrease in net foreign exchange loss of approximately HK\$5.8 million in FY2013.

Share of profit of joint ventures

Our share of profit of joint ventures was approximately HK\$0.5 million for FY2012 as compared with approximately HK\$0.4 million for FY2013. Such decrease was mainly due to decrease in share of profit from On Time Worldwide Express B.V..

Finance costs

Finance costs primarily comprised of interest on bank borrowings and obligation under finance leases. Finance costs increased from approximately HK\$3.5 million for FY2012 to approximately HK\$4.8 million for FY2013. The increase in finance costs was mainly attributable to increase in bank borrowings.

Taxation

Income tax expense increased by approximately HK\$5.3 million, or 38.9%, from approximately HK\$13.7 million for FY2012 to approximately HK\$19.1 million for FY2013. Such increase was mainly due to increase in revenue during the period. Our effective tax rates were approximately 23.7%

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and 25.8% for FY2012 and FY2013, respectively, which was mainly due to (i) the increase in Enterprise Income Tax in the PRC charged in FY2013; and (ii) the increase in deferred taxation in FY2013 which was mainly arisen from withholding tax on undistributed earnings from our PRC operations.

FY2012 compared to FY2011

Revenue

Our revenue increased by approximately HK\$314.0 million, or 13.5%, from approximately HK\$2,319.9 million for FY2011 to approximately HK\$2,633.9 million for FY2012. Such increase was mainly contributed by the increase in revenue generated from (i) the Netherlands operations of approximately HK\$159.3 million, representing an increase of approximately 82.7% from FY2011 to FY2012; and (ii) the Hong Kong operations of approximately HK\$128.8 million. Such increases were mainly attributable to (i) the increase in revenue generated from provision of ocean freight forwarding services of approximately HK\$161.9 million as a result of increase in ocean freight shipment volume handled by our Group; and (ii) the increase in revenue generated from provision of air freight forwarding services of approximately HK\$146.7 million as provision of air freight forwarding services experienced a volume growth in shipment in FY2012 as compared with FY2011.

Cost of sales

Our cost of sales increased by approximately HK\$259.0 million, or 13.0%, from approximately HK\$1,992.9 million for FY2011 to approximately HK\$2,251.9 million for FY2012. Such increase was in line with our revenue increase from FY2011 to FY2012. Such increase was mainly due to the increase in cargo spaces booked for provision of air freight and ocean freight services.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$55.0 million, or 16.8%, from approximately HK\$326.9 million for FY2011 to approximately HK\$381.9 million for FY2012. In addition, our gross profit margin was approximately 14.5% in FY2012, which remained stable as compared with the gross profit margin of approximately 14.1% in FY2011.

Other income

Our other income decreased by approximately HK\$0.1 million, or 1.1%, from approximately HK\$3.1 million in FY2011 to approximately HK\$3.0 million in FY2012. The decrease was the net effect of (i) the decrease in IT service income; (ii) the increase in write-down of long outstanding payables; and (iii) the increase in interest income on bank deposits.

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Administrative expenses

Our administrative expenses increased by approximately HK\$47.0 million, or 17.9%, from approximately HK\$261.9 million in FY2011 to approximately HK\$308.9 million in FY2012. Such increase was mainly attributable to (i) the increase in staff costs, utilities and management fees, office expenses and operating lease payments as a result of full year effect of acquisition of OTX Logistics Holland; (ii) the increase in entertainment expenses by approximately HK\$3.4 million; and (iii) the increase in depreciation and amortisation by approximately HK\$1.8 million.

Other gains or losses

Our other net losses increased by approximately HK\$6.6 million, or 475.4% from approximately HK\$1.4 million for FY2011 to approximately HK\$7.9 million for FY2012. The increase was the net effect of (i) non-recurring gain on disposal of an associate of approximately HK\$6.0 million resulting from the disposal of D.B. China in FY2011; and (ii) loss on disposal of subsidiary of HK\$1.8 million resulting from the disposal of OT Sri Lanka in FY2012.

Share of profit of joint ventures

Our share of profit of joint ventures was approximately HK\$0.5 million for FY2012, representing a decrease of approximately HK\$0.3 million, or 41.5%, from approximately HK\$0.8 million for FY2011. Such decrease was mainly attributable to the fact that the results of OTX Solutions B.V. had been included for the period from July to November 2011, and it became a subsidiary of our Group since December 2011.

Finance costs, net

Finance costs primarily comprised of interest on bank borrowings and obligation under finance leases. Finance costs increased from approximately HK\$3.1 million for FY2011 to approximately HK\$3.5 million for FY2012. The increase in finance costs was mainly attributable to increase in bank borrowings.

Taxation

Income tax expense increased by approximately HK\$3.4 million, or 33.5%, from approximately HK\$10.3 million for FY2011 to approximately HK\$13.7 million for FY2012. Such increase was mainly attributable to full year effect of the acquisition of OTX Logistics Holland in FY2012. Our effective tax rates were approximately 16.0% and 23.7% for FY2011 and FY2012, respectively. The increase was due to full year income tax from the Netherlands' subsidiaries was recognised in FY2012, where partial income tax for FY2011 was recognised in FY2011, as the acquisition took place in the year.

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DISCUSSION OF CERTAIN LINE ITEMS IN THE COMBINED STATEMENT OF FINANCIAL POSITION

Investment properties

Our investment properties primarily represent properties owned by our Group in the PRC held for lease to third parties or being vacant during the Track Record Period. As at 31 December 2011, 2012 and 2013, our investment properties were approximately HK\$6.0 million, HK\$7.1 million and HK\$7.8 million, respectively. The increase in investment properties value of approximately HK\$1.8 million, or 29.6%, from HK\$6.0 million as at 31 December 2011 to approximately HK\$7.8 million as at 31 December 2013, was mainly attributable to fair value gain from appreciation of property value.

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly represented leasehold land and building, computer equipment, furniture and equipment, leasehold improvements and motor vehicles. As at 31 December 2011, 2012 and 2013, our property, plant and equipment amounted to approximately HK\$43.6 million, HK\$44.5 million and HK\$51.3 million, respectively. The increase in property, plant and equipment of approximately HK\$7.7 million, or 17.8%, from HK\$43.6 million as at 31 December 2011 to approximately HK\$51.3 million as at 31 December 2013, which was mainly attributable to revaluation gain of properties in the PRC and purchase of office furniture and equipments for our expansion of operations in the United States.

Goodwill

Goodwill of our Group was mainly arisen from the acquisition of 75% issued share capital in OTX Logistics Holland. As at 31 December 2011, 2012 and 2013, our goodwill was approximately HK\$17.1 million, HK\$17.4 million and HK\$18.1 million, respectively. The fluctuation in goodwill amounts between the period from 31 December 2011 to 31 December 2013 was mainly due to exchange realignment and impairment of goodwill. Except for an impairment of goodwill which amounted to HK\$24,000 in FY2012, there was no other impairment of goodwill during the Track Record Period.

Intangible assets

Intangible assets mainly represent the carrying amounts of the customers list which arose from the acquisition of OTX Logistics Holland. As at 31 December 2011, 2012 and 2013, our intangible assets were approximately HK\$25.7 million, HK\$23.6 million and HK\$21.8 million, respectively. The decrease from 31 December 2011 to 31 December 2013 was mainly due to amortisation of intangible assets over the estimated useful lives of 10 years.

Trade and bills receivables

Our trade and bills receivables primarily represented receivables of freight forwarding services income from our customers.

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Our trade and bills receivables amounted to approximately HK\$312.6 million, HK\$438.2 million and HK\$549.9 million as at 31 December 2011, 2012 and 2013, respectively. Our trade and bills receivables increased by approximately HK\$125.7 million, or 40.2%, from approximately HK\$312.6 million as at 31 December 2011 to approximately HK\$438.2 million as at 31 December 2012. Such increase was mainly due to the increase in revenue with larger trade and bills receivables from sales made in FY2012. Our trade and bills receivables increased by approximately HK\$111.7 million, or 25.5%, from approximately HK\$438.2 million as at 31 December 2012 to approximately HK\$549.9 million as at 31 December 2013. Our trade and bills receivables maintained at a stable level coupled with increase in revenue in FY2013.

The following tables set out the ageing analysis of our trade and bills receivables as of the dates indicated and our average trade and bills receivables turnover days for the Track Record Period:

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Ageing analysis of trade and bills receivables</i>			
- 0 to 30 days	168,247	213,049	265,282
- 31 to 60 days	100,616	142,307	184,993
- 61 to 90 days	22,480	40,924	60,761
- 91 to 180 days	13,496	21,267	26,709
- Over 180 days	<u>7,737</u>	<u>20,693</u>	<u>12,136</u>
	<u>312,576</u>	<u>438,240</u>	<u>549,881</u>

As at 31 May 2014, approximately HK\$530.3 million, representing 96.4% of our trade and bills receivables as at 31 December 2013 have been settled. Our Directors consider that no further provision for doubtful debt is necessary.

	Year ended 31 December		
	2011	2012	2013
Average trade and bills receivables turnover days (<i>Note</i>)	53	52	57

Note: Average trade receivables turnover days is equal to the average trade receivables divided by revenue and multiplied by 365 days. Average trade receivables equals trade receivables at the beginning of the year plus trade receivables at the end of the year and divided by two.

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Our average trade and bills receivables turnover days only slightly decreased from approximately 53 days in FY2011 to approximately 52 days in FY2012. However, our average trade and bills receivables turnover days increased from approximately 52 days in FY2012 to approximately 57 days in FY2013. Such overall increase was mainly attributable to the slower payment pattern from our operations in the Europe, coupled with increase in revenue generated from our operations in Europe.

Our Group did not make any general provision on the trade receivables. However, our Directors will consider making specific provisions for trade receivables when there are indications that the balances are unlikely to be recovered. Our amounts written off in relation to the allowance for doubtful debts for FY2011, FY2012 and FY2013 amounted to approximately HK\$2.8 million, HK\$3.0 million and HK\$0.6 million, which accounted to less than 2% of our trade receivables as at 31 December 2011, 2012 and 2013, respectively.

The following table sets out the allowance for doubtful debts, number of outstanding trade receivables accounts, average and largest trade and bills receivables balances as of the dates indicated:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	315,203	442,636	559,362
Less: allowance for doubtful debts	<u>(2,627)</u>	<u>(4,396)</u>	<u>(9,886)</u>
	312,576	438,240	549,476
Bills receivable	<u>—</u>	<u>—</u>	<u>405</u>
	<u><u>312,576</u></u>	<u><u>438,240</u></u>	<u><u>549,881</u></u>
Number of accounts with trade and bills receivables outstanding at the year end	5,128	5,109	5,429
Average trade and bills receivables balance (HK\$'000)	61	86	101
Largest trade and bills receivables balance (HK\$'000)	27,846	28,478	50,220

The above table indicates that our years end trade and bills receivables balance spread over a large number of customers, and the largest trade and bills receivables account accounted for approximately 9.1% of the aggregate balance as at 31 December 2013.

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Other receivables, deposits and prepayments

Prepayment mainly included prepaid expenses such as prepaid rent, insurance and listing expenses. Deposits mainly included of rental deposit and deposit pay to secure cargo space. Other receivables included advance to employees and accrued income relation to services rendered but not yet billed to customers derived from OTX Logistics Holland.

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	4,794	11,015	15,590
Deposits	14,095	16,531	20,955
Other receivables	<u>15,533</u>	<u>25,744</u>	<u>32,983</u>
	<u>34,422</u>	<u>53,290</u>	<u>69,528</u>

Our other receivables, deposit and prepayments amounted to approximately HK\$34.4 million, HK\$53.3 million and HK\$69.5 million as at 31 December 2011, 2012 and 2013, respectively. Our other receivables, deposit and prepayments increased by approximately HK\$18.9 million, or 54.8%, from approximately HK\$34.4 million as at 31 December 2011 to approximately HK\$53.3 million as at 31 December 2012. Such increase was mainly attributable to (i) the increase in prepayments from expenses in relation to the expansion of operations in the Netherlands and United States; (ii) the listing expenses prepaid by us; and (iii) the increase in other receivables from increase in accrued income which is in line with the increase in revenue from our operations in the Netherlands.

Our other receivables, deposit and prepayments increased by approximately HK\$16.2 million, or 30.5%, from approximately HK\$53.3 million as at 31 December 2012 to approximately HK\$69.5 million as at 31 December 2013. Such increase was mainly attributable to the increase in other receivables from increase in accrued income which is in line with the increase in revenue from our operations in the Netherlands; (ii) the listing expenses prepaid by us; and (iii) the increase in rental deposits from our operation in the United States.

Trade payables analysis

Our trade payables are primarily related to the costs of purchasing air and sea cargo space. The average credit period granted by suppliers is 30 days.

Our trade payables amounted to approximately HK\$157.6 million, HK\$262.2 million and HK\$295.6 million as at 31 December 2011, 2012 and 2013, respectively. Our trade payables increased by approximately HK\$104.6 million, or 66.4%, from approximately HK\$157.6 million as at 31 December 2011 to approximately HK\$262.2 million as at 31 December 2012. Such increase was

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mainly attributable to the increase in cost of sales with larger trade payables from purchases of cargo spaces in FY2012. Our trade payables increased by approximately HK\$33.4 million, or 12.7%, from HK\$262.2 million as at 31 December 2012 to HK\$295.6 million as at 31 December 2013. Such increase was mainly attributable to increase in cost of sales in FY2013.

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Ageing analysis of trade payables</i>			
- within 60 days	140,805	231,928	259,903
- 61 to 180 days	11,003	27,645	30,919
- 181 to 365 days	3,012	1,919	1,933
- 1-2 years	<u>2,768</u>	<u>715</u>	<u>2,814</u>
	<u>157,588</u>	<u>262,207</u>	<u>295,569</u>

As at 31 May 2014, approximately HK\$287.9 million, representing 97.4% of our trade payables as at 31 December 2013 have been settled.

The following table sets forth our trade payables turnover days for the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
Average trade payables turnover days (<i>Note</i>)	32	34	38

Note: Average trade payables turnover days is equal to the average trade payables divided by total cost of sales and multiplied by 365 days. Average trade payables equals trade payables at the beginning of the year plus trade payables at the end of the year and divided by two.

Our average trade payables turnover days were approximately 32 days, 34 days and 38 days for FY2011 and FY2012 and FY2013. The overall increase in our average trade payables turnover days from FY2011 to FY2013 was mainly due to slower repayment of trade payables as a result of further utilising the credit terms offered by our suppliers.

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Other payables

Other payables mainly included deposit received from customers, advance from employees, accrued charges for staff salaries and bonus, audit fee and professional fees.

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables and accrued charges	50,784	67,544	76,730
Deposits received	4,371	7,109	6,343
Advance from employees	<u>4,573</u>	<u>4,202</u>	<u>1,812</u>
	<u>59,728</u>	<u>78,855</u>	<u>84,885</u>

Our other payables amounted to approximately HK\$59.7 million, HK\$78.9 million and HK\$84.9 million as at 31 December 2011, 2012 and 2013, respectively. Our other payables increased by approximately HK\$19.1 million, or 32.0%, from approximately HK\$59.7 million as at 31 December 2011 to approximately HK\$78.9 million as at 31 December 2012. Such increase was mainly attributable to (i) the increase in accrued charges for staff salaries and bonus, audit fee and professional fees which is in line with the increase in administrative expenses; and (ii) the increase in deposits received from customers which is in line with the increase in revenue. Our other payables increased by approximately HK\$6.0 million, or 7.6%, from approximately HK\$78.9 million as at 31 December 2012 to approximately HK\$84.9 million as at 31 December 2013. Such increase was mainly attributable to the increase in accrued listing expenses.

Amounts due from our Directors

The following tables set out the amounts due from directors for the Track Record Period:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Amounts due from directors:</i>			
Mr. Lam	—	11,201	6,319
Mr. Haenisch	<u>1,642</u>	<u>5,746</u>	<u>8,692</u>
	<u>1,642</u>	<u>16,947</u>	<u>15,011</u>

The amounts due from directors are non-trade, unsecured, interest-free and repayable on demand. All the balances due from directors are denominated in the functional currencies of respective group entities. Our Directors confirmed that all balances due from directors will be settled upon Listing.

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Amounts due from and loans to related companies

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Amounts due from related companies</i>			
On Time Worldwide Logistics, LLC	14,146	—	—
First Choice International Limited	1,042	1,042	1,042
On Choice International Limited	2	2	2
Golden Strike International Limited	4	4	4
Polaris International Holding Limited	4	4	4
	<u>15,198</u>	<u>1,052</u>	<u>1,052</u>
 <i>Loans to related companies</i>			
On Good Development Limited	19	—	—
Wellport Limited	287	677	677
	<u>306</u>	<u>677</u>	<u>677</u>

During the Track Record Period, we had non-trade balances with related companies from our related companies, including On Time Worldwide Logistics, LLC, First Choice International Limited, On Choice International Limited, Golden Strike International Limited and Polaris International Holding Limited. The decrease in the amounts due from related companies during the Track Record Period was resulted from the repayment from related company, On Time Worldwide Logistics, LLC. The non-trade balances are unsecured, interest-free and repayable on demand.

During the Track Record Period, we had loans advanced to related companies primarily from providing financing to On Good Development Limited and Wellport Limited. The increase in the loans to related companies during the Track Record Period was mainly due to the loan to related company, Wellport Limited. The loans to the related companies are unsecured, interest-free and repayable on demand.

Our Directors confirmed that all the amounts due from and loans to the related companies will be settled upon Listing.

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Loan receivables

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed-rate loan receivables	3,599	4,734	6,615
Interest-free loan receivables	<u>350</u>	<u>350</u>	<u>350</u>
	<u>3,949</u>	<u>5,084</u>	<u>6,965</u>
Analysed as:			
- current	—	1,984	2,131
- non-current	<u>3,949</u>	<u>3,100</u>	<u>4,834</u>
	<u>3,949</u>	<u>5,084</u>	<u>6,965</u>

Loan receivables during the Track Record Period mainly represent loans to employees of our Group, the amounts are unsecured. The loans provided to our employees were for the personal needs of our key managements. Our employees have signed loan agreements with our Group and the loans to our employees have been approved by our Directors. The ranges of effective interest rates on our Group's fixed-rate loan receivables for FY2011, FY2012, FY2013 are from 2.75% to 5.00%, 1.75% to 5.00% and 2.75% to 5.5% per annum, respectively. Our Directors confirmed that all loan receivable balances will be settled upon Listing and our Group will not continue to provide loans to employees after Listing.

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Net current assets

The following table sets forth the breakdown of our current assets and liabilities as of the dates indicated:

	As at 31 December			As at
	2011	2012	2013	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets				
Trade and bills receivables	312,191	438,062	549,780	514,891
Other receivables, deposits and prepayments	34,422	53,290	69,528	98,630
Held for trading investments	1,011	1,085	1,086	1,107
Derivative financial instruments	207	587	51	—
Loan receivables - due within one year	—	1,984	2,131	2,147
Amounts due from joint ventures	—	6,262	3,248	5,288
Amounts due from directors	1,642	16,947	15,011	41,525
Amounts due from associates	—	—	—	1,739
Loan to an associate	—	388	388	—
Loans to related companies	306	677	677	—
Amounts due from related companies	15,198	1,052	1,052	1,052
Prepaid tax	1,111	2,533	2,412	3,063
Pledged bank deposits	2,046	1,929	3,706	5,815
Bank balances and cash	<u>137,866</u>	<u>160,054</u>	<u>163,885</u>	<u>151,114</u>
	<u>506,000</u>	<u>684,850</u>	<u>812,955</u>	<u>826,371</u>
Current liabilities				
Trade and other payables	216,197	339,146	378,889	372,898
Amount due to an associate	—	2,104	543	—
Amount due to a joint venture	227	—	—	—
Amounts due to related companies	2,339	79	535	164
Amounts due to directors	6,127	—	969	616
Derivative financial instruments	1,463	—	—	—
Tax liabilities	7,038	7,815	11,253	10,580
Obligations under finance leases				
- due within one year	1,095	841	584	483
Bank borrowings - due within one year	<u>97,289</u>	<u>108,895</u>	<u>165,446</u>	<u>132,841</u>
	<u>331,775</u>	<u>458,880</u>	<u>558,219</u>	<u>517,582</u>
Net current assets	<u>174,225</u>	<u>225,970</u>	<u>254,736</u>	<u>308,789</u>

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Our net current assets amounted to approximately HK\$174.2 million, HK\$226.0 million, HK\$254.7 million and HK\$308.8 million as at 31 December 2011, 2012 and 2013 and 30 April 2014, respectively.

Our net current assets increased by approximately HK\$51.7 million, or 29.7%, from approximately HK\$174.2 million as at 31 December 2011 to HK\$226.0 million as at 31 December 2012. Such increase was mainly attributable to the increase in trade and bills receivables, bank balance and cash, partially offset by increase in trade and other payables and bank borrowings.

Our net current assets increased by approximately HK\$28.7 million, or 12.7%, from approximately HK\$226.0 million as at 31 December 2012 to HK\$254.7 million as at 31 December 2013. Such increase was mainly attributable to increase in trade and bills receivables, partially offset by increase in trade and other payables and increase in bank borrowings.

Our net current assets increased by approximately HK\$54.1 million, or 21.2%, from approximately HK\$254.7 million as at 31 December 2013 to HK\$308.8 million as at 30 April 2014. Such increase was mainly attributable to decrease in bank borrowings.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are for the payment of purchases of cargo spaces and various operating expenses. We have historically financed our liquidity requirements primarily through cash generated from our operating activities, bank borrowings and shareholders' capital contributions. There have been no material changes in our underlying drivers of the sources and uses of cash during the Track Record Period.

The following table sets forth the condensed summary of our combined statements of cash flows for the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from/(used in) operating activities	74,618	29,647	(9,179)
Net cash (used in)/generated from investing activities	(45,856)	6,365	(16,458)
Net cash (used in)/generated from financing activities	<u>(4,026)</u>	<u>(14,629)</u>	<u>28,533</u>
Net increase in cash and cash equivalents	24,736	21,383	2,896
Cash and cash equivalents at the beginning of the year	112,521	137,866	160,054
Effect of foreign exchange rate changes	<u>609</u>	<u>805</u>	<u>935</u>
Cash and cash equivalents at the end of the year	<u><u>137,866</u></u>	<u><u>160,054</u></u>	<u><u>163,885</u></u>

FINANCIAL INFORMATION

Net cash flows from/used in operating activities

We derive our cash generated from operating activities principally from the receipt of payments for freight forwarding service provide to customers. Cash used in operating activities is principally for purchases of cargo spaces and operating expenses such as staff costs and rental expenses.

Net cash flows used in operating activities in FY2013 were approximately HK\$9.2 million while our profit before tax was approximately HK\$74.0 million. The net cash used in operating activities was result of (i) operating cash inflow before movements in working capital of approximately HK\$95.1 million; (ii) the net working capital outflow of approximately HK\$90.4 million; and (iii) income tax paid of approximately HK\$13.9 million. The net working capital outflow primarily consisted of (i) the increase in trade receivables of approximately HK\$116.7 million; and (ii) the increase in other receivables, deposits and prepayments of approximately HK\$15.7 million, but partially offset by the increase in trade and other payables of approximately HK\$39.9 million.

We experienced a negative net operating cash flow of approximately HK\$9.2 million in FY2013, mainly due to our expansion of operations in the United States. Our operations in the United States increased from two offices as at 31 December 2012 to nine offices as at 31 December 2013, with the revenue derived from our United States operations increasing from approximately HK\$7.6 million in FY2012 to approximately HK\$341.3 million in FY2013. During FY2013, our seven offices in the United States were in the start-up stage; this meant that their full operation capacity was yet to be reached as at 31 December 2013. Part of the increase in our administrative expense (including staff costs, utilities and management fees, office expenses and operating lease payment) of approximately HK\$42.8 million from FY2012 to FY2013 was attributable to the setting up of new offices in the United States. Our operations in the United States experienced a loss of approximately HK\$20,000, HK\$2.6 million and HK\$4.9 million for FY2011, FY2012 and FY2013, respectively. The losses incurred in our operations in the United States in FY2012 and FY2013 are mainly due to the fact that the operations there were in the start-up stage. As disclosed in the paragraph headed “Business — Strategies” in this prospectus, our estimated relevant payback period is approximately 21 months and the relevant breakeven period is approximately eight months. As different offices have different breakeven period, four out of the seven newly set up offices achieved breakeven for FY2013. Since the second half of 2013, one of our executive Directors, Mr. Haenisch, has moved to Los Angeles to oversee our operations in the United States. To enhance our profitability in the United States, we have implemented various cost-saving measures, such as reducing headcount by transferring certain labour intensive administration work to our PRC offices, closing our Syracuse Office on the east coast to focus resources in our New York office, and enhancing our IT system linkage between our offices in the United States and our Hong Kong headquarter. Our Directors believe that as our offices in the United States start to breakeven, our profitability in the United States will improve. As disclosed in paragraph headed “Future Plans and Use of Proceeds — Use of Proceeds” in this prospectus, we intend to use approximately HK\$17.0 million to expand our office network in North America by acquisition. As at Latest Practicable Date, we have not identified any suitable acquisition target(s) in North America, Our Directors will consider, among all factors as disclosed in the paragraph headed “Future Plans and Use of Proceeds — Future Plans” in this prospectus, the profitability of the potential acquisition target(s) to improve the results of our operations in North America.

FINANCIAL INFORMATION

Our operating cash outflow was also mainly due to the timing difference of settlement of trade payables derive from cost of sales of cargo spaces coupled with trade and bills receivables derived from the sales of freight forwarding services from our customers. Our average trade and bills receivables and trade payables turnover days as at 31 December 2013 were 57 and 38 days, respectively, which implies that our cash conversation cycle was approximately 19 days long. This cash conversion cycle shows that our settlement of trade payables to our suppliers is faster than settlement of trade receivables from our customers, which is in line with the market practices.

To ensure our operating cash flow can maintain at a sufficient level in the future, our Directors will closely monitor the pace of our expansion of overseas operations from time to time.

Net cash flows from operating activities in FY2012 were approximately HK\$29.6 million, while our profit before tax was approximately HK\$58.0 million. The net cash used in operating activities was a result of (i) operating cash inflow before movements in working capital of approximately HK\$75.6 million; (ii) the net working capital outflow of approximately HK\$31.1 million; and (iii) income tax paid of approximately HK\$14.9 million. The net working capital outflow mainly consisted of (i) the increase in trade receivables of approximately HK\$124.6 million; (ii) the increase in other receivables, deposits and prepayments of approximately HK\$17.6 million, (iii) the increase in amount due from a joint venture of approximately HK\$6.1 million; and (iv) the decrease in amounts due to related companies of approximately HK\$2.0 million, but partially offset by (i) the increase in trade and other payables of approximately HK\$117.3 million; and (ii) the increase in amounts due to associates of approximately HK\$2.1 million.

Net cash flows from operating activities in FY2011 were approximately HK\$74.6 million, while our profit before tax was approximately HK\$64.4 million. The net cash used in operating activities was a result of (i) operating cash inflow before movements in working capital of approximately HK\$73.7 million; (ii) the net working capital inflow of approximately HK\$9.3 million; and (iii) income tax paid of approximately HK\$8.4 million. The net working capital inflow mainly consisted of (i) the decrease in trade receivables of approximately HK\$78.0 million; (ii) the decrease in other receivables, deposits and prepayments of approximately HK\$21.8 million; (iii) the increase in amounts due to related companies of approximately HK\$1.0 million, but partially offset by (i) the decrease in trade and other payables of approximately HK\$87.9 million; (ii) the decrease in amount due to associates of approximately HK\$2.8 million; and (iii) the increase in investments held for trading of approximately HK\$1.1 million.

Cash from/used in investing activities

Our investing activities during the Track Record Period primarily included purchases of property, plant and equipment, acquisition and disposal of subsidiaries and associate and repayment or advance of loan receivables. Our major cash used in investment activates was mainly attributable to acquisition of OTX Logistics Holland in FY2011 and overall expansion of overseas operations during the Track Record Period.

Net cash flows used in investing activities were approximately HK\$16.5 million in FY2013 which were mainly attributable to (i) placement of pledged bank deposits of approximately HK\$10.5 million; (ii) purchase of property, plant and equipment of approximately HK\$12.9 million; and (iii) advance to loan receivables of approximately HK\$1.9 million, but partially offset by withdrawal of pledged bank deposits of approximately HK\$8.5 million.

FINANCIAL INFORMATION

Net cash flows from investing activities were approximately HK\$6.4 million in FY2012 which were mainly attributable to (i) purchase of property, plant and equipment of approximately HK\$7.4 million; (ii) placement of pledged bank deposits of approximately HK\$1.2 million; and (iii) advance to loan receivables of approximately HK\$2.0 million, but partially offset by (i) withdrawal of pledged bank deposits of approximately HK\$1.4 million; and (ii) interest received of approximately HK\$1.2 million.

Net cash flows used in investing activities were approximately HK\$45.9 million in FY2011 which were mainly attributable to (i) net cash from acquisition of OTX Logistics Holland for approximately HK\$55.6 million; (ii) purchase of property, plant and equipment of approximately HK\$13.2 million; (iii) advance to loan receivable of approximately HK\$1.2 million; and (iv) deposit pay for acquisition of an associate for approximately HK\$1.1 million, but partially offset by (i) proceeds from disposal of an associate for approximately HK\$12.5 million; and (ii) repayment from related companies of approximately HK\$11.1 million.

Cash flows from/used in financing activities

Our financing activities during the Track Record Period mainly included drawing and repayment of bank overdrafts, new bank loans obtained and repayment of bank loans.

Net cash flows from financing activities amounted to approximately HK\$28.5 million in FY2013, which were mainly attributable to (i) new bank loans obtained of approximately HK\$164.0 million, but partially offset by (i) repayment of bank loans of approximately HK\$131.1 million; and (ii) the dividends paid of approximately HK\$25.3 million.

Net cash flows used in financing activities amounted to approximately HK\$14.6 million in FY2012 which were mainly attributable to (i) net repayment to directors of approximately HK\$21.4 million; (ii) repayment of bank loans of approximately HK\$19.1 million; and (iii) interest paid of approximately HK\$3.5 million, but partially offset by (i) new bank loans obtained of approximately HK\$14.1 million; (ii) the increase in factoring loans of approximately HK\$12.4 million; and (iii) the increase in bank overdrafts of approximately HK\$4.1 million.

Net cash flows from financing activities amounted to approximately HK\$4.0 million in FY2011, which were mainly attributable to (i) net advance from directors of approximately HK\$15.6 million; (ii) repayment to related companies of approximately HK\$1.0 million; and (iii) the increase in factoring loans of approximately HK\$2.6 million, but partially offset by (i) dividends paid to non-controlling interest of the subsidiaries of approximately HK\$7.8 million; (ii) repayment of bank loans of approximately HK\$7.0 million; (iii) decrease in bank overdrafts of approximately HK\$3.1 million; and (iv) interest paid of approximately HK\$3.1 million.

FINANCIAL INFORMATION

WORKING CAPITAL

As at 30 April 2014, our Group's bank balance and cash amounted to approximately HK\$151.1 million. As set out in the paragraph headed "Financial Information — Indebtedness", we had undrawn borrowing facilities of approximately HK\$228.9 million as at 30 April 2014. We intend to continue to finance our working capital with cash generated from our operations, renewing our existing banking facilities and obtaining new banking facilities in the future. On 25 February 2014, we obtained new banking facility amounted to HK\$36.6 million which had not yet been utilised as at Latest Practicable Date. On 21 February 2014 we obtained new banking facility amounted to US\$3.0 million which had not utilised as at the Latest Practicable Date.

Our Directors confirm that there had not been any material defaults in payment of trade and non-trade payables and bank borrowings or any material covenants relating to our Group's outstanding borrowing during the Track Record Period. As the net operating cash outflow of our Group in FY2013 only amounted to approximately HK\$9.2 million, whilst our net profit attributable to Shareholders in FY2013 amounted to approximately HK\$46.4 million, our Directors consider that such net operating cash outflow in FY2013 was immaterial to our Group.

Our Directors are of the view that, taking into account the financial resources presently available to us, including the banking facilities and other internal resources, and the estimated net proceeds of the Global Offering, we have sufficient working capital for our present requirements at least in the next 12 months commencing on the date of this prospectus. The Sole Sponsor concurs with our Directors' views in this regard.

CAPITAL EXPENDITURES

Our capital expenditure primarily represents additions of property, plant and equipment of approximately HK\$13.2 million, HK\$7.4 million and HK\$12.9 million for FY2011, FY2012 and FY2013, respectively.

Our planned future capital expenditures mainly include building and upgrading hardware and software for our IT system. Please see the paragraph headed "Future Plans and Use of Proceeds — Use of proceeds" for a detailed description of our planned future capital expenditures. Apart from the proceeds from the Global Offering, we may also fund our future plans with our retained earnings. No assurance can be given that any of our planned capital expenditures will proceed as planned. We may adjust our capital expenditure plan based on our future results of operations, cash flows, and overall financial condition.

FINANCIAL INFORMATION

INDEBTEDNESS

Set out below are our bank borrowings, amounts due to related companies, amounts due to directors and obligation under finance lease as at dates indicated:

	As at 31 December			As at
	2011	2012	2013	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank borrowings:				
- bank overdrafts	9,619	13,781	17,263	6,958
- bank loans	27,125	20,000	52,958	51,287
- factoring loans	<u>60,545</u>	<u>75,114</u>	<u>95,225</u>	<u>74,596</u>
	<u>97,289</u>	<u>108,895</u>	<u>165,446</u>	<u>132,841</u>
Amounts due to related companies (non-trade)	348	79	535	164
Amounts due to directors	6,127	—	969	616
Obligations under finance leases				
- due within one year	1,095	841	584	483
- due after one year	<u>1,930</u>	<u>1,195</u>	<u>1,033</u>	<u>767</u>
	<u>106,789</u>	<u>111,010</u>	<u>168,567</u>	<u>134,871</u>

Bank borrowings

We obtained short term financing from the banks in the form of bank overdraft, bank loans and factoring loans during the Track Record Period. Our bank overdraft are revolving borrowing drawn down against bank facility provide by the banks without fixed repayment schedule, our bank loans are drawn down against bank facility provide by the banks with repayment schedule and our factoring loans are provided by the bank drawn down against sales invoices without fixed repayment schedule.

FINANCIAL INFORMATION

The following table sets forth repayment schedule of our bank borrowings as at the end of year indicated:

	As at 31 December			As at
	2011	2012	2013	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i> <i>HK\$'000</i>
Carrying amounts of bank borrowings that contain a repayment on demand clause:				
With repayment schedule				
Repayable within one year from the end of reporting period	27,125	12,400	39,758	39,687
Not repayable within one year from end of reporting period but shown under current liabilities	—	7,600	13,200	11,600
Repayable on demand	<u>70,164</u>	<u>88,895</u>	<u>112,488</u>	<u>81,554</u>
	<u>97,289</u>	<u>108,895</u>	<u>165,446</u>	<u>132,841</u>

Our bank borrowings increased from approximately HK\$97.3 million as at 31 December 2011 to approximately HK\$108.9 million as at 31 December 2012 was mainly due to the increase in factoring loans for general working capital. Our bank borrowings increased from approximately HK\$108.9 million as at 31 December 2012 to approximately HK\$165.4 million as at 31 December 2013 was mainly due to increase in capital expenditure in relation to the expansion of operations in the United States during FY2013.

Our bank borrowings were denominated in HK\$ and US\$. Our bank borrowings are either repayable on demand or repayable within one year. The effective interest rate of bank borrowings are ranging from approximately 2.32% to 8.00%, 2.26% to 8.00% and 2.71% to 8.10% per annum at 31 December 2011, 2012 and 2013, respectively.

During the Track Record Period, our factoring loans were secured by our trade receivable on a full recourse basis at a prepayment limit of 60% to 100%, with a maximum payment terms of 60 days. Our Group is relatively asset light and do not own significant non-current assets to secure bank borrowings. Our factoring loans were granted by the banks as a financing tool to support our daily operation and we will continue to use this tool to support our daily operation in the future. During the Track Record Period, we have not encountered any difficulties in obtaining credit facilities from our banks.

FINANCIAL INFORMATION

As at 31 December 2011, 2012 and 2013, our bank overdrafts and bank loans were secured by (i) pledged bank deposits with the aggregate carrying value of approximately HK\$2.0 million, HK\$1.9 million and HK\$3.7 million, respectively; (ii) the properties held by our Directors, Mr. Lam and Mr. Haensch; and (iii) the guarantee provided by Mr. Lam and Mr Haensch to the extent of approximately HK\$267 million respectively. As at 31 December 2011, 2012 and 2013, our factoring loans were secured by trade receivable with aggregate carrying value of HK\$75.1 million, HK\$94.5 million and HK\$118.7 million respectively. The guarantees provided by Mr. Lam and Mr. Haensch will be released upon Listing. Our Directors confirm that there had been no enforcement of or liabilities arising from any of the foregoing guarantees during the Track Record Period and up to the Latest Practicable Date.

As at 31 December 2011, 2012 and 2013 and 30 April 2014, all our bank borrowings were secured bank borrowings.

Set out below is a breakdown of utilised and unutilised bank borrowing facilities of our Group:

	As at 31 December			As at
	2011	2012	2013	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>
				<i>HK\$'000</i>
Total bank borrowing facilities granted to our Group	192,658	233,067	212,433	361,767
Less: Amount of bank borrowing facilities utilised	<u>97,289</u>	<u>108,895</u>	<u>165,446</u>	<u>132,841</u>
Total unutilised bank borrowing facilities	<u>95,369</u>	<u>124,172</u>	<u>46,987</u>	<u>228,926</u>

Our Directors confirm that there are no material covenants or any breach in financial covenants relating to our Group's outstanding bank borrowings during the Track Record Period.

As at 30 April 2014, the amount of drawn and undrawn borrowing facilities of our Group was approximately HK\$132.8 million and HK\$228.9 million, respectively.

During the Track Record Period, we have not experienced difficulties in obtaining bank borrowings due to the recent global financial market volatility and implementation of credit tightening policies in certain countries. Based on such experience, our Directors do not expect that the recent global financial market volatility and implementation of credit tightening policies in certain countries will have a material adverse effect on our Group's ability to obtain bank borrowings.

Our Directors confirm that there had been no material defaults by our Group in payment of its bank borrowings during the Track Record Period.

Save for the planned loan of HK\$36.6 million to be drawdown as disclosed in paragraphs headed "Dividends and Dividend Policy" and "Disclosure Required Under Rules 13.13 to 13.19 of the Listing Rules" of this section, we have no other material external financing plan.

FINANCIAL INFORMATION

Bank guarantees and pledged deposits

Certain airlines, integrated carriers and other suppliers would require their air cargo agent to deliver a bank guarantee before their appointment. The aggregate guarantees provided by the bank to the airlines, integrated carriers and other suppliers were approximately HK\$51.6 million, HK\$69.6 million and HK\$58.3 million as at 31 December 2011, 2012, and 2013, respectively.

During the Track Record Period, banks which issued guarantees usually required us to place pledged bank deposits as collaterals. The pledged bank deposits were approximately HK\$2.0 million, HK\$1.9 million and HK\$3.7 million as at 31 December 2011, 2012 and 2013, respectively.

Amounts due to related companies

During the Track Record Period, we had non-trade balances due to related companies primarily generated by rental of premise from our related company, On Good Development Limited. The increased in the amounts due to related companies primarily reflected by our advance to related companies during the Track Record Period. The non-trade balances are unsecured, interest-free and repayable on demand. Our Directors confirmed that all the amounts due to the related companies will be settled upon Listing.

CONTINGENT LIABILITIES AND GUARANTEES

During the Track Record Period, we have provided corporate guarantee to a bank in respect of banking facilities granted to On Good Development Limited, a related company of our Group. As at 31 December 2011, 2012 and 2013 and 30 April 2014, the utilised guarantee provided by our Group in respect of banking facilities granted to On Good Development Limited were approximately HK\$1.9 million, HK\$1.3 million, HK\$0.9 million and HK\$0.8 million, respectively. Our Directors confirmed that the corporate guarantee to a bank in respect of banking facilities granted to On Good Development Limited will be released upon Listing.

Save as disclosed above, as at 30 April 2014, our Group did not have any other outstanding liabilities or any mortgages, charges, debentures, loan capital, bank overdrafts or loans, liabilities under acceptance or other similar indebtedness, hire purchase commitments or finance lease obligations or any guarantees.

FINANCIAL INFORMATION

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating leases commitments

The following table shows future minimum operating lease payments under non-cancellable operating leases as of the dates indicated:

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Operating lease commitments</i>			
Within one year	19,189	28,329	42,957
In the second to fifth year inclusive	17,789	41,059	71,237
Over five years	<u>9,642</u>	<u>8,745</u>	<u>5,372</u>
	<u>46,620</u>	<u>78,133</u>	<u>119,566</u>

Our operating lease commitments represent the leases of various offices, quarters and motor vehicles under non-cancellable operating lease agreements. The lease terms are between one and 10 years, and the majority of lease agreements are renewable at the end of the lease terms at market rate. As at 31 December 2011, 2012 and 2013, our lease commitments amounted to approximately HK\$46.6 million, HK\$78.1 million and HK\$119.6 million, respectively. The increase was mainly due to the increase in leases of various offices and quarters from our Group's expansion of its operations the Netherlands and the United States.

Total outstanding payments obligations under finance leases

The following table shows outstanding payment obligations as of the dates indicated:

	As at 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Finance lease liabilities</i>			
Within 1 year	1,180	934	644
After 1 year but within five years	1,916	1,276	1,041
Over five years	183	—	90
Less: future finance charges	<u>(254)</u>	<u>(174)</u>	<u>(158)</u>
	<u>3,025</u>	<u>2,036</u>	<u>1,617</u>

FINANCIAL INFORMATION

Our obligations under finance leases represent the leases of furniture and equipment and motor vehicles under finance leases. The average lease term is three years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates during FY2011, FY2012 and FY2013 ranging from 2.25% to 5.88%, 2.15% to 4.78% and 2.15% to 6.12% per annum, respectively.

Capital commitments outstanding but not provided for in our financial statements

There were no capital commitments outstanding not provided for in our financial statements as at 31 December 2011, 2012 and 2013.

DISCLAIMER

Save as aforesaid or as otherwise disclosed herein and apart from normal trade payables and accrued charges, as at 30 April 2014, we did not have any outstanding mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities, or other similar indebtedness, finance leases or hire purchase commitments, liabilities, under acceptances or acceptance credits or guarantees or other material contingent liabilities.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in Note 46 of the Accountants' Report in Appendix I to this prospectus, our Directors confirm that each transaction set forth therein were conducted on arm's length basis, on normal commercial terms and in the ordinary course of business. Our Directors consider that these related party transactions would not distort our results during the Track Record Period, and would not make our historical results not reflective of our future performance.

Save for the dividend in the amount of HK\$97.0 million which will be paid to the existing Shareholders as disclosed in the paragraph headed "Dividends and Dividend Policy" of this section and the amounts payable by us to First Choice International Limited (輝財國際有限公司) ("**First Choice**") and On Good Development Limited (安昌發展有限公司) ("**On Good**") for lease of properties by us from First Choice and On Good, respectively, which will be settled in accordance with the terms of the relevant agreements, the balance of any outstanding amounts due from or to any of our Controlling Shareholder, their respective associates and/or related parties have been repaid and settled, or will be repaid and settled in full upon Listing. Please also refer to the sections headed "Continuing Connected Transactions" and "Relationship with Our Controlling Shareholders" of this prospectus.

ACQUISITIONS AND DISPOSALS

Please refer to the paragraph headed "History, Reorganisation and Corporate Structure — Reorganisation — Major acquisition and disposal during the Track Record Period" of this prospectus.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

	As at 31 December		
	2011	2012	2013
Current ratio (<i>Note 1</i>)	1.5 times	1.5 times	1.5 times
Gearing ratio (<i>Note 2</i>)	37.2%	34.9%	47.6%
Debt to equity ratio (<i>Note 3</i>)	—	—	0.5%
Interest coverage ratio (<i>Note 4</i>)	21.9 times	17.5 times	16.6 times
Return on total assets ratio (<i>Note 5</i>)	8.9%	5.6%	6.0%
Return on equity ratio (<i>Note 6</i>)	20.7%	14.2%	15.8%

Notes:

1. Current ratio is the ratio of the total current assets to the total current liabilities.
2. Gearing ratio is the total debt divided by the total equity and multiplied by 100%.
3. Debt to equity ratio represents the net debts (net debt are being all borrowings net of cash and cash equivalents) divided by the total equity and multiplied by 100%.
4. Interest coverage ratio is calculated by dividing profit before interest and tax by interest expense.
5. Return on total assets ratio is calculated by dividing net profit for the year by total assets and multiplied by 100%.
6. Return on equity ratio is calculated by dividing net profit for the year by total equity and multiplied by 100%.

Current ratio

Our Group has maintained current ratio at approximately 1.5 times during the Track Record Period, as a result from our effective working capital management.

Gearing ratio

Our Group's gearing ratio was approximately 37.2%, 34.9% and 47.6% as at 31 December 2011, 2012 and 2013, respectively. The decrease from approximately 37.2% as at 31 December 2011 to approximately 34.9% as at 31 December 2012 primarily reflected increase in total equity value of our Group accumulated from the undistributed retained profit. The increase in gearing ratio from approximately 34.9% as at 31 December 2012 to approximately 47.6% as at 31 December 2013 primarily reflected the increase in bank borrowing from approximately HK\$108.9 million as at 31 December 2012 to approximately HK\$165.4 million as at 31 December 2013.

Debt to equity ratio

Our Group maintained a net cash position as at 31 December 2011 and 2012. As at 31 December 2013, our Group's debt to equity ratio increased to approximately 0.5%, mainly due to increase in bank borrowing.

Interest coverage ratio

Our Group's interest coverage ratio was approximately 21.9 times, 17.5 times and 16.6 times as at 31 December 2011, 2012 and 2013, respectively.

FINANCIAL INFORMATION

The decrease as at 31 December 2012 primarily due to increase in interest expense arising from increase in bank borrowings and decrease in profit before interest and tax. The increase as at 31 December 2013 compare to 31 December 2012 was primarily due to the increase in interest expense arising from increase in bank borrowings.

Return on total assets ratio

Our Group's return on total assets ratio decreased from approximately 8.9% as at 31 December 2011 to approximately 5.6% as at 31 December 2012 and increased to approximately 6.0% as at 31 December 2013. The decrease as at 31 December 2012 was mainly attributable to the combine effect of (i) a decrease of approximately 18.2% in profit for the year; and (ii) increase in total asset mainly resulted from increase in trade receivables. The increase as at 31 December 2013 was mainly attributable to the increase of approximately 24.2% in profit for the year.

Return on equity ratio

Our Group's return on equity ratio decreased from approximately 20.7% as at 31 December 2011 to approximately 14.2% as at 31 December 2012 and increase to approximately 15.8% as at 31 December 2013. The decrease as at 31 December 2012 was mainly attributable to the increase total equity value of our Group accumulated from the undistributed retained profit. The increase as at 31 December 2013 was mainly attributable to increase in profit for the year.

CAPITAL RISK MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital risk management

Our Group's objectives when managing capital are to safeguard our Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, our Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt. Our Group monitors capital on the basis of the total liabilities-to-total assets ratio.

Further details on our Group's capital risk management are set out in Note 5 to the financial information in the Accountants' Report.

Financial risk management

Our Group is exposed to market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk in the normal course of business.

FINANCIAL INFORMATION

Foreign exchange risk and hedging

In light of the nature of our Group's business, we are exposed to various foreign currencies including RMB, US\$, RM, SGD, THB, INR, EUR, GBP, CAD, TWD, JPY, VND, IDR, KRW and AED among which, RMB, EUR and US\$ are mostly used in our business apart from HK\$. Nevertheless, our operations are predominately subject to the fluctuations of RMB since HK\$ is pegged to each of US\$. Set out in Note 6(b)(i) to the financial information in the Accountants' Report is our Group's policy on the foreign exchange risk. Our Directors expect that HK\$, RMB, EUR and US\$ will continue to be mostly used in our business in the foreseeable future, nonetheless our Group intends to expand our presence in North America.

During the Track Record Period, our Group had entered into certain structured forward contracts and currency option contract to partially hedge against the Group's foreign exchange risks. The nature, duration, net hedging position and key terms for each of such contracts were set out in Note 27 of the Accountants' Report. During the Track Record Period, our Group's hedging strategy is to hedge against the appreciation of RMB against US\$, and we have limited our hedging exposure to be no more than 25% of our turnover from our PRC operations. Our Group has not used and will not use any hedging contracts to engage in speculative actives.

As at the Latest Practicable Date, we had not entered into any hedging contracts and all hedging contracts has been settled. Ms. Wong, our Group's chief financial officer, will closely monitor regularly review our Group's hedging position to ensure it is not excessive. Before entering into any new hedging contracts, we will first evaluate our existing hedging position and review the potential hedging position to ensure that it is not excessive. Mr. Lam, our Group's chief executive officer, is responsible approving the hedging contracts. For the background and past experience of Mr. Lam and Ms. Wong, please refer to the paragraph headed "Directors and Senior Management — Directors" of this prospectus.

As such, our Directors consider that our Group's policy on the foreign exchange risk is effective. For FY2011, FY2012 and FY2013, net foreign exchange loss of approximately HK\$7.0 million, HK\$6.3 million and HK\$0.6 million were recorded, respectively. The net foreign exchange loss recorded during the Track Record Period were mainly due to the effect of appreciation of RMB against HK\$.

Further details on our financial risk management policies and practices are set out in Note 6(b) to the financial information in the Accountants' Report.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we have not entered into any off-balance sheet transactions.

DIVIDENDS AND DIVIDEND POLICY

Dividends may be paid out by way of cash or by other means that we consider appropriate. During the Track Record Period, we have declared dividend of approximately HK\$25.0 million on 25 October 2013 as part of the Reorganisation, for details please refer to paragraphs headed "History,

FINANCIAL INFORMATION

Reorganisation and Corporate Structure — Corporate restructuring”. We will declare a dividend of approximately HK\$97.0 million (the “**Special Dividend**”) before Listing. The payment of such dividends is expected to be made prior to Listing, of which (i) HK\$36.6 million is expected to be funded from drawdown of a short-term bank loan facility (with interest charged at 1 month HIBOR rate plus 2% per annum) granted to our Group from a bank on 25 February 2014 and to be repaid within one year from drawdown or upon the Listing whichever is earlier; (ii) HK\$41.5 million is expected to be net off with the shareholder’s loans; and (iii) HK\$18.9 million is expected to be funded from internal resources. Our Directors have considered several factors such as entitlements of existing Shareholders to our reserves, and our bank balance and cash, being approximately HK\$299.2 million and HK\$163.9 million as at 31 December 2013, respectively. Our Directors, having considered that the use of part of the net proceeds from the Global Offering to repay the relevant short-term loans would not adversely affect our Group’s operating cash flow, are of the view that the Special Dividend declared is fair and reasonable and in the best interest of our Company and our Shareholders as a whole.

The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time.

Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents including the approval of our Shareholders. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy, and that they will not be entitled to the Special Dividend via the Global Offering.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 6 March 2013. As at 31 December 2013, our Company had no distributable reserves available for distribution to our Shareholders.

LISTING EXPENSES

The estimated total listing fees for our Global Offering, primarily consisting of fees paid or payable to professional parties and underwriting fees and commission, are approximately HK\$44.1 million (based on an Offer Price of HK\$1.175 per Share, being the mid-point of the estimated Offer Price range, and assuming the Over-Allotment Option is not exercised). Among the estimated total listing fees, approximately HK\$12.8 million is expected to be capitalised after the Listing. The remaining amount of approximately HK\$31.3 million was or is expected to be charged to our profit and loss accounts, of which approximately HK\$6.9 million were charged on or before 31 December 2012, HK\$12.6 million were charged for the year ended 31 December 2013 and approximately HK\$11.8 million is expected to be charged for the year ending 31 December 2014.

PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following pro forma statement of adjusted combined net tangible assets of our Group attributable to owners of the Group is prepared based on the audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013, as derived from the combined statements of financial position as the same date shown in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus and adjusted as described below.

FINANCIAL INFORMATION

The pro forma adjusted combined net tangible assets has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules, is set out here to illustrate the effect of the Global Offering on the combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013 as if the Global Offering had taken place on 31 December 2013. This pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013 or any future date following the Global Offering.

	Audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013	Add: Estimated net proceeds from the Global Offering	Pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company	Pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note a)</i>	<i>(Note b)</i>		<i>(Note c)</i>
Based on an Offer Price of HK\$1.05 per Offer Share	289,641	80,833	370,474	0.93
Based on an Offer Price of HK\$1.30 per Offer Share	289,641	105,020	394,661	0.99

Notes:

- (a) The audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013 is determined as follows:

	<i>HK\$'000</i>
Audited combined net assets of our Group attributable to owners of our Company as at 31 December 2013 as shown in the Accountants' Report set out in Appendix I to this prospectus	319,918
Adjustments for:	
Goodwill	(18,111)
Intangible assets	(21,773)
Deferred tax liabilities of intangible assets	5,552
Non-controlling interests of intangible assets	4,055
	<u>289,641</u>

FINANCIAL INFORMATION

- (b) The estimated net proceeds from the Global Offering are based on 100,000,000 Shares at the Offer Price of HK\$1.05 per Share and HK\$1.30 per Share, after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (c) The pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share is arrived at after the adjustments referred to above and on the basis that 400,000,000 Shares were in issue assuming that the Global Offering and Capitalisation Issue had been completed on 31 December 2013 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (d) Our Company will declare a special dividend with an aggregate amount of HK\$97,000,000 before the listing. The above adjustment does not take into account this special dividend. Taking into account the estimated net proceeds from the Global Offering at the Offer Price of HK\$1.05 per Share and HK\$1.30 per Share as well as the dividend to be declared of HK\$97,000,000, the pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share would have been approximately HK\$0.68 and HK\$0.74, respectively.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Pursuant to Rule 13.18 of the Listing rules, a general disclosure obligation will arise where an issue or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the listed issuer.

Pursuant to the banking facilities granted by a bank in Hong Kong to OT HK, the bank has agreed to grant to OT HK (i) a loan in the sum of HK\$36.6 million which shall be repayable within one year from drawdown or upon the Listing, whichever is earlier; and (ii) other facilities in the aggregate sum of approximately HK\$60 million which shall be subject to renewal by 15 July 2014. The banking facilities contain a condition which requires Mr. Lam, one of our Controlling Shareholders, to remain as our chairman and our largest single Shareholder with shareholding of no less than 40% in our Company. Such will constitute a specific performance by our Controlling Shareholder under a loan agreement entered into by our Group under Rule 13.18 of the Listing Rules.

Save as disclosed above, we confirmed that as at the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

We confirm that, up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospects of us since 31 December 2013, and there had been no event since 31 December 2013 which would materially affect the financial information shown in the Accountants' Report, in each case except as otherwise disclosed herein.

RECENT DEVELOPMENTS AND TRADING PROSPECTS

Please refer to the paragraph headed "Summary — Recent Developments", the paragraph headed "Business — Strategies" and the section headed "Future Plans and Use of Proceeds" in this prospectus for the details of financial and trading prospects of our Group.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the paragraph headed “Business — Strategies” for a detailed description of our future plans.

With respect to making acquisition(s) of freight forwarding businesses and/or other businesses in the logistics chain as part of our future plans, we were not in negotiation for making any acquisition(s), nor had we identified any acquisition target(s), as at the Latest Practicable Date. We will consider and pursue opportunities to make acquisition(s) of freight forwarding and/or other businesses in the logistics chain by considering, among other things, the following factors or strategies:

- investment return, payback period and other benefits that we expect to result from the acquisition(s);
- acquisition consideration, valuation methodologies and the accounting impact of the acquisitions;
- profitability of the acquisition target(s);
- findings of due diligence to be conducted on the acquisition target(s);
- synergy effect with our business in the same country or other countries, in terms of geographical coverage through additional offices, scope/depth of services, or otherwise; and
- challenges and expenses that could arise from integrating the acquisition target(s).

In the case of our planned expansion through acquisition in the United States where our existing offices made a loss of approximately HK\$20,000, HK\$2.6 million and HK\$4.9 million for the years ended 31 December 2011, 2012 and 2013, respectively, where we acquire businesses with payback and breakeven periods longer than the payback and breakeven periods of our existing offices there, our expansion in the United States may generate further losses before making a profit, and in the mean time, adversely impacting our overall financial position.

We intend to fund our future plans with the proceeds from the Global Offering as set out below. In addition, we may also fund our future plans with our retained earnings.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$91.4 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and an Offer Price of HK\$1.175 per Share, being the mid-point of the indicative Offer Price range of HK\$1.05 per Share to HK\$1.30 per Share in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

We intend to use the net proceeds we will receive from this offering for the following purposes:

- (i) approximately HK\$31.6 million, representing approximately 34.6% of the net proceeds from the Global Offering, will be used for expanding our office network in Asia and North America, of which
- approximately HK\$17.0 million, representing approximately 18.6% of the net proceeds from the Global Offering, is intended to make acquisition in North America in the second half of 2014;
 - approximately HK\$5.5 million, representing approximately 6.0% of the net proceeds from the Global Offering, is intended to make acquisitions in the PRC in the second half of 2015;
 - approximately HK\$6.5 million, representing approximately 7.1% of the net proceeds from the Global Offering, is intended to make acquisition in the Middle East in the first half of 2015;
 - approximately HK\$1.9 million, representing approximately 2.1% of the net proceeds from the Global Offering, is intended to expand our San Francisco and Doral offices in the United States in the second half of 2014. Based on the historical rental expenses and staff costs in the existing offices in the United States, it is currently estimated that (i) approximately HK\$240,000 will be used for the annual rental expenses of additional space in each office; and (ii) approximately HK\$700,000 will be used for the annual staff compensation to hire additional staff in each office;
 - approximately HK\$700,000, representing approximately 0.8% of the net proceeds from the Global Offering, is intended to set up two offices to complement our operations in the Middle East in 2014. Based on our past experience in setting up an office in Dubai, it is currently estimated that (i) approximately HK\$200,000 will be used for the annual rental expenses in each office; and (ii) approximately HK\$150,000 will be used for the annual staff compensation of additional staff in each office;
- (ii) approximately HK\$2.7 million, representing approximately 2.9% of the net proceeds from the Global Offering, will be used for expanding existing contract logistics facilities in the United States and the PRC, of which
- approximately HK\$1.1 million, representing approximately 1.2% of the net proceeds from the Global Offering, is intended to expand existing contract logistics facilities in Los Angeles, the United States in the second half of 2014. Based on the historical rental expenses and staff costs in the existing offices in the United States, it is currently estimated that (i) approximately HK\$500,000 will be used for the annual rental expenses of additional warehouse space; and (ii) approximately HK\$600,000 will be used for annual staff compensation of additional personnel;

FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$1.6 million, representing approximately 1.7% of the net proceeds from the Global Offering, is intended to expand existing contract logistics facilities in Shanghai and Shenzhen in the PRC in the second half of 2014. Based on the historical rental expenses and staff costs in the existing offices in the PRC, it is currently estimated that (i) approximately HK\$1.0 million will be used for the annual rental expenses of additional warehouse space for contract logistics facilities in two locations; and (ii) approximately HK\$600,000 will be used for the annual staff compensation to hire additional contract logistics personnel;
- (iii) approximately HK\$6.0 million, representing approximately 6.6% of the net proceeds from the Global Offering, will be used for building and upgrading hardware and software for our IT system, of which
- approximately HK\$2.9 million, representing approximately 3.2% of the net proceeds from the Global Offering, is intended to enhance our existing warehouse management system, develop new features and implement the same in the second half of 2014 and 2015;
 - approximately HK\$2.1 million, representing approximately 2.3% of the net proceeds from the Global Offering, is intended to upgrading our freight operations system including its purchase order management functions in the second half of 2014;
 - approximately HK\$1.0 million, representing approximately 1.1% of the net proceeds from the Global Offering, is intended to building and enhancing security and disaster recovery capability in the second half of 2014;
- (iv) approximately HK\$7.7 million, representing approximately 8.4% of the net proceeds from the Global Offering, will be used for recruiting additional personnel for our sales, contract logistics, business development and management teams in the PRC, the United States, Taiwan, the UAE and Japan in the second half of 2014;
- (v) approximately HK\$36.6 million, representing approximately 40.0% of the net proceeds from the Global Offering, will be used for the repayment of a short-term bank loan with interest charged at 1 month HIBOR rate plus 2% per annum drawn down to fund payment of the Special Dividend declared. Please refer to the paragraphs headed “Financial Information — Dividends and Dividend Policy” and “Financial Information — Disclosure Required under Rules 13.13 to 13.19 of the Listing Rules” for details and
- (vi) the remaining balance of approximately HK\$6.8 million, representing approximately 7.5% of the net proceeds from the Global Offering, will be used for general working capital and general corporate purposes.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds from the sale of these additional Offer Shares of approximately HK\$17.1 million, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial public Offer Price as stated above. We intend to apply the additional net proceeds to the above purposes in the proportions stated above.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK\$79.3 million. Under such circumstances, the net proceeds will be allocated to the above purposes (except that the amount of repayment towards the short-term bank loan in (v) above will not be affected) on a pro rata basis. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK\$94.5 million. The additional net proceeds of approximately HK\$15.2 million (when compared to the net proceeds to our Company with the Offer Price being determined at the low-end of the stated range and assuming the Over-allotment Option is not exercised) will also be used for the above purposes (except that the amount of repayment towards the short-term bank loan in (v) above will not be affected) on a pro rata basis.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, our Company will receive net proceeds of approximately HK\$103.5 million. Under such circumstances, the net proceeds will be allocated to the above purposes (except that the amount of repayment towards the short-term bank loan in (v) above will not be affected) on a pro rata basis. In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive net proceeds of approximately HK\$122.4 million. The additional net proceeds of approximately HK\$18.9 million (when compared to the net proceeds to our Company with the Offer Price being determined at the high-end of the stated range and assuming the Over-allotment Option is not exercised) will also be used for the above purposes (except that the amount of repayment towards the short-term bank loan in (v) above will not be affected) on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING AGREEMENTS

We and the Sole Global Coordinator have entered into cornerstone investor placing agreement (each, the “**Cornerstone Placing Agreement**” and together, the “**Cornerstone Placing Agreements**”) with each of Mr. Arthur Antonio da Silva (“**Mr. Arthur da Silva**”) and Mr. Chow Chi Wang, Addy (“**Mr. Addy Chow**”, together with Mr. Arthur da Silva, the “**Cornerstone Investors**”). Pursuant to the Cornerstone Placing Agreements, the Cornerstone Investors have agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot of 2,000 Shares) at the Offer Price for an aggregate amount of HK\$30 million. The table below sets out the total number of Offer Shares that the Cornerstone Investors would subscribe, the respective approximate percentage of the total number of Offer Shares initially offered under the Global Offering and the respective approximate percentage of total issued Shares to be held immediately following completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised:

	Total number of Offer Shares subscribed	Approximate percentage of the total number of Offer Shares initially offered under the Global Offering	Approximate percentage of total issued Shares to be held immediately following completion of the Capitalisation Issue and the Global Offering
Assuming an Offer Price of HK1.175 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	25,530,000	25.53%	6.38%
Assuming an Offer Price of HK1.30 per Offer Share (being the high-end of the Offer Price range stated in this prospectus)	23,076,000	23.08%	5.77%
Assuming an Offer Price of HK1.05 per Offer Share (being the low-end of the Offer Price range stated in this prospectus)	28,568,000	28.57%	7.14%

The Cornerstone Placing Agreements with the Cornerstone Investors form part of the International Placing. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to their respective Cornerstone Placing Agreement. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer in the event of over-subscription under the Hong Kong Public Offer as described in the paragraph headed “Structure of the Global Offering — Basis of Allocation of the Offer Shares” in this prospectus. The final number of Offer Shares to be allotted to the Cornerstone Investors will be set out in the allotment results announcement to be issued by our Company on 10 July 2014.

The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* with the fully paid Shares in issue. The Cornerstone Placing Agreements were entered into between our Company, the Sole Global Coordinator and the Cornerstone Investors based on an arm’s length negotiation between the parties. No special right has been granted to the Cornerstone Investors apart from their guaranteed allocation of Offer Shares pursuant to the Cornerstone Placing Agreements and we have not given any form of direct or indirect benefits to the Cornerstone Investors by way of side letter or otherwise other than the guaranteed allocation as mentioned above.

CONDITIONS PRECEDENT

The obligation of each of the Cornerstone Investor under the respective Cornerstone Placing Agreement is subject to the following conditions precedent having been satisfied at or prior to by no later than 8 a.m. on the Listing Date:

- (i) the Underwriting Agreements having been entered into and having become effective and unconditional (in accordance with their respective original terms, as subsequently waived by agreement of the parties thereto or waived, to the extent they may be waived, by the relevant parties) by no later than the respective times and dates specified therein;

CORNERSTONE INVESTORS

- (ii) the Offer Price having been agreed upon between our Company and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters and the International Underwriters);
- (iii) neither the Hong Kong Underwriting Agreement nor the International Placing Agreement having been terminated;
- (iv) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares and that such approval or permission has not been revoked;
- (v) no laws having been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offer, the International Placing or herein and there having been no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (vi) the respective representations and warranties of the Cornerstone Investor and our Company in the Cornerstone Placing Agreement remain accurate and true and not misleading and that there is no material breach of the agreement on the part of the Cornerstone Investor and our Company at 8 a.m. on the Listing Date or such other date as may be specified in the Hong Kong Underwriting Agreement to be the last day for the fulfilment or waiver of any conditions thereunder (or such other date as may be agreed among our Company, the Cornerstone Investor and the Sole Global Coordinator).

OUR CORNERSTONE INVESTORS

1. Mr. Arthur da Silva

Mr. Arthur da Silva has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot of 2,000 Shares) at the Offer Price for an aggregate amount of HK\$20 million. The table below sets out the total number of Offer Shares that Mr. Arthur da Silva would subscribe, the approximate percentage of the Shares to be issued under the Global Offering and the approximate percentage of the Shares to be held by him following completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised:

	Total number of Offer Shares subscribed	Approximate percentage of the total number of Offer Shares initially offered under the Global Offering	Approximate percentage of total issued Shares to be held immediately following completion of the Capitalisation Issue and the Global Offering
Assuming an Offer Price of HK1.175 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	17,020,000	17.02%	4.26%
Assuming an Offer Price of HK1.30 per Offer Share (being the high-end of the Offer Price range stated in this prospectus)	15,384,000	15.38%	3.85%
Assuming an Offer Price of HK1.05 per Offer Share (being the low-end of the Offer Price range stated in this prospectus)	19,046,000	19.05%	4.76%

Mr. Arthur da Silva is an experienced freight veteran who is currently the chairman and chief executive officer of Jet-Speed Air Cargo Forwarders (HK) Ltd., a company principally engaged in freight forwarding.

2. Mr. Addy Chow

Mr. Addy Chow has agreed to subscribe for such number of Offer Shares (rounded down to the nearest board lot of 2,000 Shares) at the Offer Price for an aggregate amount of HK\$10 million. The

CORNERSTONE INVESTORS

table below sets out the total number of Offer Shares that Mr. Addy Chow would subscribe, the approximate percentage of the Shares to be issued under the Global Offering and the approximate percentage of the Shares to be held by him following completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised:

	Total number of Offer Shares subscribed	Approximate percentage of the total number of Offer Shares initially offered under the Global Offering	Approximate percentage of total issued Shares to be held immediately following completion of the Capitalisation Issue and the Global Offering
Assuming an Offer Price of HK1.175 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	8,510,000	8.51%	2.13%
Assuming an Offer Price of HK1.30 per Offer Share (being the high-end of the Offer Price range stated in this prospectus)	7,692,000	7.69%	1.92%
Assuming an Offer Price of HK1.05 per Offer Share (being the low-end of the Offer Price range stated in this prospectus)	9,522,000	9.52%	2.38%

Mr. Addy Chow is a private investor who is currently the general manager of Cash Link Finance Co., Ltd., a company principally engaged in money lending.

DISPOSAL RESTRICTION

Pursuant to the Cornerstone Placing Agreements, each of the Cornerstone Investor covenants with and undertakes to our Company and the Sole Global Coordinator, among others, that:

- (a) without the prior written consent of our Company and the Sole Global Coordinator, the Cornerstone Investor will not, at any time during the period of six months following the date of commencement of dealings in the Shares on the Stock Exchange (the “**Lock-up Period**”), directly or indirectly, dispose of any of the Shares subscribed under the Cornerstone Placing Agreement and any Shares or other securities of our Company deriving from such Shares (the “**Relevant Shares**”);
- (b) the Cornerstone Investor shall not agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (a) above;
- (c) in the event of a disposal of any Relevant Shares at any time after the Lock-up Period, the Cornerstone Investor shall first notify in writing and consult with our Company and the Sole Global Coordinator prior to such disposal and the Cornerstone Investor will use all reasonable endeavours to ensure that any such disposal will not create a disorderly or false market for the Shares and is otherwise in compliance with the SFO; and
- (d) save with the prior written consent of our Company (which consent may be given or withheld at the sole discretion of our Company), the aggregate holding (whether direct or indirect) of the Cornerstone Investor and his associates in the total issued share capital of our Company shall be less than 10% of our Company’s entire issued share capital at all times.

PUBLIC FLOAT

The Cornerstone Investors are Independent Third Parties and are independent with each other. Immediately following the completion of the Global Offering, none of the Cornerstone Investor will have any board representation in our Company, and will not be a substantial shareholder of our Company (as defined under the Listing Rules). The Offer Shares to be held by the Cornerstone Investors pursuant to the Cornerstone Placing Agreements will be counted towards the public float of our Company.

UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

RHB OSK Securities Hong Kong Limited
Convoy Investment Services Limited

Co-lead Manager

Quam Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst others, the International Placing Agreement becoming unconditional and not having been terminated.

Subject to the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus being granted by the Listing Committee of the Stock Exchange and other conditions set out in the Hong Kong Underwriting Agreement being fulfilled, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers for the Hong Kong Offer Shares.

Grounds for termination

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to the termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) by notice in writing given to our Company if any of the following events shall occur prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in the Cayman Islands, the PRC, Hong Kong, the US, the United Kingdom, the European Union, Japan or any other jurisdiction(s) relevant to or any other similar event which in the sole and absolute opinion of the Sole Global Coordinator (for itself

UNDERWRITING

and on behalf of the Hong Kong Underwriters) has or is likely to have material adverse effect on the business or financial conditions or prospects of our Group or which may be expected to adversely affect the business or financial condition or prospects of our Group in a material way; or

- (ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national or international financial, political, military, industrial, economic, currency exchange rates, exchange control, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including but not limited to conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting the Cayman Islands, Hong Kong, the PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
- (iii) any suspension or limitation on trading in shares or securities generally on the New York Stock Exchange, the Stock Exchange, Tokyo Stock Exchange, the London Stock Exchange, the Singapore Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority, or a disruption has occurred in securities settlement, payment or clearance services or procedures in or affecting the Cayman Islands, Hong Kong, the PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
- (iv) a change or development occurs involving a change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations or currency exchange rates in the Cayman Islands, Hong Kong, the PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
- (v) any change or development involving a prospective change in the condition, financial or otherwise, or in the earnings, business affairs, business prospects, trading position or operation of our Company or any member of our Group, including any action, suit, proceeding, litigation or claim of any third party being threatened or instigated against our Company or any member of our Group; or
- (vi) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (vii) any moratorium on or disruption in banking activities or foreign exchange trading or settlement or clearance services in or affecting the Cayman Islands, Hong Kong, the PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or

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- (viii) any outbreak or escalation of hostilities (whether or not war is or has been declared) or act of terrorism or other state of emergency or calamity or wide-spread epidemic or political or social crisis involving directly or indirectly the Cayman Islands, Hong Kong, the PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction or any escalation thereof, or the declaration by the Cayman Islands, Hong Kong, the PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction of a national emergency or war; or
- (ix) any event of force majeure, including without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, earthquake, explosion, outbreak of disease or epidemic, terrorism (whether or not responsibility has been claimed), labour dispute, strike or lock-out involving directly or indirectly the Cayman Islands, Hong Kong, the PRC, the US, the United Kingdom, the European Union, Japan or any other relevant jurisdiction; or
- (x) the imposition of any economic sanctions, in whatever form, directly or indirectly, by Japan, the US, the United Kingdom, the European Union (or any member thereof) on Hong Kong, the PRC or any other relevant jurisdictions; or
- (xi) any Director being charged or indicted or detained with an indictable offence or prohibited by operation of law or otherwise disqualified from directorship,

which, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (A) is or may be or is likely to be materially adverse to or materially or prejudicially affect, the business, financial or other condition or prospects of our Company or our Group or, in the case of sub-paragraph (iv), to any present or prospective shareholder of our Company in his/her/its capacity as such; or
- (B) has or might have or is likely to have a material adverse effect on the success of the Hong Kong Public Offer, the International Placing or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
- (C) makes or will or may make it inadvisable, inexpedient, impracticable or not commercially viable to proceed with or to market the Hong Kong Public Offer, the International Placing or the Global Offering, or for a material part of the Hong Kong Underwriting Agreement, the International Placing Agreement, the Hong Kong Public Offer, the International Placing or the Global Offering to be performed or implemented or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

UNDERWRITING

- (b) there comes to the notice of the Sole Global Coordinator any matter or event showing any of the warranties given by our Company, the Controlling Shareholders and the executive Directors in the Hong Kong Underwriting Agreement to be untrue, inaccurate or misleading in any respect which is or, in the sole and absolute opinion of the Sole Global Coordinator, likely to be, material in the context of the Global Offering when given or repeated; or
- (c) there comes to the notice of the Sole Global Coordinator any material breach on the part of our Company, the Controlling Shareholders or the executive Directors of any of the provisions of the Hong Kong Underwriting Agreement or the International Placing Agreement; or
- (d) any matter has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, constitute a material omission therefrom; or
- (e) any statement contained in this prospectus, the Application Forms, the formal notice and any announcements in the agreed form issued by our Company in connection with the Global Offering (including any supplement or amendment thereto) was, has or may become untrue, incorrect or misleading; or
- (f) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of a material nature of our Group pursuant to the indemnities referred to in the Hong Kong Underwriting Agreement; or
- (g) a prohibition is imposed on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (h) a valid demand by any creditor for repayment or payment of any indebtedness of our Company or any member of our Group or in respect of which our Company or any member of our Group is liable prior to its stated maturity which demand has or could reasonably be expected to have a material adverse effect on our Group taken as a whole; or
- (i) a petition is presented for the winding-up or liquidation of our Company or any member of our Group or our Company or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any member of our Group or anything analogous thereto occurs in respect of our Company or any member of our Group, which in the sole and absolute opinion of the Sole Global Coordinator, may or is likely to be material in the context of the Global Offering provided that the Sole Global Coordinator shall, to the extent practicable, seek to consult with our Company on the effect of any such development.

UNDERWRITING

Undertakings pursuant to the Hong Kong Underwriting Agreement

By our Company

Our Company has undertaken to the Sole Sponsor, the Sole Global Coordinator and each of the Hong Kong Underwriters, and each of our Controlling Shareholders and our executive Directors has jointly and severally undertaken to the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters to procure (so far as he/it is able to do so) that except pursuant to the Global Offering (including the exercise of the Over-allotment Option), the Capitalisation Issue and unless in compliance with the requirements of the Listing Rules:

- (a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), it will not offer, accept subscription for, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, either directly or indirectly, conditionally or unconditionally, or repurchase any of the Shares or other securities of our Company or any interest therein (including, but not limited to, any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any of the Shares or securities or any interest therein), whether any of the foregoing transactions is to be settled by delivery of such Shares or such other securities, in cash or otherwise;
- (b) in the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company will not issue or grant (conditionally or unconditionally) any options or right to subscribe for or otherwise convert into or exchange for shares or securities in our Company so as to result in our Controlling Shareholders (together with any of their associates), either individually or taken together with the others of them, cease to be a controlling shareholder (within the meaning of the Listing Rules) of our Company, or cease to hold, directly or indirectly, a controlling interest of 30% or more or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer in any of the companies controlled by him or it or any of their associates which owns any Shares; and
- (c) in the event of an issue of any Shares or any interest therein during the Second Six-Month Period, our Company will take all reasonable steps to ensure that such an issue will not create a disorderly or false market for the Shares.

UNDERWRITING

By our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally undertaken to each of the Sole Sponsor, Sole Global Coordinator, the Hong Kong Underwriters and our Company that:

- (a) he/it will not, and will procure that none of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it will, except pursuant to the Global Offering (including the entering into of the Stock Borrowing Agreement), where applicable, and unless in compliance with the requirements of the Listing Rules, at any time during the First Six-Month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Shares or other securities of our Company or any interest therein held by him/it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such Shares or other securities of our Company or any interest therein) as of the Listing Date or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares or securities or any interest therein as of the Listing Date, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing, or announce any intention to do so;

- (b) he/it will not, and will procure that none of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it will, unless in compliance with the requirements of the Listing Rules, during the Second Six-Month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Shares or other securities of our Company or any interest therein held by him/it (including but not limited to any securities that are convertible into or exercisable or exchangeable for or that represent the right to receive, any such Shares or such other securities of our Company or any interest therein) as of the Listing Date or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares or any interest therein as of the Listing Date, whether any of the foregoing transactions is to be settled by delivery of such Shares or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing, or announce any intention to do so if, immediately following such transaction, it will result in our Controlling Shareholders and/or any companies controlled by it/him, its/his nominee or trustee ceasing to be a controlling shareholder (as defined in the Listing Rules) of our Company, and in the event of a disposal by him/it of any of the Shares or securities or any interest therein during the Second Six-Month Period, he/it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company;

UNDERWRITING

- (c) he/it shall, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date, (i) upon any pledge or charge in favor of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by him/it or his/its associates for a bona fide commercial loan, immediately inform our Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of Shares or securities so pledged or charged and make the relevant disclosure in such manner as required by the Listing Rules; (ii) prior to any pledge or charge in favor of any third party other than an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by him/it or his/its associates, he or it shall obtain prior written consent from our Company and the Sole Global Coordinator and make the relevant disclosure in such manner as required by the Listing Rules; and (iii) upon any indication received by him/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares will be disposed of, immediately inform the Stock Exchange, our Company and the Sole Global Coordinator in writing of such indications; and
- (d) he/it will procure that each of his or its respective associates complies with all restrictions and requirements under the Listing Rules (or any replacement or amendment thereto made from time to time) on the disposal by him or it or by the registered holder of any securities in respect of which he or it is, or is shown in this prospectus to be, the beneficial owner.

The International Placing

International Placing Agreement

In connection with the International Placing, it is expected that our Company and the International Underwriters will enter into the International Placing Agreement, under which our Company will offer the International Placing Shares for placing with certain professional, institutional and private investors and the International Underwriters will agree to severally subscribe for the International Placing Shares.

We expect to grant to the Sole Global Coordinator, for itself and on behalf of the International Underwriters, the Over-allotment Option exercisable by the Sole Global Coordinator at any time and from time to time from the date of the International Placing Agreement until the 30th day after the last day for the lodging of application under the Hong Kong Public Offer, to require us to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the Offer Shares initially available for subscription, at the same price per Offer Share under the International Placing, solely to cover over-allocations, if any, in the International Placing.

UNDERWRITING

Commission and expenses

The Hong Kong Underwriters will receive a commission of 3.25% of the aggregate Offer Price of all the Hong Kong Offer Shares. It is expected that the International Underwriters will receive an underwriting commission of 3.25% of the aggregate of the Offer Price of all the International Placing Shares, out of which they will pay any sub-underwriting commissions. The underwriting commission has been arrived at after arm's length negotiation between us and RHB OSK Securities. In addition, our Company shall pay to the Sole Sponsor a documentation fee and a financial advisory fee. The documentation and financial advisory fees, legal and other professional fees, printing and other expenses have been arrived at after arm's length negotiations among us and the relevant parties. The underwriting commission, documentation and financial advisory fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering borne by our Company, assuming an Offer Price of HK\$1.175 (being the mid-point of Offer Price range between HK\$1.05 per Offer Share and HK\$1.30 per Offer Share), are estimated to amount to approximately HK\$44.1 million in total (assuming that the Over-allotment Option is not being exercised).

Interests of the Underwriters and the Sole Sponsor in our Company

RHB OSK Capital confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

RHB OSK Capital has been appointed as the compliance adviser of our Company with effect from the Listing Date until the despatch of our Company's financial results for the first full financial year of our Company after the Listing Date.

Save (i) as disclosed in this prospectus, and (ii) for their interests and obligations under the Underwriting Agreements, none of the Hong Kong Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

STRUCTURE OF THE GLOBAL OFFERING

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be Friday, 4 July 2014 and in any event not later than Monday, 7 July 2014.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$1.30 per Offer Share and is expected to be not less than HK\$1.05 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where it considers appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, cause there to be published on our Company's website at www.ontime-express.com and the Stock Exchange's website at www.hkexnews.hk notice of reduction in the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering statistics as currently set out in the section headed "Summary" of this prospectus, and any other financial information which may change as a result of such reduction. **If applications for Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offer, then even if the Offer Price range is so reduced, such applications cannot be subsequently withdrawn.** In the absence of any notice being published on our Company's website at www.ontime-express.com and the Stock Exchange's website at www.hkexnews.hk of a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offer, the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to enter into the Price Determination Agreement by the Price Determination Date, the Global Offering will not become unconditional and will not proceed.

Announcement of the Offer Price, together with indication of the level of interests in the International Placing and the results of application under the Hong Kong Public Offer and basis of allocation of the Hong Kong Offer Shares is expected to be published on Thursday, 10 July 2014.

STRUCTURE OF THE GLOBAL OFFERING

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$1.30 per Offer Share and is expected to be not less than HK\$1.05 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer as set out above. Prospective investors should be aware that the Offer Price as determined on the Price Determination Date may be lower than the indicative Offer Price as stated in this prospectus.

Applicants under the Hong Kong Public Offer should pay, on application, the maximum price of HK\$1.30 per Offer Share and 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy. That means a total of HK\$2,626.21 is payable for every board lot of 2,000 Shares. The Application Forms have tables showing the exact amount payable for certain multiples of Hong Kong Offer Shares. If the Offer Price, as finally determined in the manner as described above, is lower than the maximum price of HK\$1.30 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application money) will be made to applicants, without interest. Further details are set out in the section headed “How to apply for the Hong Kong Offer Shares” of this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of the application for the Offer Shares pursuant to the Hong Kong Public Offer is conditional upon:

1. Listing

The Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of dealings in the Shares.

2. Underwriting Agreements

- (i) The obligations of the Underwriters under the Underwriting Agreements becoming unconditional, and not being terminated in accordance with the terms thereof; and
- (ii) the execution and delivery of the International Placing Agreement prior to or on the Price Determination Date.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or around the Price Determination Date.

If any of the conditions is not fulfilled or waived on or before the times specified above, the Global Offering will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the paragraph headed “Refund of your money” in the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

In the meantime, the application money will be held in one or more separate bank accounts with the receiving bankers or other bank(s) in Hong Kong, licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

THE GLOBAL OFFERING

The Global Offering comprises the International Placing and the Hong Kong Public Offer. A total of initially 100,000,000 Offer Shares will be made available under the Global Offering, of which 90,000,000 International Placing Shares (subject to re-allocation and the Over-allotment Option), representing 90% of the Offer Shares, will initially be conditionally placed under the International Placing in Hong Kong and other jurisdictions outside the US in offshore transactions to selected professional, institutional and private investors. The remaining 10,000,000 Hong Kong Offer Shares (subject to re-allocation), representing 10% of the Offer Shares, will initially be offered to the public in Hong Kong under the Hong Kong Public Offer.

The Hong Kong Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Underwriters have severally agreed to underwrite the Hong Kong Offer Shares under the terms of the Hong Kong Underwriting Agreement. The International Underwriters will severally underwrite the International Placing Shares pursuant to the terms of the International Placing Agreement. Further details of the underwriting are set out in the section headed “Underwriting” of this prospectus.

Investors may apply for the Offers Shares under the Hong Kong Public Offer or indicate an interest for Offer Shares under the International Placing, but may not do both.

International Placing

Our Company is expected to offer initially 90,000,000 International Placing Shares (subject to re-allocation and the Over-allotment Option) at the Offer Price under the International Placing. The number of International Placing Shares expected to be initially available for application under the International Placing represents 90% of the total number of Offer Shares being initially offered under the Global Offering. The International Placing is expected to be fully underwritten by the International Underwriters.

It is expected that the International Underwriters, or selling agents nominated by them, on behalf of our Company, will conditionally place the International Placing Shares at the Offer Price with selected professional, institutional and private investors anticipated to have a sizeable demand for such Shares in Hong Kong and other jurisdictions outside the US, with due observance of and within the limits of the applicable selling restrictions. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the International Placing Shares in the International Placing may also be allocated the International Placing Shares.

STRUCTURE OF THE GLOBAL OFFERING

Allocation of the International Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its Shareholders as a whole. Investors to whom International Placing Shares are offered will be required to undertake not to apply for Shares under the Hong Kong Public Offer.

Our Company, our Directors, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Hong Kong Public Offer from investors who receive Shares under the International Placing, and to identify and reject indications of interest in the International Placing from investors who receive Shares under the Hong Kong Public Offer.

The International Placing is expected to be subject to the conditions as stated in the paragraph headed “Conditions of the Hong Kong Public Offer” of this section.

Hong Kong Public Offer

Our Company is initially offering 10,000,000 Hong Kong Offer Shares for subscription (subject to re-allocation) by the public in Hong Kong under the Hong Kong Public Offer, representing 10% of the total number of Offer Shares initially offered under the Global Offering. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters. Applicants for the Hong Kong Offer Shares are required on application to pay the maximum Offer Price of HK\$1.30 per Share plus a 1% brokerage, a 0.005% Stock Exchange trading fee and a 0.003% SFC transaction levy.

The Hong Kong Public Offer is open to all members of the public in Hong Kong. An applicant for Shares under the Hong Kong Public Offer will be required to give an undertaking and confirmation in the Application Form submitted by him/her that he/she has not applied for nor taken up any Shares under the International Placing nor otherwise participated in the International Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Hong Kong Public Offer is liable to be rejected.

For allocation purposes only, the number of the Hong Kong Offer Shares will be divided equally into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will consist of 5,000,000 Shares and will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares in the value of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy thereon) or less. The Hong Kong Offer Shares available in pool B will consist of 5,000,000 Shares and will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares in the value of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy) and up to the value of pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pool is under-subscribed, the surplus Hong Kong Offer Shares will be transferred to satisfy demand in the

STRUCTURE OF THE GLOBAL OFFERING

other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Any application made for more than 100% of the Hong Kong Offer Shares initially available under pool A or pool B will be rejected.

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. When there is over-subscription under the Hong Kong Public Offer, allocation of the Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of the Offer Shares between the International Placing and the Hong Kong Public Offer is subject to reallocation on the following basis:

- (a) if the number of Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Hong Kong Public Offer, then Shares will be allocated to the Hong Kong Public Offer from the International Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offer will be increased to 30,000,000 Shares, representing 30% of the Offer Shares;
- (b) if the number of Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Hong Kong Public Offer, then Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the number of Shares available for subscription under the Hong Kong Public Offer will be increased to 40,000,000 Shares, representing 40% of the Offer Shares; and
- (c) if the number of Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of Shares initially available for subscription under the Hong Kong Public Offer, then Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the number of Shares available for subscription under the Hong Kong Public Offer will be increased to 50,000,000 Shares, representing 50% of the Offer Shares.

In addition, if the International Placing Shares are not fully subscribed for or purchased under the International Placing, the Sole Global Coordinator shall have the absolute discretion to reallocate all or any unsubscribed or unpurchased International Placing Shares originally included in the International Placing to the Hong Kong Public Offer in such number as it may deem appropriate, provided that there is sufficient demand under the Hong Kong Public Offer to take up such unsubscribed or unpurchased International Placing Shares. In all cases, the additional Shares reallocated to the Hong Kong Public Offer will be allocated equally between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

STRUCTURE OF THE GLOBAL OFFERING

If the Hong Kong Public Offer is not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any of the unsubscribed Hong Kong Offer Shares originally included in the Hong Kong Public Offer to the International Placing in such proportions as it deems appropriate.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant to the Sole Global Coordinator (for itself and on behalf of the International Underwriters) the Over-allotment Option which will expire on Sunday, 3 August 2014, being the date which is 30 days from the date of the last day of lodging application under the Hong Kong Public Offer. Pursuant to the Over-allotment Option, our Company may be required by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) to allot and issue up to and not more than 15,000,000 additional new Shares (representing 15% of the total number of the Offer Shares initially available under the Global Offering) at the Offer Price to cover over-allocations in the International Placing. The Sole Global Coordinator (for itself and on behalf of the International Underwriters) may also cover such over-allocations by, among other means, purchasing Shares in the secondary market or through stock borrowing arrangements with Lam Investco or by a combination of these means or otherwise as may be permitted under the applicable laws and regulatory requirements. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations. If the Over-allotment Option is exercised in full, the additional 15,000,000 new Shares will represent approximately 3.61% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue, the Global Offering and the full exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised or expired, a press announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Sole Global Coordinator (or its affiliates or any person acting for it), as the stabilising manager, for itself or acting on behalf of the Underwriters, may over-allocate or effect transactions which stabilise or maintain the market price of the Shares at levels above those which might otherwise prevail for a limited period after the Listing Date. The number of Shares that may be over-allocated will be up to, but not more than, an aggregate of 15,000,000 additional Shares, being the number of the Shares that may be issued under the Over-allotment Option. Such stabilising actions may include over-allocating International Placing Shares and covering such over allocations by exercising the Over-allotment Option or by making purchases in the secondary market or through stock borrowing arrangement with Lam Investco or through a combination of these means or otherwise. However, there is no obligation on the Sole Global Coordinator to do this. Such

STRUCTURE OF THE GLOBAL OFFERING

stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements.

Subject to and under the Securities and Futures (Price Stabilising) Rules of the SFO, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may take all or any of the following actions (“primary stabilising action”) with respect to any Shares during the stabilisation period, which should end on Sunday, 3 August 2014:

- (1) purchase, or agree to purchase, any of the Shares;
- (2) offer or attempt to do anything as described in paragraph (1), for the sole purpose of preventing or minimising any reduction in the market price of the Shares. The Sole Global Coordinator (for itself and on behalf of the Underwriters) may also, in connection with any primary stabilising action, take all or any of the following actions:
 - (a) for the purpose of preventing or minimising any reduction in the market price of the Shares;
 - (i) allocate a greater number of Shares than the number that is initially offered under the Global Offering; or
 - (ii) sell or agree to sell Shares so as to establish a short position in them;
 - (b) pursuant to an option or other right to purchase or subscribe for Shares, purchase or subscribe for or agree to purchase or subscribe for Shares in order to close out any position established under paragraph (a);
 - (c) sell or agree to sell any Shares acquired by it in the course of the primary stabilising action in order to liquidate any position that has been established by such action; and/or
 - (d) offer or attempt to do anything as described in paragraphs (a)(ii), (b) or (c).

Investors should be aware:

- that the Sole Global Coordinator (for itself and on behalf of the Underwriters) may, in connection with the stabilising action, maintain a long position in the Shares;
- that there is no certainty regarding the extent to which and the time period for which the Sole Global Coordinator will maintain such a long position;
- of possible impact in the case of liquidation of such a long position by the Sole Global Coordinator;

STRUCTURE OF THE GLOBAL OFFERING

- that stabilising action cannot be taken to support the price of the Shares for longer than the stabilising period which begins on the Listing Date and ends on the earlier of the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer, that the stabilising period is expected to expire on Sunday, 3 August 2014, and that after this date, when no further stabilising action may be taken, demand for the Shares, and therefore its price could fall;
- that the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and that stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for the Shares.

STOCK BORROWING ARRANGEMENT

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 15,000,000 additional Shares and cover such over allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of covering such over-allocations, the Sole Global Coordinator may borrow up to 15,000,000 Shares from Lam Investco, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. **Stock borrowing arrangement is not subject to the restrictions of rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with. The principal terms of the Stock Borrowing Agreement are:**

- the stock borrowing arrangement will only be effected by the borrower for settlement of over-allocations in connection with the International Placing;
- the maximum number of Shares borrowed from Lam Investco will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Lam Investco or its nominees on no later than three business days following the earlier of (i) the last day for exercising the Over-allotment Option; and (ii) the day on which the Over-allotment Option is exercised in full; or (iii) such earlier time as may be agreed in writing between Lam Investco and the Sole Global Coordinator;
- the stock borrowing arrangement will be effected in compliance with all applicable laws and regulatory requirements; and
- no payments will be made to Lam Investco in relation to the stock borrowing arrangement.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 11 July 2014, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 11 July 2014. The board lot size of the Shares is 2,000 Shares.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the US Securities Act).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a director or chief executive officer of the Company and/or any of its subsidiaries;
- a connected person (as defined under Rule 1.01 of the Listing Rules) of the Company or going to become a connected person of the Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in any Offer Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 30 June 2014 till 12:00 noon on Friday, 4 July 2014 from:

- (i) the following offices of the Hong Kong Underwriters:

RHB OSK Securities Hong Kong Limited
12/F, World-Wide House
19 Des Voeux Road Central
Hong Kong

Convoy Investment Services Limited
24C, @CONVOY
169 Electric Road
North Point
Hong Kong

Quam Securities Company Limited
18/F-19/F, China Building
29 Queen's Road Central
Hong Kong

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

(ii) any of the branches of the following receiving bank:

Any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	<u>Branch</u>	<u>Address</u>
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
	North Point Centre Branch	Shop G, G/F, North Point Centre, 284 King's Road, North Point
Kowloon	Kwun Tong Hoi Yuen Road	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
	68 Nathan Road Branch	Basement, Shop B1, G/F Golden Crown Court, 66-70 Nathan Road, Tsimshatsui
New Territories	Tuen Mun Town Plaza Branch	Shop No. G047 - G052, Tuen Mun Town Plaza Phase I, Tuen Mun
	Tai Po Branch	G/F shop No. 2, 23 - 25 Kwong Fuk Road, Tai Po Market, Tai Po
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 30 June 2014 until 12:00 noon on Friday, 4 July 2014 from the Depository Counter of **HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached for the payment, and marked payable to "**Horsford Nominees Limited — On Time Logistics Public Offer**" should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- **Monday, 30 June 2014 — 9:00 a.m. to 5:00 p.m.**
- **Wednesday, 2 July 2014 — 9:00 a.m. to 5:00 p.m.**
- **Thursday, 3 July 2014 — 9:00 a.m. to 5:00 p.m.**
- **Friday, 4 July 2014 — 9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 4 July 2014, the last application day or such later time as described in "— Effect of Bad Weather on the Opening of the Applications Lists".

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (vi) agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** service by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Terms and Conditions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “— Who can apply” may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 30 June 2014 until 11:30 a.m. on Friday, 4 July 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 a.m. on Friday, 4 July 2014 or such later time under the “— Effect of Bad Weather on the Opening of the Applications Lists”.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator, the Joint Bookrunners and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
 - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before Wednesday, 30 July 2014, such agreement to take effect as a collateral contract with the Company and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before Wednesday, 30 July 2014, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Wednesday, 30 July 2014, if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offer results;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- **Monday, 30 June 2014 — 9:00 a.m. to 8:30 p.m.⁽¹⁾**
- **Wednesday, 2 July 2014 — 8:00 a.m. to 8:30 p.m.⁽¹⁾**
- **Thursday, 3 July 2014 — 8:00 a.m. to 8:30 p.m.⁽¹⁾**
- **Friday, 4 July 2014 — 8:00 a.m.⁽¹⁾ to 12:00 noon**

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Monday, 30 June 2014 until 12:00 noon on Friday, 4 July 2014.

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, 4 July 2014, the last application day or such later time as described in “— Effect of Bad Weather on the Opening of the Application Lists”.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Friday, 4 July 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering — Pricing of the Global Offering”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 4 July 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 4 July 2014 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 10 July 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company’s website at **www.ontime-express.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at **www.ontime-express.com** and the Stock Exchange’s website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 10 July 2014;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 10 July 2014 to 12:00 midnight on Wednesday, 16 July 2014;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 10 July 2014 to Tuesday, 15 July 2014 (excluding Saturday, Sunday and Public Holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 10 July 2014 to Monday, 14 July 2014 at all the receiving banks’ designated branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in “Structure of the Global Offering”.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before Wednesday, 30 July 2014, and will become binding when you submit your Application Form or give electronic instructions. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before Wednesday, 30 July 2014 except by means of one of the procedures referred to in this prospectus. This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before Wednesday, 30 July 2014 if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believes that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.30 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 10 July 2014.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Thursday, 10 July 2014. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 11 July 2014 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 July 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 10 July 2014, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 10 July 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 10 July 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 July 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form Service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 10 July 2014, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 10 July 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 10 July 2014, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner specified in "Publication of Results" above on Thursday, 10 July 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 10 July 2014 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 10 July 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 10 July 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from our Company's reporting accountant, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

30 June 2014
The Directors
On Time Logistics Holdings Limited
RHB OSK Capital Hong Kong Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding On Time Logistics Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2013 (the "Track Record Period") for inclusion in the prospectus of the Company dated 30 June 2014 (the "Prospectus") in connection with the proposed listing of the Company's share on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 March 2013. Pursuant to a corporate reorganisation ("Corporate Reorganisation"), as more fully explained in the section headed "History, Reorganisation and Corporate Structure" to the Prospectus, the Company became the holding company of the companies comprising the Group on 31 March 2014.

All the companies comprising the Group have adopted 31 December as their financial year end date. Particulars of the Company's subsidiaries during the Track Record Period and at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Place of operation	Principal activities
			At 31 December			At date of this report		
			2011	2012	2013			
Gold Forum International Limited ("Gold Forum")	British Virgin Islands ("BVI") 3 May 2011	US\$50,000	100%	100%	100%	100%	Hong Kong	Investment holding

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Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Place of operation	Principal activities
			At 31 December 2011	2012	2013	At date of this report		
Harbour Zone Limited ("Harbour Zone")	BVI 4 January 2011	US\$50,000	100%	100%	100%	100%	Hong Kong	Investment holding
Jumbo Channel Limited ("Jumbo Channel")	BVI 4 May 2011	US\$50,000	100%	100%	100%	100%	Hong Kong	Investment holding
On Time Worldwide Logistics Limited ("OT BVI")	BVI 3 March 2011	US\$50,000	100%	100%	100%	100%	Hong Kong	Investment holding
On Time Worldwide Logistics Limited ("OT Cambodia")	Cambodia 4 November 2010	KHR4,000,000	70%	70%	70%	70%	Cambodia	Provision of freight forwarding services
OTX Logistics Canada Limited ("OTX Canada")	Canada 15 April 2011	CAD10	51%	51%	51%	51%	Canada	Provision of freight forwarding services
Citynet Logistics Worldwide Limited 聯城物流環球有限公司 (formerly known as Citynet Enterprise Limited) ("Citynet")	Hong Kong 17 September 1999	HK\$2	100%	100%	100%	100%	Hong Kong	General sales agency
Holicbuy Company Limited	Hong Kong 30 May 2014	HK\$10,000	—	—	—	60%	Hong Kong	Inactive
On Time Aviation Services Limited 先達航材服務有限公司 (formerly known as On Time Aviation Logistics Limited) ("OT Aviation HK")	Hong Kong 11 April 2011	HK\$10,000	100%	100%	100%	100%	Hong Kong	Inactive
On Time Express Limited 先達國際貨運有限公司 ("OT HK")	Hong Kong 18 July 1995	HK\$20,000,000	100%	100%	100%	100%	Hong Kong	Provision of freight forwarding services and investment holding
On Line Service Limited (formerly known as On Time Logistics Holdings Limited 先達國際物流控股有限公司) ("OT Logistics HK")	Hong Kong 17 December 2009	HK\$10,000	100%	100%	100%	100%	Hong Kong	Inactive
On Time Shipping Line Limited 先達航運有限公司 ("OT SL HK")	Hong Kong 15 September 2004	HK\$10,000	100%	100%	100%	100%	Hong Kong	Issuing of bills of lading

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Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Place of operation	Principal activities
			At 31 December		At date of this report			
			2011	2012	2013	2013		
On Time Worldwide Limited (formerly known as Connecting Continents Logistics Limited) ("OTW HK")	Hong Kong 12 July 2011	HK\$10,000	75%	75%	75%	75%	Hong Kong	Provision of freight forwarding services
On Time Worldwide Logistics Limited 先達環球物流有限公司 ("OT WW HK")	Hong Kong 30 April 2004	HK\$500,000	100%	100%	100%	100%	Hong Kong	Provision of warehousing services
On Union Management Limited 安聯管理有限公司 ("On Union HK")	Hong Kong 8 December 2003	HK\$10,000	100%	100%	100%	100%	PRC	Properties holding
Sun Logistics International Limited ("Sun Logistics")	Hong Kong 16 July 2009	HK\$10,000	N/A	60%	—	—	Hong Kong	Provision of freight forwarding services
					(note 1)	(note 1)		
On Time International Logistics Private Limited ("OT India")	India 12 January 2010	INR33,146,690	100%	100%	100%	100%	India	Provision of freight forwarding services
PT. On Time Express ("OT Indonesia")	Indonesia 22 February 2000	US\$200,000	95%	95%	95%	95%	Indonesia	Provision of freight forwarding services
On Time Worldwide Logistics Company Limited ("OT Japan")	Japan 28 November 2011	JPY20,000,000	100%	100%	100%	100%	Japan	Provision of freight forwarding brokerage services
On Time Worldwide Logistics Ltd. ("OT Korea")	Korea 20 January 2006	KRW300,000,000	51%	51%	51%	51%	Korea	Provision of freight forwarding services
City Net Global Cargo Sdn. Bhd. ("City Net Malaysia")	Malaysia 2 April 2012	RM100	N/A	100%	100%	100%	Malaysia	General sales agency
Courier & Freight Express (Malaysia) Sdn. Bhd. (formerly known as Courier & Freight Express Sdn. Bhd.) ("C&F Malaysia")	Malaysia 16 March 2010	RM81,000	N/A	100%	100%	100%	Malaysia	Inactive
On Time International Logistics Sdn. Bhd. (formerly known as Envoy Forwarders (M) Sdn. Bhd.) (OT Int'l Malaysia")	Malaysia 4 December 2002	RM230,000	60%	60%	60%	60%	Malaysia	Inactive

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Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Place of operation	Principal activities
			At 31 December			At date of this report		
			2011	2012	2013			
On Time Worldwide Logistics (Borneo) Sdn. Bhd. (formerly known as Ontime Worldwide Logistics (Borneo) Sdn. Bhd.) ("OT Borneo")	Malaysia 10 March 2010	RM200,000	51%	51%	51%	51%	Malaysia	Inactive
On Time Worldwide Logistics Sdn. Bhd. ("OT WW Malaysia")	Malaysia 25 November 2004	RM500,000	60%	100%	100%	100%	Malaysia	Provision of freight forwarding services
先達國際貨運(上海)有限公司 [△] On Time Express Co. Ltd.* ("OT China")	People's Republic of China ("PRC") 10 October 2004	RMB12,000,000	100%	100%	100%	100%	PRC	Provision of freight forwarding services
On Line Service Pte. Ltd. ("On Line Singapore")	Singapore 15 January 2010	SGD10,000	100%	100%	100%	N/A (note 2)	Singapore	Inactive
On Time Worldwide Logistics Pte. Ltd. ("OT Singapore")	Singapore 22 June 2006	SGD110,000	70%	70%	70%	70%	Singapore	Provision of freight forwarding services
On Time Worldwide Logistics (Pvt) Ltd. ("OT Sri Lanka")	Sri Lanka 1 January 2010	LKR7,980,000	95%	—	—	— (note 3) (note 3) (note 3)	Sri Lanka	Provision of freight forwarding services
OTWL - On Time Worldwide Logistics Ltd. 先達環球物流有限公司 ("OT Taiwan")	Taiwan 8 December 2005	TWD7,500,000	100%	100%	100%	100%	Taiwan	Provision of freight forwarding services
On-Time Worldwide Logistics Limited ("OT Thailand")	Thailand 4 January 2006	THB10,000,000	82.5%	82.5%	82.5%	82.5% (note 5) (note 5) (note 5)	Thailand	Agent for provision of freight forwarding services
OTX Logistics B.V. (formerly known as Unique Logistics B.V.) ("OTX Logistics Holland")	The Netherlands 28 May 1998	EUR86,300	75%	75%	75%	75%	The Netherlands	Provision of freight forwarding services
OTX Solutions B.V. ("OTX Solutions Holland")	The Netherlands 19 April 2006	EUR18,000	75%	45%	45%	45% (note 4) (note 4) (note 4)	The Netherlands	Provision of freight forwarding services
Westpoort Recon B.V. ("OTX Westpoort")	The Netherlands 17 December 1993	EUR18,151	75%	75%	75%	75%	The Netherlands	Provision of freight forwarding services

APPENDIX I
ACCOUNTANTS' REPORT ON OUR GROUP

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Place of operation	Principal activities
			At 31 December			At date of this report		
			2011	2012	2013			
OTX Logistics, Inc ("OTX Florida")	United States of America ("US") 1 October 2011	US\$250,000	100%	100%	100%	100%	US	Provision of freight forwarding services
On Time Worldwide Logistics DWC-LLC ("OT Dubai")	United Arab Emirates ("UAE") 25 April 2012	AED300,000	N/A	100%	100%	100%	Dubai	Provision of freight forwarding services
On Time Worldwide Logistics (Vietnam) Co., Ltd. ("OT Vietnam")	Vietnam 22 December 2005	US\$70,000	100%	100%	100%	100%	Vietnam	Provision of freight forwarding services

* The English name is translated for identification purpose only.

△ The company is a wholly-owned foreign enterprise established in the PRC.

Notes:

1. The Group's interest in Sun Logistics was fully disposal of during the year ended 31 December 2013.
2. On Line Singapore has submitted an application for strike off. As of the date of this report, the strike off application has not been completed.
3. The Group's interest in OT Sri Lanka was fully disposed of during the year ended 31 December 2012.
4. OTX Solutions Holland was a wholly-owned subsidiary of OTX Logistics Holland as at 31 December 2011. In 2012, OTX Logistics Holland disposed of 30% interest in OTX Solutions Holland. Following the disposal, OTX Solutions Holland is owed as to 45% by the Group.
5. 33.5% of the equity interest in OT Thailand is held by a third party on behalf of the Group through loan assignment, share pledge agreement, letter of undertaking and proxy entered by the third party and the Group.
6. 49% of the equity interest in OT Vietnam is held by a third party on behalf of the Group through loan agreement, charter capital mortgage agreement, letter of undertaking and proxy entered by the third party and the Group.

At the date of this report, except for OT BVI which is directly held by the Company, all other subsidiaries are held by the Company indirectly.

No audited financial statements have been prepared for the Company since the Company was incorporated in the Cayman Islands where there is no statutory audit requirement.

No audited financial statements have been prepared for Gold Forum, Harbour Zone, Jumbo Channel, OT BVI and OT Japan as there is no statutory audit requirement in the BVI and Japan.

No audited financial statements have been prepared for OTX Westpoort as it qualifies as a small entity under the Dutch Civil Code where no statutory audit is required.

For the purpose of this report, we have, however, reviewed the relevant transactions of the Company, Gold Forum, Harbour Zone, Jumbo Channel, OT BVI, OT Japan and OTX Westpoort since their respective dates of incorporation and carried out such procedures as we considered necessary for inclusion of the financial information relating to these companies in this report.

The statutory financial statements of other subsidiaries for the Track Record Period, or since their respective dates of incorporation/establishment or acquisition, where this is a shorter period, were prepared in accordance with the relevant accounting principles and financial regulations applicable to their respective jurisdictions and were audited by the certified public accountants as follows:

Name of subsidiary	Financial year	Name of auditor
OT Cambodia	Each of the two years ended 31 December 2012	Network McMillan Woods
OTX Canada	From 15 April 2011 (date of incorporation) to 31 December 2011	Timothy Cheng Chartered Accountant
	Each of the two years ended 31 December 2013	Timothy Cheng Chartered Accountant
Citynet	Each of the two years ended 31 December 2012	C. W. Leung & Co.
	Year ended 31 December 2013	Profit Accounting
OT Aviation HK	From 11 April 2011 (date of incorporation) to 31 December 2011	C. W. Leung & Co.
	Each of the two years ended 31 December 2013	C. W. Leung & Co.
OT HK	Each of the three years ended 31 December 2013	Deloitte Touche Tohmatsu
OT Logistics HK	Each of the three years ended 31 December 2013	C. W. Leung & Co.
OT SL HK	Each of the two years ended 31 December 2012	C. W. Leung & Co.
	Year ended 31 December 2013	Profit Accounting
OTW HK	From 12 July 2011 (date of incorporation) to 31 December 2011	C. W. Leung & Co.

Name of subsidiary	Financial year	Name of auditor
	Year ended 31 December 2012	C. W. Leung & Co.
	Year ended 31 December 2013	Profit Accounting
OT WW HK	Each of the two years ended 31 December 2012	C. W. Leung & Co.
	Year ended 31 December 2013	Profit Accounting
On Union HK	Each of the two years ended 31 December 2012	C. W. Leung & Co.
	Year ended 31 December 2013	Profit Accounting
Sun Logistics	Each of the two years ended 31 December 2012	C. W. Leung & Co.
OT India	Each of the three years ended 31 December 2013	Deloitte Haskins & Sells
OT Indonesia	Each of the three years ended 31 December 2013	Osman Bing Satrio & Eny (Deloitte Indonesia)
OT Korea	Each of the three years ended 31 December 2013	Deloitte Anjin LLC
City Net Malaysia	From 2 April 2012 (date of incorporation) to 31 December 2012	ISWARA & Company
	Year ended 31 December 2013	ISWARA & Company
C&F Malaysia [^]	Each of the two years ended 31 December 2012	ISWARA & Company
OT Int'l Malaysia	Each of the two years ended 31 December 2012	ISWARA & Company
OT Borneo [^]	Each of the two years ended 31 December 2012	ISWARA & Company
OT WW Malaysia	Each of the three years ended 31 December 2013	Deloitte & Touche
OT China	Each of the three years ended 31 December 2013	Shanghai KRC Certified Public Accountant & Co. 上海四達會計師事務所有限公司
On Line Singapore	Each of the three years ended 31 December 2013	C Y Ng & Co., Singapore

Name of subsidiary	Financial year	Name of auditor
OT Singapore	Each of the three years ended 31 December 2013	Deloitte & Touche LLP
OT Sri Lanka	Year ended 31 December 2011	AIYAR & Co.
OT Taiwan	Each of the three years ended 31 December 2013	致和聯合會計師事務所
OT Thailand	Each of the three years ended 31 December 2013	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
OTX Logistics Holland	Each of the three years ended 31 December 2013	Ernst & Young
OTX Solutions Holland	Each of the three years ended 31 December 2013	Ernst & Young
OTX Florida	From 1 October 2011 (date of incorporation) to 31 December 2011	Tseng & Lee LLP
	Year ended 31 December 2012	Tseng & Lee LLP
	Year ended 31 December 2013	Kim & Lee Corporation
OT Dubai	From 25 April 2012 (date of incorporation) to 31 December 2012	Jaxa Chartered Accountants
	Year ended 31 December 2013	Jaxa Chartered Accountants
OT Vietnam	Each of the three years ended 31 December 2013	Deloitte Vietnam Company Ltd.

[^] As at 31 December 2013, C&F Malaysia and OT Borneo are applying for strike off and no statutory financial statements are prepared accordingly.

The statutory financial statements of OT Cambodia and OT Int'l Malaysia for the year ended 31 December 2013 have not been issued as they are not yet due for issuance as of the date of this report.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Company and its subsidiaries for the Track Record Period in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (“the Company HKFRS Financial Statements”). The directors of OT HK have prepared the consolidated financial statements of OT HK and its subsidiaries for the Track Record Period in accordance with HKFRSs issued by the HKICPA (“OT HK HKFRS Financial Statements”). We have carried out audit on the Company HKFRS Financial Statements and OT HK HKFRS Financial Statements for the Track Record Period in accordance with Hong Kong Standards on Auditing issued by the HKICPA, and the directors of Citynet, OT WW HK, OT SL HK and On Union HK had prepared the financial statements of Citynet, OT WW HK, OT SL HK and On Union HK respectively for the Track Record Period in accordance with HKFRSs issued by the HKICPA (collectively referred to “Underlying Financial Statements”).

The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 1 of Section A below, after making such adjustments as we consider appropriate for the purpose of preparing our report for the inclusion in the Prospectus.

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The Underlying Financial Statements are the responsibility of the directors of the respective companies who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 December 2013 and the Group as at 31 December 2011, 2012 and 2013, and of the combined results and combined cash flows of the Group for the Track Record Period.

A. FINANCIAL INFORMATION OF THE GROUP

COMBINED STATEMENTS OF PROFIT OR LOSS

	NOTES	Year ended 31 December		
		2011	2012	2013
		HK\$'000	HK\$'000	HK\$'000
Revenue	7	2,319,867	2,633,886	3,161,290
Cost of sales		<u>(1,992,943)</u>	<u>(2,251,948)</u>	<u>(2,696,130)</u>
Gross profit		326,924	381,938	465,160
Other income	9	3,053	3,019	4,818
Administrative expenses		(261,928)	(308,882)	(378,694)
Other gains or losses	10	(1,378)	(7,929)	(227)
Listing expenses		—	(6,895)	(12,596)
Share of profit (loss) of associates		56	(189)	(65)
Share of profit of joint ventures		791	463	408
Finance costs	11	<u>(3,086)</u>	<u>(3,521)</u>	<u>(4,757)</u>
Profit before taxation		64,432	58,004	74,047
Income tax expense	12	<u>(10,286)</u>	<u>(13,731)</u>	<u>(19,072)</u>
Profit for the year	13	<u>54,146</u>	<u>44,273</u>	<u>54,975</u>
Profit for the year attributable to:				
Owners of the Company		51,218	37,830	46,447
Non-controlling interests		<u>2,928</u>	<u>6,443</u>	<u>8,528</u>
		<u>54,146</u>	<u>44,273</u>	<u>54,975</u>

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	THE GROUP		
		Year ended 31 December		
		2011	2012	2013
		HK\$'000	HK\$'000	HK\$'000
Profit for the year		<u>54,146</u>	<u>44,273</u>	<u>54,975</u>
Other comprehensive income (expense), net of income tax:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Revaluation increase on leasehold land and buildings		1,010	2,985	2,735
Deferred tax liability arising on revaluation of leasehold land and buildings	36	(386)	(540)	(406)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Share of reserve of associates		(5)	5	4
Share of reserve of joint ventures		(324)	82	153
Exchange difference arising from overseas operations		<u>(3,684)</u>	<u>3,100</u>	<u>3,254</u>
Other comprehensive (expense) income for the year		<u>(3,389)</u>	<u>5,632</u>	<u>5,740</u>
Total comprehensive income for the year		<u><u>50,757</u></u>	<u><u>49,905</u></u>	<u><u>60,715</u></u>
Total comprehensive income for the year attributable to:				
Owners of the Company		49,555	42,726	51,382
Non-controlling interests		<u>1,202</u>	<u>7,179</u>	<u>9,333</u>
		<u><u>50,757</u></u>	<u><u>49,905</u></u>	<u><u>60,715</u></u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTES	THE GROUP		
		At 31 December		
		2011	2012	2013
		HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Investment properties	17	6,027	7,117	7,809
Property, plant and equipment	18	43,555	44,522	51,293
Goodwill	19	17,072	17,443	18,111
Intangible assets	20	25,656	23,592	21,773
Interests in associates	21	226	122	61
Interests in joint ventures	22	3,087	3,632	4,193
Loan receivables - due after one year	23	3,949	3,100	4,834
Trade and bills receivables - due after one year	24	385	178	101
Deposit paid for acquisition of an associate	25	1,127	—	—
Deferred tax assets	36	113	291	338
		<u>101,197</u>	<u>99,997</u>	<u>108,513</u>
Current assets				
Trade and bills receivables	24	312,191	438,062	549,780
Other receivables, deposits and prepayments	24	34,422	53,290	69,528
Held for trading investments	26	1,011	1,085	1,086
Derivative financial instruments	27	207	587	51
Loan receivables - due within one year	23	—	1,984	2,131
Amounts due from joint ventures	29	—	6,262	3,248
Amounts due from directors	30	1,642	16,947	15,011
Amounts due from related companies	31	15,198	1,052	1,052
Loan to an associate	28	—	388	388
Loans to related companies	31	306	677	677
Prepaid tax		1,111	2,533	2,412
Pledged bank deposits	32	2,046	1,929	3,706
Bank balances and cash	32	<u>137,866</u>	<u>160,054</u>	<u>163,885</u>
		<u>506,000</u>	<u>684,850</u>	<u>812,955</u>

		THE GROUP		
		At 31 December		
	<i>NOTES</i>	2011	2012	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities				
Trade and other payables	33	216,197	339,146	378,889
Amount due to an associate	28	—	2,104	543
Amount due to a joint venture	29	227	—	—
Amounts due to related companies	31	2,339	79	535
Amounts due to directors	30	6,127	—	969
Derivative financial instruments	27	1,463	—	—
Tax liabilities		7,038	7,815	11,253
Obligations under finance leases				
- due within one year	34	1,095	841	584
Bank borrowings - due within one year	35	<u>97,289</u>	<u>108,895</u>	<u>165,446</u>
		<u>331,775</u>	<u>458,880</u>	<u>558,219</u>
Net current assets		<u>174,225</u>	<u>225,970</u>	<u>254,736</u>
Total assets less current liabilities		<u>275,422</u>	<u>325,967</u>	<u>363,249</u>
Non-current liabilities				
Trade and other payables				
- due after one year	33	1,119	1,916	1,565
Obligations under finance leases				
- due after one year	34	1,930	1,195	1,033
Deferred tax liabilities	36	<u>10,516</u>	<u>11,059</u>	<u>13,391</u>
		<u>13,565</u>	<u>14,170</u>	<u>15,989</u>
		<u>261,857</u>	<u>311,797</u>	<u>347,260</u>
Capital and reserves				
Share capital	37	20,909	20,909	20,670
Reserves		<u>229,580</u>	<u>272,503</u>	<u>299,248</u>
Net assets attributable to owners				
of the Company		250,489	293,412	319,918
Non-controlling interests	38	<u>11,368</u>	<u>18,385</u>	<u>27,342</u>
Total equity		<u>261,857</u>	<u>311,797</u>	<u>347,260</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Special Translation reserve HK\$'000	Statutory reserve HK\$'000	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2011	20,520	—	6	—	3,054	782	3,372	172,811	200,545	2,987	203,532
Profit for the year	—	—	—	—	—	—	—	51,218	51,218	2,928	54,146
Revaluation increase on leasehold land and buildings	—	—	—	—	—	—	1,010	—	1,010	—	1,010
Deferred tax liability arising on revaluation of leasehold land and buildings	—	—	—	—	—	—	(386)	—	(386)	—	(386)
Share of reserve of associates	—	—	—	—	(5)	—	—	—	(5)	—	(5)
Share of reserve of joint ventures	—	—	—	—	(324)	—	—	—	(324)	—	(324)
Exchange difference arising from overseas operations	—	—	—	—	(1,958)	—	—	—	(1,958)	(1,726)	(3,684)
Total comprehensive (expense) income for the year	—	—	—	—	(2,287)	—	624	51,218	49,555	1,202	50,757
Acquisition of subsidiaries (note 39)	—	—	—	—	—	—	—	—	—	14,946	14,946
Capital contribution from non-controlling shareholders upon incorporation of subsidiaries	—	—	—	—	—	—	—	—	—	2	2
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(7,769)	(7,769)
Set up of a subsidiary under common control	389	—	—	—	—	—	—	—	389	—	389
Transfer to statutory reserve	—	—	—	—	—	757	—	(757)	—	—	—
At 31 December 2011	20,909	—	6	—	767	1,539	3,996	223,272	250,489	11,368	261,857
Profit for the year	—	—	—	—	—	—	—	37,830	37,830	6,443	44,273

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000 (Note a)	Translation reserve HK\$'000	Statutory reserve HK\$'000 (Note b)	Property revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Revaluation increase on leasehold land and buildings	—	—	—	—	—	—	2,985	—	2,985	—	2,985
Deferred tax liability arising on revaluation of leasehold land and buildings	—	—	—	—	—	—	(540)	—	(540)	—	(540)
Share of reserve of associates	—	—	—	5	5	—	—	—	5	—	5
Share of reserve of joint ventures	—	—	—	82	82	—	—	—	82	—	82
Exchange difference arising from overseas operations	—	—	—	2,364	2,364	—	—	—	2,364	736	3,100
Total comprehensive income for the year	—	—	—	2,451	2,451	—	2,445	37,830	42,726	7,179	49,905
Disposal of a subsidiary (note 40)	—	—	—	—	—	—	—	—	—	30	30
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(57)	(57)
Acquisition of subsidiaries (note 39)	—	—	—	—	—	—	—	—	—	(13)	(13)
Acquisition of additional interests in subsidiaries from non-controlling shareholders (note c)	—	—	197	—	—	—	—	—	197	(197)	—
Disposal of partial interest in a subsidiary (note d)	—	—	—	—	—	—	—	—	—	75	75
Transfer to statutory reserve	—	—	—	—	—	597	—	(597)	—	—	—
At 31 December 2012	20,909	—	203	3,218	2,136	6,441	260,505	293,412	18,385	311,797	
Profit for the year	—	—	—	—	—	—	46,447	46,447	8,528	54,975	
Revaluation increase on leasehold land and buildings	—	—	—	—	—	2,735	—	—	2,735	—	2,735

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Special Translation reserve HK\$'000 (Note a)	Statutory reserve HK\$'000 (Note b)	Property revaluation reserve HK\$'000	Retained profits HK\$'000		
Deferred tax liability arising on revaluation of leasehold land and buildings	—	—	—	—	—	(406)	—	(406)	
Share of reserve of associates	—	—	—	4	—	—	4	4	
Share of reserve of joint ventures	—	—	—	153	—	—	—	153	
Exchange difference arising from overseas operations	—	—	—	2,449	—	—	—	2,449	
Total comprehensive income for the year	—	—	—	2,606	—	2,329	46,447	51,382	
Shares issued	100	—	—	—	—	—	—	100	
Special reserve arising from Corporate Reorganisation	(339)	241	—	98	—	—	—	—	
Disposal of a subsidiary (note 40)	—	—	—	—	—	—	—	(14)	
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(362)	
Dividends recognised as distribution	—	—	—	—	—	—	(24,976)	(24,976)	
Transfer to statutory reserve	—	—	—	—	909	—	(909)	—	
At 31 December 2013	20,670	241	203	98	3,045	8,770	281,067	319,918	
				5,824			27,342	347,260	

Notes:

- (a) Special reserve represents the difference between the nominal amount of 500,000 shares of the Company amounting to HK\$50,000 as consideration in exchange for the paid up capital of OT BVI amounting to HK\$389,000 after elimination of share premium amounting to HK\$241,000 as part of the Corporate Reorganisation (details are set out in note 1).
- (b) Statutory reserve represents general and development fund reserve required in accordance with the laws and regulations in the relevant jurisdictions.
- (c) On 26 September 2012, the Group acquired additional 200,000 issued shares, from an independent third party, representing 40% of the entire issued share capital in OT WW Malaysia at a consideration of RM1 (equivalent to HK\$3). OT WW Malaysia becomes a wholly-owned subsidiary of the Company.
- (d) On 1 January 2012, the Group disposed of its 30% equity interest in OTX Solutions Holland to a non-controlling shareholder without losing control at a consideration of EUR7,000 (equivalent to HK\$75,000).

COMBINED STATEMENTS OF CASH FLOWS

	NOTES	Year ended 31 December		
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
Operating activities				
Profit before taxation		64,432	58,004	74,047
Adjustments for:				
Interest income		(891)	(1,231)	(1,270)
Finance costs		3,086	3,521	4,757
Share of results of associates		(56)	189	65
Share of results of joint ventures		(791)	(463)	(408)
Depreciation of property, plant and equipment		7,896	8,507	9,516
Amortisation of intangible assets		1,384	2,544	2,629
Loss on disposal of property, plant and equipment		30	970	355
Impairment loss on goodwill		—	24	—
Impairment loss on interests in associates		—	448	—
Impairment loss on trade receivables recognised, net		3,738	4,659	6,049
Fair value changes of held for trading investments		131	(74)	(1)
Loss (gain) arising from changes in fair value of derivative financial instruments		1,256	(1,843)	536
Fair value changes of investment properties		(477)	(1,056)	(456)
Loss on disposal of subsidiaries	40	—	1,800	14
Gain on disposal of an associate		(6,013)	—	—
Gain on bargain purchase	39	—	(76)	—
Write down long outstanding payable		—	(287)	(705)
Operating cash flows before movements in working capital				
		73,725	75,636	95,128
Decrease (increase) in trade and bills receivables		78,029	(124,553)	(116,736)
Decrease (increase) in other receivables deposits and prepayments		21,800	(17,609)	(15,683)
(Increase) Decrease in amount due from a joint venture		—	(6,109)	3,721
Increase in investments held for trading		(1,142)	—	—
(Decrease) increase in trade and other payables		(87,869)	117,269	39,875
(Decrease) increase in amounts due to associates		(2,760)	2,104	(1,561)
Increase (decrease) in amount due to a joint venture		227	(227)	—
Increase (decrease) in amounts due to related companies		1,011	(1,991)	—
Cash generated from operations				
		83,021	44,520	4,744
Income tax paid		(8,403)	(14,873)	(13,923)
Net cash from (used in) operating activities				
		<u>74,618</u>	<u>29,647</u>	<u>(9,179)</u>

	NOTES	Year ended 31 December		
		2011	2012	2013
		HK\$'000	HK\$'000	HK\$'000
Investing activities				
Interest received		891	1,231	1,270
Purchase of property, plant and equipment		(13,201)	(7,372)	(12,882)
Advance made on loan receivables		(1,164)	(1,984)	(1,881)
Repayment from loan receivables		—	849	—
Advance to an associate		—	(388)	—
Repayment from associates		710	—	—
Advance to a joint venture		—	(153)	(707)
Advance to related companies		—	(1,034)	—
Repayment from related companies		11,069	14,809	—
Net cash from acquisition of subsidiaries	39	(55,602)	244	—
Net cash from disposal of subsidiaries	40	—	(79)	(1,116)
Withdrawal of pledged bank deposits		179	1,373	8,469
Placement of pledged bank deposits		(733)	(1,178)	(10,494)
Deposit paid for acquisition of an associate		(1,127)	—	—
Dividend received from a disposed associate		77	—	—
Proceeds of repayment of capital from an associate		142	—	—
Proceeds from disposal of an associate		12,500	—	—
Proceeds from disposal of property, plant and equipment		403	47	883
Net cash (used in) from investing activities		<u>(45,856)</u>	<u>6,365</u>	<u>(16,458)</u>
Financing activities				
(Decrease) increase in bank overdrafts		(3,105)	4,121	3,481
Increase in factoring loans		2,591	12,423	20,190
Interest paid		(3,086)	(3,521)	(4,757)
New bank loans obtained		—	14,082	164,031
Repayment of bank loans		(7,032)	(19,124)	(131,073)
Dividends paid to non-controlling interests of the subsidiaries		(7,769)	(57)	(362)
Dividends paid		—	—	(24,976)
Advance from directors		47,331	26,031	51,713
Repayment to directors		(31,751)	(47,463)	(48,708)
Advance from related companies		513	—	456
Repayment to related companies		(1,030)	(269)	—
Repayment of obligations under finance leases		(1,079)	(927)	(1,462)
Capital injection for set up of a subsidiary under common control		389	—	—
Capital injection from non-controlling shareholders		2	—	—
Proceeds on disposal of partial interest in a subsidiary without losing control		—	75	—

	<i>NOTES</i>	Year ended 31 December		
		2011	2012	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in) from financing activities		<u>(4,026)</u>	<u>(14,629)</u>	<u>28,533</u>
Net increase in cash and cash equivalents		24,736	21,383	2,896
Cash and cash equivalents at the beginning of the year		112,521	137,866	160,054
Effect of foreign exchange rate changes		<u>609</u>	<u>805</u>	<u>935</u>
Cash and cash equivalents at the end of the year		<u>137,866</u>	<u>160,054</u>	<u>163,885</u>
Analysis of the balances of cash and cash equivalents				
Bank balances and cash		<u>137,866</u>	<u>160,054</u>	<u>163,885</u>

NOTES TO THE FINANCIAL INFORMATION**1. CORPORATE REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION**

The Company was incorporated and registered as an exempted company with limited liability under the Companies Law in the Cayman Islands on 6 March 2013. The addresses of the office and the principle place of business of the Company are set out in section headed "Corporate Information" to the Prospectus.

Prior to the Corporate Reorganisation, except for Citynet, OT WW HK, OT SL HK and On Union HK, all other group entities are held directly or indirectly by either OT HK or OT BVI. Citynet, OT WW HK, OT SL HK, On Union HK, OT HK and OT BVI are ultimately collectively controlled by Mr. Lam Chun Chin, Spencer ("Mr. Lam") and Mr. Hartmut Ludwig Haenisch ("Mr. Haenisch") (collectively the "Ultimate Controlling Shareholders"). On 31 July 2013, as part of the Corporate Reorganisation, the Company acquired the entire equity interest in OT BVI by issue of 500,000 shares at HK\$0.1 each. On 31 March 2014, the Company acquired the entire equity interest in each of Citynet, OT WW HK, OT SL HK and On Union HK, through OT BVI, at a consideration equal to the net asset value of each of these companies. The consideration was satisfied by the issue of eight shares in the Company. On the same date, the Company acquired the entire equity interest in OT HK, through OT BVI, at a consideration equal to the net asset value of OT HK. The consideration was satisfied by the issue of 399,992 shares in the Company. Pursuant to the Corporate Reorganisation, the Company became the holding company of the companies now comprising the Group on 31 March 2014.

The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganisation is regarded as a continuing entity. The Group was and is under the control of the Ultimate Controlling Shareholders prior to and after the Corporate Reorganisation, and the control is not transitory.

The combined statements of profit or loss, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment or acquisition where this is a shorter period, except for the subsidiaries acquired by the Group and disposed by the Group during the Track Record Period as disclosed in note 39 and note 40 respectively, which are included in the Financial Information since the date of acquisition or up to date of disposal by the Group.

The combined statements of financial position of the Group as at 31 December 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence at the end of those reporting periods, except for the subsidiaries acquired by the Group and disposed by the Group during the Track Record Period as disclosed in note 39 and note 40 respectively, which are included in the Financial Information since the date of acquisition or up to date of disposal by the Group.

The results of subsidiaries acquired or disposed of (other than business combinations involving entities under common control) during the Track Record Period are included in the combined statements of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The Company acts as an investment holding company and its subsidiaries are principally engaged in freight transportation. The Financial Information is presented in Hong Kong dollar, which is the same as the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information of the Group for the Track Record Period, the Group has consistently adopted all Hong Kong Accounting Standards (“HKAS(s)”), HKFRS(s), amendments and interpretations (“HK(IFRIC)”) issued by HKICPA which are effective for the Group’s financial year beginning on 1 January 2013 throughout the Track Record Period.

At the date of this report, the HKICPA has issued the following new and revised standards, amendments and interpretation that are not yet effective. The Group has not early applied these standards, amendments or interpretation.

Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisitions of interests in Joint Operation ⁶
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁶
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HK(IFRIC) - Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exception.

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

⁶ Effective for annual periods beginning on or after 1 January 2016.

HKFRS 9 Financial instruments

HKFRS 9 “Financial instruments” (as issued in 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 “Financial instruments” (as revised in 2010) adds requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 will not have significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities based on an analysis of the Group’s financial instruments reported at the end of the Track Record Period.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group’s combined financial statements.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

For other new and revised standards, amendments or interpretations, the directors of the Company anticipate that their application will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis except for investment properties, certain property, plant and equipment and certain financial instruments that are measured at fair values or revalued amounts as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statements of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All the amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement", when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRS.

Merger accounting for business combination involving entities under common control

The Financial Information incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss and combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the combined statements of financial position. For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the Financial Information using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the combined statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture (which included any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in associates or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after assessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. The difference between the previous carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any

retained interest and any proceeds from disposing of a partial interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group' Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

Freight services income is recognised when services are rendered, the revenue from outbound services is recognised when the cargos are delivered to the carriers, and the revenue from inbound services is recognised upon the arrival of cargos.

General sales agency income is recognised when the services are rendered.

Logistics services income is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Management fee and information technology ("IT") service fee income are recognised when services are rendered.

Income from trademarks is recognised on a straight-line basis over the terms of the relevant agreement.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property, plant and equipment

Property, plant and equipment, other than leasehold land and buildings, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses if any.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Financial Information at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any revaluation increase arising on the revaluation of leasehold land and buildings is recognised in other comprehensive income and accumulated in the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of such leasehold land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued land and building is recognised in profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is recognised so as to write off the cost or revalued amount of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment property is property held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss ("FVTPL"), and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the "other gains and losses line item".

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan receivables, trade, bill and other receivables, amounts due from/loan to related parties, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to related companies, associates, directors, a joint venture and bank borrowings) are subsequently measured at amortised cost using effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to its fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Equity-settled share-based payment transactions with employees

Where equity instruments of the Company's subsidiary are sold to employees of the same subsidiary for a consideration below the fair value of the equity instruments at the time of the disposal, the excess of the fair value of the equity instruments disposed of over the consideration received is expensed in full at the grant date when the equity instruments vest immediately. The corresponding entry is recognised as an adjustment to non-controlling interest.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the combined statements of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate), if any.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGMENTS

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the following twelve months.

Estimated impairment losses on trade receivables

The Group makes impairment losses on trade receivables (note 24) based on the assessments of the recoverability of the outstanding balances. Impairment losses are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible or recoverable. The identification of impairment losses require the estimation of future cash flows. Where the expectation of the recoverability of the trade receivables is different from the original estimate, such difference will impact the carrying values of the trade receivables and impairment losses in the year in which such estimate has changed. As at 31 December 2011, 2012 and 2013, the carrying amounts of trade receivables are HK\$312,576,000, HK\$438,240,000 and HK\$549,476,000 (net of allowance for doubtful debts of HK\$2,627,000, HK\$4,396,000 and HK\$9,886,000), respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable

discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, 2012 and 2013, the carrying amount of goodwill is HK\$17,072,000, HK\$17,443,000 and HK\$18,111,000, respectively. Details of the recoverable amount calculation are disclosed in note 19.

Useful lives of intangible assets

Amortisation is provided to write off the cost of intangible assets over their estimated useful lives which are determined by the Group. The carrying amounts of the intangible assets as at 31 December 2011, 2012 and 2013 are HK\$25,656,000, HK\$23,592,000 and HK\$21,773,000. In applying the accounting policy on intangible assets with respect to amortisation, the directors of the Company estimate the useful life of intangible assets according to the industrial experiences over the revenue expectation and also by reference to the relevant industrial norm. Should the useful lives of these assets differ from that previously estimated, the calculation of amortisation would be affected.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the Company have to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 17, 18, 26 and 27 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see above), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied

in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debts, which includes the bank borrowings disclosed in note 35, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and retained profits.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets			
Held for trading investments	1,011	1,085	1,086
Derivative financial instruments	207	587	51
Loans and receivables (including cash and cash equivalents)	<u>488,566</u>	<u>654,302</u>	<u>775,937</u>
Financial liabilities			
Derivative financial instruments	1,463	—	—
Amortised cost	316,147	442,579	538,526
Obligations under finance leases	<u>3,025</u>	<u>2,036</u>	<u>1,617</u>

(b) Financial risk management objectives and policies

The Group's major financial instruments include held for trading investments, derivative financial instruments, loan receivables, trade and bills receivables, other receivables, amounts/loans due from (to) related parties, associate, joint ventures and directors, pledged bank deposits, bank balances, trade and other payables and bank borrowings. These risks include market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Market risk*Interest rate risk*

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on variable-rate pledge bank deposits, bank balances and bank borrowings which carry interest at prevailing market interest rates.

The Group is also exposed to fair value interest rate risk in relation to loan receivables.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management has closely monitored the interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Interest rate sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial years and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rate had been of 50 basis points higher/lower and all other variables held constant, the Group's post-tax profit would increase/decrease by HK\$119,000 and HK\$159,000 for the years ended 31 December 2011 and 2012 and would decrease/increase by HK\$70,000 for the year ended 31 December 2013.

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by closely reviewing the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities other than the respective group entities functional currencies at the end of each reporting period are as follows:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets			
United States dollars ("US\$")	172,140	251,864	289,061
Renminbi ("RMB")	15,340	13,626	25,820
Euro ("EUR")	28,366	8,129	7,751
Singapore dollars ("SGD")	230	247	81
Malaysian ringgit ("RM")	11	2	—
Indonesian rupiah ("IDR")	—	38	1,834
Canadian dollars ("CAD")	—	—	889
British pound sterling ("GBP")	309	162	—

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Liabilities			
US\$	22,222	41,285	21,539
RMB	457	815	2,537
EUR	2,177	3,151	3,425
SGD	95	236	—
RM	2	949	—
IDR	—	844	288
CAD	—	—	—
GBP	—	1,456	1,266

The carrying amounts of foreign currency denominated intra-group balances which have been eliminated in the Financial Information are as follows:

	Amount due to group entities		
	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	2,777	11,126	104,541
RMB	—	—	79,010
EUR	6,293	88,214	3,864

Currency risk sensitivity analysis

The Group entities are mainly exposed to the effect of fluctuation in US\$, RMB and EUR. The following table details the Group's sensitivity to a 10% increase and decrease in the functional currency of relevant group entities against US\$, RMB and EUR. 10% is the sensitivity rate used as it represents management's assessment of the reasonably possible change in foreign exchange rates. Since Hong Kong dollar is pegged to US\$, such foreign currency risk is minimal, and excluded from the calculation below.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 10% change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in profit where the functional currency of relevant group entities strengthens against the US\$, RMB and EUR. For a 10% weakening of the functional currency of relevant group entities, there would be an equal and opposite impact on the profit.

	Increase (decrease) in the profit		
	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$ impact	(4,973)	(5,422)	(1,278)
RMB impact	(1,021)	(977)	4,137
EUR impact	(1,677)	6,348	(34)

Price risk

The Group is exposed to price risk through its held for trading investments which are measured at fair value at the end of each reporting period.

If the market price of the held for trading investments had been 7% higher/lower while all other variables were held constant, the Group's profit after tax for the years ended 31 December 2011, 2012 and 2013 would increase/decrease by HK\$59,000, HK\$63,000 and HK\$63,000, respectively.

Other price risk

The Group entered into several structured forward contracts and currency option contract with a bank. The derivatives are not accounted for using hedge accounting. The Group is required to estimate the fair value of the foreign currency forward contracts at the end of the reporting period, which therefore exposed the Group to other price risk.

Forward exchange rate sensitivity analysis

The sensitivity analyses below has been determined based on the exposure to the Group's forward buying rate risk at the end of the reporting period. If the forward exchange rate of RMB strengthen 5% against US\$ while all other input variables of the valuation models were held constant, the Group's profit for the years ended 31 December 2011, 2012 and 2013 would decrease by approximately HK\$3,049,000, HK\$1,705,000 and nil, respectively.

If the forward exchange rate had been lower while all other input variables of the valuation models were held constant, the Group's profit for the years ended 31 December 2011, 2012 and 2013 would increase by approximately HK\$67,000, HK\$629,000 and nil respectively.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) *Credit risk*

As at the end of each reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

- the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 44.

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, loan receivables and amounts due from/loans to related parties, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers and geographical areas.

The loan receivables represent loans to an employee and an overseas agent. The management of the Group considers that the credit risk exposure is satisfactory as the employee is a senior management of a subsidiary and the overseas agent has long business relationship with the Group.

For the amounts due from related parties and loans to related parties, the management of the Group closely monitors the financial position and repayment status of the related parties, and considers that the credit risk exposure is satisfactory.

The credit risk on liquid funds is limited because the management of the Group considers that the counterparties are financially sound.

(iii) *Liquidity risk*

The Group's liquidity position is monitored closely by the management of the Group. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The Group relies on bank borrowings and advance from associate and related companies as significant sources of liquidity during the Track Record Period. The Group has available unutilised borrowing facilities of HK\$95,369,000, HK\$124,172,000 and HK\$46,987,000 as at 31 December 2011, 2012 and 2013, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of each reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of the derivative financial instruments.

	Weighted average effective interest rate %	On demand HK\$'000	Less than 6 month HK\$'000	6 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
31.12.2011							
Non-derivative financial liabilities							
Trade and other payables	—	16,783	192,263	—	1,119	210,165	210,165
Amount due to a joint venture	—	227	—	—	—	227	227
Amounts due to related companies	—	2,339	—	—	—	2,339	2,339
Amounts due to directors	—	6,127	—	—	—	6,127	6,127
Bank borrowings	3.04	97,289	—	—	—	97,289	97,289
Obligations under finance leases	3.96	—	611	569	2,099	3,279	3,025
Financial guarantee contract	—	—	1,874	—	—	1,874	—
		<u>122,765</u>	<u>194,748</u>	<u>569</u>	<u>3,218</u>	<u>321,300</u>	<u>319,172</u>
Derivative financial liabilities							
Foreign exchange Forward contracts		—	578	885	—	1,463	1,463
31.12.2012							
Non-derivative financial liabilities							
Trade and other payables	—	30,279	299,306	—	1,916	331,501	331,501
Amount due to an associate	—	2,104	—	—	—	2,104	2,104
Amounts due to related companies	—	79	—	—	—	79	79
Bank borrowings	3.04	108,895	—	—	—	108,895	108,895
Obligations under finance leases	3.99	—	467	467	1,276	2,210	2,036
Financial guarantee contract	—	—	1,342	—	—	1,342	—
		<u>141,357</u>	<u>301,115</u>	<u>467</u>	<u>3,192</u>	<u>446,131</u>	<u>444,615</u>

	Weighted average effective interest rate %	On demand HK\$'000	Less than 6 month HK\$'000	6 months to 1 year HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
31.12.2013							
Non-derivative financial liabilities							
Trade and other payables	—	35,666	333,802	—	1,565	371,033	371,033
Amount due to an associate	—	543	—	—	—	543	543
Amounts due to related companies	—	535	—	—	—	535	535
Amounts due to directors	—	969	—	—	—	969	969
Bank borrowings	3.23	165,446	—	—	—	165,446	165,446
Obligations under finance leases	2.66	—	472	172	1,131	1,775	1,617
Financial guarantee contract	—	—	916	—	—	916	—
		<u>203,159</u>	<u>335,190</u>	<u>172</u>	<u>2,696</u>	<u>541,217</u>	<u>540,143</u>

The amount included above for financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for bank borrowings are term loans from banks with a requirement on demand clause. The maturity analysis of the term loans based on agreed scheduled repayments set out in the loan agreements is summarised as follows. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors of the Company believe that the term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis - Term loans subject to a repayment on demand clause based on scheduled repayments				Carrying amount
	Less than 6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
As at 31 December 2011	<u>25,382</u>	<u>2,087</u>	<u>—</u>	<u>27,469</u>	<u>27,125</u>
As at 31 December 2012	<u>11,429</u>	<u>1,312</u>	<u>7,925</u>	<u>20,666</u>	<u>20,000</u>
As at 31 December 2013	<u>37,867</u>	<u>2,594</u>	<u>13,710</u>	<u>54,171</u>	<u>52,958</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those effective interest rates determined at the end of each reporting period.

As disclosed in note 44, as at 31 December 2011, 2012 and 2013, the Group has provided a corporate guarantee to bank in respect of banking facilities granted to a related company. The utilised guarantee provided by the Group in respect of banking facilities granted to the related company as at 31 December 2011, 2012 and 2013 are HK\$1,874,000, HK\$1,342,000 and HK\$916,000, respectively.

(c) Fair value measurements of financial instruments

Fair value measurements of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 and 2 based on the degree to which the fair value is observable.

	Level 1	Level 2	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2011			
Held for trading investments	1,011	—	1,011
Derivative financial instruments			
- assets	—	207	207
Derivative financial instruments			
- liabilities	<u>—</u>	<u>(1,463)</u>	<u>(1,463)</u>

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2012			
Held for trading investments	1,085	—	1,085
Derivative financial instruments			
- assets	<u>—</u>	<u>587</u>	<u>587</u>
At 31 December 2013			
Held for trading investments	1,086	—	1,086
Derivative financial instruments			
- assets	<u>—</u>	<u>51</u>	<u>51</u>

There were no transfers between Levels 1 and 2 during the Track Record Period.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)
Held for trading investments (see note 26)	Quoted investment fund of HK\$1,011,000, HK\$1,085,000 and HK\$1,086,000 as at 31 December 2011, 31 December 2012 and 31 December 2013, respectively	Level 1	Quoted market bid price
Derivative financial instruments (see note 27)	Foreign currency forward and option contracts of HK\$207,000, HK\$587,000 and HK\$51,000 as at 31 December 2011, 31 December 2012 and 31 December 2013, respectively	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflected the credit risk of various counterparties.

Financial liabilities	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)
Derivative financial instruments (see note 27)	Foreign currency forward and option contracts of HK\$1,463,000, as at 31 December 2011	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflected the credit risk of various counterparties.

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the combined financial statements approximate their fair values.

7. REVENUE

Revenue represents the amounts received and receivable for freight services income, less discounts and allowances during the Track Record Period.

8. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on five main operations:

- Air freight: this segment is related to freight forwarding by air.
- Ocean freight: this segment is related to freight forwarding by seas.
- General sales agency: this segment is related to agency services for freight forwarding income.
- Logistics: this segment is related to provide warehousing and package services.
- Others: this segment is related to freight forwarding by land and trucking services.

(a) Segment revenue and profit

	Segment revenue			Segment result		
	Year ended 31 December			Year ended 31 December		
	2011	2012	2013	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating and reportable segment						
Air freight	1,795,725	1,942,403	2,154,586	184,440	255,595	200,425
Ocean freight	444,571	606,421	897,240	66,100	54,922	127,242
General sales agency	3,680	4,271	3,593	2,840	3,292	1,511
Logistics	22,345	24,754	58,237	5,018	6,840	13,966
Others	53,546	56,037	47,634	2,684	8,909	11,509
Total	<u>2,319,867</u>	<u>2,633,886</u>	<u>3,161,290</u>	261,082	329,558	354,653
Share of profit (loss) of associates				56	(189)	(65)
Share of profit of joint ventures				791	463	408
Other income				3,053	3,019	4,818
Other gains or losses				(1,378)	(7,929)	(227)
Unallocated corporate expenses				(196,086)	(263,397)	(280,783)
Finance costs				<u>(3,086)</u>	<u>(3,521)</u>	<u>(4,757)</u>
Profit before taxation				<u>64,432</u>	<u>58,004</u>	<u>74,047</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Reportable segment profit represents the profit earned by each segment without allocation of other income, other gains or losses, share of profit (loss) of associates, share of profit of joint ventures, finance costs and unallocated corporate expenses (including depreciation, amortisation and impairment).

(b) Segment assets and liabilities

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

(c) Geographic information

The turnover by geographical market based on the location of operations:

	Turnover from external customers		
	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,200,072	1,328,844	1,398,665
PRC	407,414	406,874	435,308
Other Asian regions	481,609	499,825	525,908
The Netherlands	192,510	351,768	425,275
North America	<u>38,262</u>	<u>46,575</u>	<u>376,134</u>
	<u>2,319,867</u>	<u>2,633,886</u>	<u>3,161,290</u>

Information about the Group's non-current assets by geographical market based on location of operations:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	33,210	34,362	40,957
PRC	10,227	9,665	11,443
Other Asian regions	5,875	5,625	4,575
The Netherlands	47,217	46,186	44,677
North America	<u>115</u>	<u>114</u>	<u>2,269</u>
	<u>96,644</u>	<u>95,952</u>	<u>103,921</u>

Note: Non-current assets exclude interests in associates, interests in joint ventures, deposit paid for acquisition of an associate and deferred tax assets.

(d) Information about major customers

There was no customer who accounted for over 10% of the total revenue generated from the above segments during the Track Record Period.

9. OTHER INCOME

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Interest income on:			
— bank deposits	742	1,094	991
— loan to an associate	—	9	21
— loan receivables	149	128	258
Rental income	569	476	462
Management fee income	—	45	164
IT service income	418	—	137
Trademarks income	—	—	249
Write-down long outstanding payables	—	287	705
Sundry income	1,175	980	1,831
	<u>1,175</u>	<u>980</u>	<u>1,831</u>
Total	<u>3,053</u>	<u>3,019</u>	<u>4,818</u>

10. OTHER GAINS OR LOSSES

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Loss on disposal of subsidiaries (<i>note 40</i>)	—	(1,800)	(14)
Loss on disposal of property, plant and equipment	(30)	(970)	(355)
Provision of impairment loss on interest in an associate	—	(448)	—
Gain on disposal of an associate (<i>note 21</i>)	6,013	—	—
Gain on bargain purchase (<i>note 39</i>)	—	76	—
(Loss) gain arising from changes in fair value of held for trading investments	(131)	74	1
Income from derivative financial instruments	557	1,218	786
(Loss) gain arising from changes in fair value of derivative financial instruments	(1,256)	1,843	(536)
Fair value gain on investment properties	477	1,056	456
Impairment loss on goodwill	—	(24)	—
Net foreign exchange loss	(6,975)	(6,333)	(565)
Others (<i>note</i>)	(33)	(2,621)	—
	<u>(1,378)</u>	<u>(7,929)</u>	<u>(227)</u>

Note: Included in others for the year ended 31 December 2012 is an amount of HK\$2,639,000 which represents settlement with customers for the goods damaged in the course of delivery in previous years.

11. FINANCE COSTS

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on			
— bank borrowings wholly repayable within five years	2,941	3,473	4,670
— obligations under finance leases	<u>145</u>	<u>48</u>	<u>87</u>
	<u>3,086</u>	<u>3,521</u>	<u>4,757</u>

12. INCOME TAX EXPENSE

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:			
— Hong Kong Profits Tax	3,759	6,369	4,928
— Enterprise Income Tax in the PRC	185	161	3,489
— Dutch Corporate Income Tax	3,139	4,374	5,043
— Indonesian Corporate Income Tax	1,055	630	318
— Vietnam Corporate Income Tax	966	800	1,403
— Other jurisdictions	<u>1,254</u>	<u>1,681</u>	<u>2,312</u>
	<u>10,358</u>	<u>14,015</u>	<u>17,493</u>
(Over)underprovision in respect of prior years			
— Vietnam Corporate Income Tax	—	102	(194)
— Other jurisdictions	<u>(31)</u>	<u>(4)</u>	<u>85</u>
	<u>(31)</u>	<u>98</u>	<u>(109)</u>
Deferred taxation (<i>note 36</i>)	<u>(41)</u>	<u>(382)</u>	<u>1,688</u>
	<u>10,286</u>	<u>13,731</u>	<u>19,072</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the Track Record Period.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC subsidiary of the Group is taxed at 25% during the Track Record Period.

Dutch Corporate Income Tax rates are progressive tax rates. The corporate income tax charge has been calculated at the tax rate between 20.0% to 25.5% during the Track Record Period.

Indonesian Corporate Income Tax is calculated at 25% of the estimated assessable profit during the Track Record Period.

The Corporate Income Tax in Vietnam is calculated at 20% of the estimated assessable profit. Additionally, being a small and medium enterprise, the Vietnamese subsidiary is entitled to a 30% reduction in Corporate Income Tax during the Track Record Period, in accordance with the Vietnamese laws.

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Details of the deferred taxation are set out in note 36.

The tax charge for the year can be reconciled to the profit before taxation as follows:

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Profit before taxation	64,432	58,004	74,047
Tax at the Hong Kong Profits Tax rate of 16.5%	10,631	9,571	12,218
Tax effect of expenses not deductible for tax purposes	1,359	2,333	2,870
Tax effect of income not taxable for tax purposes	(5,046)	(759)	(1,068)
Tax effect of share of results of associates	(9)	31	11
Tax effect of share of results of joint ventures	(130)	(76)	(67)
Effect on tax exemption granted	(284)	(357)	(375)
Tax effect of tax losses not recognised	1,550	233	1,014
Utilisation of tax losses previously not recognised	—	(439)	(1,068)
(Over)underprovision in respect of prior years	(31)	98	(109)
Tax effect of deductible temporary differences not recognised	434	64	73
Effect of different tax rates of group entities operating in different jurisdictions other than Hong Kong	1,305	2,057	3,637
Withholding tax on undistributed earnings	298	601	1,927
Withholding tax upon dividend declared	—	219	—
Others	209	155	9
	<u>10,286</u>	<u>13,731</u>	<u>19,072</u>
Tax charge for the year	<u>10,286</u>	<u>13,731</u>	<u>19,072</u>

13. PROFIT FOR THE YEAR

Profit for the year have been arrived at after charging (crediting):

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging (crediting):			
Auditors' remuneration	3,436	4,381	4,407
Depreciation of property, plant and equipment	7,896	8,507	9,516
Amortisation of intangible assets	1,384	2,544	2,629
Impairment loss on trade receivables recognised	3,807	5,287	7,479
Reversal of impairment loss on trade receivables	(69)	(628)	(1,430)
Operating lease rentals in respect of rented premises and motor vehicles	20,640	28,644	38,003
Staff costs			
Directors' emoluments (note 14)	4,742	4,775	4,418
Other staff costs			
Staff costs excluding retirement benefit contributions	145,060	169,752	216,240
Retirement benefit contributions	12,444	17,339	18,035
Total staff costs	<u>162,246</u>	<u>191,866</u>	<u>238,693</u>
Gross rental income from investment properties	569	476	462
Less: outgoings incurred which did not generate rental income	<u>(105)</u>	<u>(32)</u>	<u>(45)</u>
	<u>464</u>	<u>444</u>	<u>417</u>

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Directors' fees	—	—	—
Other emoluments for non-executive directors and independent non-executive directors	—	—	—
Other emoluments for executive directors			
— basic salary and allowances	1,498	1,528	1,652
— performance bonus (<i>note</i>)	2,200	2,200	1,703
— director's quarter	1,020	1,020	1,020
— retirement benefit contributions	24	27	43
	<u>4,742</u>	<u>4,775</u>	<u>4,418</u>

Note: The amounts are discretionary bonus which is determined based on individual performance.

	Directors' fees	Basic salaries and allowances	Performance Bonus	Director's quarter	Retirement benefit contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Year ended 31 December 2011</u>						
Name of director						
Mr. Lam	—	338	1,200	1,020	12	2,570
Mr. Haenisch	—	1,160	1,000	—	12	2,172
	<u>—</u>	<u>1,498</u>	<u>2,200</u>	<u>1,020</u>	<u>24</u>	<u>4,742</u>
<u>Year ended 31 December 2012</u>						
Name of director						
Mr. Lam	—	358	1,200	1,020	13	2,591
Mr. Haenisch	—	1,170	1,000	—	14	2,184
	<u>—</u>	<u>1,528</u>	<u>2,200</u>	<u>1,020</u>	<u>27</u>	<u>4,775</u>

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	Directors' fees	Basic salaries and allowances	Performance Bonus	Director's quarter	Retirement benefit contributions	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Year ended 31 December 2013</u>						
Name of director						
Mr. Lam	—	358	940	1,020	13	2,331
Mr. Haenisch	—	1,170	700	—	15	1,885
Mr. Dennis Ronald de Wit	—	63	34	—	13	110
Ms. Cheung Ching Wa, Camy ("Ms. Cheung")	—	32	19	—	1	52
Ms. Wong Pui Wah ("Ms. Wong")	—	29	10	—	1	40
	—	1,652	1,703	1,020	43	4,418

Mr. Lam is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

Employees' emoluments
Five highest paid individuals

The five highest paid individuals included 2 directors for the each of the three years ended 31 December 2013. The emoluments of the remaining 3 highest paid individuals for each of the three years ended 31 December 2013 are as follows:

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Employees			
— basic salaries and allowances	2,624	3,678	6,157
— bonus	1,341	1,912	996
— retirement benefit contributions	185	430	402
	4,150	6,020	7,555

Their emoluments were within the following bands:

	Year ended 31 December		
	2011	2012	2013
Below HK\$1,000,001	—	—	—
HK\$1,000,001 to HK\$1,500,000	2	—	—
HK\$1,500,001 to HK\$2,000,000	1	2	—
HK\$2,000,001 to HK\$2,500,000	—	—	2
HK\$2,500,001 to HK\$3,000,000	—	1	—
HK\$3,000,001 to HK\$3,500,000	—	—	1

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the Track Record Period.

During the year ended 31 December 2013, the Group paid management fees of HK4,309,000 to two companies for management services rendered by two of the highest paid individuals who have beneficial interest in the companies. Such management fees have been included in administrative expenses and disclosed as employees' emoluments in the table above.

15. DIVIDEND

During the year ended 31 December 2011 and 2012, no dividends were paid to its shareholders.

During the year ended 31 December 2013, dividend amounting to HK\$24,976,000 was declared by OT HK. The rate of dividend and the number of shares are not presented as such information is not meaningful having regard to the purpose of this report.

16. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion for the purpose of this report is not considered meaningful with regard to the Corporate Reorganisation and the results for the Track Record Period that is on a combined basis as set out in note 1.

17. INVESTMENT PROPERTIES

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	5,328	6,027	7,117
Net increase in fair value recognised in profit or loss	477	1,056	456
Exchange realignment	<u>222</u>	<u>34</u>	<u>236</u>
At the end of the year	<u><u>6,027</u></u>	<u><u>7,117</u></u>	<u><u>7,809</u></u>

The fair value of the Group's investment properties situated outside of Hong Kong at 31 December 2011, 2012 and 2013 have been arrived at on the basis of a valuation carried out on the respective dates by RHL Appraisal Limited, independent qualified professional valuers not connected with the Group. The directors of RHL Appraisal Limited are members of the Hong Kong Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values of the investment properties were determined by using the direct comparison approach with reference to the recent transaction prices for similar properties as available, adjusted for differences in the nature, location and conditions of the subject properties. There has been no change to the valuation technique during the Track Record Period.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

Key unobservable inputs used in valuing the investment properties were the market unit sales rate and level adjustment on individual floor of the investment properties. An increase in the market unit sales rate used would result in an increase in the fair value measurement of the investment properties, and vice versa. An increase in the level adjustment on individual floor of the investment properties used would result in an increase in the fair value measurement of the investment properties, and vice versa.

Another key input used in valuing the investment properties was the discount rates, which ranged from 5% to 15%. A slight increase in the discount rate used would result in a slight decrease in fair value measurement of the investment properties, and vice versa.

The fair value hierarchy of these investment properties are categorised into level 3 and there were no transfers into or out of Level 3 during the Track Record Period.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Computer equipment	Furniture and equipment	Leasehold improvements	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST OR VALUATION						
At 1 January 2011	12,613	13,629	8,770	9,895	5,796	50,703
Additions	4,611	5,075	1,280	1,372	1,661	13,999
Acquisition of subsidiaries (note 39)	—	1,297	3,957	—	256	5,510
Revaluation	599	—	—	—	—	599
Disposals	—	(1,232)	(116)	(46)	(1,107)	(2,501)
Exchange realignment	575	(505)	(897)	58	(89)	(858)
At 31 December 2011	18,398	18,264	12,994	11,279	6,517	67,452
Additions	—	3,014	2,940	1,753	530	8,237
Acquisition of subsidiaries (note 39)	—	45	29	13	32	119
Revaluation	2,478	—	—	—	—	2,478
Disposals	—	(511)	(243)	(1,980)	(92)	(2,826)
Release of asset under finance leases	—	—	(1,230)	—	—	(1,230)
Eliminated upon disposal of a subsidiary (note 40)	—	—	(313)	(29)	(28)	(370)
Exchange realignment	106	107	246	46	78	583
At 31 December 2012	20,982	20,919	14,423	11,082	7,037	74,443
Additions	—	8,020	1,972	2,723	1,246	13,961
Revaluation	2,130	—	—	—	—	2,130
Disposals	—	(2,827)	(573)	(780)	(1,877)	(6,057)
Exchange realignment	696	133	196	76	(3)	1,098
At 31 December 2013	23,808	26,245	16,018	13,101	6,403	85,575
Comprising:						
31 December 2011						
At cost	—	18,264	12,994	11,279	6,517	49,054
At valuation	18,398	—	—	—	—	18,398
	18,398	18,264	12,994	11,279	6,517	67,452
Comprising:						
31 December 2012						
At cost	—	20,919	14,423	11,082	7,037	53,461
At valuation	20,982	—	—	—	—	20,982
	20,982	20,919	14,423	11,082	7,037	74,443

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	Leasehold land and buildings	Computer equipment	Furniture and equipment	Leasehold improvements	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Comprising:						
31 December 2013						
At cost	—	26,245	16,018	13,101	6,403	61,767
At valuation	<u>23,808</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>23,808</u>
	<u>23,808</u>	<u>26,245</u>	<u>16,018</u>	<u>13,101</u>	<u>6,403</u>	<u>85,575</u>
DEPRECIATION						
At 1 January 2011	—	7,890	4,207	4,962	2,333	19,392
Charge for the year	405	2,920	1,850	1,530	1,191	7,896
Elimination on revaluation	(411)	—	—	—	—	(411)
Eliminated on disposals	—	(1,062)	(113)	(46)	(847)	(2,068)
Exchange alignment	<u>6</u>	<u>(383)</u>	<u>(494)</u>	<u>23</u>	<u>(64)</u>	<u>(912)</u>
At 31 December 2011	—	9,365	5,450	6,469	2,613	23,897
Charge for the year	507	3,236	2,099	1,540	1,125	8,507
Elimination on revaluation	(507)	—	—	—	—	(507)
Eliminated on disposals	—	(432)	(230)	(1,101)	(46)	(1,809)
Release of asset under finance leases	—	—	(256)	—	—	(256)
Elimination upon disposal of subsidiary (<i>note 40</i>)	—	—	(123)	(11)	(5)	(139)
Exchange realignment	<u>—</u>	<u>47</u>	<u>127</u>	<u>22</u>	<u>32</u>	<u>228</u>
At 31 December 2012	—	12,216	7,067	6,919	3,719	29,921
Charge for the year	597	3,744	2,224	1,727	1,224	9,516
Elimination on revaluation	(605)	—	—	—	—	(605)
Eliminated on disposals	—	(2,515)	(412)	(528)	(1,364)	(4,819)
Exchange realignment	<u>8</u>	<u>86</u>	<u>122</u>	<u>30</u>	<u>23</u>	<u>269</u>
At 31 December 2013	<u>—</u>	<u>13,531</u>	<u>9,001</u>	<u>8,148</u>	<u>3,602</u>	<u>34,282</u>
CARRYING VALUES						
At 31 December 2011	<u>18,398</u>	<u>8,899</u>	<u>7,544</u>	<u>4,810</u>	<u>3,904</u>	<u>43,555</u>
At 31 December 2012	<u>20,982</u>	<u>8,703</u>	<u>7,356</u>	<u>4,163</u>	<u>3,318</u>	<u>44,522</u>
At 31 December 2013	<u>23,808</u>	<u>12,714</u>	<u>7,017</u>	<u>4,953</u>	<u>2,801</u>	<u>51,293</u>

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Leasehold land and buildings	Over the term of the lease
Computer equipment	20%
Furniture and equipment	20%
Leasehold improvements	5 years or over the term of the lease if shorter
Motor vehicles	20%

Fair value measurement of the Group's leasehold land and building

The Group's leasehold land and buildings were valued on 31 December 2011, 2012 and 2013 by RHL Appraisal Limited, independent qualified professional valuers not connected with the Group. The directors of RHL Appraisal Limited are members of the Hong Kong Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values of the leasehold land and buildings were determined by using the direct comparison approach with reference to the recent transaction prices for similar properties as available. There has been no change to the valuation technique during the Track Record Period.

All leasehold land and buildings are situated in the Mainland China under medium-term leases. As the cost of the leasehold land and buildings cannot be allocated reliably between the lease payments for the land portion and the cost of the building, leasehold land which qualifies for finance lease classification is included with the building element in property, plant and equipment.

In estimating the fair value of the leasehold land and building, the highest and best use of the leasehold land and building is their current use.

Key unobservable inputs used in valuing the leasehold land and building were the market unit sales rate and level adjustment on individual floor. An increase in the market unit sales rate used would result in an increase in the fair value measurement of the leasehold land and building and vice versa. An increase in the level adjustment on individual floor of the leasehold land and building used would result in an increase in the fair value measurement of the leasehold land and building, and vice versa.

Another key input used in valuing the leasehold land and building was the discount rates, which ranged from 5% to 15%. A slight increase in the discount rate used would result in a slight decrease in fair value measurement of the leasehold land and building, and vice versa.

The fair value hierarchy of these leasehold land and building are categorised into level 3 and there were no transfers into or out of Level 3 during the Track Record Period.

If leasehold land and buildings of the Group had not been revalued, they would have been included on a historical cost basis at the following amounts:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Cost	13,028	13,119	13,275
Accumulated depreciation	<u>(702)</u>	<u>(1,053)</u>	<u>(1,407)</u>
Carrying value	<u>12,326</u>	<u>12,066</u>	<u>11,868</u>

The carrying values of property, plant and equipment at the end of each reporting period in respect of assets held under finance leases are:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Motor vehicles	1,680	1,261	1,671
Furniture and equipment	<u>1,356</u>	<u>620</u>	<u>194</u>
	<u>3,036</u>	<u>1,881</u>	<u>1,865</u>

19. GOODWILL

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	—	17,072	17,443
Acquisition of subsidiaries (<i>note 39</i>)	18,998	24	—
Impairment loss on goodwill	—	(24)	—
Exchange realignment	<u>(1,926)</u>	<u>371</u>	<u>668</u>
At the end of the year	<u>17,072</u>	<u>17,443</u>	<u>18,111</u>

Goodwill arising on the acquisition of OTX Logistics Holland and its subsidiaries (“OTX Logistics Holland Group”) and Sun Logistics are detailed in note 39. The OTX Logistics Holland Group and Sun Logistics are engaged in the provision of freight forwarding services in the Netherlands and Hong Kong. The carrying value of goodwill with indefinite useful lives has been

allocated to the business of OTX Logistics Holland Group and Sun Logistics as a whole. The management of the Group considers that OTX Logistics Holland Group and Sun Logistics are two cash generating units ("CGU") for the purpose of impairment testing.

In order to assess potential impairment of goodwill, the Group performs an assessment of OTX Logistics Holland Group's and Sun Logistics's carrying value at the end of each reporting period, and the management of the Group considers that there is impairment of goodwill arising from the acquisition of Sun Logistics amounting to HK\$24,000 for the year ended 31 December 2012.

The recoverable amount of the CGU of OXT Logistics Holland Group has been determined on the basis of value in use calculation. The value in use calculation uses cash flow projections which are based on recent financial budgets covering a 5-year period and discount rate of 17.74%. Cash flows beyond the 5-year period have been extrapolated using zero growth rate. The key assumptions are budgeted gross margin based on the past performance and the Group's expectation for the market development.

20. INTANGIBLE ASSETS

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
COST			
At the beginning of the year	—	26,939	27,524
Acquisition of subsidiaries (<i>note 39</i>)	29,980	—	—
Exchange realignment	(3,041)	585	1,053
	<u>26,939</u>	<u>27,524</u>	<u>28,577</u>
At the end of the year	<u>26,939</u>	<u>27,524</u>	<u>28,577</u>
AMORTISATION			
At the beginning of the year	—	1,283	3,932
Charge for the year	1,384	2,544	2,629
Exchange realignment	(101)	105	243
	<u>1,283</u>	<u>3,932</u>	<u>6,804</u>
At the end of the year	<u>1,283</u>	<u>3,932</u>	<u>6,804</u>
CARRYING VALUES	<u><u>25,656</u></u>	<u><u>23,592</u></u>	<u><u>21,773</u></u>

Intangible assets with definite useful lives represent the carrying amounts of the customer list arising on the acquisition of OTX Logistics Holland Group as detailed in note 39. The costs of intangible assets are amortised over the estimated useful lives of ten years.

The carrying values of the Group's intangible assets at the acquisition date has been determined by management of the Company by reference to industry norm and income potential by the customers on the list.

21. INTERESTS IN ASSOCIATES

	At 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Cost of investments, unlisted	355	798	798
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	(129)	(228)	(289)
Impairment loss recognised	—	(448)	(448)
	226	122	61

Particulars of associates at the end of each reporting period are as follows:

Name of entity	Place/ country of incorporation/ operation	Class of issued capital shares	Proportion of nominal value of held indirectly held by the Company			Principal activity
			31 December			
			2011	2012	2013	
C&F Express (<i>note 1</i>)	Hong Kong	Ordinary	35%	N/A	N/A	Inactive
C&F Malaysia (<i>note 2</i>)	Malaysia	Ordinary	32%	N/A	N/A	Inactive
Fashion Care Logistics B.V. (<i>note 3</i>)	The Netherlands	Ordinary	25%	25%	25%	Inactive
On Time Worldwide Logistics Limited (formerly known as Connecting Continents Logistics Ltd.) (<i>note 4</i>)	Bangladesh	Ordinary	N/A	49%	49%	Provision of freight forwarding services

Notes:

1. C&F Express was deregistered in February 2012.
2. On 7 September 2012, the Group has acquired the remaining interest of 68% interest in C&F Malaysia at a consideration of RM147,465 (equivalent to HK\$368,000). As a result, C&F Malaysia became an indirect wholly-owned subsidiary of the Company.

3. Fashion Care Logistics B.V. is an associate of OTX Logistics Holland which was acquired by the Group during 2011.
4. On 29 February 2012, the Group acquired 49% of the issued share capital of On Time Worldwide Logistics Limited ("OT Bangladesh"), which was incorporated on 13 December 2010, for a consideration of Taka6,860,000 (equivalent to HK\$736,000). As a result, OT Bangladesh became an associate of the Group. Included in the cost of investment is goodwill of HK\$448,000 arising on such acquisition. Goodwill was fully impaired.

Aggregate financial information of associates that is not individually material:

	Years ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group's share of profit (loss) of associates for the year	<u>56</u>	<u>(189)</u>	<u>(65)</u>
The Group's share of other comprehensive (expense) income of associates for the year	<u>(5)</u>	<u>5</u>	<u>4</u>
The Group's share of total comprehensive income (expense)	<u>51</u>	<u>(184)</u>	<u>(61)</u>
Aggregate carrying amount of the Group's interests in associates	<u>226</u>	<u>122</u>	<u>61</u>

Unrecognised share of losses of an associate

	Years ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The unrecognised share of loss of an associate for the year	<u>—</u>	<u>—</u>	<u>200</u>
	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cumulative unrecognised share of losses of an associate for the year	<u>—</u>	<u>—</u>	<u>200</u>

22. INTERESTS IN JOINT VENTURES

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investments, unlisted	2,880	2,880	2,880
Share of post-acquisition profits and other comprehensive income, net of dividends received	<u>207</u>	<u>752</u>	<u>1,313</u>
	<u>3,087</u>	<u>3,632</u>	<u>4,193</u>

Particulars of the joint ventures at the end of each reporting period are as follows:

Name of entity	Place/ country of incorporation/ operation	Class of issued capital shares	Proportion of nominal value of held indirectly held by the Company			Principal activity
			31 December			
			2011	2012	2013	
On Time Worldwide Express B.V.	The Netherlands	Ordinary	50%	50%	50%	Inactive
OTX Logistics Rotterdam B.V. (note)	The Netherlands	Ordinary	37.5%	37.5%	37.5%	Provision of freight forwarding services

Note: OTX Logistics Rotterdam B.V. is a joint venture of OTX Logistics Holland which was acquired by the Group during 2011.

Aggregate financial information of the joint ventures that is not individually material:

	Years ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group's share of profit	<u>791</u>	<u>463</u>	<u>408</u>
The Group's share of other comprehensive (expense) income	<u>(324)</u>	<u>82</u>	<u>153</u>
The Group's share of total comprehensive income	<u>467</u>	<u>545</u>	<u>561</u>
Aggregate carrying amount of the Group's interest in joint ventures	<u>3,087</u>	<u>3,632</u>	<u>4,193</u>

There are no unrecognised share of losses of the joint ventures during the Track Record Period.

23. LOAN RECEIVABLES

	At 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Fixed-rate loan receivables	3,599	4,734	6,615
Interest-free loan receivables	<u>350</u>	<u>350</u>	<u>350</u>
	<u>3,949</u>	<u>5,084</u>	<u>6,965</u>
Analysed as:			
— current	—	1,984	2,131
— non-current	<u>3,949</u>	<u>3,100</u>	<u>4,834</u>
	<u>3,949</u>	<u>5,084</u>	<u>6,965</u>

Included in the loan receivables of HK\$3,949,000, HK\$3,100,000 and HK\$4,834,000 as at 31 December 2011, 2012 and 2013 respectively are not expected to be receivable within the next twelve months from the end of the reporting period and are therefore shown as non-current. The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's fixed-rate loan receivables for each of the three years ended 31 December 2013 are from 2.75% to 5.00%, 1.75% to 5.00% and 2.75% to 5.5% per annum, respectively. All loan receivables are unsecured.

The balances are denominated in the following currencies other than the functional currencies of respective group entities:

	At 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
RMB	3,599	2,750	3,997
EUR	<u>—</u>	<u>1,984</u>	<u>2,131</u>

24. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	315,203	442,636	559,362
Less: allowance for doubtful debts	<u>(2,627)</u>	<u>(4,396)</u>	<u>(9,886)</u>
	312,576	438,240	549,476
Bills receivable	<u>—</u>	<u>—</u>	<u>405</u>
	<u>312,576</u>	<u>438,240</u>	<u>549,881</u>
Analysed as:			
— current	312,191	438,062	549,780
— non-current	<u>385</u>	<u>178</u>	<u>101</u>
	<u>312,576</u>	<u>438,240</u>	<u>549,881</u>

The Group allows an average credit period of 30 days to its trade customers with the exception of a trade customer where the credit period of 52 months is granted under a debt restructuring arrangement. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts, based on the invoice date, which approximate the respective revenue recognition dates, at the end of each reporting period:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	168,247	213,049	265,282
31 - 60 days	100,616	142,307	184,993
61 - 90 days	22,480	40,924	60,761
91 - 180 days	13,496	21,267	26,709
Over 180 days	<u>7,737</u>	<u>20,693</u>	<u>12,136</u>
	<u>312,576</u>	<u>438,240</u>	<u>549,881</u>

The Group has not provided any allowance of doubtful debts for the following trade receivables which are past due but not impaired because the management of the Group considers that those receivables are recoverable based on the good payment record of the customers.

Aging of trade and bills receivables which are past due but not impaired:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue			
0 - 30 days	100,616	142,307	184,993
31 - 60 days	22,480	40,924	60,761
61 - 150 days	13,496	21,267	26,709
Over 150 days	<u>7,737</u>	<u>20,693</u>	<u>12,136</u>
	<u>144,329</u>	<u>225,191</u>	<u>284,599</u>

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period and considers to make impairment losses for irrecoverable amount, if necessary.

Movements in the allowance for doubtful debts on trade receivables are as follows:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at the beginning of the year	1,903	2,627	4,396
Impairment losses recognised	3,807	5,287	7,479
Amounts written off	(2,831)	(2,967)	(637)
Reversal of impairment losses	(69)	(628)	(1,430)
Exchange realignment	<u>(183)</u>	<u>77</u>	<u>78</u>
Balance at the end of the year	<u>2,627</u>	<u>4,396</u>	<u>9,886</u>

As at 31 December 2011, 2012 and 2013, included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$2,627,000, HK\$4,396,000 and HK\$9,886,000 respectively, which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

At the end of each reporting period, other receivables, deposits and prepayments are as follows:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Club debenture	502	513	320
Other deposits	11,165	12,119	15,217
Other receivables	14,983	23,669	31,124
Other tax receivables	48	1,562	1,539
Prepayments	4,794	11,015	15,590
Rental deposits	<u>2,930</u>	<u>4,412</u>	<u>5,738</u>
	<u>34,422</u>	<u>53,290</u>	<u>69,528</u>

Included in other receivables are receivables relating to services rendered but not yet billed to customers of HK\$12,029,000, HK\$19,226,000 and HK\$29,037,000 at 31 December 2011, 2012 and 2013, respectively.

The following is an aged analysis of unbilled trade receivable by the date of services rendered:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	<u>12,029</u>	<u>19,226</u>	<u>29,037</u>

The trade, bills and other receivables balances are denominated in the following currencies other than the functional currency of respective group entities:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
US\$	125,365	200,427	235,622
RMB	11,281	10,359	21,450
EUR	15,425	4,479	3,089
SGD	100	41	22
RM	4	—	—
IDR	—	38	1,651
GBP	—	104	—

Transfers of financial assets

The following were the Group's trade receivables as at 31 December 2011, 2012 and 2013 that were transferred to banks by factoring those trade receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as secured factoring loans (see note 35).

These trade receivables are carried at amortised cost in the Group's combined statements of financial position.

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Carrying amount of transferred assets	75,114	94,501	118,737
Carrying amount of associated liabilities	<u>60,545</u>	<u>75,114</u>	<u>95,225</u>
Net position	<u>14,569</u>	<u>19,387</u>	<u>23,512</u>

25. DEPOSIT PAID FOR ACQUISITION OF AN ASSOCIATE

The amount represents deposit paid for acquisition of 49% equity interest of OT Bangladesh from independent third parties. The acquisition was completed on 29 February 2012.

26. HELD FOR TRADING INVESTMENTS

Held for trading investments represent the investments in a quoted unlisted investment fund which is denominated in US\$. The fair value of the investment fund is determined with reference to the quoted market bid price.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Derivative financial instruments			
- assets	207	587	51
- liabilities	<u>(1,463)</u>	<u>—</u>	<u>—</u>

During the year ended 31 December 2011, 2012 and 2013, the Group entered into structured forward contracts and currency option contract with a bank. These derivatives are not accounted for using hedge accounting. The contracts are subject to net settlement at maturity date and are measured at fair value at the end of each reporting period.

The major terms of the derivative financial instruments as at 31 December 2011, 2012 and 2013 are as follow:

Structured forward contracts

	Notional amount 1	Notional amount 2	Forward rate	Settlement date	Note
1.	US\$500,000	US\$1,000,000	RMB6.51/US\$ and RMB6.46/US\$	Specified date in each month between 1 January 2012 to 21 June 2013	This contract is outstanding as at 31 December 2011 and 31 December 2012
2.	US\$500,000	US\$1,000,000	RMB6.50/US\$ and RMB6.42/US\$	Specified date in each month between 5 January 2012 to 6 January 2014	This contract is outstanding as at 31 December 2012 and 2013

Currency option contract

	Notional amount	Forward rate	Settlement date	Note
3.	RMB6,820,000	RMB6.82/US\$	Specified date in each month between 1 January 2012 to 28 September 2012	This contract is outstanding as at 31 December 2011

The fair values of foreign currency forward contracts are measured at the present value of future cash flows estimated using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The derivative financial instruments are denominated in US\$, which is other than the functional currencies of the relevant group entities.

28. LOAN TO AN ASSOCIATE/AMOUNT DUE TO AN ASSOCIATE

The loan to an associate, OT Bangladesh, is unsecured, repayable on demand and carries interest at 5.5% per annum.

The loan to an associate is denominated in the following currency other than the functional currencies of respective group entity:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	—	388	388

The amount due to an associate as at 31 December 2011, 2012 and 2013 is trade related and is denominated in US\$. The following is an aged analysis of trade balance due to an associate, based on the invoice date at the end of each reporting period:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 60 days	—	2,104	543

Trade balance due to an associate is unsecured and interest-free. The credit period granted by the associate to the Group is within 30 days.

29. AMOUNTS DUE FROM (TO) JOINT VENTURES

Other than set out below, the amounts due from joint ventures are non-trade related. The non-trade balances are unsecured, interest-free, and repayable on demand.

The Group allows average credit period of 30 days to its trade balances due from joint ventures and the balances are unsecured and interest-free. The following is an aged analysis of trade balances due from joint ventures, based on invoice date which approximates the respective revenue recognition date, at the end of each reporting period:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	—	4,432	2,250
31-60 days	—	1,677	98
61-90 days	—	—	40
	<u>—</u>	<u>6,109</u>	<u>2,388</u>

Aging of trade balances due from joint ventures which are past due but not impaired:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue			
0-30 days	—	1,677	98
31-60 days	—	—	40
	<u>—</u>	<u>1,677</u>	<u>128</u>

The Group has not provided any allowance for doubtful debts for the joint ventures as the management of the Group considers that those receivables are recoverable based on the good payment record of the joint ventures.

The balances due from joint ventures are denominated in the following currencies other than the functional currency of respective group entity:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	—	5,140	2,369
EUR	—	153	—
	<u>—</u>	<u>5,293</u>	<u>2,369</u>

The amount due to a joint venture as at 31 December 2011 is trade related. The following is an aged analysis of trade balances due to a joint venture, based on the invoice date at the end of each reporting period:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0-60 days	<u>227</u>	<u>—</u>	<u>—</u>

Trade balance due to a joint venture is unsecured and interest-free. The credit period granted by the joint venture to the Group is within 30 days.

The balance due to a joint venture is denominated in the functional currency of respective group entity.

30. AMOUNTS DUE FROM (TO) DIRECTORS

The balances due from directors as disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	At 31 December			Maximum amount outstanding during the year ended 31 December		
	2011	2012	2013	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. Lam	—	11,201	6,319	3,759	12,769	23,762
Mr. Haenisch	<u>1,642</u>	<u>5,746</u>	<u>8,692</u>	<u>12,120</u>	<u>6,721</u>	<u>17,488</u>
	<u>1,642</u>	<u>16,947</u>	<u>15,011</u>			

The amounts due to directors are as follows:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. Lam	6,127	—	—
Ms. Cheung	—	—	945
Ms. Wong	—	—	24
	<u>6,127</u>	<u>—</u>	<u>969</u>

The amounts due from (to) directors are non-trade, unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, the amounts will be settled before the listing of the Company.

All the balances due from (to) directors are denominated in the functional currency of respective group entities.

31. AMOUNTS DUE FROM (TO) RELATED COMPANIES/LOANS TO RELATED COMPANIES

Current accounts and loans to companies controlled by directors disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	At 31 December			Maximum amount outstanding during the year ended 31 December		
	2011	2012	2013	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Amounts due from related companies</i>						
On Time Worldwide Logistics, LLC (note i)	14,146	—	—	14,196	14,196	—
First Choice International Limited (note i)	1,042	1,042	1,042	1,042	1,042	1,042
On Choice International Limited (note i)	2	2	2	2	2	2
Golden Strike International Limited (note i)	4	4	4	4	4	4
Polaris International Holding Limited (note ii)	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
	<u>15,198</u>	<u>1,052</u>	<u>1,052</u>			

	At 31 December			Maximum amount outstanding during the year ended 31 December		
	2011	2012	2013	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Loans to related companies</i>						
On Good Development Limited (<i>note iii</i>)	19	—	—	819	19	—
Wellport Limited (<i>note i</i>)	<u>287</u>	<u>677</u>	<u>677</u>	<u>1,133</u>	<u>677</u>	<u>677</u>
	<u>306</u>	<u>677</u>	<u>677</u>			

All amounts due from related companies and loans to related companies are non-trade related. The non-trade balances are unsecured, interest-free, and repayable on demand.

The Group has not provided any allowance for doubtful debts for the related companies as the management of the Group considers that those receivables are recoverable based on the good payment record of the related companies.

The balances due from related companies are denominated in the following currency other than the functional currency of respective group entities:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
US\$	<u>13,740</u>	<u>—</u>	<u>—</u>

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
<i>Amounts due to related companies</i>			
On Good Development Limited (<i>note iii</i>)	348	79	535
Sun Cargo International Limited (<i>note i</i>)	<u>1,991</u>	<u>—</u>	<u>—</u>
	<u>2,339</u>	<u>79</u>	<u>535</u>

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Analysed as:			
Trade	1,991	—	—
Non-trade	<u>348</u>	<u>79</u>	<u>535</u>
	<u>2,339</u>	<u>79</u>	<u>535</u>

The average credit period granted by the related companies to the Group is 30 days and the balances are unsecured and interest-free. The following is an aged analysis of trade balances due to related companies, based on the invoice date at the end of the reporting period:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
0 - 60 days	<u>1,991</u>	<u>—</u>	<u>—</u>
	<u>1,991</u>	<u>—</u>	<u>—</u>

The non-trade balances are unsecured, interest-free and repayable on demand.

The balances due to related companies are denominated in the following currencies other than the functional currency of respective group entities:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
US\$	1,882	—	—
RMB	<u>116</u>	<u>—</u>	<u>—</u>

Notes:

- (i) A company in which Mr. Lam, a director of the Company, has a beneficial interest.
- (ii) A company in which Mr. Haenisch, a director of the Company, has a beneficial interest.
- (iii) A company in which Mr. Lam and Mr. Haenisch, directors of the Company, have beneficial interest.

32. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits are bank balances of HK\$2,046,000, HK\$1,929,000 and HK\$3,706,000 as at 31 December 2011, 2012 and 2013 respectively which are pledged as securities in favour of banks facilities.

Bank balances as at 31 December 2011, 2012 and 2013 carried interests at market rates which range from 0% to 8.10%, from 0% to 8.10% and from 0% to 8.10% per annum respectively. The average effective interest rate of pledged bank deposits was 2.81%, 5.3% and 2.66% per annum respectively as at 31 December 2011, 2012 and 2013.

The Group's pledged bank deposits and bank balances and cash that are denominated in the following currencies other than the functional currency of the relevant group entities are set out below:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
US\$	31,817	44,237	49,545
RMB	460	517	373
EUR	12,941	1,513	2,531
SGD	130	206	59
RM	7	2	—
IDR	—	—	183
CAD	—	—	889
GBP	309	58	58
	<u>309</u>	<u>58</u>	<u>58</u>

33. TRADE AND OTHER PAYABLES

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	157,588	262,207	295,569
Other payables and accrued charges	50,784	67,544	76,730
Deposit received	4,371	7,109	6,343
Advance from employees	4,573	4,202	1,812
	<u>217,316</u>	<u>341,062</u>	<u>380,454</u>
Analysed as:			
- current	216,197	339,146	378,889
- non-current	1,119	1,916	1,565
	<u>217,316</u>	<u>341,062</u>	<u>380,454</u>

The average credit period granted by suppliers is 30 days. Included in non-current trade and other payables are mainly severance payments and retirement benefits obligations.

The following is an aged analysis, based on invoice date, of trade payables at the end of each reporting period:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Within 60 days	140,805	231,928	259,903
61 - 180 days	11,003	27,645	30,919
181 - 365 days	3,012	1,919	1,933
1 - 2 years	<u>2,768</u>	<u>715</u>	<u>2,814</u>
	<u>157,588</u>	<u>262,207</u>	<u>295,569</u>

The balances are denominated in the following currencies other than the functional currency of respective group entities:

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
US\$	8,412	29,087	20,996
RMB	341	815	2,537
EUR	2,177	3,151	3,425
SGD	95	236	—
RM	—	949	—
IDR	—	844	288
GBP	<u>—</u>	<u>1,456</u>	<u>1,266</u>

34. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	At 31 December			At 31 December		
	2011	2012	2013	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:						
Within one year	1,180	934	644	1,095	841	584
In more than one year but not more than five years	1,916	1,276	1,041	1,770	1,195	945
In more than five years	183	—	90	160	—	88
	<u>3,279</u>	<u>2,210</u>	<u>1,775</u>	<u>3,025</u>	<u>2,036</u>	<u>1,617</u>
Less: future finance charges	<u>(254)</u>	<u>(174)</u>	<u>(158)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Present value of lease obligations	<u>3,025</u>	<u>2,036</u>	<u>1,617</u>	3,025	2,036	1,617
Less: Amount due from settlement within one year (shown under current liabilities)				<u>(1,095)</u>	<u>(841)</u>	<u>(584)</u>
Amount due for settlement after one year				<u>1,930</u>	<u>1,195</u>	<u>1,033</u>

The Group has leased certain of its furniture and equipment and motor vehicles under finance leases. The average lease term is 3 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates during each of the three years ended 31 December 2013 ranging from 2.25% to 5.88%, 2.15% to 4.78% and 2.15% to 6.12% per annum, respectively.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

35. BANK BORROWINGS

	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Secured:			
— bank overdrafts	9,619	13,781	17,263
— bank loans	27,125	20,000	52,958
— factoring loans	<u>60,545</u>	<u>75,114</u>	<u>95,225</u>
	<u>97,289</u>	<u>108,895</u>	<u>165,446</u>

The borrowings are repayable:

	At 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Carrying amounts of bank borrowings that contain a repayment on demand clause:			
<i>With repayment schedule</i>			
Repayable within one year from the end of reporting period	27,125	12,400	39,758
Not repayable within one year from end of reporting period but shown under current liabilities	<u>—</u>	<u>7,600</u>	<u>13,200</u>
	<u>27,125</u>	<u>20,000</u>	<u>52,958</u>
<i>Repayable on demand</i>	<u>70,164</u>	<u>88,895</u>	<u>112,488</u>
Less: Amount due within one year shown under current liabilities	<u>(97,289)</u>	<u>(108,895)</u>	<u>(165,446)</u>
Amount due after one year	<u>—</u>	<u>—</u>	<u>—</u>

The Group's bank borrowings carry interest variable to Hong Kong Interbank Offered Rate, Hong Kong Best Lending Rate, HKD Money Market Saving Debit Interest Base Rate, Korea Best Lending Rate, Malaysia Base Lending Rate and Shanghai Interbank Offered Rate. The effective interest rates are ranging from 2.32% to 8.00%, 2.26% to 8.00% and 2.71% to 8.10% per annum at 31 December 2011, 2012 and 2013 respectively, and exposing the Group to cash flow interest rate risk.

The carrying amount of bank borrowings that is denominated in currency other than the functional currency of the relevant entities is set out below:

	At 31 December		
	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
US\$	<u>10,465</u>	<u>10,094</u>	<u>—</u>

As at 31 December 2011, 2012 and 2013, the above bank borrowings are secured by (i) pledged bank deposits with the aggregate carrying value of HK\$2,046,000, HK\$1,929,000 and HK\$3,706,000, respectively, (ii) the properties held by related companies with common directors, (iii) the guarantees provided by Mr. Lam and Mr. Haenisch to the extent of HK\$267 million, and (iv) trade receivables with aggregate carrying value of HK\$75,114,000, HK\$94,501,000 and HK\$118,737,000 respectively.

36. DEFERRED TAXATION

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Accelerated tax depreciation <i>HK\$'000</i>	Intangible assets <i>HK\$'000</i>	Revaluation of leasehold land and buildings <i>HK\$'000</i>	Withholding tax on undistributed earnings <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2011	(392)	—	(750)	(2,060)	37	(3,165)
Acquisition of subsidiaries (note 39)	—	(7,645)	—	—	—	(7,645)
(Charge) credit to profit or loss	(91)	353	—	(298)	77	41
Charge to other comprehensive income	—	—	(386)	—	—	(386)
Exchange realignment	<u>2</u>	<u>750</u>	<u>(36)</u>	<u>37</u>	<u>(1)</u>	<u>752</u>
At 31 December 2011	(481)	(6,542)	(1,172)	(2,321)	113	(10,403)
Credit (charge) to profit or loss	161	649	—	(601)	173	382
Charge to other comprehensive income	—	—	(540)	—	—	(540)
Exchange realignment	<u>(5)</u>	<u>(123)</u>	<u>(6)</u>	<u>(78)</u>	<u>5</u>	<u>(207)</u>
At 31 December 2012	(325)	(6,016)	(1,718)	(3,000)	291	(10,768)
(Charge) credit to profit or loss	(479)	670	—	(1,927)	48	(1,688)
Charge to other comprehensive income	—	—	(406)	—	—	(406)
Exchange realignment	<u>7</u>	<u>(206)</u>	<u>(57)</u>	<u>66</u>	<u>(1)</u>	<u>(191)</u>
At 31 December 2013	<u>(797)</u>	<u>(5,552)</u>	<u>(2,181)</u>	<u>(4,861)</u>	<u>338</u>	<u>(13,053)</u>

For the presentation purposes on the combined statements of financial position, certain deferred tax assets (liabilities) have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax assets	113	291	338
Deferred tax liabilities	<u>(10,516)</u>	<u>(11,059)</u>	<u>(13,391)</u>
	<u>(10,403)</u>	<u>(10,768)</u>	<u>(13,053)</u>

At 31 December 2011, 2012 and 2013, the Group had unused tax losses of HK\$24,815,000, HK\$23,197,000 and HK\$22,553,000, respectively, available to offset against future profits. No deferred taxation asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
2016	5,208	3,527	—
2018	4,540	5,166	2,316
2019	1,594	—	—
2031	248	255	366
2032	—	406	2,494
2033	—	—	4,342
Indefinite	<u>13,225</u>	<u>13,843</u>	<u>13,035</u>
	<u>24,815</u>	<u>23,197</u>	<u>22,553</u>

As at 31 December 2011, 2012 and 2013, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was HK\$4,163,000, HK\$5,940,000 and HK\$7,464,000. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

37. SHARE CAPITAL**THE GROUP**

For the purpose of the preparation of the Financial Information, the share capital at 31 December 2011 and 2012 represents the combined share capital of Citynet, OT WW HK, OT SL HK, On Union HK, OT HK and OT BVI.

The share capital at 31 December 2013 represents the combined share capital of Citynet, OT WW HK, OT SL HK, On Union HK, OT HK and the Company.

Details of the Company's share capital is set out to note iii of Section B below.

38. NON-CONTROLLING INTERESTS

a. Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests			Profit allocated to non-controlling interests			Other comprehensive income (expense) allocated to non-controlling interests			Accumulated non-controlling interest		
		At 31 December			For the year ended 31 December			For the year ended 31 December			At 31 December		
		2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
OT Korea	Korea	49%	49%	49%	751	276	412	196	65	2,409	2,881	3,358	
OTX Logistics Holland Group	The Netherlands	25%	25%	25%	2,275	4,762	5,072	(1,559)	458	8,598	13,893	19,899	
Individual immaterial subsidiaries with non-controlling interests										361	1,611	4,085	
										<u>11,368</u>	<u>18,385</u>	<u>27,342</u>	

Summarised financial information in respect of these subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
OT Korea			
Current assets	<u>13,759</u>	<u>13,528</u>	<u>16,667</u>
Non-current assets	<u>1,087</u>	<u>271</u>	<u>257</u>
Current liabilities	<u>(9,661)</u>	<u>(7,396)</u>	<u>(10,071)</u>
Non-current liabilities	<u>(269)</u>	<u>(524)</u>	<u>—</u>
Equity attributable to owners of the Company	<u>2,507</u>	<u>2,998</u>	<u>3,495</u>
Non-controlling interests	<u>2,409</u>	<u>2,881</u>	<u>3,358</u>
	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	82,954	83,971	96,489
Expenses	<u>(81,422)</u>	<u>(83,407)</u>	<u>(95,648)</u>
Profit for the year	<u>1,532</u>	<u>564</u>	<u>841</u>
Profit attributable to owner of the Company	781	288	429
Profit attributable to the non-controlling interests	<u>751</u>	<u>276</u>	<u>412</u>
Profit for the year	<u>1,532</u>	<u>564</u>	<u>841</u>
Other comprehensive (expense) income attributable to owner of the Company	(73)	203	68
Other comprehensive (expense) income attributable to the non-controlling interests	<u>(71)</u>	<u>196</u>	<u>65</u>
Other comprehensive (expense) income for the year	<u>(144)</u>	<u>399</u>	<u>133</u>

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Total comprehensive income attributable to owner of the Company	708	491	497
Total comprehensive income attributable to the non-controlling interests	<u>680</u>	<u>472</u>	<u>477</u>
Total comprehensive income for the year	<u>1,388</u>	<u>963</u>	<u>974</u>
Dividends paid to non-controlling interest	<u>—</u>	<u>—</u>	<u>—</u>
Net cash inflow (outflow) from operating activities	<u>1,155</u>	<u>(1,026)</u>	<u>(975)</u>
Net cash (outflow) from investing activities	<u>(28)</u>	<u>—</u>	<u>(48)</u>
Net cash (outflow) inflow from financing activities	<u>(998)</u>	<u>803</u>	<u>479</u>
Net cash inflow (outflow)	<u>129</u>	<u>(223)</u>	<u>(544)</u>
	At 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
OTX Logistics Holland Group			
Current assets	<u>78,847</u>	<u>101,907</u>	<u>159,596</u>
Non-current assets	<u>50,257</u>	<u>51,903</u>	<u>58,135</u>
Current liabilities	<u>(109,077)</u>	<u>(116,653)</u>	<u>(157,978)</u>
Non-current liabilities	<u>(6,880)</u>	<u>(6,374)</u>	<u>(5,939)</u>
Equity attributable to owners of the Company	<u>4,549</u>	<u>16,890</u>	<u>33,915</u>
Non-controlling interests	<u>8,598</u>	<u>13,893</u>	<u>19,899</u>

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Revenue	197,386	359,637	431,391
Expenses	(188,286)	(343,787)	(412,102)
Profit for the year	<u>9,100</u>	<u>15,850</u>	<u>19,289</u>
Profit attributable to owner of the Company	6,825	11,088	14,217
Profit attributable to the non-controlling interests	<u>2,275</u>	<u>4,762</u>	<u>5,072</u>
Profit for the year	<u>9,100</u>	<u>15,850</u>	<u>19,289</u>
	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Other comprehensive (expense) income attributable to owner of the Company	(4,916)	1,328	2,808
Other comprehensive (expense) income attributable to the non-controlling interests	<u>(1,559)</u>	<u>458</u>	<u>934</u>
Other comprehensive (expense) income for the year	<u>(6,475)</u>	<u>1,786</u>	<u>3,742</u>
Total comprehensive income attributable to owner of the Company	1,909	12,416	17,025
Total comprehensive income attributable to the non-controlling interests	<u>716</u>	<u>5,220</u>	<u>6,006</u>
Total comprehensive income for the year	<u>2,625</u>	<u>17,636</u>	<u>23,031</u>
Dividends paid to non-controlling interest	<u>7,769</u>	<u>—</u>	<u>—</u>

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Net cash inflow from operating activities	<u>32,246</u>	<u>5,100</u>	<u>9,511</u>
Net cash outflow from investing activities	<u>(500)</u>	<u>(1,534)</u>	<u>(504)</u>
Net cash outflow from financing activities	<u>(7,769)</u>	<u>—</u>	<u>(216)</u>
Net cash inflow	<u>23,977</u>	<u>3,566</u>	<u>8,791</u>

39. ACQUISITION OF SUBSIDIARIES

Year ended 31 December 2011

On 1 July 2011, the Group acquired from an independent third party 64,725 issued shares in OTX Logistics Holland, representing 75% of the entire issued share capital in OTX Logistics Holland at a consideration of EUR5,963,000 (equivalent to HK\$66,658,000). OTX Logistics Holland is the legal and beneficial owner of (i) the entire issued share capital in OTX Westpoort (ii) 50% of the entire issued share capital in OTX Logistics Rotterdam B.V., and OTX Solutions Holland, and (iii) 33.3% of the entire issued share capital in Fashion Care Logistics B.V.

The acquisition is accounted for using the acquisition method. The principal activities of OTX Logistics Holland and its subsidiaries are engaged in the provision of freight forwarding business in the Netherlands.

OTX Logistics Holland

Consideration transferred

	HK\$'000
Cash	<u>66,658</u>

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value of acquired assets and liabilities
	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	5,473
Interest in an associate	69
Interests in joint ventures	2,818
Trade receivables	38,233
Other receivables, deposits and prepayments	38,098
Amounts due from related companies	11,794
Bank balances and cash	10,735
Trade and other payables	(66,082)
Tax liabilities	<u>(867)</u>
	40,271
<i>Fair value adjusted on date of acquisition</i>	
Intangible assets	29,980
Deferred tax liabilities	<u>(7,645)</u>
	<u><u>62,606</u></u>

The fair value of trade receivables at the date of acquisition amounted to HK\$38,233,000. The gross contractual amounts of those trade receivables acquired amounted to HK\$39,234,000 at the date of acquisition. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to HK\$1,001,000.

Goodwill arising on acquisition:

	<i>HK\$'000</i>
Cash consideration paid	66,658
Plus: non-controlling interests (<i>note</i>)	14,946
Less: net assets acquired	<u>(62,606)</u>
Goodwill arising on acquisition	<u><u>18,998</u></u>

Net cash outflow arising on acquisition of OTX Logistics Holland and its subsidiaries:

	<i>HK\$'000</i>
Cash consideration paid	66,658
Cash and cash equivalent balances acquired	<u>(10,735)</u>
	<u>55,923</u>

Acquisition-related costs amounting to HK\$389,000 have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 December 2011 within the administrative expenses in the combined statements of profit or loss.

Goodwill arising on the acquisition of OTX Logistics Holland is because the cost of the combination included amounts in relation to the revenue growth, future market development and control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of OTX Logistics Holland in the European market.

Note: The amount of non-controlling interest included a derivative on option amounting to HK\$705,000 which was arisen from the acquisition of OTX Logistics Holland Group on 1 July 2011. Pursuant to a shareholders' agreement entered into between T.Y.D. Holding B.V. ("TYD"), Jumbo Channel and OTX Logistics Holland dated 2 December 2011, on the condition that the listing of the Company has not been materialised on or before 31 December 2014, Jumbo Channel has granted a call option ("Call Option") to TYD to require Jumbo Channel to sell 21,575 shares (representing 25% of the issued share capital of OTX Logistics Holland) or such other number of shares in OTX Logistics Holland ("Option Shares") at a cash consideration of EUR2,317,880, and TYD has granted a put option ("Put Option") to Jumbo Channel to require TYD to purchase the Option Shares at a cash consideration of EUR2,317,880, such that after the exercise of the Call Option or the Put Option, OTX Logistics Holland shall be owned as to 50% and 50% by Jumbo Channel and TYD, respectively. The Call Option and the Put Option may only be exercised within six months after 31 December 2014. If the listing of the Company occurs on or before 31 December 2014, the Call Option and the Put Option shall lapse on the listing date.

The fair value of the derivative on option is determined using forward pricing formula where the main assumptions are the probability of the listing of the Company on or before 31 December 2014 and the discounted rate. As the instrument meets the definition of equity in accordance with HKAS 32, therefore, it is presented within non-controlling interests in the Financial Information.

On 22 December 2011, the Group acquired from an independent third party 90 issued shares in OTX Solutions Holland, representing 50% of the entire issued share capital in OTX Solutions Holland at a consideration of EUR 28,000 (equivalent to about HK\$282,000). As a result, OTX Solutions Holland became a wholly-owned subsidiary of the Company.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

*OTX Solutions Holland**Consideration transferred*

	<i>HK\$'000</i>
Cash	282
	<u>282</u>

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value of acquired assets and liabilities
	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	37
Trade receivables	387
Bank balances and cash	603
Trade and other payables	(171)
Tax liabilities	(292)
	<u>564</u>

Goodwill arising on the acquisition:

	<i>HK\$'000</i>
Cash consideration paid	282
Add: Interest in a joint venture	282
Less: net assets acquired	(564)
	<u>—</u>
Goodwill arising on the acquisition	<u>—</u>

Net cash inflow arising on the acquisition of OTX Solutions Holland:

	<i>HK\$'000</i>
Cash consideration paid	282
Cash and cash equivalent balances acquired	(603)
	<u>(321)</u>

Had the acquisition of OTX Logistics Holland and OTX Solutions Holland been completed on 1 January 2011, total Group revenue for the year would have been HK\$2,513,867,000 and profit for the year would have been HK\$59,128,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2011, nor is it intended to be a projection of future results.

Year ended 31 December 2012

On 28 May 2012, the Group acquired from an independent third party 6,000 issued shares in Sun Logistics, representing 60% of the entire issued share capital in Sun Logistics at a consideration of HK\$6,000.

On 7 September 2012, the Group acquired from independent third parties, additional 55,080 issued shares in C&F Malaysia, representing 68% of the entire share capital in C&F Malaysia at a consideration at RM147,465 (equivalent to about HK\$368,000). As a result, C&F Malaysia became an indirect wholly-owned subsidiary of the Company.

The acquisitions are accounted for using the acquisition method. The principal activities of Sun Logistics and C&F Malaysia are provision of freight forwarding services and general sales agency respectively.

Sun Logistics

Consideration transferred

	<i>HK\$'000</i>
Cash	<u>6</u>

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value of acquired assets and liabilities
	<i>HK\$'000</i>
Net liabilities acquired:	
Other receivables, deposits and prepayments	3
Trade and other payables	<u>(34)</u>
	<u>(31)</u>

Goodwill arising on the acquisition:

	<i>HK\$'000</i>
Cash consideration paid	6
Less: non-controlling interests	(13)
Plus: net liabilities acquired	<u>31</u>
	<u>24</u>

The goodwill arising on acquisition is fully impaired and is recognised in the profit or loss directly during the year ended 31 December 2012.

C&F Malaysia

Consideration transferred

	<i>HK\$'000</i>
Cash	<u>368</u>

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	Fair value of acquired assets and liabilities
	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	119
Trade receivables	4,151
Bank balances and cash	618
Other receivables, deposits and prepayments	71
Trade and other payables	(4,255)
Obligation under finance leases	(15)
Tax liabilities	<u>(37)</u>
	<u>652</u>

Gain on bargain purchase arising on the acquisition:

	<i>HK\$'000</i>
Cash consideration paid	368
Plus: Interest in an associate	208
Less: net assets acquired	<u>(652)</u>
Gain on bargain purchase arising on the acquisition	<u>(76)</u>

Net cash inflow arising on the acquisition of Sun Logistics and C&F Malaysia:

	<i>HK\$'000</i>
Cash consideration paid	374
Cash and cash equivalent balances acquired	<u>(618)</u>
	<u>(244)</u>

Had the acquisition been completed on 1 January 2012, total Group revenue for the year would have been HK\$2,659,651,000 and profit for the year would have been HK\$44,271,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is it intended to be a projection of future results.

40. DISPOSAL OF INTERESTS IN SUBSIDIARIES

Year ended 31 December 2012

On 14 March 2012, the Group disposed of its entire 95% interest in On Time Worldwide Logistics (Pvt) Ltd., an entity incorporated on 1 January 2010 in Sri Lanka and engaged in the provision of freight forwarding services, to an independent third party for a consideration of Sri Lanka Rupee 7,581,000 (equivalent to HK\$487,000).

The net assets of the above disposal at the date of disposal are as follow:

Consideration received

	<i>HK\$'000</i>
Cash received	<u>487</u>

Assets and liabilities derecognised are as follows:

	Carrying amount of disposed assets and liabilities <i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	231
Trade and other receivables	1,464
Bank balances and cash	566
Trade and other payables	<u>(4)</u>
	<u><u>2,257</u></u>

Loss on disposal of a subsidiary:

	<i>HK\$'000</i>
Consideration received	487
Net assets disposed of	(2,257)
Non-controlling interests	<u>(30)</u>
	<u><u>(1,800)</u></u>

Net cash outflow arising on the disposal:

	<i>HK\$'000</i>
Consideration received	487
Cash and cash equivalent balances disposed of	<u>(566)</u>
	<u><u>(79)</u></u>

Year ended 31 December 2013

On 10 December 2013, the Group disposed of its entire 60% equity interest in Sun Logistics, an entity incorporated in Hong Kong and engaged in the provision of freight forwarding services, to an independent third party for a consideration of HK\$6,000.

The net assets of the above disposal at the date of disposal are as follow:

Consideration received

	<i>HK\$'000</i>
Cash received	<u>6</u>

Assets and liabilities derecognised are as follows:

	Carrying amount of disposed assets and liabilities
	<i>HK\$'000</i>
Net assets disposed of:	
Bank balances and cash	1,122
Trade and other payables	(372)
Amount due to a related company	(537)
Tax liabilities	<u>(179)</u>
	<u>34</u>

Loss on disposal of a subsidiary:

	<i>HK\$'000</i>
Consideration received	6
Net assets disposed of	(34)
Non-controlling interests	<u>14</u>
	<u>(14)</u>

Net cash outflow arising on the disposal:

	<i>HK\$'000</i>
Consideration received	6
Cash and cash equivalent balances disposed of	<u>(1,122)</u>
	<u>(1,116)</u>

41. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% or HK\$1,000 per month (increase to HK\$1,250 per month since 1 June 2012) in maximum of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

OT China is member of the state-managed retirement benefits scheme operated by the government of the PRC. The retirement scheme contributions, which are based on a certain percentage of the salaries of employees of OT China, are charged to the profit or loss in the period to which they relate and represent the amount of contributions payable by OT China to the scheme.

The Group also participate in defined contribution retirement schemes organised by the relevant local government authorities in other jurisdictions where the Group operates. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to time of retirement of the eligible employees, excluding those employees who resigned before their retirements, at a percentage that is specified by the local governments.

During each of the three years ended 31 December 2013, the total cost charged to profit or loss of HK\$12,468,000, HK\$17,366,000 and 18,043,000, respectively represents contributions payable to these schemes by the Group. As at 31 December 2011, 2012 and 2013, contributions of HK\$1,035,000, HK\$2,198,000 and HK\$2,458,000, respectively due in respect of the reporting period had not been paid over to the schemes.

42. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking facilities representing guarantees on payment to certain airline suppliers of the Group for the Group's cargo space purchase and bank borrowings granted to the Group at the end of the reporting period:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Pledged bank deposits	<u>2,046</u>	<u>1,929</u>	<u>3,706</u>

43. LEASE ARRANGEMENTS**The Group as a lessor**

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments as follows:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	723	78	209
In the second to fifth year inclusive	<u>—</u>	<u>—</u>	<u>163</u>
	<u>723</u>	<u>78</u>	<u>372</u>

The properties held by the Group for rental purpose have committed tenants from 1 to 2 years.

The Group as a lessee

At the end of each reporting period, the Group had future minimum lease payments under non-cancellable operating leases in respect of leased properties are as follows:

	At 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	19,189	28,329	42,957
In the second to fifth year inclusive	17,789	41,059	71,237
Over five years	<u>9,642</u>	<u>8,745</u>	<u>5,372</u>
	<u>46,620</u>	<u>78,133</u>	<u>119,566</u>

As at 31 December 2011, 2012 and 2013, included in the above future minimum lease payments for related companies are HK\$1,020,000, HK\$1,958,000 and HK\$4,937,000 respectively.

At the end of each reporting period, the Group has leased various offices, quarters and motor vehicles under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease terms at market rate.

44. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities in respect of the following:

As at 31 December 2011, 2012 and 2013, the Group has provided a corporate guarantee to a bank in respect of banking facilities granted to a related company. The utilised guarantee provided by the Group in respect of banking facilities granted to the related company as at 31 December 2011, 2012 and 2013, are HK\$1,874,000, HK\$1,342,000 and HK\$916,000, respectively.

In the opinion of the management of the Group, no material liabilities will arise from the above guarantee which arose in the ordinary course of business and the fair value of the guarantee granted by the Group is insignificant.

45. MAJOR NON-CASH TRANSACTIONS

The Group has entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases during the years ended 31 December 2011, 2012 and 2013, of HK\$798,000, HK\$865,000 and HK\$1,079,000, respectively.

During the year ended 31 December 2012, a finance lease obligation of office equipments of HK\$974,000 was released due to terms revised.

46. RELATED PARTY TRANSACTIONS

Other than set out in the Financial Information, the Group has entered into the following related party transactions:

	Year ended 31 December		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
i. Associate			
OT Bangladesh			
- <i>Freight income received</i>	—	123	704
- <i>Freight charge paid</i>	—	13,278	29,405
- <i>Loan interest income</i>	—	9	21
ii. Joint venture			
OTX Logistics Rotterdam B.V.			
- <i>Freight income received</i>	1,547	14,864	19,079
- <i>Freight charge paid</i>	2,548	2,967	2,037

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
iii. Related companies with common directors			
First Choice International Limited			
- <i>Rental expenses</i>	1,020	1,020	1,020
On Good Development Limited			
- <i>Rental expenses</i>	1,431	1,431	1,520
Sun Cargo International Limited			
- <i>Freight income received</i>	11,610	3,327	—
- <i>Freight charge paid</i>	28,597	11,455	—
iv. Wholly owned subsidiary of a related company with common directors			
Sun Cargo International (Shanghai) Limited			
- <i>Freight income received</i>	15	487	—
- <i>Freight charge paid</i>	1,654	390	—

Apart from the Group's pledged bank deposits as stated in note 42, the banking facilities amounting to HK\$192,658,000, HK\$233,067,000 and HK\$212,433,000 as at 31 December 2011, 2012 and 2013 are secured by the properties owned by On Good Development Limited and First Choice International Limited and personal guarantee from Mr. Lam and Mr. Haenisch.

The Group has been using the trademarks of "OTEL" and "OTX", free of charge, for its operations during the Track Record Period. The trademarks are owned by Golden Strike Limited, a company in which Mr. Lam has a beneficial interest.

The remuneration of directors of the Company and other members of key management of the Group during the Track Record Period was as follows:

	Year ended 31 December		
	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000
Staff costs excluding retirement benefit contributions	8,782	9,541	9,305
Retirement benefit contributions	80	95	255
	<u>8,862</u>	<u>9,636</u>	<u>9,560</u>

The remuneration of key management is determined having regard to the performance of individuals and market trends.

B. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of Financial Position of the Company:

At 31 December 2013

HK\$'000

NON-CURRENT ASSETS	
Interest in a subsidiary (note i)	291
CURRENT ASSETS	
Amounts due from directors (note ii)	100
TOTAL ASSETS	<u>391</u>
CAPITAL AND TOTAL EQUITY	
Share capital (note iii)	150
Share premium (note iii)	241
TOTAL EQUITY	<u>391</u>

Notes:

(i) The investment represents 100% equity interest in OT BVI.

(ii) **Amounts due from directors**

The balances due from directors as pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

	At 31 December 2013 HK\$'000	Maximum amount outstanding during the period ended 31 December 2013 HK\$'000
Mr. Lam	64	64
Mr. Haenisch	35	35
Ms. Cheung	<u>1</u>	<u>1</u>
	<u>100</u>	

The amounts are non-trade, unsecured, interest-free and repayable on demand.

(iii) Share Capital/Share Premium

	Number of Shares	Nominal Value <i>HK\$'000</i>
Ordinary share of HK\$0.1 each		
Authorised		
At 6 March 2013 (date of incorporation) and 31 December 2013	3,500,000	350
Issued		
Allotted and issued on 3 June 2013	1,000,000	100
Issue of shares upon Corporate Reorganisation on 31 July 2013	500,000	50
At 31 December 2013	1,500,000	150

The Company was incorporated in the Cayman Islands on 6 March 2013. Upon its incorporation, 1 nil-paid ordinary share was allotted and issued. On the same date, an aggregate of 999,999 ordinary shares were further allotted and issued, nil-paid, by the Company.

On 31 July 2013, as part of the Corporate Reorganisation, the Company acquired the entire equity interest in OT BVI by issue of 500,000 ordinary shares at HK\$0.1 each. The consideration in excess of the acquired net assets of OT BVI has been accounted for as share premium.

C. DIRECTORS' REMUNERATION

Save as disclosed herein, no other remuneration has been paid or is payable to the directors of Company by the Company or any of its subsidiaries during the Track Record Period.

D. SUBSEQUENT EVENTS

The following events took place subsequent to 31 December 2013:

- (a) On 31 March 2014, the companies comprising the Group underwent and completed the corporate reorganisation in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited. Further details of the Corporate Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" to the Prospectus.
- (b) On 18 June 2014, the Group entered into a trademarks assignment ("Trademarks Assignment") with a related company, in which Mr. Lam is a beneficial owner, to acquire the trademarks and service marks at the aggregate consideration of HK\$9,350,000. Further details of the Trademarks Assignment are set out in the section headed "Further Information about the Business of Our Company — 11. Intellectual property rights of our Group" to the Prospectus.

- (c) On 21 June 2014, resolutions in writing of the shareholders of the Company were passed to approve the matters set out in the paragraph headed “Resolutions in writing of the Shareholders passed on 21 June 2014” in Appendix VI to the Prospectus. It was resolved, among other things:
- (i) the authorised share capital of the Company be increased from HK\$350,000 to HK\$200,000,000 by the creation of 1,996,500,000 new shares of HK\$0.1 each.
 - (ii) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company’s shares. No share option has been granted since the adoption of the scheme. The principal terms of the share option scheme were summarised in the paragraph headed “Other Information - 16. Share Option Scheme” in Appendix VI to the Prospectus.
 - (iii) following the change in authorised share capital as referred in the paragraph (i) and conditional on the share premium account of the Company being credited as a result of the global offering, the directors of the Company were authorised to capitalise HK\$29,800,000 standing to the credit of the share premium account of the Company by applying that sum in paying up in full at par 298,000,000 shares for allotment and issue to the holders of shares whose names appear on the register of members of the Company at the close of business on 21 June 2014 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in the Company and so that the shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued shares and the directors of the Company were authorised to give effect to such capitalisation.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to 31 December 2013.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

The following is the text of a report received from the reporting accountant of OTX Logistics Holland, Ernst & Young Accountants LLP, a member of the Netherlands Institute of Chartered Accountants, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of our Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants, and for the purpose of Rule 4.05A of the Listing Rules in relation to pre-acquisition financial information.



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The Directors
OTX Logistics B.V.
On Time Logistics Holdings Limited
RHB OSK Capital Hong Kong Limited

The Hague, 30 June 2014

Dear Sirs,

We set out below our report on the financial information of OTX Logistics B.V. (hereafter "OTX") and its subsidiaries (hereinafter collectively referred to as the "OTX Group") comprising the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the OTX Group for the six-month period ended 30 June 2011 (the "Relevant Period"), and the consolidated statement of financial position of the OTX Group and the statement of financial position of OTX as at 30 June 2011, together with the notes thereto as included in pages II-8 to II-53 of this report (the "Financial Information"), for inclusion in the prospectus of On Time Logistics Holding Limited (the "Holding Company") dated 30 June 2014 (the "Prospectus") in connection with the listing of the shares of the Holding Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

OTX is a limited liability company incorporated in Hoofddorp, the Netherlands, in May 1998. OTX is subject to Dutch law. OTX is registered at the Dutch Trade Register under number 34.104.478.

During the Relevant Period, OTX has direct interests in the subsidiaries as set out in note 1 of Section II below. All the companies in the OTX Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies in the OTX Group for the year ended 31 December 2012, including comparative information for the years ended 31 December 2010 and 31 December 2011, were prepared in accordance with the International Financial Reporting

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

Standards (“IFRSs”) as adopted by the European Union and Title 9 of Book 2 Dutch Civil Code and audited by us in accordance with Dutch law and Dutch auditing standards, which are equivalent to the International Standards on Auditing (“ISA”) as issued by the International Auditing and Assurance Standards Board (the “IAASB”).

For the purpose of this report, the directors of OTX (the “Directors”) have prepared the consolidated financial statements of the OTX Group (the “Underlying Financial Statements”) in accordance with the same basis as in Section II below. The Underlying Financial Statements for the six-month period ended 30 June 2011 were audited by us in accordance with the ISA as issued by the IAASB.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors’ responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the Hong Kong Institute of Certified Public Accountants.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the OTX Group and OTX as at 30 June 2011, and of the consolidated results and cash flows of the OTX Group for the Relevant Period.

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

I. FINANCIAL INFORMATION**Consolidated income statement**

	<i>Notes</i>	Six months period ended 30 June 2011 <i>HK\$'000</i>
Revenue	10,14	196,151
Cost of sales		<u>(163,735)</u>
Gross profit	10	----- 32,416
Other income	14	1,111
Administrative expenses	15	<u>(24,923)</u>
Operating profit		----- 8,604
Share of loss of a joint venture	16	<u>(1,365)</u>
Profit before tax	17	----- 7,239
Income tax expense	20	<u>(2,049)</u>
Profit for the period		<u>5,190</u>
Profit attributable to:		
Equity holders of OTX		<u>5,190</u>
Earnings per share		
Net profit attributable to ordinary equity holders of the parent for the basic earnings per share calculations		HK\$60.14
Net profit attributable to ordinary equity holders of the parent for the diluted earnings per share calculations		HK\$60.14

Details of the dividend payable as proposed for the Relevant Period are disclosed in note 21 to the financial information. Further details of earnings per share are disclosed in note 22 to the financial information.

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

Consolidated statement of comprehensive income

	Six months period ended 30 June 2011 <i>HK\$'000</i>
Profit for the period	5,190
Other comprehensive income	
Exchange differences on translation of functional currency to presentation currency	2,703
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	2,703
Share of reserves of an associate	5
Share of reserves of joint ventures	289
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	294
Total comprehensive income for the period, net of tax	<u>8,187</u>
Total comprehensive income attributable to: Equity holders of OTX	<u>8,187</u>

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

Consolidated Statement of Financial Position

	<i>Notes</i>	As at 30 June 2011 HK\$'000
Non-current assets		
Goodwill	23	2,422
Property and equipment	24	5,473
Interests in joint ventures	12	2,818
Interest in an associate	13	69
Total non-current assets		<u>10,782</u>
Current assets		
Trade receivables	25	38,233
Prepayments, deposits and other receivables	26	38,098
Amounts due from shareholders and directors	27	9,921
Amount due from a joint venture	28	1,689
Amount due from a related party	29	184
Bank balances and cash	30	10,735
Total current assets		<u>98,860</u>
Current liabilities		
Trade payables	31	50,757
Tax payables	32	867
Other payables, accruals and deferred income	33	14,957
Total current liabilities		<u>66,581</u>
Net current assets		<u>32,279</u>
Total assets less current liabilities		<u>43,061</u>
Non-current liabilities		
Provisions	34	368
Total non-current liabilities		<u>368</u>
Net assets		<u>42,693</u>
Equity		
Equity attributable to equity holders of the parent		
Paid-up capital	35	962
Share premium	36	1,094
Legal reserves	37	2,669
Foreign currency translation reserve	38	1,133
Retained profits	39	36,835
Total equity		<u>42,693</u>

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of the parent					
	Paid-up	Share	Legal	Foreign	Retained	Total
	capital	premium	reserve	translation	profits	equity
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>reserve</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>HK\$'000</i>		
At 1 January 2011	962	1,094	3,756	(1,864)	30,558	34,506
Profit for the period	—	—	—	—	5,190	5,190
Share of reserve of an associate	—	—	—	5	—	5
Share of reserve of joint ventures	—	—	—	289	—	289
Exchange differences on translation of functional currency to presentation currency	—	—	—	2,703	—	2,703
	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,703</u>	<u>—</u>	<u>2,703</u>
Total comprehensive income for the period	—	—	—	2,997	5,190	8,187
Transfer of reserves	—	—	(1,087)	—	1,087	—
	<u>—</u>	<u>—</u>	<u>(1,087)</u>	<u>—</u>	<u>1,087</u>	<u>—</u>
At 30 June 2011	<u>962</u>	<u>1,094</u>	<u>2,669</u>	<u>1,133</u>	<u>36,835</u>	<u>42,693</u>

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

Consolidated Statement of Cash Flows

	<i>Notes</i>	Six months period ended 30 June 2011 HK\$'000
Operating activities		
Profit before tax		7,239
Adjustments to reconcile profit before tax to net cash flows:		
Interest income	14	(15)
Share of loss of a joint venture	16	1,365
Depreciation	24	660
Impairment loss on trade receivables recognised, net		625
Loss on disposal of items of property and equipment	24	424
Working capital adjustments:		
Increase in trade receivables		(7,644)
Increase in prepayments, deposits and other receivables		(8,033)
Increase in an amount due from a joint venture		(766)
Increase in an amount due from a related party		2
Increase in trade payables		5,711
Increase in other payables, accruals and deferred income		<u>1,512</u>
Cash flows from operating activities		1,080
Income tax paid	20	<u>(3,269)</u>
Net cash flows used in operating activities		<u>(2,189)</u>
Investing activities		
Interest received		15
Purchase of items of property and equipment	24	(642)
Decrease in amounts due from shareholders and directors		(3,214)
Disposal of a subsidiary		<u>204</u>
Net cash flows used in investing activities		<u>(3,637)</u>
Financing activities		
Decrease in amounts due to shareholders and directors		<u>(6,889)</u>
Net cash flows used in financing activities		<u>(6,889)</u>
Net decrease in cash and cash equivalents		(12,715)
Exchange and translation gains and losses		1,905
Cash and cash equivalents at the beginning of the period		<u>21,545</u>
Cash and cash equivalents at the period-end	30	<u><u>10,735</u></u>

II NOTES TO FINANCIAL INFORMATION

1 Corporate information

OTX (previously named Unique Logistics B.V.) is a limited company incorporated in the Netherlands in May 1998. The registered office and principal place of business are Rijnlanderweg 766F, Hoofddorp (the Netherlands). OTX has an authorised share capital of EUR 431,500 and an issued share capital of EUR 86,300. The shares have a nominal value of EUR 1 each.

The consolidated and company financial statements for the Relevant Period are presented in Hong Kong Dollar (HK\$). HK\$ is the functional currency of the Holding Company and, for the purpose of this report, the presentation currency of the OTX Group. The functional currencies of the OTX and its subsidiaries are the EUR.

During the Relevant Period, OTX had direct interest in the following subsidiaries, which are limited companies in the Netherlands. The subsidiaries are set out below:

Company name	Place and date of incorporation/ registration and place of operation	Nominal value of issued ordinary share capital/paid up registered capital	Direct percentage of equity attributable to OTX	Principal activities
Westpoort Recon B.V. ⁽¹⁾	Netherlands, Amsterdam 17 December 1993	EUR 18,151	100%	Order picking
Unique Facility Management B.V. ⁽¹¹⁾	Netherlands, Haarlemmermeer 14 April 2004	EUR 18,000	100%	Facility services

⁽¹⁾ On 31 December 2010 OTX acquired 100% of the equity interest of Westpoort Recon B.V.

⁽¹¹⁾ OTX sold 100% of the ordinary shares in equity interest Unique Facility Management B.V. to an independent third party. OTX lost control at the end of the year 2010. The actual legal transfer of the shares took place on 10 January 2011. In 2010 the activities of Unique Facility Management B.V. ceased.

2 Basis of preparation

The principal accounting policies applied in the preparation of the Financial Information which are in accordance with the International Financial Reporting Standards (“IFRSs”) are set out in note 7 below. In addition, the Financial Information complies with the disclosure requirements of the Hong Kong Companies Ordinance. All IFRSs effective for accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the OTX Group in the preparation of the Financial Information throughout the Relevant Period. The early adoption has no material impact on equity and result and has only an impact on the presentation in the statement of comprehensive income and the disclosures.

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

The consolidated financial statements have been prepared on a historical cost basis. The financial information is presented in HK\$ and all values are rounded to the nearest thousand (HK\$'000), except when otherwise indicated.

3 Basis of consolidation

The Financial Information comprises the financial information of OTX and its subsidiaries for the Relevant Period. Control is achieved when the OTX Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the OTX Group obtains control over the subsidiary and ceases when the OTX Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the statement of comprehensive income from the date the OTX Group gains control until the date the OTX Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the OTX Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the OTX Group are eliminated in full on consolidation.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the OTX Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the OTX Group had directly disposed of the related assets or liabilities.

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4 List of equity interests

At the end of the Relevant Period, OTX holds the interests as stated below:

Subsidiary	Country of incorporation	30 June 2011 % equity interest (IV)
Westpoort Recon B.V.	The Netherlands	100
Joint Ventures		
OTX Logistics Rotterdam B.V.	The Netherlands	50
OTX Solutions B.V. (previously OTX Logistics Enschede B.V.) ^(III)	The Netherlands	50
Associate		
Fashion Care Logistics B.V.	The Netherlands	33.3

^(III) At 1 September 2011 OTX purchased the remaining 50% of the shares of OTX Solutions B.V., with the intention to sell 40% to other parties. For a more detailed description, refer to Chapter III "Events after the reporting period" of this report.

^(IV) Equity interest and voting rights are equal for these participations

5 Foreign currencies

For each entity the OTX Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The OTX Group uses the direct method of consolidation and will recycle the exchange gain or loss that arises from using this method upon disposal of a foreign operation.

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to the statement of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

On consolidation, the assets and liabilities of foreign operations are translated into HK\$ at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income as part of the foreign currency translations reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit and loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period are translated into HK\$ at the weighted average exchange rates for the period.

6 Cash flow statement

The cash flow statement has been prepared applying the indirect method. The cash and cash equivalents in the cash flow statement comprise the financial position item cash at banks and in hand. Cash flows in foreign currencies have been translated at applicable exchange rates at date of the transaction. Payments of interest and income taxes are included in cash flows from operating activities.

7 Summary of significant accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the OTX Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the OTX Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the OTX Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment of non-financial assets

The OTX Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the OTX Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The OTX Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the OTX Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Property, plant and equipment

Equipment is stated at cost less accumulated depreciation and any impairment losses. Such costs comprises the purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly

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demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Computers, furniture and equipment	10 - 20%
Vehicles	20%

Where parts of an item of equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each reporting date.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in the associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the OTX Group's share of the net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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The income statement reflects the OTX Group's share of the result of operations of the associate or joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint ventures, the OTX Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the OTX Group and the associate or joint ventures are eliminated to the extent of the interest of the associate or joint ventures.

The OTX Group's share of profit or loss of an associate and joint ventures are shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint ventures.

The financial statements of the associate or joint ventures are prepared for the same reporting period as the OTX Group. When necessary, adjustments are made to bring the accounting policies in line with those of the OTX Group.

After application of the equity method, the OTX Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint ventures. At each reporting date, the OTX Group determines whether there is objective evidence that the investment in the associate or joint ventures is impaired. If there is such evidence, the OTX Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint ventures and its carrying value, then recognises the loss as 'Share of losses of an associate' or 'Share of loss of a joint venture' in the income statement.

Upon loss of significant influence over the associate or joint control over joint ventures, the OTX Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint ventures upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The OTX Group determines the classification of its financial assets at initial recognition.

The OTX Groups financial assets consist of loans and receivables.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the OTX Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

A financial asset is derecognised when;

- The right to receive cash flows from the asset have expired; or
- The OTX Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the OTX Group has transferred substantially all the risks and rewards of the asset; or (b) the OTX Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the OTX Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the OTX Group continues to recognise the transferred asset to the extent of the OTX Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the OTX Group has retained.

Impairment of financial assets

The OTX Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a

group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Bank balances and cash

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Financial liabilities

Initial recognition

The OTX Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs. The OTX Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the end of reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Provisions

A provision is formed for liabilities if it is probable that they will have to be settled and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the end of the reporting period. Provisions are carried at discounted value if the effect of the time value is material.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or if the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

OTX Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the OTX Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the OTX Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the income statement on a straight-line basis over the lease term.

Pension

The OTX Group operates two defined contribution pension plans, both of which require contributions to be made to separately administered funds. All annual pension costs are charged to the profit or loss.

Related parties

A party is considered to be related to the OTX Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the OTX Group;
 - (ii) has significant influence over the OTX Group; or
 - (iii) is a member of the key management personnel of the OTX Group or of a parent of the OTX Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the OTX Group are members of the same OTX Group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the OTX Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the OTX Group or an entity related to the OTX Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the OTX Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received, exclusion discounts, rebates, and sales taxes or duty. The OTX Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The OTX Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from rendering of services is recognised when the services are fulfilled in the accounting period in which the services are rendered. Import revenue is recognised upon the arrival of cargos.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the applicable interest rate.

Taxes***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the OTX Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset of liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

Borrowing costs

Borrowing costs are recognised as an expense when incurred, except for qualifying assets if any.

8 Impact of issued but not yet effective IFRSs

The OTX Group has not applied the following standards and/or interpretations which have been issued, but are not yet effective:

IFRS 9	<i>Financial Instruments</i> ⁴
IFRS 9, IFRS 7 and IAS 39 Amendments	<i>Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39</i> ⁴
IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) — <i>Investment Entities</i> ¹
IFRS 14	<i>Regulatory Deferral Accounts</i> ³
IAS 19 Amendments	Amendments to IAS 19 <i>Employee Benefits — Defined Benefit Plans: Employee Contributions</i> ²
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> ¹
IAS 36 Amendments	Amendments to IAS 36 <i>Non-financial Assets: Impairment of Assets — Recoverable Amount Disclosures</i> ¹

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IAS 39 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
IFRIC-Int 21	<i>Levies</i> ¹
Annual Improvements to IFRSs 2010 - 2012 Cycle	Amendments to a number of IFRSs issued in December 2013 ⁵
Annual Improvements to IFRSs 2011 - 2013 Cycle	Amendments to a number of IFRSs issued in December 2013 ⁵

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ No mandatory effective date yet determined but is available for adoption

⁵ Generally for annual periods or transactions beginning on or after 1 July 2014

Further information about those IFRSs that are expected to be applicable to the OTX Group is as follows:

IFRS 9: IFRS 9 introduced new requirements for classifying and measuring financial assets. This standard encompasses an overall change of accounting principles in that standard and will eventually replace IAS 39 — the current standard on financial instruments. As its scope will be expanded until its effective date, the OTX Group will review the effects of a comprehensive standard on financial instruments and consider adoption when appropriate.

IAS 32 Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32 These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments are not expected to be relevant to the OTX Group.

IAS 36: Will become effective per 1 January 2014. The amendment clarifies that the disclosure of information about the recoverable amount of impaired assets that was amended as a result of the application of IFRS 13, is limited to the recoverable amount that is based on fair value less costs of disposal.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting — Amendments to IAS 39 These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The OTX Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

IFRIC 21: clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The OTX Group is currently assessing the impact of this interpretation.

The IASB issued the 2010-2012 cycle and 2011-2013 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. The OTX Group is currently assessing the impact of these improvements. The improvements become effective for financial years beginning on or after 1 July 2014.

9 Significant accounting judgments and estimates

The preparation of the Financial Information requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives and impairment of equipment

The OTX Group's management determines the estimated useful lives and related depreciation charges for its items of equipment. This estimate is based on the historical experience of the actual useful lives of items of equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitors' actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

Provision of bad debts

The trade receivables balances recorded in the OTX Group's balance sheet comprise a relatively small number of large balances in which the Management has close contact. A full line by line review of trade receivables is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Impairment testing of goodwill

The OTX Group's management determines the impairment of goodwill on base of cash flow forecasts. To test whether any impairment should be recorded, the present value of the future expected cash flows (weighted average costs of capital) of the CGU Westpoort Recon B.V. were determined. Please refer for further explanation to note 23.

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10 Segment information

The management information is based on the information by business and uses only one major segment, air freight, which is the operating segment relating to freight forwarding. The segments 'Logistics', related to order picking and package services is not material. Therefore there is only one operating segment, and the assets, liabilities, revenues and cost and results in this financial information relate to the operating segment air freight. To give more insight the revenues and costs per geographical segment are also included.

Segment revenue and gross profit

<i>Segment</i>	Segment revenue Six months period ended 30 June 2011 <i>HK\$'000</i>	Gross profit Six months period ended 30 June 2011 <i>HK\$'000</i>
Air freight	192,655	29,320
Logistics	<u>3,496</u>	<u>3,096</u>
Total	<u><u>196,151</u></u>	<u><u>32,416</u></u>

Segment assets and liabilities

No analysis of the OTX Group's assets and liabilities by segments is disclosed as it is not regularly provided to the management for review.

Geographic information

For information regarding the geographic location management can only provide the information below, the detail as IFRS requires cannot be derived from the administration without undue costs and effort

Revenue from customers	Six months period ended 30 June 2011 <i>HK\$'000</i>
America	2,194
Asia and Middle East	6,480
Europe	183,981
Other regions	<u>3,496</u>
	<u><u>196,151</u></u>

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11 Business Combinations

No acquisitions or disposals occurred during the Relevant Period.

In the Relevant Period the payment of cash of the disposal of the 100% equity interest in Unique Facility Management B.V. in 2010 is received. The amount of HKD 204,000 is included in the consolidated statements of cash flows as 'Disposal of a subsidiary'.

12 Interests in joint ventures

		As at 30 June 2011
	<i>% of shares</i>	<i>HK\$'000</i>
OTX Logistics Rotterdam B.V., Netherlands	50%	2,769
OTX Solutions B.V., Netherlands	50%	<u>49</u>
		<u><u>2,818</u></u>
		As at 30 June 2011
		<i>HK\$'000</i>
Costs of investments, unlisted		186
Share of post-acquisition profits and other comprehensive income, net of dividends received		<u>2,632</u>
		<u><u>2,818</u></u>

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Particulars of joint ventures at the end of the Relevant Period is as follows:

Name of entity	Country of incorporation	Class of issued capital shares	Proportion of nominal value of held indirectly held by the company	Principal activities
OTX Solutions B.V. ^(IV)	The Netherlands	Ordinary	50%	Air Freight
OTX Logistics Rotterdam B.V. ^(V)	The Netherlands	Ordinary	50%	Ocean Freight

Notes:

^{IV} OTX Solutions B.V. was incorporated on 19 April 2006. The OTX Group owned 50% of the issued share capital OTX Solutions B.V. since incorporation date. OTX Solutions B.V. was held for strategic reasons to offer clients in the eastern part of the Netherlands airfreight through Enschede Airport.

^V OTX Logistics Rotterdam B.V. was incorporated on 7 May 2002. The OTX Group owned 50% of the issued share capital of OTX Logistics Rotterdam B.V. since incorporation date. OTX Logistics Rotterdam B.V. is rendering all services for the ocean freight. The company has its base in Rhoon (southern part of Rotterdam) and takes care of all common activities in the ocean freight, such as:

- door-to-door forwarding (from source to final destination).
- container forwarding
- non vessel operating common carrier (NVOCC) / groupage to and from Rotterdam port
- customs clearance
- physical distribution related to ocean freight activities
- project forwarding
- container trucking throughout Western Europe

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The summarized financial information in respect of the joint venture OTX Logistics Rotterdam B.V. which is accounted for using the equity method is set out below.

	As at 30 June 2011 <i>HK\$'000</i>
Current assets, including cash and cash equivalents of HK\$193	15,651
Current liabilities	<u>(10,113)</u>
	<u>5,538</u>
Proportion of the OTX Group's ownership	<u>50%</u>
Carrying amount of the investment	<u>2,769</u>
Summarized statement of profit or loss of OTX Logistics Rotterdam B.V.:	
Revenue	47,067
Cost of sales	(44,389)
Administrative expenses	<u>(5,408)</u>
Loss before tax and loss for the period	<u>(2,730)</u>
Proportion of the OTX Group's ownership	<u>50%</u>
OTX Group's share of loss for the period	<u>(1,365)</u>

The figures of OTX Logistics Rotterdam B.V. are based on management accounts per 30 June 2011. The joint venture had no contingent liabilities or capital commitments as at 30 June 2011. OTX Logistics Rotterdam B.V. cannot distribute its profits until it obtains the consent from the two venture partners.

During the Relevant Period OTX also has 50% equity interest in OTX Solutions B.V. Due to limited activities and the limited share in equity and net result of OTX Solutions B.V. in the Relevant Period OTX has deemed appropriate not to prepare similar disclosures as stated above.

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13 Investment in an associate

	<i>% of shares</i>	As at 30 June 2011 HK\$'000
Fashion Care Logistics B.V., Netherlands	33%	<u>69</u>

Particulars of an associate at the end of the Relevant Period is as follows:

Name of entity	Country of incorporation	Class of issued capital shares	Proportion of nominal value of held indirectly held by the company	Principal activities
Fashion Care Logistics B.V.	The Netherlands	Ordinary	33.3%	Marketing activities

The summarized financial information in respect of associate Fashion Care Logistics B.V. is set out below:

	As at 30 June 2011 HK\$'000
Current assets	214
Current liabilities	<u>(5)</u>
	<u>209</u>
Proportion of the OTX Group's ownership	<u>33.3%</u>
Carrying amount of the investment	<u>69</u>

Due to limited activities of Fashion Care Logistics B.V., it has no revenue, profit or any results in the Relevant Period.

The associate had no contingent liabilities or capital commitments as at 30 June 2011.

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14 Revenue and other income

Revenue, which is also the OTX Group's turnover, represents air freight income and other income, net of business tax, received and receivable during the Relevant Period.

	Six months period ended 30 June 2011 <i>HK\$'000</i>
Revenue	
Air freight income	192,655
Logistics income	<u>3,496</u>
 Total revenue	 <u><u>196,151</u></u>
 Other income	
Rental income	1,096
Interest income	<u>15</u>
	 <u><u>1,111</u></u>

OTX is considered to be a niche-player in the fashion/retail market of the cargo forwarding business. During the Relevant Period many life-style brands are using the OTX Group's service for the inbound services. Fashion/retail and footwear forwarding/distribution are the main commodities for air and ocean freight, of which 95% is inbound forwarding from Asia and the Indian sub-continent.

Due to OTX volume contracts with carriers (steamship liners and airlines) OTX is considered as master-loader into Amsterdam/Rotterdam, hence large volumes against competitive prices are agreed. This creates also buying power, which OTX use to attract other cargo, such as:

- consumer electronics
- premiums/giveaways
- watches/jewelry
- machinery for the printing industry.

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15 Administrative expenses

		Six months period ended 30 June 2011
	<i>Notes</i>	<i>HK\$'000</i>
Salaries and wages		16,090
Depreciation	24	660
Other administrative expenses		<u>8,173</u>
		<u><u>24,923</u></u>

16 Share of loss in joint ventures

		Six months period ended 30 June 2011
	<i>% of shares</i>	<i>HK\$'000</i>
OTX Logistics Rotterdam B.V., Netherlands	50%	<u><u>(1,365)</u></u>

Due to no result of OTX Solutions B.V. in the Relevant Period no share of profit/loss is recognized.

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17 Profit before tax

The OTX Group's profit before tax is arrived at after charging/(crediting):

	<i>Note</i>	Six months period ended 30 June 2011 <i>HK\$'000</i>
Depreciation	24	660
Lease payments under operating leases in respect of land and buildings		3,691
Employee benefit expenses:		
Directors' remuneration		2,383
Salaries and wages		12,758
Retirement benefit scheme contributions		<u>949</u>
Total employee benefit expenses		<u>16,090</u>
Auditor's remuneration		199
Impairment on trade receivables		625
Foreign exchange differences, net		(294)
Interest income		<u>(15)</u>

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18 Directors' remuneration

Directors' remuneration for the Relevant Period, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Six months period ended 30 June 2011
	<i>HK\$'000</i>
Fees	<u>394</u>
Other emoluments:	
Salaries and allowances	1,480
Bonus	282
Retirement benefit scheme contributions	<u>227</u>
	<u><u>1,989</u></u>

The remuneration of the three executive directors for the Relevant Period is set out below:

	Fees	Salaries and allowances	Bonus	Retirement benefit scheme contributions	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. D.R. de Wit	—	913	166	162	1,241
Ms. A. Kalshoven	—	567	46	65	678
Mr. G. van der Werff	<u>394</u>	<u>—</u>	<u>70</u>	<u>—</u>	<u>464</u>
	<u><u>394</u></u>	<u><u>1,480</u></u>	<u><u>282</u></u>	<u><u>227</u></u>	<u><u>2,383</u></u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Period.

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19 Five highest paid individuals

The five highest paid employees during the Relevant Period included two directors, details of whose remuneration are set out in note 18 above. Details of the remuneration for the Relevant Period of the remaining three highest paid individuals, whose remuneration fell within the “Nil to HK\$1,000,000” band, are as follows:

	Six months period ended 30 June 2011 <i>HK\$'000</i>
Salaries and allowances	2,292
Retirement benefit scheme contributions	<u>312</u>
	<u><u>2,604</u></u>

Key management contains the five highest paid individuals and the Directors as mentioned in note 18.

20 Income tax expense

	Six months period ended 30 June 2011 <i>HK\$'000</i>
The OTX Group corporate income tax	
Current	2,049
Deferred	<u>—</u>
Total tax charge for the period	<u><u>2,049</u></u>

OTX Group are Netherlands tax residents. There are no temporary timing differences as 30 June 2011, therefore no deferred tax positions exist.

The corporate income tax charge of the OTX Group has been calculated at the applicable tax rate of each of the consolidated subsidiaries separately. The applicable tax rate for 2011 20% (low rate) and 25.0% (high rate). The Dutch statutory rates are progressive tax rates, for the overview below the statutory tax rate are set on the average rate paid by each company of the OTX Group on base of the profit before tax.

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	Six months period ended 30 June 2011	
	<i>HK\$'000</i>	<i>Statutory rate</i>
Profit before tax	<u>7,239</u>	
At the statutory tax rates	1,715	24%
Share of profit of a joint venture and an associate	326	
Expenses not deductible for tax	<u>8</u>	
	<u><u>2,049</u></u>	

21 Dividends

The proposed dividend of HK\$1,062,000 for the period from 1 January 2011 to 30 June 2011 is approved at the annual general meeting on 7 October 2011 and paid on 12 October 2011.

22 Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent of HK\$5,190,000 by the weighted average number of ordinary shares outstanding during the period of 86,300.

There have been no other transactions involving ordinary shares or potential shares during the Relevant Period.

	As at 30 June 2011
	<i>HK\$</i>
Net profit attributable to ordinary equity holders of the parent for the basic earnings per share calculations	60.14
Net profit attributable to ordinary equity holders of the parent for the diluted earnings per share calculations	<u>60.14</u>
Total net profit attributable to ordinary equity holders of the parent for the basic earnings per share calculations	<u><u>60.14</u></u>

No differences between basic and diluted earnings per share calculations are recognised.

23 Goodwill

	As at 30 June 2011 <i>HK\$'000</i>
As at 1 January	2,237
Exchange realignment	<u>185</u>
As at 30 June	<u><u>2,422</u></u>

In December 2010 OTX purchased 100% of the shares of Westpoort Recon B.V.

To test whether any impairment should be recorded the present value of the future expected cashflows (weighted average costs of capital) of the the CGU Westpoort Recon B.V. were determined. This value in use (VIU) calculations includes:

- Estimates of the future cash flows (years 2012 till 2016) that OTX expects to derive from the entity
- Counting with a terminal cash flow of HK\$ 560,000 that reflect all future cash flows up to perpetuity.
- Future investments in Net Working Capital (“NWC”) are based on the Net Turnover developments and the financial year ratio of NWC as % of Net Turnover
- A sales growth rate for the years 2012 till 2016 of 1% is applied
- The time value of money, the calculations are counted with a Weighted Average Cost of Capital (WACC) of 11.6%
- The discount rate for impairment testing is pre tax

The discounted cashflows from the expected result for the audited and five future years, including a terminal cash flow recognised, results that no impairment is recognised for six months period ended 30 June 2011.

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Impairment testing of goodwill

For the calculation of the impairment testing the following key assumptions are used in calculations:

- Cash flow forecasts
- Discount rates

Sensitivity of key assumptions

The expected future cash flows used in the impairment analysis are based on the management's estimates. Events amongst others in order-picking markets as well as financial markets and the overall economy may have an adverse impact on the estimated future cash flows of the CGU Westpoort Recon.

The key long-term assumptions used in the impairment test are summarized below:

	Sales growth rate	Terminal cash flow	WACC
2012 - 2016	1%	HK\$560,000	11.6%

The following table gives an indication of value change as per period ended 30 June 2011, if key assumptions had changed adversely and would have been used in the impairment testing of CGU Westpoort Recon. The headroom represents the recoverable amount - VIU minus the carrying amount.

	Growth rate indexation		Terminal cash flow	
	-1% <i>HK\$'000</i>	+1% <i>HK\$'000</i>	-HK\$115,000 <i>HK\$'000</i>	+HK\$115,000 <i>HK\$'000</i>
Value change	(235)	238	(624)	624
Headroom	621	1,093	232	1,479
			WACC	
			-1% <i>HK\$'000</i>	+1% <i>HK\$'000</i>
Value change			435	(363)
Headroom			1,290	493

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24 Property and equipment

	Computer, Furniture & Equipment	Vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
COST			
At 1 January 2011	13,358	766	14,124
Additions	642	—	642
Disposals	(1,337)	—	(1,337)
Exchange realignment	<u>1,092</u>	<u>63</u>	<u>1,155</u>
At 30 June 2011	----- 13,755	----- 829	----- 14,584
ACCUMULATED DEPRECIATION			
At 1 January 2011	8,174	478	8,652
Charge for the period	607	53	660
Disposals	(913)	—	(913)
Exchange realignment	<u>670</u>	<u>42</u>	<u>712</u>
At 30 June 2011	----- 8,538	----- 573	----- 9,111
CARRYING VALUES			
At 30 June 2011	<u><u>5,217</u></u>	<u><u>256</u></u>	<u><u>5,473</u></u>

The above mentioned items of property and equipment are depreciated using the straight-line method to write off the cost of each item of equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Computers, furniture and equipment	10 - 20%
Vehicles	20%

None of the above mentioned items are assets held under financial lease.

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25 Trade receivables

	As at 30 June 2011 <i>HK\$'000</i>
Trade receivables	39,716
Less: allowances for doubtful debt	<u>(1,483)</u>
	<u><u>38,233</u></u>

The OTX Group's trading terms with its customers is mainly on credit terms. The credit term for customers is 30 days. The OTX Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed weekly by one of the executive directors. For the denomination of the trade receivables we refer to note 44. Trade receivables are non-interest bearing.

As at 30 June 2011, trade receivables of an initial value of HK\$ 1,483,000 (1 January 2011: HK\$ 993,000) were impaired and fully provided for. See below for the movements in the allowances for doubtful debt on trade receivables.

	As at 30 June 2011 <i>HK\$'000</i>
At 1 January	993
Impairment losses recognised on trade receivables	625
Amounts written off as uncollectible	(227)
Exchange realignment	<u>92</u>
At 30 June	<u><u>1,483</u></u>

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As at the end of the Relevant Period, an aged analysis of the trade receivables based on invoice date and net of provision is as follows:

	As at 30 June 2011 <i>HK\$'000</i>
0 - 30 days	21,348
31- 60 days	10,866
61- 90 days	4,408
91 - 180 days	553
Over 180 days	<u>1,058</u>
	<u><u>38,233</u></u>

As at the end of the Relevant Period, the aging analyze of the trade receivable which are past due but not impaired, is as follows:

	As at 30 June 2011 <i>HK\$'000</i>
<i>Overdue</i>	
0 - 30 days	10,866
31 - 60 days	4,408
61 - 150 days	553
Over 150 days	<u>1,058</u>
	<u><u>16,885</u></u>

See Note 44 on credit risk of trade receivables, which discusses how the OTX Group manages and measure credit quality of trade receivables that are neither past due nor impaired.

The balances are denominated in the following currencies other than the functional currencies of the OTX Group entities:

	As at 30 June 2011 <i>HK\$'000</i>
United States Dollar (US\$)	15,738
HK\$	<u><u>1,322</u></u>

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26 Prepayments, deposits and other receivables

	As at 30 June 2011
	<i>HK\$'000</i>
Value Added Tax	288
Revenue to be invoiced for services already performed ^(VI)	28,112
Participations certificates of Exploitatie Maatschappij Houtrak B.V. ^(VII)	222
Certificates of shares of Stadium Amsterdam N.V. ^(VIII)	333
Advanced payments	6,335
Staff advances	103
Other prepayments	<u>2,705</u>
	<u><u>38,098</u></u>

^(VI) The account “Revenue to be invoiced for services already performed” are invoices prepared after end of the reporting period, but the services were performed in the period. The revenue from these services is allocated to current period, but the receivable is not presented as trade receivables, because the invoices haven’t yet been sent on end of the reporting period.

^(VII) OTX holds 4 participating certificates in Exploitatie Maatschappij Houtrak B.V., located in Halfweg, the Netherlands. The certificates entitle OTX to use the golfcourse as located in Halfweg. The certificates also entitle OTX to make use of private parking place as well as the possibility to bring guests to the golfcourse. The purchase price of the certificates amounts to HK\$222,000

^(VIII) OTX holds 2 certificates of shares of Stadion Amsterdam N.V. which entitle OTX to use two seats in the stadium when a football match of the local football club is played. The certificates also entitle OTX to use a private parking place near the stadium. The purchase price of the certificates amounts to HK\$333,000

None of the above assets is either past due or impaired. All other prepayments, deposits and other receivables are non-interest bearing.

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27 Amounts due from a shareholder and directors

At the end of the Relevant Period the OTX group registered the following balances on shareholders and directors:

	As at 30 June 2011 HK\$'000
T.Y.D. Holding B.V.	<u>9,921</u>

T.Y.D. Holding B.V., a Dutch limited liability company, was the 100% shareholder of OTX during the Relevant Period. Mr. D.R. de Wit, who is Managing Director, holds 75% interest in T.Y.D. Holding B.V. The maximum outstanding amount during the Relevant Period is due from T.Y.D. Holding B.V. of HK\$ 9,921,000.

The balances are non-trade in nature, unsecured, interest-free and are repayable on demand. The carrying amounts of the amounts due from shareholders and directors approximate to their fair values.

28 Amount due from a joint venture

At the end of the Relevant Period the OTX Group registered the following balances due from a joint venture:

	As at 30 June 2011 HK\$'000
Due from a joint venture:	
OTX Logistics Rotterdam B.V., Netherlands	<u>1,689</u>

The balance is non-trade in nature, unsecured, interest-free and is repayable on demand. The carrying amount of the amount due from the joint venture approximate to its fair value.

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29 Amount due from a related party

At the end of the Relevant Period the OTX Group registered the following balances due from a related party:

	As at 30 June 2011
	<i>HK\$'000</i>
Due from a related party:	
Uniworld Logistics B.V., Netherlands	<u>184</u>

50% of the shares of Uniworld Logistics B.V., a Dutch limited liability company, are held by T.Y.D. Holding B.V. (note 27).

The balance is non-trade in nature, unsecured, interest-free and is repayable on demand. The carrying amount of the amount due from the related party approximate to its fair value.

30 Bank balances and cash

	As at 30 June 2011
	<i>HK\$'000</i>
Cash at banks	10,701
Cash on hand	<u>34</u>
Cash and cash equivalents	<u>10,735</u>

There are no significant restrictions on the availability of cash and cash equivalents. During the Relevant Period, the interest from the bank balances ranges from 1.0% to 1.8% per annum. For the available credit- and bank guarantees facilities, please refer to note 40.

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

The cash and bank balances are denominated in the following currencies:

	As at 30 June 2011 <i>HK\$'000</i>
EUR	8,600
USD	1,598
HK\$	<u>537</u>
Bank and cash on hand	<u><u>10,735</u></u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. All the bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

OTX has at the end of the Relevant Period a revolving credit and guarantee facility of HK\$ 14,532,000. Due to this credit the bank has a first lien pledge on the receivables of OTX. According to the bank covenants a solvency above 25% is required to distribute a payment of dividend.

31 Trade payables

An aged analysis of the trade payables based on invoice date, is as follows:

	As at 30 June 2011 <i>HK\$'000</i>
Within 60 days	37,507
61 - 180 days	10,063
181 - 365 days	1,894
1 - 2 years	<u>1,293</u>
	<u><u>50,757</u></u>

The trade payables are non-interest-bearing and generally have payment terms of 30-45 days.

32 Tax payables

	As at 30 June 2011 <i>HK\$'000</i>
Corporate Income Tax	<u><u>867</u></u>

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

33 Other payables, accruals and deferred income

	As at 30 June 2011
	<i>HK\$'000</i>
Invoices from third parties to be received for services already delivered ^(IX)	8,776
Payroll tax	932
Received deposits	447
Holiday pay and entitlements	894
Reservation 13 month salary	881
Audit and consultancy fees	219
To be paid net-salary and bonus accrual	1,246
Accrued profit bonus	109
To receive credit note on profit share ^(X)	1,062
Other accruals	<u>391</u>
	<u><u>14,957</u></u>

(IX) The account "Invoices from third parties to be received for services already delivered" are invoices received after the end of the reporting period from suppliers, but the services were performed by the supplier in the period. The cost of sales of these services is allocated to current period, but the payable is not presented as trade payable, because the invoices hasn't yet been received on the end of the reporting period.

(X) On Time Express Limited and OTX have agreed freight charges based on a certain amount of bought in cargo space by airlines. These agreements with the airlines were entered into by On Time Express Limited. Based on this agreement OTX receive a monthly share of profit between 1 January 2011 and 30 June 2011. Subsequent to 30 June 2011, it became clear that On Time Express Limited was not able to fulfill their contractual obligation of utilizing all the cargo space. As at 30 June 2011, OTX recognised a payable to On Time Express Limited for the share of the loss according to this agreement.

34 Provisions

	As at 30 June 2011
	<i>HK\$'000</i>
At 1 January	334
Additions	7
Exchange realignment	<u>27</u>
At 30 June	<u><u>368</u></u>

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

The OTX Group has an agreement with the lessor of the rented property to bring the property back in its original condition. Because the OTX Group has made several adjustments to the property, an obligation of HK\$ 334,000 is recorded for the restoration costs. The obligation will accrue interest to a nominal value of HK\$ 514,000 in 2019. A discount rate of 4% is used.

35 Paid up capital

The company was incorporated with authorized share capital of 86,300 ordinary shares with a nominal value of EUR 1. For the Relevant Period the share capital is translated as follows:

	As at 30 June 2011
Nominal Value	HK\$11.143
Number of Authorized shares	<u>86,300</u>
As at 1 January 2011/30 June 2011	<u><u>HK\$961,641</u></u>

36 Share premium

The share premium of OTX was created in 1999 when former shareholder of OTX (Unique Logistics Ltd.) converted a loan into share premium.

37 Legal Reserve

In accordance with legal requirements in Netherlands, OTX maintains a legal reserve in its equity for undistributed results from its joint ventures since OTX cannot enforce dividend distribution by these entities. Upon receipt of a dividends from joint ventures, this legal reserve is released against the retained earnings. The balance of the legal reserve is restricted for dividend distribution to the shareholders of OTX.

38 Foreign currency translation reserve

	As at 30 June 2011 <i>HK\$'000</i>
At 1 January	(1,864)
Additions	<u>2,997</u>
	<u><u>1,133</u></u>

The balance of the foreign currency translation reserve is restricted for dividend distribution to the shareholders of OTX.

39 Retained profits

The reserves of the OTX Group represent the share of OTX in the profits of the OTX Group minus the dividend declared by the shareholders.

40 Contingent liabilities***Credit- and guarantee facility OTX at ING Bank N.V.***

OTX has at the end of the Relevant Period a revolving credit and guarantee facility of HK\$ 14,532,000. With this credit the bank has a first lien pledge on the receivables of OTX. According to the bank covenants a solvency above 25% is required to distribute a payment of dividend. During the Relevant Period the available credit facility is not yet utilized.

The carrying amounts at the end of the Relevant Period for the receivables of OTX are as follows:

	As at 30 June 2011 HK\$'000
Receivables	<u>80,234</u>

Credit facility Westpoort Recon B.V. at ING Bank N.V.

Westpoort Recon B.V. has at the end of the Relevant Period a credit facility of HK\$180,000 and the bank has the following securities:

- pledge on receivables;
- pledge on business equipment;
- joint account and liability agreement.

During the Relevant Period the available credit facility is not yet utilised.

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

The carrying amount at the end of the Relevant Period for the receivables and business equipment of Westpoort Recon B.V. are as follows:

	As at 30 June 2011 <i>HK\$'000</i>
Receivables	<u>1,335</u>
As at 30 June	<u><u>1,335</u></u>

Bank guarantees

At 30 June 2011 the OTX Group has guaranteed to their suppliers a total amount of HK\$8,215,000, respectively on behalf of customers:

41 Operating lease arrangements and commitments

The OTX Group leases its company cars under operating lease arrangements. OTX has contracts with two lessors. The contracts have terms from three to four years. The average lease terms are four years.

The OTX Group also has commitments for property with different lessors which are classified as operating leases. The average lease terms are ten years.

The total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2011 <i>HK\$'000</i>
Within one year	6,308
In the second to fifth years	13,734
In the sixth to tenth years	<u>15,021</u>
	<u><u>35,063</u></u>

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

42 Related party transactions

The financial statements include the financial statements of the OTX Group and the joint ventures and associates listed in the following table:

Name	Relationship	Country of incorporation	% Equity interest
OTX Logistics Rotterdam B.V.	Joint venture	Netherlands	50.0%
OTX Solutions B.V.	Joint venture	Netherlands	50.0%
Fashion Care Logistics B.V.	Associate	Netherlands	33.3%

Other than set out in the Financial Information, the OTX Group has entered into the following related party transactions.

		Six months period ended 30 June 2011
		<i>HK\$'000</i>
<i>Revenue</i>		
Other income	OTX Logistics Rotterdam B.V.	1,522
<i>Expenses</i>		
Freight charge	OTX Logistics Rotterdam B.V.	522

43 Pledge of assets

Receivables have been pledged for a total amount of HK\$81,569,000 per 30 June 2011 to secure credit- and bank (guarantee) facilities of the OTX Group. For a detailed specification of these amounts please refer to note 40.

44 Financial risk management objectives and policies

The main risks arising from the OTX Group's financial instruments are foreign currency risk, market risk, credit risk and liquidity risk. The OTX Group's policy to mitigate these risks is set out below.

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

Foreign currency risk

As a result of foreign accounts receivable and accounts payable the OTX Group's financial position, may be influenced by the exchange of Hong Kong dollar and the United States dollar to euro exchange rates. The OTX Group's policy is not to hedge this risk.

Financial assets	Carrying amount at 30 June 2011	Denominated at HK Dollar	Denominated at US\$
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	38,233	1,322	15,738
Prepayments, deposits and other receivables	38,098	878	10,449
Amounts due from shareholders and directors	9,921	—	—
Amount due from a joint venture	1,689	—	—
Amount due from a related party	184	—	—
Bank balances and cash	<u>10,735</u>	<u>1,598</u>	<u>537</u>
 Total financial assets	 98,860	 3,798	 26,724
Total financial liabilities	<u>65,714</u>	<u>5,691</u>	<u>27,608</u>
 Net foreign currency denominated balance	 <u>33,146</u>	 <u>(1,893)</u>	 <u>(884)</u>

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the US\$ and HK\$ exchange rates, with all other variables held constant. The OTX Group's profit before tax will be affected due to foreign currency changes in the monetary assets and liabilities. The OTX Group's exposure to foreign currency changes for all other currencies is not material.

	Change in HK\$ rate	Effect on profit before tax	Effect on equity
		<i>HK\$'000</i>	<i>HK\$'000</i>
1 January 2011 - 30 June 2011	+5%	(95)	(71)
	-5%	95	71
	Change in US\$ rate	Effect on profit before tax	Effect on equity
		<i>HK\$'000</i>	<i>HK\$'000</i>
1 January 2011 - 30 June 2011	+5%	(44)	(33)
	-5%	44	33

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

Market risk

The OTX Group's market risk is minimal.

Credit risk

The OTX Group trades only with creditworthy parties and has implemented procedures to check the creditworthiness of parties. Furthermore, the OTX Group applies strict credit control and reminder procedures. The OTX Group's credit risk is minimal due to the above measures. In addition, there are no significant concentrations of credit risk within the OTX Group.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Because the OTX Group has no interest bearing financial assets or liabilities, no additional information is provided.

Liquidity risk

The OTX Group's liquidity position is monitored closely by the management of the OTX Group. In the management of the liquidity risk, the OTX Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the OTX Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the OTX Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the OTX Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayments dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

30 June 2011	Weighted average effective interest rate	On de-mand	Less than 3 months	3-6 months	6 months to 1 year	1-5 years	Total undis-counted cash flows	Carrying amount at 30 June 2011
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	—	—	50,757	—	—	—	50,757	50,757
Other liabilities, accruals and deferred income	—	—	14,063	894	—	—	14,957	14,957
Financial guarantee contracts	—	8,215	—	—	—	—	8,215	—

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

45 Financial instruments — Fair values

Unless mentioned otherwise in the relevant disclosure notes, management has assessed that the carrying values of the OTX Group's financial instruments including bank balances and cash, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables, accruals and deferred income, and amounts due from shareholders and directors, a joint venture and a related party approximate to their fair values largely due to the short term maturities of these instruments.

46 Company Statement of Financial Position

	As at 30 June 2011 HK\$'000
Non-current assets	
Property and equipment	5,473
Investment in subsidiaries	2,482
Investment in a joint venture	186
Investment in an associate	<u>62</u>
Total non-current assets	<u>8,203</u>
Current assets	
Trade receivables	37,096
Prepayments, deposits and other receivables	37,897
Amounts due from a subsidiary	1,216
Amounts due from shareholders and directors	9,921
Amount due from a joint venture	1,689
Amount due from a related party	184
Bank balances and cash	<u>10,221</u>
Total current assets	<u>98,224</u>
Current liabilities	
Trade payables	50,445
Amount due to a subsidiary	254
Tax payable	867
Other payables, accruals and deferred income	<u>14,609</u>
Total current liabilities	<u>66,175</u>
Net current assets	<u>32,049</u>
Total assets less current liabilities	<u>40,252</u>

APPENDIX II ACCOUNTANTS' REPORT ON OTX LOGISTICS HOLLAND

	As at 30 June 2011 HK\$'000
Non-current liabilities	
Provisions	368
Total non-current liabilities	368
Net assets	39,884
Equity	
Equity attributable to equity holders of the parent	
Paid-up capital	962
Share premium	1,094
Currency translation reserve	1,019
Retained profits	36,809
Total equity	39,884

Basis of preparation for company statement of financial position

The accounting policies used are the same as those used in the consolidated financial statements except that investments in subsidiaries, associates and joint ventures are accounted in the company financial statements at costs, minus impairment loss if necessary.

Movement in retained profits

The movement in the retained profits of the company's statement of financial position can be explained as follows:

	<i>HK\$'000</i>
At 1 January 2011	30,254
Total comprehensive income for the period	6,555
At 30 June 2011	36,809

The consolidated profit attributable to owners of the parent for the period ended 30 June 2011 includes a profit of HK\$ 5,190,000, respectively which has been dealt with in the financial statements of OTX.

III EVENTS AFTER THE REPORTING PERIOD

On 1 September 2011 OTX purchased the additional 50% of the shares of OTX Solutions B.V. Before the purchase the past activities of OTX Solutions B.V. were ceased and the net equity value was brought back to the nominal value of the shares (18.000 EURO) through dividend. After purchasing of the shares at nominal value OTX created a new kind of activity in partnership with two third parties. It has always been the intention to sell 40% of the shares to that third parties. On 15 March 2013 (with retroactive effect from 1 January 2012), OTX transferred 40% of the entire issued share capital in OTX Solutions B.V. as to 20% to JASA BEHEERGROEP B.V. and as to 20% to DBB Beheer B.V., both being management companies respectively held by two employees of OTX Solutions B.V. The delay was caused by difficulties in sorting out the legal implications between the country jurisdictions involved and change in corporate laws in the Netherlands and in Hong Kong.

The consideration received (cash) for the sale of the shares is equal to the net equity value of the shares. The actual disposal (sale) does not result in a gain or loss. The transfer will be recorded in 2013 as a shift between equity components (group equity and total equity).

IV SUBSEQUENT FINANCIAL STATEMENTS

The statutory consolidated and company financial statements of OTX Group and OTX for the year ended 31 December 2011 as prepared under Dutch GAAP were approved by the annual general meeting of shareholders of OTX on 16 July 2012.

The statutory consolidated and company financial statements of OTX Group and OTX for the year ended 31 December 2012 as prepared under International Financial Reporting Standards and its interpretations as issued by the International Accounting Standard Board and as adopted by the European Union and in accordance with Title 9 of Book 2 Dutch Civil Code were approved by the annual general meeting of shareholders of OTX on 15 September 2013.

Ernst & Young Accountants LLP

W. Flikweert

The information set out in this appendix does not form part of the accountants' report on the financial information of our Group for the three years ended 31 December 2013 (the "Accountants' Report") received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company as set out in Appendix I to this prospectus, and is included herein for information only.

The pro forma financial information set out below should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report of our Group set out in Appendix I to this prospectus.

A. PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following pro forma statement of adjusted combined net tangible assets of our Group attributable to owners of the Company is prepared based on the audited combined net tangible assets of our Group attributable to owners of the Company as at 31 December 2013, as derived from the combined statements of financial position as at the same date as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and adjusted as described below.

The pro forma adjusted combined net tangible assets has been prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules, is set out here to illustrate the effect of the Global Offering on the combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013 as if the Global Offering had taken place on 31 December 2013. This pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013 or any future date following the Global Offering.

	Audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013	Add: Estimated net proceeds from the Global Offering	Pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company	Pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note a)</i>	<i>(Note b)</i>		<i>(Note c)</i>
Based on an Offer Price of HK\$1.05 per Offer Share	289,641	80,833	370,474	0.93
Based on an Offer Price of HK\$1.30 per Offer Share	289,641	105,020	394,661	0.99

Notes:

- (a) The audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2013 is determined as follows:

	<i>HK\$'000</i>
Audited combined net assets of our Group attributable to owners of our Company as at 31 December 2013 as shown in the Accountants' Report set out in Appendix I to this prospectus	319,918
Adjustments for:	
Goodwill	(18,111)
Intangible assets	(21,773)
Deferred tax liabilities of intangible assets	5,552
Non-controlling interests of intangible assets	4,055
	<u>289,641</u>

- (b) The estimated net proceeds from the Global Offering are based on 100,000,000 Shares at the Offer Price of HK\$1.05 per Share and HK\$1.30 per Share, after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (c) The pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share is arrived at after the adjustments referred to above and on the basis that 400,000,000 Shares were in issue assuming that the Global Offering and Capitalisation Issue had been completed on 31 December 2013 but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (d) Our Company will declare a special dividend with an aggregate amount of HK\$97,000,000 before the listing. The above adjustment does not take into account this special dividend. Taking into account the estimated net proceeds from the Global Offering at the Offer Price of HK\$1.05 per Share and HK\$1.30 per Share as well as the dividend to be declared of HK\$97,000,000, the pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share would have been approximately HK\$0.68 and HK\$0.74, respectively.

B. REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, for the purpose of incorporation in this prospectus.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF ON TIME LOGISTICS HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of On Time Logistics Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted net tangible assets as at 31 December 2013 and related notes as set out on pages III-1 to III-2 of Appendix III to the prospectus issued by the Company dated 30 June 2014 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-1 to III-2 of Appendix III to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed global offering on the Group's financial position as at 31 December 2013 as if the proposed global offering had taken place at 31 December 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the three years ended 31 December 2013, on which an accountants' report set out in Appendix I to the Prospectus has been published.

DIRECTORS' RESPONSIBILITIES FOR THE PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the pro forma financial information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 June 2014

APPENDIX IV OVERVIEW OF APPLICABLE LAWS AND REGULATIONS

This section is a summary of the laws and regulations related to our business and industry. Please refer to the paragraph headed “History, Reorganisation and Corporate Structure — Reorganisation” for details on the effective date of transfer for our Reorganisation.

THE HONG KONG LAWS AND REGULATIONS

During the Track Record Period, we have not complied with certain laws in Hong Kong. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details.

Hong Kong Taxation

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of Shares. Trading gains from the sale of Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are arising in or derived from Hong Kong, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on unincorporated businesses at a rate of 15.0%. Gain from sales of the Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Shares effected on the Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Hong Kong Legal Issues

Business Registration Ordinance

Every person, (a company or individual), who carries on a business in Hong Kong is required under the Business Registration Ordinance (Cap. 310) to apply for a business registration certificate from the Inland Revenue Department within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. Business registration does not serve to regulate business activities and it is not a licence to trade. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong. Business registration certificate will be issued on submission of the necessary document(s) together with payment of the relevant fee. A business registration certificate is renewable every year or every three years (if business operators elect for issuance of business registration certificate that is valid for three years).

Any person who fails to apply for business registration shall be guilty of an offence and shall be liable to a fine of HK\$5,000 and to imprisonment for one year. As at the Latest Practicable Date, our Group has all of the required business registration certificates for our business in Hong Kong.

APPENDIX IV OVERVIEW OF APPLICABLE LAWS AND REGULATIONS

Aviation Security Ordinance

The Aviation Security Ordinance (Cap. 494) is an ordinance to make provisions for the prevention and suppression of acts of violence against civil air transport and for connected purposes and constitute the comprehensive legislation for implementation of the conventions and agreements on aviation security promulgated by the International Civil Aviation Organisation (“ICAO”). To safeguard aircraft against acts of unlawful interference, the ICAO has laid down standards and recommended practice in Annex 17 to the Convention on International Civil Aviation (“CICA”) on the security measures required to be implemented by contracting states. For the security of air cargo to be in line with Annex 17 to the CICA, the Hong Kong Aviation Security Programme, which is enforceable under the Aviation Security Ordinance, has incorporated the Regulated Agent Regime (“RAR”) since March 2000. A cargo agent, freight forwarder or a consignor of air cargo may apply for registration as a regulated agents (“RA”) under the RAR. A RA is required to comply with the requirements in respect of the RA in the Hong Kong Aviation Security Programme in order to prevent the unauthorised carriage of explosives and incendiary devices in consignments of cargo intended for carriage by air.

Under the RAR, an RA is obliged, among other obligations, to ensure that the appropriate security controls acceptable by the Civil Aviation Department are properly implemented upon the acceptance of cargo for carriage by air unless the consignment is from a known consignor recognised by an RA and to ensure that a consignment of cargo is safeguarded against unauthorised interference after its reception and to make best endeavours to protect it from unauthorised interference until the consignment is accepted by another RA or an airline.

An RA shall also ensure that a consignment of cargo accepted from a known consignor or another RA is:

- accompanied by a full description of the contents in shipping documents (e.g. air waybills, cargo manifests or shipper’s instructions), that the RA’s registration code or the known consignor’s code on the shipping documents of the consignment is checked;
- checked against the description in the shipping documents in respect of quantity of cargo tendered and any signs of the package having been tampered with;
- declared as known cargo by checking the annotation of the tendering RA’s registration code or otherwise stated as unknown cargo on shipping documents in inter-RA’s handling; and
- safeguarded from unauthorised interference after it has been received until accepted by the next RA or an airline, or until loaded onto an aircraft.

RAs shall also maintain an orderly documentation and record system. Documents such as air waybills, cargo manifests and relevant instructions from consignors should be kept for at least 31 days after the consignment is flown.

As at the Latest Practicable Date, our Group has been registered as an RA under the RAR.

APPENDIX IV OVERVIEW OF APPLICABLE LAWS AND REGULATIONS

Dangerous Goods (Consignment by Air) (Safety) Ordinance and Dangerous Goods (Consignment By Air) (Safety) Regulations

The Dangerous Goods (Consignment by Air) (Safety) Ordinance (Cap. 384) (“**DGO**”) is to control, in the interests of safety, the preparation, packing, marking, labelling and offering of dangerous goods for carriage by air. Under the DGO, dangerous goods (“**Dangerous Goods**”) is defined as any article or substance which is listed in the Technical Instructions for the Safe Transport of Dangerous Goods by Air (“**Technical Instructions**”) published by the ICAO and any article or substance not so listed by name but having properties corresponding to those of one of the general classifications of articles and substances in the Technical Instructions. When offering or handling Dangerous Goods for air carriage, consignors are required under the DGR to ensure all Dangerous Goods are properly classified, packed, marked, labelled and documented.

Any person who consigns Dangerous Goods in contravention of the Dangerous Goods (Consignment By Air) (Safety) Regulations (Chapter 384A of the Laws of Hong Kong) (“**DGR**”) commits an offence and on conviction on indictment is liable to a fine of HK\$250,000 and an imprisonment for two years or on summary conviction to a fine of HK\$50,000 (level 5) and to imprisonment for one year. Furthermore, where a company commits an offence, every director and every officer concerned in the management of the company may be convicted of the like offence as specified under the DGO. Those Dangerous Goods and any packaging for Dangerous Goods may be forfeited.

Additionally, as required under the DGR, staff of a freight forwarder shall not perform the function of processing Dangerous Goods, processing cargo (not containing Dangerous Goods) or handling, loading and storage of cargo unless he/she has completed training programmes which fulfill the requirement under the DGR.

Staff who process Dangerous Goods without completing the necessary training programmes commits an offence and the freight forwarder and such staff each commits an offence and is liable to a fine of HK\$25,000 (level 4) and to imprisonment for six months. Also, a freight forwarder commits an offence where it did not ensure its staff who process cargo (not containing Dangerous Goods) or handle, load and store cargo to complete the necessary training programmes and it is liable to a fine of HK\$25,000 (level 4) and to imprisonment for six months.

As at the Latest Practicable Date, our staff performing the function of processing Dangerous Goods, processing cargo (not containing Dangerous Goods) or handling, loading and storage of cargo have completed the necessary training programmes as required under the DGR.

THE PRC LAWS AND REGULATIONS

During the Track Record Period and up to the Latest Practicable Date, we have not complied with certain laws and regulations in the PRC. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details.

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1 The Distribution of the Dividends

As the Rules for the Implementation of the Foreign Enterprise Law provides, a wholly foreign-owned enterprise must make contributions to a reserve fund after the payment of taxes. At least 10% of the after-tax profits must be allocated to the reserve fund. If the cumulative total of the reserve funds reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The reserve fund may be used by a wholly foreign-owned enterprise to make up its losses, expand its production operations and to increase its capital with the consent of the examination and approval authority. The enterprise is prohibited from distributing dividends unless the losses of previous years have been made up. OT China must comply with the aforesaid provisions and make contributions to the reserve fund and the employee bonus and welfare fund.

2. Industry Regulations

The provision of international freight forwarding and other related services for import and export of goods in the PRC, including the warehousing, transportation, packaging services, container handling, loading and unloading services, customs clearance and other international freight forwarding services, in the PRC are subject to the administration by the MOFCOM, the Ministry of Transport, and the PRC Customs, etc.

Pursuant to the Rules for the Implementation of Regulations on the Administration of Agency Business for International Freight Forwarding of the PRC (《國際貨物運輸代理業管理規定實施細則》) promulgated by the MOFCOM on 1 January 2004 (the "Rules"), an enterprise engaged in international freight forwarding businesses is required to satisfy certain requirements as to: (i) at least five professionals who have experiences in handling international freight forwarding operations for over three years and whose qualifications have been certified by their previous employers; or, have obtained the certificates of qualifications issued by the MOFCOM; (ii) a fixed place of business, either owned or leased; (iii) necessary operational facilities; and (iv) a stable supply of import and export cargo.

Under the Administrative Measures Relating to Foreign-Invested International Freight Forwarding Agency Enterprises (2005 Revision) (《外商投資國際貨物運輸代理企業管理辦法(2005年修訂)》) (the "FIE Freight Forwarding Measures"), which became effective from 11 December 2005, foreign investors may establish foreign-invested international freight forwarding enterprises in the form of Sino-foreign joint ventures or Sino-foreign cooperative ventures within the territory of the PRC. Since 11 December 2005, foreign investors are permitted to establish wholly foreign-owned international freight forwarding enterprises in the PRC. The minimum registered capital of a foreign-invested international freight forwarding enterprise is US\$1 million. After a foreign-invested international freight forwarding enterprise has operated a full year and its registered share capital has been fully paid up, it may apply to set up one or more branches in regions other than the place where it is registered in the PRC. The business scope of such branches shall be within that of its parent enterprise. The civil liabilities of the branches shall be borne by their parent enterprise. A foreign-invested international freight forwarding enterprise shall increase its registered share capital by RMB500,000 for establishment of each branch that engages in international freight forwarding business. Where the registered share capital of the foreign-invested international freight forwarding enterprise exceeds the statutory minimum of share capital requirement, the amount in excess of such minimum may be deemed as the increased capital to set up a branch.

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The attachment of the FIE Freight Forwarding Measures further stipulates that the minimum registered share capital of the international freight forwarding enterprises established by qualified Hong Kong service providers in the Mainland shall meet the following requirements:

- (1) RMB5 million for an international freight forwarder by sea;
- (2) RMB3 million for an international freight forwarder by air; and
- (3) RMB2 million for an international freight forwarder by land.

In regard to enterprises engaging in two or more of the items of business mentioned above, the minimum amount of registered share capital shall be that of the item with the highest amount. According to our PRC legal adviser, we have met the above requirements.

According to the Provisional Measures for the Filing of International Freight Forwarding Agency Enterprises (《國際貨運代理企業備案(暫行)辦法》) which became effective since 1 April 2005, all international freight forwarding enterprises and its branches duly registered in the PRC are required to complete the filing with the relevant local commerce authorities as delegated by the MOFCOM. OT China and its branches in Beijing, Dalian, Guangzhou, Ningbo, Qingdao, Shenyang, Tianjin and Xiamen have completed the filing of International Freight Forwarding enterprises with competent authorities.

According to the Provisions on the Administrative of the Foreign-Invested Road Freight Forwarding Industry (《外商投資道路運輸業管理規定》), which became effective from 20 November 2001 and recently supplemented in December 2003, December 2004 and January 2014 respectively, foreign invested enterprises for the provision of road freight forwarding services, including the transportation of goods by road, handling, warehousing and other related services must obtain the Road Freight Forwarding Operation Permit (道路運輸經營許可證) from the provincial competent departments of communications. They must satisfy the qualifications and conditions as prescribed by, and comply with the development policies of, the State Council's departments of communications from time to time. OT China obtained the Road Freight Forwarding Operation Permit on 12 October 2011.

According to the Qualification Procedures for China Civil Aviation Transportation Agency Services (《中國民用航空運輸銷售代理資格認可辦法》) issued by the China Air Transport Association ("CATA" 中國航空運輸協會) and became effective from 31 March 2006 and supplemented in January 2007 and January 2009, enterprises engaged in air passenger and freight sales agency services shall apply for the China Civil Aviation Transportation Agency Services Qualification Certificate (中國民用航空運輸銷售代理業務資格認可證書) from the CATA. The validity period of such certificate is 3 years. Enterprises engaging in sales agency business covering international flights or flights from/to Hong Kong, Macau or Taiwan, must have a registered capital of at least RMB1.5 million and satisfy certain requirements as to the number of experienced and qualified staff, business premises and other logistics infrastructures. When applying for establishment of a branch, sales agencies must increase their registered share capital by RMB500,000, add at least 3 qualified air transport sales agents and meet other relevant requirements thereto. OT China and its branches in Beijing, Guangzhou, Qingdao, Tianjin and Xiamen have obtained the certificates issued by CATA.

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Under the PRC International Sea Freight Forwarding Regulations (《國際海運條例》), which became effective from 1 January 2002, the Implementations Rules thereof (《國際海運條例實施細則》), which became effective from 1 March 2003 and amended on 29 August 2013 and the Rules for the Administration of Foreign-invested International Marine Transportation (《外商投資國際海運業管理規定》), which became effective from 1 June 2004 and amended on 23 April 2014, enterprises engaged in activities such as, among others, the signing of international freight forwarding contracts, taking delivery of or arranging delivery of goods, issue of bills of lading as shippers, consolidation or unconsolidation of containers in the PRC shall apply for registration of bill of lading with the PRC Ministry of Transport and the competent local transport authorities (if applicable). Those enterprises operating the non-vessel shipping business must register a bill of lading with the department in charge of transportation under the State Council and must pay a security deposit of RMB800,000, and an additional security deposit of RMB200,000 for each branch established. After satisfying the above requirements, upon application, the PRC Ministry of Transport may grant to the applicant the Non-vessel Shipping Business Operation Qualification Registration Certificate (無船承運業務經營資格登記證). OT China and its branches in Ningbo, Qingdao, Shenzhen, Tianjin, Guangzhou, Dalian and Xiamen have obtained the Non-vessel Shipping Business Operation Qualification Registration Certificate.

Pursuant to the Administrative Regulations for the Registration of Customs Clearance Entities with the PRC Customs (《中華人民共和國海關報關單位註冊登記管理規定》) with effect from 13 March 2014, enterprises engaged in the customs clearance services in the PRC are required to apply for registration with the PRC Customs and to obtain the PRC Customs Clearance Entity Registration Certificate (中華人民共和國海關報關企業報關註冊登記證書). OT China obtained the PRC Customs Clearance Entity Registration Certificate on 26 June 2013.

Pursuant to the Rules of the General Administration of Customs of the PRC on Administration of Customs Control Premises (《中華人民共和國海關監管場所管理辦法》) promulgated on 30 January 2008 and effective as of 1 March 2008, an enterprise applying for setting up Customs control premises shall satisfy the following requirements: (1) It has been registered at the administrative authority of industry and commerce, and is an independent business-type legal person; (2) Its registered capital is no less than RMB3 million; (3) It has business premises dedicated to the storage of goods, and has the land use rights over the premises. Where the land or business premises are rented from another person, the duration of the lease shall be no less than five years; and (4) It shall have obtained the special business permit if it engages in the storage of liquid or gas chemicals, flammable or explosive articles, other dangerous goods, or any other type of goods under special licensing control.

Where an applicant satisfies the statutory requirements, the Customs house directly under the GAC shall prepare a Decision of the PRC Customs on Approving the Establishment of Customs Control Premises (中華人民共和國海關批准設立監管場所決定書) and issue it to the applicant. The applicant shall, within one (1) year as from the date of issuance of the approval decision, apply to the Customs house directly under the GAC for acceptance check, Customs control premises which pass the acceptance check may be put into operation after being registered at the Customs house directly under the GAC and receiving the Registration Certificate of Customs Control Premises of the PRC (中華人民共和國海關監管場所註冊登記證書). OT China obtained the Registration Certificate of Customs Control Premises issued by Shanghai Customs, PRC on 19 July 2011.

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The logistics business in the PRC has been progressively liberalized by the PRC Government. According to the Opinion relating to the Development of Modern Logistics Industry in the PRC (《關於促進我國現代物流業發展的意見》) (the “Opinion”), jointly promulgated by 9 central departments on 5 August 2004, unless required by national laws, administrative laws or regulations or otherwise promulgated and announced by the State Council, all requirements for pre-approvals for registration of logistics enterprises in the PRC by the relevant authorities for the administration of industry and commerce should be cancelled, and all approvals on the qualification requirements for international freight forwarding agencies and all administrative approval requirements for domestic railway freight forwarding agencies, waterway freight forwarding agencies and integrated freight forwarding agencies services should be removed. Furthermore, on 10 March 2009, the State Council issued the Circular of the State Council on Releasing the Plans for Adjusting and Accelerating the Logistics Industry (《國務院關於印發物流業調整和振興規劃的通知》).

On 2 August 2011, the General Office of the State Council issued the Opinions on Promoting Policies and Measures on the Healthy Development of Logistics Industry (《國務院辦公廳關於促進物流業健康發展政策措施的意見》), further formulate and improve supporting policies and measures for the logistics industry. It includes, among others: (i) effectively alleviating the tax burden of logistics companies, (ii) enhancing the land supporting policies for logistics industry, (iii) promoting the passage of logistic vehicles, (iv) fastening the reform of logistic management system, and (v) promoting the innovation and application of logistic technology. In addition, it is required to improve the financing system, broaden the financing channels, and actively support the qualified logistics enterprises to go listing or issue bonds.

3. Enterprise Income Tax Law

The Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法》), or the EIT Law, which was promulgated on 16 March 2007 and became effective on 1 January 2008, replaced the previous two separate tax legal regimes for foreign invested and the PRC domestic companies and imposes a single uniform income tax rate of 25% for all enterprises, including foreign-invested enterprises, unless they qualify under certain exceptions.

According to Article 2 of EIT Law, enterprises are classified into resident and non-resident enterprises. Resident enterprise refers to an enterprise that is established inside the PRC, or which is established under the law of a foreign country (region) but whose de facto management organisation is inside the PRC. Non-resident enterprise refers to an enterprise established under the law of a foreign country (region), whose de facto management organisation is not inside the PRC but which has offices or establishments inside the PRC; or which does not have any offices or establishments inside the PRC but has incomes derived from the PRC. According to Article 3 of EIT law, a resident enterprise shall pay the enterprise income tax on its incomes derived from both inside and outside the PRC. For a non-resident enterprise having offices or establishments inside the PRC, it shall pay enterprise income tax on its incomes derived from the PRC as well as on incomes that it earns outside the PRC but which has real connection with the said offices or establishments. For a non-resident enterprise having no office or establishment inside the PRC, or for a non-resident enterprise whose incomes have no actual connection to its institution or establishment inside the PRC, it shall pay enterprise income tax on the incomes derived from the PRC.

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The enterprise income tax shall be levied at the rate of 25%. A non-resident enterprise without a permanent establishment in the PRC or such non-resident enterprise which has set up a permanent establishment in the PRC but its earning income is not connected with the abovementioned permanent establishment will be subject to tax on their PRC-sourced income. The income shall be taxed at the reduced rate of 10%.

4. Business Tax

The business tax of foreign-invested enterprises was governed by the Tentative Regulations on Business Tax of the PRC (《中華人民共和國營業稅暫行條例》), which came into force upon and from 1 January 1994, and was amended on November 10, 2008. The amendment came into force as of 1 January 2009. According to the tentative regulations, enterprises of service industry shall pay the business tax at a rate of 5% in respect of the turnover.

5. Value-added Tax

The value-added tax of foreign-invested enterprises was governed by the Tentative Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), which came into force upon and from 1 January 1994, and was amended on 10 November 2008. The amendment came into force as of 1 January 2009. Under these tentative regulations, the value-added tax is payable on the sale or importation of goods and the provision of processing, repair and labor replacement services in the PRC. The value-added tax is generally levied at the rate of 17%, however a rate of 13% is applicable to the sale or import of certain categories of essential goods. Exported goods are exempt from the value-added tax.

According to the Circular of the Ministry of Finance and the SAT on Printing and Issuing the Pilot Scheme for Merging Business Tax with Value-added Tax (財政部、國家稅務總局關於印發《營業稅改征增值稅試點方案》的通知)(財稅[2011]110號) and the Circular of the Ministry of Finance and the SAT on the Implementation of the Pilot Scheme for Merging Business Tax with Value-added Tax on Transportation and Chosen Modern Services Sectors in Shanghai (“Circular 111”)(《財政部、國家稅務總局關於在上海市開展交通運輸業和部分現代服務業營業稅改征增值稅試點的通知》)(財稅[2011]111號) promulgated on 16 November 2011, enterprises registered in Shanghai and engaging in certain sectors would be subject to Value-added Tax instead of Business Tax as of 1 January 2012, among others, the rate of Value-added Tax applicable to transportation and logistics auxiliary services would be 11% and 6% respectively.

Furthermore, Circular of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Scheme of Replacing Business Tax in the Transportation Sector and Selected Modern Service Sectors with Value-Added Tax in Eight Provincial-Level Regions Including Beijing (“Circular 71”)(《財政部、國家稅務總局關於在北京等8省市開展交通運輸業和部分現代服務業營業稅改徵增值稅試點的通知》)(財稅[2012]71號), which became effective on 31 July 2012, stipulated that the pilot scheme of replacing business tax in the transportation sector and selected modern service sectors with value-added tax would be extended from Shanghai to eight other provincial-level regions (including municipalities directly under the central government), which include Beijing, Tianjin, Jiangsu Province, Zhejiang Province (including Ningbo), Anhui Province, Fujian Province (including Xiamen), Hubei Province and Guangdong Province (including Shenzhen). Pursuant to Circular 71, the

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requirement on the deadline for the Value-added transition differs, where Beijing is required to complete by 1 September 2012, Fujian and Guangdong Province by 1 November 2012, Tianjin and Zhejiang Province by 1 December 2012.

Circular of the Ministry of Finance and the State Administration of Taxation on Implementing the Nationwide Pilot Scheme of Replacing Business Tax in the Transportation Sector and Selected Modern Service Sectors with Value-Added Tax (“Circular 37”) (《財政部、國家稅務總局關於在全國開展交通運輸業和部分現代服務業營業稅改徵增值稅試點稅收政策的通知》) (財稅[2013]37號) was promulgated on 24 May 2013, which announced that the value-added tax reform pilot for transportation and modern services sectors will be rolled out nationwide as from 1 August 2013.

Circular 111 and Circular 71 were abolished on 1 August 2013 by Circular 37 and Circular 37 was abolished on 1 January 2014 by Notice of the Ministry of Finance and the State Administration of Taxation on Including the Railway Transportation and Postal Industries in the Pilot Program of Replacing Business Tax with Value-Added Tax (“Circular 106”) (《財政部、國家稅務總局關於將鐵路運輸和郵政業納入營業稅改徵增值稅試點稅的通知》) (財稅(2013)106號). After the rail sector was added according to Circular 106 from 1 January 2014, all of China’s transportation sectors have been included in the Value-Added Tax reform.

6. Tax Collection for Share Transfer by Non-PRC Resident Enterprises

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) or SAT Circular 698, issued by the State Administration of Taxation on December 10, 2009 with retroactive effect from January 1, 2008, except for the purchase and sale of equity through a public securities market, where a foreign investor transfers its indirect equity interest in a PRC resident enterprise by disposing of its equity interests in an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, the foreign investor shall report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. If the tax authority, upon examining the nature of the Indirect Transfer, deems that the Indirect Transfer has no reasonable commercial purpose other than to avoid PRC tax, the tax authority may disregard the existence of the overseas holding company that is used for tax planning purposes and re-characterize the Indirect Transfer.

7. Labour Laws

Labour laws mainly include the Labour Law of the PRC (《中華人民共和國勞動法》) which became effective from 1 January 1995 and amended on 27 August 2009, the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), or the Labour Contract Law which became effective from 1 January 2008 and amended on 28 December 2012, and the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), or the Regulations on paid Annual Leave which became effective since 1 January 2008, and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the “Social Insurance Law”), effective since 1 July 2011. Labour contracts must be concluded in writing if labour relationships are to be or have been established between enterprises or institutions and the labourers under the Labour Contract Law of the PRC. Enterprises and institutions are

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forbidden to force the labourers to work beyond the time limit and employers must pay labourers for overtime work in accordance with national regulations. In addition, the requirement of entry into fixed term employment contracts and dismissal of employees is very strict. In particular, the Labour Contract Law requires the payment of a statutory severance pay upon the termination of an employment contract in specified cases, including in cases of the expiration of a fixed-term employment contract. According to the Labour Law of the PRC, enterprises and institutions must establish and perfect their system of work place safety and sanitation, strictly abide by the rules and standards on work place safety.

Under the Regulations on Paid Annual Leave, effective since 1 January 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of the work time. Employees who consent to waive such vacation at the request of employers must be compensated an amount equal to three times their normal daily salaries for each vacation day being waived.

According to the Social Insurance Law, there are five basic types of social security insurance, which include basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance. Both employees and employers make contributions for the first three kinds of insurances and only employers make contributions for the latter two kinds. If the employers fail to pay the full amount of social insurance as scheduled, the competent authorities may order them to make the social insurance payment or make up the difference within a stipulated period and levy a surcharge equal to 0.05% of the overdue social insurance for each day from the date on which the social insurance became overdue. If the social insurance payment is not made within the stipulated period, the relevant administration department may impose a fine of one to three times the amount of overdue social insurance on the employers. It is stipulated that basic pension, basic medical and unemployment insurance are portable for individuals in case an individual changes a job or moves to another province or city. Under the Social Insurance Law, all citizens, including city residents, flexible employment, migrant workers and foreigners working in China can enjoy the five basic types of social insurance. Since the Social Insurance Law did not specify the contribution rates or the calculation basis for each kind of insurance, employers would need to refer to the local regulations for contribution rates of the social insurance schemes.

Pursuant to Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated and with effect from 24 March 2002, enterprises are required to pay housing provident funds for their employees. Enterprises shall register with the relevant housing provident funds management center within 30 days from the date of establishment, and open housing provident funds account with designated bank on behalf of their employees within 20 days from the date of the registration with the verified documents of the housing provident funds management center. When employing new employees, enterprises shall register with the housing provident funds center within 30 days from the date of the employment of such employees, and open housing provident funds accounts for such employees at the designated bank with the verified documents of the housing provident funds management center. Furthermore, the housing provident funds to be paid and deposited by an employee shall be withheld from the employee's salary by the enterprise, and the enterprise shall pay and deposit housing provident funds on schedule and in full, and may not be overdue in the payment and deposit or underpay the housing provident funds. The payment and deposit rate for housing provident funds, either for the employee or for the enterprise, shall not be less than

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five percent of the average monthly salary of the employee concerned in the previous year. During the Track Record Period, we have failed to make financial contributions for housing provident funds for certain non-urban employees in the PRC. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details.

8. Trademark Law

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”), which was adopted in 1982 and amended in 1993, 2001 and 2013, the Trademark Office of the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局商標局) is responsible for the registration and administration of trademarks throughout China. The PRC Trademark Office’s decisions on rejection, opposition or cancellation of an application may be appealed to the Trademark Review and Adjudication Board of SAIC (國家工商行政管理總局商標評審委員會), whose decision may be further appealed through judicial proceedings. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark must not prejudice the existing right of others obtained by priority, nor may any person register in advance a trademark that has already been used by another person and has already gained “sufficient degree of reputation” through that person’s use. If no opposition is filed within three months after the public announcement period or if the opposition has been overruled, the PRC Trademark Office will approve the registration and issue a registration certificate, upon which the trademark is registered and will be effective for a renewable ten-year period, unless otherwise revoked.

9. Laws and Regulations on Foreign Currency

Foreign currency laws involve the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) (the “Foreign Exchange Administration Regulations”) and Circular 142.

The principal regulations governing foreign currency exchange in China is the Foreign Exchange Administration Regulations, promulgated by the State Council on 29 January 1996 and became effective on 1 April 1996 and amended on 14 January 1997 and 1 August 2008. Under these rules, Renminbi is freely convertible for payments of current account items, including profit distribution, interest payments and expenditures from trade related transactions, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the SAFE or its local branch is obtained. Under the Foreign Exchange Administration Regulations, foreign-invested enterprises in the PRC may purchase foreign exchange without the approval of SAFE for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain foreign currency (subject to a cap approval by SAFE or its local branch) to satisfy foreign exchange liabilities or to pay dividends. In addition, foreign exchange transactions involving direct investment, loans and investment in securities outside China are subject to limitations and require approvals from SAFE or its local branch.

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Circular 142 regulates the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Renminbi converted from the foreign currency denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless otherwise specifically provided for and not be used to repay Renminbi loans if the proceeds of such loans have not yet been used. Any violation may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations.

OVERSEAS REGULATIONS

The Canada Laws and Regulations

OTX Canada's main operations are limited to international air-freight and ocean freight forwarding services, customs brokerage, logistics, warehousing and distribution excluding providing the foregoing services with respect to dangerous goods or monetary instruments. Generally, OTX Canada is subject to a variety of laws and regulations in conducting its business, including, but not limited to including those related to: freight forward services, labour and employment, taxation, anti-corruption and human rights. In addition, OTX Canada is subject to the laws of the jurisdictions with which it deals with in providing freight forward services. The following is a summary of Canadian laws applicable to OTX Canada.

Freight Forwarding Services

The Canadian freight forwarding industry falls under the regulatory guidance of Transport Canada. The Canadian Border Services Agency ("CBSA"), the custom authority in Canada, is responsible for enforcing the majority of the regulations that international freight forwarders are required to follow. With respect to items that OTX Canada internationally exports, the specific country involved may have prescribed requirements to be fulfilled in order to comply with the relevant laws of such jurisdiction. The Canadian International Freight Forwarders Association Inc. ("CIFFA") seeks to establish uniform trade practice and regulations. OTX Canada is a member of the CIFFA and is in good standing as of December 2013. OTX Canada engages its customers using the standard terms and conditions of the CIFFA. OTX Canada has a valid bonded freight forwarding carrier code, "802D", issued by the CBSA and is required to maintain proper coded labels when reporting goods to the CBSA.

As a customs broker, carrier or transporter, OTX Canada can be subject to various licensing and other requirements pursuant to Canada's Customs Act, including its regulations such as the Customs Broker Licensing Regulations and the Transportation of Goods Regulations. Failure to comply with its customs obligations can result in OTX Canada being subject to CBSA Administrative Monetary Penalties and, in serious circumstances, criminal prosecution.

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Duties and Taxes on the Importation of Goods

Importers are required to declare the imported goods upon entry into Canada and to pay customs duties and excise taxes, if applicable, to the CBSA. Goods are subject to varying rates of duties depending upon the type of commodity and its country of origin. As a member of North American Free Trade Agreement (“NAFTA”), Canada accords preferential tariff treatment to goods of U.S. and Mexican origin; in most cases, these goods may be imported duty-free. The amount of customs duties payable is a function of the rate of duty (determined by the tariff classification and the origin of the goods, and as set out in the Schedule to Canada’s Customs Tariff) and the value for duty. Canada has adopted the World Customs Organization’s Harmonized System of tariff classification, as have all of Canada’s major trading partners.

In accordance with Canada’s obligations under the World Trade Organization’s agreement regarding customs valuation, the value for duty of goods imported into Canada is, if possible, to be based on the price paid or payable for the imported goods, subject to certain statutory adjustments.

In addition to customs duties, goods and services tax/harmonized sales is also payable upon the importation of goods and is applied to the duty-paid value of the goods.

Income Taxes

OTX Canada is a resident in Canada and subject to Canadian federal income tax on its worldwide income. Income of OTX Canada may be subject to provincial and/or territorial income tax. The combined federal and provincial/territorial income tax rate to which OTX Canada is subject depends on the provinces and territories in which it conducts business, the nature and size of the business activity carried on, and other factors. The combined federal/provincial general tax rate in Ontario for active business income is approximately 26.5% in 2013. In addition, OTX Canada will have withholding requirements for amounts paid to its employees.

The Cambodia Laws and Regulations

Business Incorporation (Law on Commercial Enterprises dated May, 2005)

The Law on Commercial Enterprises (the Cambodian equivalent to the Companies Law) was passed in May 2005. Under this law, four types of companies can be formed to operate business in Cambodia: General Partnership; Limited Partnership; Private Limited Company; and Public Limited Company.

A Private Limited Company is a form of a limited company that meets the following requirements:

- The company may have 2 to 30 shareholders. However, one person may form a company called single member private limited company. The requirements of a single member private limited company are the same manner as a private limited company except the relationship of shareholder to one another.

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- The company may not offer its shares or other securities to the public generally, but may offer them to shareholders, family members and managers.
- The company may have one or more restrictions on the transfer of each class of its shares.

A company treated as a private limited company from the date of registration with the Commercial Registrar pursuant to the prescribed form provided by the Ministry of Commerce.

Formation of Company

The company can be formed by one or more competent natural persons or legal persons by filing articles of incorporation with Ministry of Commerce. After accepting the articles of incorporation for filing, and after receiving the filing fee, Ministry of Commerce shall issue a certificate of incorporation. A company comes into existence and acquires legal personality on the date shown in the certificate of incorporation.

The Business Registration Regulations (Law on Commercial Rules and Register and subsequently amended of Cambodia)

Every person, (a company or individual), carrying on a business in Cambodia is required by The Business Registration Regulations (Law on Commercial Rules and Register and as subsequently amended) to register with Ministry of Commerce and obtain an Incorporation Certificate within at least 15 days prior to commencement of the operation. Once the stated criteria are met, an incorporation certificate will be granted.

There is a provision, relating to incorporation certificate, that such issued Certificates of Incorporation Certificate has to be renewed every three years.

Failing to register the company within the period prescribed shall be prosecuted for illegally engaging in commercial activity. Failure to renew the Certificate of Incorporation will be deemed to be a cessation of business, and that company will not be able to continue operating.

The usual capital structure divisions found in other jurisdictions do not apply under Cambodian Laws. There is only “Paid-up Capital”, and this is disclosed in the memorandum and articles of association. Upon incorporation, this amount must be fully paid-up. In the event, the shareholder(s) wish to increase the capital, application must be made to the Ministry of Commerce (“MOC”), and upon approval, the new, higher capital is paid into the company’s account and a new memorandum and articles of association will then be registered and issued.

Under Cambodia Laws, any company registered in Cambodia can be wholly owned by foreigners, but with one exception. If the company expects to acquire and hold the freehold title to any land, then, in that case the maximum foreign shareholding in that company cannot be more than 49%. If this law is breached by any devise designed to circumvent this prohibition (where foreigners cannot hold the majority shares), the property illegally owned by breaching this law will be seized as state property without compensation from the state. Moreover, a foreigner who falsifies national identity to become owner of the land in Cambodia shall be subject to imprisonment from one to five years.

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However, a locally registered company with a majority or all of the shares owned by foreigners can acquire lease of land or land and buildings for up to 50 years, with option to extension for a like period.

Taxation (Law on Taxation of Cambodia dated 24th of February, 1997)

1. *General Withholding Tax (“GWT”)*

The general withholding tax shall be determined as follows:

Any resident payor making any payment in cash or in kind to a resident person shall withhold, and pay as tax, an amount according to the below mentioned rates which are applied to the amount paid before withholding the tax:

- The rate of 15% on:
 - income received by a physical person from the performance of services including management, consulting, and similar services;
 - royalties for intangibles and interests in minerals, oil or natural gas, and interest paid to a physical person or an enterprise except interest paid to a domestic bank or savings institution.
- The rate of 10% on the income from the rental of movable and immovable property.
- The rate of 5% on interest paid by a domestic bank or savings institution to a resident physical person having a non-fixed term savings account.

The withholding in this article shall not apply to the payment of tax exempt income as stated in article 9 of GWT. For purposes of GWT and article 26 of GWT, the term “resident payor” means: (a) any resident enterprise; or pass-through; (b) any physical person, but only with respect to payments made by such; and (c) physical person in carrying on a business in the Kingdom of Cambodia.

2. *Withholding on Payments to Foreign Persons*

A resident payor making any payment of Cambodian source income to a non-resident person shall withhold, and pay as tax, an amount equal to 15 percent of the payment before withholding. This article shall not apply to dividends.

3. *Withholding Tax as Final Tax (“WT”)*

The tax withheld on distributions under article 23 of WT, on payments to a resident physical person under article 25 of WT, and on payments to a non-resident person under article 26 of WT shall be considered the final tax on the recipients of the payments or distributions described in those articles.

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4. *Prepayment of the Tax on Profit*

An enterprise liable to the tax on profit according to the real regime system of taxation has the obligation to make a monthly prepayment of the tax on profit at the rate of one percent of turnover inclusive of all types of taxes realised in the previous month. This prepayment will be deducted from the tax on profit as assessed annually.

The India Laws and Regulations

OT India is authorized to engage in the business of international freight forwarding (ocean and air), domestic logistics and transportation currently operating only in India. The below are the current provisions of laws and the judicial and administrative interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Foreign Investments into India

With effect from 1 June 2000, foreign investments in Indian securities is regulated by the Foreign Exchange Management Act, 1999 (“**FEMA**”) and the rules, regulations, notifications and press notes issued by the Reserve Bank of India (“**RBI**”) and the Department of Industrial Policy and Promotion. A person resident outside India may transfer any security of an Indian company or any other security to an Indian resident only in accordance with the terms and conditions specified in FEMA and the rules and regulations made thereunder or as permitted by the RBI.

In 1991, the Indian Government formulated the Industrial Policy, which, as amended, contains the policies relating to foreign direct investment (“**FDI**”) in Indian companies engaged in business in various sectors of Indian industry. The Indian Government, pursuant to its liberalisation policy, set up the Foreign Investment Promotion Board (“**FIPB**”) to regulate, together with the RBI, all FDI into India. Over a period of time, the Indian Government has relaxed the restrictions on foreign investment.

The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Consolidated FDI Policy effective from 5 April 2013 and the Master Circular on Foreign Investments, effective from 1 July 2013 in India set out the limits for FDI in each sector/activity subject to applicable laws, regulations and other conditionalities.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the approval route, prior approval of the Government of India is required. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating Foreign Investment. In cases where government approval is obtained, no approval of the RBI is required except with respect to the issue price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

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Commercial and other business regulations

Contracts in India are governed by the Indian Contract Act, 1872 (“**India Contract Act**”) which codifies the way in which a contract may be entered into, executed, implemented and also sets out the effects of breach of a contract. The India Contract Act consists of limiting factors, subject to which, a contract may be entered into, executed and the breach enforced. It provides a framework of rules and regulations that govern formation and performance of the contract. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

The Companies Act, 1956 (the “**Indian Companies Act**”), which has now been replaced with the Companies Act, 2013, dealt with laws relating to companies and other associations. It was enacted by the parliament in 1956. The Indian Companies Act regulated formation, financing, functioning and winding up of companies. The Indian Companies Act prescribed regulatory mechanism regarding relevant aspects, including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the main focus of the Indian Companies Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Indian Companies Act played the balancing role between these two competing factors, namely, management autonomy and investor protection.

In order to keep with the evolving corporate and business environment, and to revamp the legislation governing Indian companies, the Companies Act 2013 (“**new Act**”) has been enacted on August 29, 2013. The new Act which is more comprehensive than the Indian Companies Act, has 470 sections and has replaced the six decade old Indian Companies Act, and is intended to promote self regulation, investor protection and transparency. Further while the Indian Companies Act was self-contained, the new Act does not detail out the processes, time lines and so on, but is more defined by the Rules framed thereunder. While new chapters and sections have been added to the new Act, the substance of the Indian Companies Act is retained in the new Act.

The Competition Act 2002 (the “**Competition Act**”) was enacted in India aiming to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India (the “**Competition Commission**”) has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations.

The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, causes an appreciable adverse effect in the relevant market in India.

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Under Indian law, most formally executed written legal documents (“**Instruments**”) are required to be stamped with prescribed rates of duty and further registered with the Registrar of Assurances. Instruments not suitably stamped may not be admissible in evidence unless proper stamp duty and penalty is paid.

Taxation Regulations

Taxes in India are levied by the Central Government and the state governments. Some minor taxes are also levied by the local authorities such the Municipality or the Local Council. Income Tax Department functions under the Department of Revenue in Ministry of Finance and is responsible for administering various regulations pertaining to taxation passed by the parliament of India.

The primary regulation that governs taxation in India is the Income-tax Act, 1961 (“**IT Act**”) which is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of the IT Act or the Income Tax Rules made thereunder, depending upon the “Residential Status” and “Type of Income” of the assessee. The IT Act provides for taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the IT Act must comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax and Minimum Alternative Tax. Every such company must file its income tax returns with the relevant authorities within a specific time period.

Service tax is a tax levied on ‘taxable services’ provided in India. The service provider of taxable services is required to collect service tax from the entity to which it is providing its services. The service provider of a taxable service must register himself with the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance. According to Rule 6 of the Service Tax Rules, every assessee must pay service tax within six months immediately following the month to which it relates. A company must file a quarterly return by the 25th day of the month immediately following the half year to which the return relates.

Further, professional tax is applicable to those citizens of India who are either involved in any profession, trade, calling or employment. Every person liable to pay such tax (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), must obtain a certificate of enrolment from the department of sales tax. Each state government is responsible for structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax.

The Indonesia Laws and Regulations

During the Track Record Period and up to the Latest Practicable Date, we have not complied with certain laws and regulations in Indonesia. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details.

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Freight Forwarding Regulations

Given the fact that OT Indonesia is domiciled in DKI Jakarta, OT Indonesia shall be subject to DKI Jakarta's regional government regulations. Pursuant to Regulation of Governor of DKI Jakarta No. 123 Year 2010 regarding the Implementation and Business of Freight Forwarding Services, a company conducting freight forwarding business shall obtain business license of freight forwarding services from the Head of Transportation Agency acting for and on behalf of the Governor of DKI Jakarta. After obtaining the business license of freight forwarding services, the company is obliged to reregister the license biennially since the license is issued.

The freight forwarding business license shall be valid so long the company operates its freight forwarding business and shall be subject to an evaluation biennially. The freight forwarding activities shall include the freight forwarding business acting on behalf of the owner of goods in delivering the goods via land transportation, sea or air including the activities on receiving, storing, sorting, packing, labeling, measuring, weighing, documents clearance, issuance of transportation document, freight cost calculation, insurance claim for delivering goods and settlement of invoice and other fees in relation to delivering goods until the goods have been received by the entitled party.

In addition to the above, the freight forwarding company must fulfill the following obligations:

- (i) It must be a member of Association of Freight Forwarder Companies which has been acknowledged by the Government and Indonesian Chamber of Commerce (KADIN);
- (ii) It must fulfill all obligations stipulated in the freight forwarding business license;
- (iii) It must have started to conduct business activity at the latest within six months after the business license is issued;
- (iv) It needs to reregister biennially since the business license is issued;
- (v) It needs to submit a monthly and an annual company operational activity report to the relevant authority that issued the business license;
- (vi) It needs to report to the relevant authority that issued the business license upon any alteration/ amendment on the company's Articles of Association, taxpayer registration number, name and/ or address of the company's President Director at the latest within 14 days after such alteration/ amendment;
- (vii) It needs to participate to create a cooperative operational relationship with any party related with freight forwarding activity;
- (viii) It must comply with and implement a work healthiness and safeness in its company business environment and towards all of its employees;
- (ix) It must educate and train its employees to obtain work effectiveness and efficiency;

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- (x) It needs to submit an operational activity report in accordance with the required material towards the relevant authorized institution for data gathering and statistic purpose.

Dividends

Dividends paid by an Indonesian company to an Indonesian citizen and Indonesian company shareholder shall be taxed with the rate fixed at 10% and 15% respectively. On the other hand, dividends paid by an Indonesian company to a foreign shareholder except a permanent establishment shall be taxed with the fixed rate at 20%, subject to the applicability of relevant tax treaty. These are regulated under Indonesian Income Tax Law.

Foreign Capital Investment Law

Foreign direct investment in Indonesia is regulated under Law No. 25 Year 2007 regarding Capital Investment (“**Indonesian Investment Law**”). According to Indonesian Investment Law, foreign investor may need to establish an Indonesian limited liability company in order to conduct their business in Indonesia. This foreign investment company must obtain an approval and a business license from Indonesian Investment Coordinating Board (“**BKPM**”).

A further obligation attached to the foreign investment company after obtaining the approval from BKPM is an obligation to submit a six-monthly Capital Investment Activity Report to BKPM as required under Regulation of Head of BKPM No. 3 Year 2012 regarding Guidance and Procedure on Controlling of Capital Investment Implementation.

Taxation Law

A company established in Indonesia shall be categorized as a taxpayer and should be registered with the local Taxation Service Office where the company is domiciled to obtain a taxpayer registration number (*Nomor Pokok Wajib Pajak* — NPWP). Each branch office of the company needs to have its NPWP as well. This is required under the Law No. 6 Year 1983 lastly amended by Law No. 16 Year 2009 regarding General Principles and Procedures of Taxation.

A company that conducts the delivery of taxable goods/ services with total gross circulation and/or gross revenue exceeding Rp. 600 million annually is obliged to be acknowledged as a Taxable Entrepreneur (*Pengusaha Kena Pajak* — PKP). Each branch office of the company needs to have its PKP as well. This is required under Law No. 42 Year 2009 regarding Value Added Tax for Goods and Services and Luxurious Goods Sales Tax.

Income Tax

Income tax is levied on the taxable income of the individuals, corporations and non-resident whose taxable income from Indonesia. The rate of the corporate income tax is fixed at 25% of the taxable income. It is regulated under Law No. 7 Year 1983 lastly amended by Law No. 36 Year 2008 regarding Income Tax (“**Indonesian Income Tax Law**”).

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Value Added Tax

In general, goods and/ or services being delivered in Indonesian tax jurisdiction will be subject to Value Added Tax (“VAT”) under the Law No. 8 Year 1983 lastly amended by Law No. 42 Year 2009 regarding VAT. The general rate of the VAT is fixed at 10%, save for certain changes of rate made by the government under a government regulation.

Customs Law

Indonesian Custom law is governed under Law No. 10 Year 1995 lastly amended by Law No. 17 Year 2006 regarding Customs. In general, any goods coming from overseas into Indonesian customs territory are treated as “import” and are generally subject to import duty. Importation of goods into Indonesia is subject to customs verification on its documentation and physical inspection. Importation of goods into Indonesia must be declared to the Customs Authority using an Import Declaration Form. In addition, the importer must register itself to the Directorate General of Customs and Excise to obtain a Customs Identification Number (NIK), Importer Identification Number (API), Identification Number (NPIK) or Registered Importer Number (ITPT).

Employment Law

Moreover, a company with a minimum of ten employees or a payroll in excess of Rp. one million per person per month is required to participate its employees to Jamsostek program. This is required under Law No. 3 Year 1992 regarding Worker Social Insurance (“**Jamsostek**”) in conjunction with Government Regulation No. 14 Year 1993 lastly amended by Government Regulation No. 84 Year 2010 regarding Implementation of Jamsostek.

The company is also obliged to comply with the provincial minimum salary (*Upah Minimum Propinsi* — UMP) in accordance with the provincial regulation in its territory.

The Japan Laws and Regulations

During the Track Record Period, we have not complied with certain laws and regulations in Japan. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details.

The Consigned Freight Forwarding Business Law of Japan (“CFFBL”)

As a “Second Class Consigned Freight Forwarding Business,” (as defined in Article 2, Para. 8 of the CFFBL), OT Japan is required to receive permission from the Minister of Land, Infrastructure, Transport and Tourism (“**MLIT**”). We summarise below relevant sections regarding the Second Class Consigned Freight Forwarding Business permission process.

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According to Article 2, Para. 8 of the CFFBL, the Second Class Consigned Freight Forwarding Business is defined as follows:

“the combined, business operation involving consigned forwarding for remuneration at the request of customers by maritime shipping business operators, airline transportation operators or railway transportation operators and forwarding, collection and delivery of the freight by auto transport prior to or following such consigned forwarding.”

If (a) a company’s representative is a foreigner, (b) the ratio of a company’s foreign directors to local directors is 1/3 or more, or (c) the ratio of a company’s voting rights held by a foreigner (including judicial person) is 1/3 or more, such company falls within a foreign company (“**Foreign Company**”) under the CFFBL (Article 22, Item 2 and Article 6, Para 1, Item 5, (Ni) of the CFFBL.)

Article 45, Para.1 of the CFFBL stipulates that a Foreign Company may, upon permission by the MLIT, manage the Second Class Consigned Freight Forwarding Business pertaining to international freight forwarding. Article 45, Para.3 of the CFFBL further stipulates that a Foreign Company which seeks to acquire the permission must submit to the MLIT an application form that states the business plan and other matters prescribed in the Ordinance of the MLIT (“**CFFBL MO**”).

Article 39, Para 1 of the CFFBL MO stipulates that a Foreign Company’s application form for the Second Class Consigned Freight Forwarding Business permission must contain the following matters:

- (i) company’s name, headquarters address, directors’ (including representative director’s) name and nationality, and stated capital, and investment ratio as classified by nationality of investors, and by state, public entity or private individuals;
- (ii) classification of type of transportation for consigned forwarding;
- (iii) expected commencement date of consigned freight forwarding business; and
- (iv) business plan containing matters with respect to the consigned forwarding and collection and delivery of freight.

Article 39, Para 2 of the CFFBL MO further stipulates that the following documents must be attached to the application form:

- (i) document describing facilities for consigned freight forwarding business;
- (ii) document describing management of business vehicles if collection and delivery of freight are conducted by such vehicles;
- (iii) general terms and conditions of consigned forwarding;
- (iv) articles of incorporation and the latest balance sheet; and

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(v) certificate that company and its directors are not disqualified from obtaining permission.

According to Article 45, Para. 5 of the CFFBL, the MLIT will in its examination of the application for a permit, consider the diligent execution of international agreements and fair business activities and the intention to soundly develop a Second Class Consigned Freight Forwarding Business.

Corporate Tax Law and Consumption Tax Law

In Japan the types of applicable income taxes are as follows: (i) corporate income tax, (ii) prefectural inhabitant tax, (iii) municipal inhabitant tax, (iv) enterprise tax and (v) special regional corporate tax. Item (i) above and Item (v) above are national income tax and all of the others are local taxes. Special regional corporate tax is a national tax, but it will be collected together with enterprise tax assessed by the pertinent prefecture.

Both the prefectural inhabitant tax and the municipal inhabitant tax consist of a per capita levy and corporate tax levy. The per capita tax rates for the prefectural inhabitant tax vary (from JPY 20,000 to JPY800,000) depending on the capital amount of the taxpayer company, and the per capita tax rates for the municipal inhabitant tax vary (from JPY50,000 to JPY3 million) depending on the capital amount and the number of employees of the taxpayer company. The capital amount for the purpose of both taxes includes both the amount of paid-in capital and the amount of capital reserves.

Furthermore, although the corporate income tax rate applicable to a subsidiary is 25.5%, if the amount of stated capital of such foreign company and the subsidiary (except the companies which head office owns 100% shares of the subsidiary and has a Paid-in-Capital of JPY500 million or more), as the case may be, is JPY100 million or less, the corporate income tax rate applicable to their respective taxable income of the first JPY8 million is reduced to 15% for fiscal years beginning on or after 1 April 2012.

In addition, both Japanese and foreign companies are liable for the special reconstruction corporate tax which was introduced under the “Act on Special Measures for Reconstruction Funding after the 11 March 2011 Earthquake”. In general, this tax is 10% of the Japanese corporate tax liability for accounting period from 1 April 2012 through 31 March 2015. As a result, total corporate tax rate including this surcharge is 28.05% for taxable income over JPY8 million and 16.5% for taxable income up to JPY8 million.

Also, the rules relating to carried forward losses have been changed for periods commencing on or after 1 April 2012. The carried forward period for tax losses generated after 1 April 2008 has been extended from seven years to nine years. For companies that are not small or medium sized enterprises including head office owns 100% shares of the subsidiary and has a Paid-in-Capital of JPY500 million or more, the use of the losses is restricted to 80% of the taxable income for each year.

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Japanese Consumption Tax (“CT”) is a valued-added tax similar to European VATs. CT of 5% (the CT rate will be raised to 8% on and after 1 April 2014) is imposed on the value added at each stage of sales (and imports) and services with some exceptions and exclusions explained below. CT is imposed on the basis of the books and records of the corporation. To claim a credit for CT paid, the company must keep original invoices for the purchase and maintain proper documents.

All corporations in Japan with taxable sales in excess of JPY10.0 million for the year two years prior to the current tax year must declare their CT liability and file a CT return within two (2) months after the close of the current tax year. If a corporation does not meet the JPY10.0 million test and it has elected taxable status, it must complete and file a CT return in order to get a refund of CT paid. All companies with a paid-in capital of JPY10.0 million and over must file a CT return even if the company is newly established.

The Korea Laws and Regulations

Commercial Code and Corporate Tax Act

A corporation shall be established and the incorporation thereof shall be registered pursuant to Articles 172 and 317 of the Korean Commercial Code, and a business registration needs to be reported and registered at the relevant local tax office for tax purposes pursuant to Articles 109 and 111 of the Korean Corporate Tax Act.

Foreign Investment Promotion Act

1. *Registration as a foreign-invested company*

The Korean legal system does not require governmental approvals or licenses to be acquired when a foreigner or a foreign company enters into Korea, except for certain business sectors, of which the freight forwarding business is not included. Rather, the Korean legal system focuses on promoting foreign investment, and therefore provides various types of incentives to foreign companies if certain requirements are met.

In short, a company whose shareholder is a foreigner or a foreign company and whose amount of capital invested is KRW 100 million or more may be registered as a foreign-invested company pursuant to Article 2 of the Foreign Investment Promotion Act of Korea, which is the basic step towards possibly receiving various types of incentives such as corporate tax reductions, local tax reductions or exemptions, exemptions from customs duties, and the like.

2. *Share transfer report*

Pursuant to the Foreign Investment Promotion Act of Korea, the transferor, must file a share transfer report to the foreign exchange bank in Korea within 30 days after the execution of the share transfer agreement, and the company must amend its foreign-invested company registration with the same bank, as well. If the share transfer report is filed by the transferor, then the transferee is exempt from separately filing a report. This is a reporting obligation and there are no approvals otherwise required regarding the transfer of shares of a foreign company in Korea.

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The Framework Act on Logistics Policies

Article 43(1) of the Framework Act on Logistics Policies sets forth that a corporation which conducts international freight forwarding brokerage business shall have a paid-in capital amount of KRW 300 million or more, as well as guarantee insurance which insures the amount of any loss or damage above KRW 100 million. Such company shall also have its business registered with the Ministry of Land, Transport, and Maritime Affairs. That said, however, OT Korea, a corporation which conducts international logistics mediation business and does not handle freight forwarding by itself, does not need to acquire a license for air transportation, and — according to an interpretation of the Ministry of Government Legislation announced to the public on 11 March 2010 — for vehicular transportation as well.

OT Korea has confirmed that the only business it conducts is the international logistics mediation business, that it does not conduct transportation services itself, and that it has duly registered as an International Forwarding Business as of 9 February 2006.

The Dutch Laws and Regulations

Our Netherlands subsidiaries carry on international air-freight and ocean freight forwarding services, customs brokerage, logistics, warehousing and distribution.

The Netherlands has a civil law system. The main body of law is the Dutch Civil Code (“DCC”).

Transport Law

Dutch transport law with respect to maritime law, inland shipping, carriage by road, air law and carriage by rail is regulated in Book 8 DCC which actually consists of several parts. Part one provides some general provisions and furthermore deals with matters like combined transport (Art. 8:40 et seq. DCC) and dispatch (Art. 8:60 et seq. DCC). The other parts cover not only the carriage of goods or persons. Book 8 DCC also provides regulations on — amongst others — general average, maritime labour law, ownership of vessels, bills of lading, pollution and damage.

In general the provisions of Book 8 may be set aside by the parties to a carriage contract but exceptions (mandatory law) are numerous, especially with respect to the carrier’s liabilities.

Important parts of transport law have also been regulated by international treaties and conventions, as the Hague-Visby Rules (carriage of goods by sea), the Convention Concerning International Carriage by Rail (COTIF), the CMR Treaty (carriage of goods by road) and the Warsaw Convention (1929) on international carriage by air.

The contract to forward or dispatch goods is regulated in Art. 8:60 et seq. DCC. According to Art. 8:60 DCC the forwarding agent binds itself towards the principal to enter, for the benefit of the latter, into one or more contracts of carriage with a carrier to transport goods which are to be placed at its disposal by the principal. If the forwarding agent itself performs the contract which it undertook

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to enter into, it will be deemed to be the carrier pursuant to that contract. This means that it will bear the general carrier's liability as described above instead of the less far-reaching dispatcher's liability based on the general conditions laid down by the Netherlands Association for Forwarding and Logistics ("FENEX") as mentioned below.

OTX Logistics Holland and its subsidiaries act as freight forwarders and therefore use third party carriers to offer their services. Only OTX Logistics Holland acts as a road carrier for a limited part of its activities.

OTX Logistics Holland is a member of FENEX which is a trade association that seeks to establish uniform trade practice and regulations. OTX Logistics Holland and its subsidiaries engage its customers using the standard terms and conditions of FENEX.

Custom Licences

OTX Logistics Holland has three Custom Licenses (nos. NL01080005198, NL01080011334, NL01080000656) which have been granted by the Dutch Customs on the basis of the Dutch Customs Act and several regulations of the European Community. These licenses allow OTX Logistics Holland to provide for customs clearance services for its customers, including its subsidiaries (which do not operate any custom clearing activities).

Specific Privileges

OTX Logistics Holland is a certified Authorised Economic Operator ("AEO") as defined in the security amendment of the European Community Customs Code (Regulation (EC) 648/2005). Economic operators can apply for an AEO status either to have easier access to customs simplifications. On the basis of Article 5a of these security amendments, the Dutch Customs can grant the AEO status to any economic operator meeting the following common criteria: customs compliance, appropriate record-keeping, financial solvency and, where relevant, appropriate security and safety standards. OTX Logistics Holland's subsidiaries have not been certified as such, they do not operate any custom brokerage activities.

OTX Logistics Holland is registered as a Regulated Air Freight agent in the EU database under number NL/RA00185-00/0313 after approval by the Royal Netherlands Marechaussee (*Koninklijke Nederlandse Marechaussee*).

A regulated agent ("**Regulated Agent**") means an air carrier, agent, freight forwarder or any other entity that ensures security controls in accordance with Regulation (EC) No 300/2008 and Regulation (EC) 185/2010 of the European Commission in respect of cargo or mail. Designation as a Regulation Agent is not a specific requirement but may result in shorter close out times. OTX Logistics Holland's subsidiaries have not been designated as such, as it focuses on ocean freight (OTX Logistics Rotterdam B.V.) or as it has no export activities (OTX Solutions B.V.).

Enterprises wishing to become Regulated Agents must submit a copy of their security programme for examination and approval by the Royal Netherlands Marechaussee and an inspection of the premises will follow shortly after before Regulated Agents status is obtained. The Regulated Agents

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must satisfy the Royal Netherlands Marechaussee in relation to secure premises, training, availability of necessary screening resources and secure transport arrangements. Inspections will continue on an on-going basis in order to ensure that they continue to comply with the necessary security procedures.

Dutch Employment Law

As a member of the European Union, the Netherlands has implemented European directives in relation to labour law. The main regulations with regard to employment are laid down in the DCC. Furthermore, other regulations with regard to employment are laid down in — among others — the Act on Minimum Wage, the Act on the Works Council, the Act on Equal Treatment, the Act on the Protection of Personal Data, etc. The rights and obligations between employer and employee are usually laid down in an employment agreement and an employee handbook.

Another important source for regulations is the Collective Labour Agreement (In Dutch: “Collectieve Arbeidsovereenkomst”) (“CAO”). The applicability of a CAO could involve additional rights and obligations, which have to be observed by the parties to the employment agreement. A CAO is concluded between Trade Unions and the organisation that represents the employer. Whether or not a CAO applies, depends on the activities of the company and if the collective agreement has been declared binding by the government.

The Laws and Regulations of Malaysia

Persons intending to undertake freight forwarding and logistics services in Malaysia may incorporate a company for this purpose under the Companies Act 1965 (“CA 1965”).

OT Int’l Malaysia, OT WW Malaysia, City Net Malaysia, Courier & Freight Express (Malaysia) Sdn. Bhd. and On Time Worldwide Logistics (Borneo) Sdn. Bhd. are validly and legally incorporated in Malaysia under the CA 1965 as private limited companies. They are each registered with the Companies Commission of Malaysia (“CCM”) as an existing company and possess a valid and subsisting certificate of incorporation. As corporate entities with separate legal identities they may enter into legally binding commitments, sue and be sued.

The core nature of business registered by each Malaysian subsidiary of our Group with the Companies Commission of Malaysia is as follows:

- OT Int’l Malaysia: shipping and forwarding agency
- OT WW Malaysia: freight and forwarding, shipping and logistics services
- City Net Malaysia: dormant
- OT Borneo: dormant
- Courier & Freight Express (Malaysia) Sdn. Bhd.: dormant

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In practical terms the businesses of our Malaysian subsidiaries can be more readily described as freight broking, whereby they offer logistics and other value added services without undertaking any freight forwarding, warehousing or transportation. None of the Malaysian subsidiaries independently undertake the role or business of (i) customs agent, (ii) shipper or shipping agent, (iii) carrier by land, sea or air, or (iv) act as a provider of services within an airport. Under Malaysian law, these aforementioned roles or business dealings constitute licensable undertakings, as more particularly described below.

None of our Malaysian subsidiaries presently hold any licenses, permits, approvals, consents, registrations and filings obtained in their respective names from any governmental, federal, state, provincial or other administrative or regulatory authority or body for conducting the freight forwarding and logistics business they are each carrying on. Where the services of a licensed freight forwarder and customs agent is required the services of OTEL Services Sdn Bhd (“**OTEL Services**”), being a third party agent licensed by the Royal Malaysian Customs Department, are engaged. Arrangements of this nature are legal and permissible.

Our Malaysian subsidiaries are subject to all relevant Malaysian legislation, rules and regulations, as well as domestic policies implemented by the relevant government authorities including, *inter alia*, the CCM, the Malaysian Investment Development Authority, and the Royal Malaysian Customs Department.

At present there is no specific legislation in Malaysia regulating the freight-forwarding and logistics industry. There are, however, a number of laws regulating ancillary services in connection with the freight-forwarding industry such as customs agents, shippers and shipping agents, carriers including hauliers and provider of services within an airport.

Additionally, the Malaysian Investment Development Authority (“**MIDA**”) has established policies to develop the domestic logistics services sector.

Customs Agent

A customs agent is required to obtain the permission of the Royal Malaysian Customs Department if they are involved in any business relating to the import or export of any goods or luggage or the entry or clearance of any vessel or aircraft in Malaysia. Approval may be granted subject to terms and conditions stipulated at the discretion of the approving customs officer.

Additionally, a customs agent is required to obtain a Service Tax Licence pursuant to the Sales Tax Act 1975.

None of our Malaysian subsidiaries independently undertakes the clearance of goods for export or import. Instead a third party company, namely OTEL Services, is engaged as customs agent for this purpose. Consequently our Malaysian subsidiaries are not required to obtain the permission of the Royal Malaysian Customs Department or possess a licence issued by the same.

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Shipper / Shipping Agent

OT WW Malaysia acts *inter alia* as a shipping agent however there are no licensing, permits or approvals required under Malaysian law for OT WW Malaysia to undertake such business.

Provider of Services within an Airport

In Malaysia, the Civil Aviation Act 1969 (“**CAA 1969**”) is the primary legislation governing any provider of services within an airport. Section 24A of the CAA 1969 prescribes that the Minister may grant a license to a company nominated by the Government of Malaysia to provide any services within an airport or otherwise.

Every license issued shall set out the following matters:-

- The function to be carried out or the services to be provided by the company;
- Compliance by the company of performance standards established by the Director General;
- Duration of the license;
- Annual fee payable by the company;
- Particular duties of the company in respect of services provided by it; and
- Such other matters or conditions as the Minister thinks fit.

Section 24F of the CAA 1969 further provides that a licensed company which contravenes any of the conditions of the license issued by the Minister shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM100,000.

The Director General (“**DG**”) is empowered to give a notice in writing to the licensed company under Section 24I of the CAA 1969 requiring the licensed company to comply with the conditions of its license where the DG is satisfied that the licensed company is contravening, or has contravened and is likely again to contravene, any of the conditions of its license. Upon the expiry of the period as stipulated in the notice, the DG shall submit to the Minister a report of such failure by the company and if the Minister is satisfied that the contraventions are of such a serious nature or affected or likely to affect the public interest or safety and the licensed company has refused to take or has not taken all such steps as appear necessary to the Minister for securing compliance then the Minister may issue a notice of revocation or suspension.

Income tax

Malaysian income tax is imposed for each year of assessment upon income accruing in or derived from Malaysia, and on income received in Malaysia from foreign sources. Under Section 4 of the Income Tax Act 1967, taxable income includes *inter alia* gains or profits from a business (for whatever period of time carried on), dividends, interest, discounts, rents, royalties or profits.

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Foreign-source income is not subject to tax in Malaysia however tax is levied on worldwide income for certain activities such as banking, air and sea transport operations. In assessing Malaysian tax residents, unless profits and gains are attributed directly to activities conducted outside Malaysia, there is an assumption that they are to be derived from Malaysia. Consequently the burden is on the company to prove which part of its income is foreign-source.

Currently capital gains are not subject to income tax in Malaysia. Real property gains tax is chargeable however on gains arising from the disposal of real property situated in Malaysia or of interest, options or other rights in or over such land as well as the disposal of shares in real property companies.

Withholding tax

Payments to persons who are not tax resident in Malaysia in respect of royalties, technical fees, installation fees and rental of movable property are liable for withholding tax at the following rates:

- 10% withholding tax on income accruing to a non-resident from the rental of moveable property;
- 15% withholding tax on income accruing to a non-resident from interest payments, unless such amount is waived or reduced pursuant to a double taxation agreement between the Government of Malaysia and the treaty country of the non-resident;
- 10% withholding tax on income accruing to a non-resident from the payment of royalties and technical fees;
- 10% withholding tax accruing to a non-resident on any gains or profits falling under Section 4(f) of the Income Tax Act 1967 (being income that is not derived from a business, employment, dividend, interest, discount, rent, royalty, premium, pension, annuity or other periodical). This head of chargeable income usually applies to one-off payments to a non-resident.

The Singapore Laws and Regulations

Income tax

Singapore income tax is imposed on income accruing in or derived from Singapore, and on income derived from sources outside Singapore (i.e. foreign-sourced income) that is received or deemed to have been received in Singapore by the operation of law, subject to certain exceptions.

Singapore income tax is only imposed on income. Singapore does not impose tax on capital gains. Therefore, gains of a capital nature are not taxed. However, gains on disposal of investments may be construed to be income in nature and subject to Singapore income tax. Generally, gains on disposal of investments may be considered income in nature, if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

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Payment of dividends

Singapore adopts a one-tier corporate tax system. Under the one-tier corporate tax system, the tax paid by Singapore tax resident companies is a final tax. Any dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of their shareholders. No withholding tax is imposed on the payment of dividends to non-resident shareholders.

Withholding tax on payments made to non-residents

Certain payments to persons who are not known to be tax resident in Singapore to the payer are subject to withholding tax. Such payments include interest, royalties, technical or management service fees and rent for the use of any movable property. The payer has the obligation to withhold tax at the applicable tax rate from these payments.

Stamp duty

Stamp duty is chargeable on certain documents relating to immovable property and shares or any interest thereof, including leases. In general, stamp duty is payable on instruments executed in Singapore or if executed outside Singapore, and relates to any property situated in Singapore, which are received in Singapore. Whilst stamp duty relief and remission are available in limited circumstances, such relief and remission are not automatic and must be applied for under the relevant provisions of the Stamp Duties Act (Chapter 312 of Singapore).

Goods and services tax (“GST”)

GST is a consumption tax levied on the importation of goods, as well as most supplies of goods and services in Singapore. GST on importation is collected by the Singapore Customs while GST on local supplies of goods and services is collected by GST-registered persons. The prevailing standard GST rate is 7.0%. Certain supplies are exempt from GST. Broadly, these include sales and leases of residential properties and the provision of certain financial services. GST incurred on expenses for making exempt supplies is generally not recoverable (subject to certain exceptions). Export of goods and provision of international services are generally zero-rated (i.e. subject to GST at 0.0%). GST on expenses incurred for making zero-rated supplies is generally recoverable (subject to conditions).

The Taiwan Laws and Regulations

Foreign investments in Taiwan - Statute For Investment By Foreign Nationals (外國人投資條例)

Foreign investors (other than foreign investors who have registered with the Taiwan Stock Exchange for making investments in the Taiwan securities market or any PRC person) who wish to make direct investments in the shares of a Taiwanese company are required to submit a foreign investment approval application to the Investment Commission of the Ministry of Economic Affairs or other applicable government authority in accordance with the Statute For Investment By Foreign

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Nationals. The Investment Commission or such other government authority reviews each foreign investment approval application and approves or disapproves each application after consultation with other governmental agencies (such as the Central Bank of the Republic of China (Taiwan) and the Financial Supervisory Commission).

Under current Taiwan laws, any foreign investor possessing a foreign investment approval may repatriate annual net profits, interest and cash dividends attributable to the approved investment.

OT Taiwan is validly existing as a limited company in Taiwan, being an indirect wholly-owned subsidiary of our Company. OT BVI, the Company's direct wholly-owned subsidiary, has obtained the foreign investment approval from the Investment Commission for its acquisition of all equity interest in OT Taiwan.

Freight forwarding services

Generally, OT Taiwan is subject to a variety of laws and regulations in conducting its business, including, but not limited to, those for: freight forwarding services, labour, environment protection, taxation, foreign exchange controls in Taiwan. Nevertheless, in addition to a general corporate registration with the Taipei City Government, certain special licenses are required for OT Taiwan to conduct freight forwarding services as follows:

1. *Shipping Act (航業法) and Regulations Governing Ocean Freight Transportation Forwarding Services (海運承攬運送業管理規則)*

Under the Shipping Act, a special license from the shipping administration authority is required for providing ocean freight transportation forwarding services. Moreover, according to the Regulations Governing Ocean Freight Transportation Forwarding Services, the minimum capital requirement for a company to provide ocean freight transportation forwarding services is TWD7.5 million.

OT Taiwan has obtained the special license dated 6 January 2006 from Keelung Harbor Bureau of the Ministry of Transportation and Communication (交通部基隆港務局) for operating the business of ocean freight transportation forwarding services. According to the Corporate Registration Card of OT Taiwan issued by the Taipei City Government dated 27 February 2014, the paid-in capital of OT Taiwan is TWD 7.5 million.

2. *Civil Aviation Act (民用航空法) and Regulations Governing Air Freight Transportation Forwarding Services (航空貨運承攬業管理規則)*

Under the Civil Aviation Act, a special license from the aviation administration authority is required for providing air freight transportation forwarding services. However, the shipping administration authority may be the issuing authority of such special license if the applicant simultaneously applies for providing ocean freight transportation forwarding services as well as air freight transportation forwarding services. Moreover, according to the Regulations Governing Air Freight Transportation Forwarding Services, the minimum capital requirement for a company to provide air freight transportation forwarding services is TWD5.0 million.

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OT Taiwan has obtained the special license dated 6 January 2006 from Keelung Harbor Bureau of the Ministry of Transportation and Communication (交通部基隆港務局) for operating the business of air freight transportation forwarding services. According to the Corporate Registration Card of OT Taiwan issued by the Taipei City Government dated 27 February 2014, the paid-in capital of OT Taiwan is TWD7.5 million.

3. *Customs Act (關稅法) and Regulations Governing Customs Clearance Services (報關業設置管理辦法)*

Under the Customs Act, a special license from the customs authority is required for providing customs clearance services. Moreover, according to the Regulations Governing Customs Clearance Services, the minimum capital requirement for a company to provide customs clearance services is TWD5.0 million.

OT Taiwan has obtained the special license dated 18 April 2013 from Taipei Customs, Customs Administration, Ministry of Finance (財政部關務署臺北關) for operating the business of customs clearance services. According to the Corporate Registration Card of OT Taiwan issued by the Taipei City Government dated 27 February 2014, the paid-in capital of OT Taiwan is TWD7.5 million.

The Thailand Laws and Regulations

We have entered into OT Thailand Contractual Arrangements. Please refer to the paragraphs headed “Risk Factors — Risks Relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements” and “History, Reorganisation and Corporate Structure — OT Thailand Contractual Arrangements” of this prospectus for further details.

The Civil and Commercial Code

Private limited company is a type of juristic person governed by provisions of the Civil and Commercial Code (“CCC”) (Title XXII, Partnerships and Companies, Sections 1012 to 1273/4).

As of 1 July, 2008, according to the amended CCC B.E. 2551 (A.D. 2008), limited companies are required to have a minimum of three shareholders at all times. All private limited companies are required to be registered at the Department of Business Development, Ministry of Commerce. Upon incorporation of a limited company, the following information and documents shall be registered and kept at the Department of Business Development:

- The Company’s Memorandum of Association, having the following information;
 - Name of the company
 - Location of the company
 - Objectives of the company

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- Amount of capital, divided into shares and the par value
- Name, address, and occupation of each promoter (subsequently become shareholder), and
- Number of shares subscribed by each promoter.
- The minutes of a statutory meeting of the promoters or share subscribers to form a limited company, having concluded the following matters:
 - Articles of Association (by-laws) (if any)
 - Ratification of any contracts entered into and any expenses incurred by the promoters in promoting the company
 - Remuneration, if any, to be paid to the promoters
 - The number of preferred shares, if any, to be issued, and the nature and extent of the preferential rights accruing to them
 - The number of ordinary shares or preferred shares to be allotted as fully or partly paid-up other than in money, if any, and the amount up to which they shall be considered as paid-up
 - Appointment of the initial director(s) and auditor(s) and determination of the respective powers of the directors
- The Company's Articles of Association (by-laws) (if any); and
- The List of Shareholders

Once approved by the registrar of the Department of Business Development to form a limited company, a certificate of incorporation will be issued. The certificate of incorporation has no expiration date.

Additional permits or licenses may be required for certain business activity. However, no permits or license is required for a Thai national company (i.e. company having its majority shares held by Thai national) to conduct the business of being an agent or broker to provide logistic and cargo forwarding service in and out of the country.

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Foreign Business Act B.E. 2542 (A.D. 1999)

Effective from 1999, Foreign Business Act prohibits Foreigner to engage in certain businesses as listed out in the Act. In this Act, the term “Foreigner” means:

- (1) Natural person not of Thai nationality;
- (2) Juristic person not registered in Thailand;
- (3) Juristic person registered in Thailand having the following characteristics:
 - (a) Having half or more of the juristic person’s capital shares held by persons under (1) or (2) or a juristic person having the persons under (1) or (2) investing with a value of half or more of the total capital of the juristic person.
 - (b) Limited partnership or registered ordinary partnership having the person under (1) as the managing partner or manager
- (4) Juristic person registered in Thailand having half or more of its capital shares held by the person under (1), (2) or (3) or a juristic person having the persons under (1), (2) or (3) investing with the value of half or more of its total capital.

The Act has prescribed the categories of restricted businesses into three lists as follows:

- List 1 the list of businesses not permitted for Foreigner to operate due to special reasons;
- List 2 the list of businesses that are prohibited to Foreigner to operate unless permitted by the Minister with the approval of the Cabinet; and
- List 3 the list of businesses that are prohibited to Foreigner unless permitted by the Director-General of the Department of Business Development with the approval of the Foreign Business Committee.

The business of OT Thailand as an agent for the services of logistics and cargo forwarding to and out of Thailand is restricted under List 3 item (11) under the Act below mentioned which Section (8) of the Act states: Foreigners shall be prohibited from operating the businesses prescribed in List 3 in which Thai nationals are not ready to compete unless permitted by the Director-General with the approval of the Committee.

- (11) Broker or agent business, except:
 - (a) Being broker or agent for underwriting securities or services connected with future trading of commodities of financing instruments or securities.
 - (b) Being broker or agent for trading or procuring goods or services necessary for production or rendering services amongst affiliated enterprises.

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- (c) Being broker or agent for trading, purchasing or distributing or seeking both domestic and foreign markets for selling domestically manufactured or imported goods in the manner of international business operations having the foreigners' minimum capital 100 million Baht or more.
- (d) Being broker or agent of other category as prescribed by the ministerial regulations.

However, there are several exceptions for Foreigner to operate the businesses provided therein, e.g. export business, manufacturing business, international transportation services, or service business having obtained the investment promotion from the Office of the Board of Investment, etc.

Taxation

Corporate Income Tax

Corporate Income Tax is a direct tax levied on a juristic company or partnership carrying on business in Thailand or not carrying on business in Thailand but deriving certain types of income from Thailand.

The general rate of corporate income tax in Thailand is 30% on net profit. However, according to the Royal Decree no. 530, pursuant to the Revenue Code such rate has been reduced as follows:

1. for accounting period of year 2012 the rate is reduced to 23% on net profit, and
2. for accounting periods of year 2013-2014 the rate is reduced to 20%.

However, the rates vary depending on types of taxpayers, e.g. small company (any company with paid-up capital less than THB 5 million at the end of each accounting period) lower rates of corporate income tax shall be applied.

Other Taxes

Other than Corporate Income Tax, there are several taxes imposed on limited companies, depends on their business operation and activities as follows:

- Value-added tax;
- Specific business tax;
- Customs duty;
- The petroleum income tax;
- Stamp duty;
- Excise tax;

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- Land and building tax; and
- Sign board tax.

Foreign Exchange Control law

The major laws governing exchange control in Thailand are the Exchange Control Act (B.E. 2485) and the Ministerial Regulations issued under the said Act. The Ministry of Finance entrusts the Bank of Thailand (“BOT”) with the responsibility of administering foreign exchange. The details of procedures are stipulated by notifications of the Ministry of Finance, and BOT’s notifications and orders.

Generally, all foreign exchange transactions shall be conducted through authorized commercial banks.

Regulations on Employment

Generally, labor matters are governed by the Labor Protection Act B.E. 2541 (A.D. 1998) and its amendments (No. 2) and (No. 3) B.E. 2551 (A.D. 2008) and the provision of the Civil and Commercial Code, Title VI, Hire of Services, Sections 575 to 586.

Other related laws include the Labor Relations Act which provides for the establishment of employee associations and labor unions, Social Security Act, Workmen’s Compensation Act, and Provident Fund Act, in case a Provident Fund is to be set up. All labor related cases shall be proceeded at the Labor Court according to the Act Establishing the Labor Court and Labor Court Procedure.

Under the Labour Protection Act, B.E. 2541 (A.D. 1998), an employer with 10 or more employees is required to have a set of work rules in the Thai language at each place of business, and containing at least the particulars as required by the Act. Additionally, a copy of the rules must be sent to the Labour Department for its records.

Social Security and Workman Compensation Funds

Every company in Thailand which has hired employee must register itself and the employee with the Office of the Social Security (“OSS”) and shall contribute equal amount of employee’s contribution to the OSS on a monthly basis. The normal rate is 5% of the monthly salary, capped salary for this purpose is THB 15,000. As such, the maximum monthly contribution paid by an employer and an employee is THB 750 each.

In addition to Social Security Funds, the company must also contribute to the compensation fund once a year. The rate of contribution is assessed at 0.2% to 1.0%, depending on the risk classification of the employer, of the employees’ annual income, depending on the risk classification of the employer.

Upon registration, the employees will be entitled to benefits provided under the Social Security Act and Workmen’s Compensation Act.

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The US Laws and Regulations

During the Track Record Period and up to the Latest Practicable Date, we have not complied with certain laws and regulations in the US. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details.

Foreign investments in the US

Foreign investors may directly invest in U.S. businesses. Repatriation of dividends is not restricted. However, the Internal Revenue Code requires the withholding of tax from dividends paid to non-resident aliens.

Customs Broker Services

A license from Bureau of Customs and Border Protection, U.S. Department of Homeland Security is required for provision of customs broker services. OTX Florida has obtained such a license.

Freight forwarding services — Ocean

Services of an ocean freight forwarder and a non-vessel operating common carrier (“**NVOCC**”) are regulated by the Federal Maritime Commission (“**FMC**”). Regulations concerning licensing, requirements of financial responsibility and general duties for ocean transportation intermediaries are set forth in 46 C.F.R. § pt. 515. (“**C.F.R.**”). In full compliance, OTX Florida has registered as an ocean freight forwarder with the FMC.

Freight forwarding services — Surface Transportation

If OTX Florida performs freight forwarder services as defined by the Interstate Commerce Act, it must comply with certain statutory and regulatory rules, including the requirements of the Federal Motor Carrier Safety Administration (“**FMCSA**”), including the (BMC 32) (BMC-32 is an endorsement to a Cargo liability policy that guarantees a minimum level of coverage for loss or damage in transit at \$5,000 per shipment of household goods).

Export Regulations

The US has comprehensive regulation of exports from the US. Although compliance with these controls is primarily the obligation of exporters, a freight forwarder works with its customer to assure compliance and prepare the appropriate documentation.

Services as an Indirect air carrier

As an indirect air carrier, OTX Florida is subject to the security requirements of indirect air carrier and is subject to the convention for the unification of certain rules for international carriage by air (“**Montreal Convention**”) to which the US is a signatory.

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Employment Laws and Regulations

Federal and state laws and regulations protect employee rights. Applicants to and employees of OTX Florida are protected by federal laws which prohibit discrimination on account of race, color, religion, sex, and national origin under the Civil Rights Act of 1964 (as amended) and age under the Age Discrimination in Employment Act of 1967 (as amended). The Equal Pay Act of 1963 (as amended) prohibits sex discrimination in payment of wages to women and men performing substantially equal work in the same establishment. Retaliation against a person who files a charge of discrimination, participates in an investigation, or opposes an unlawful employment practice is prohibited by all of these federal laws.

Finally, federal and state laws and regulations regulate issues concerning employee safety, regulate wages and hours and require that employers carry worker's compensation insurance.

The UAE Laws and Regulations

Dubai Law and Dubai World Central Freezone Regulations

The UAE has established a number of free zones to promote foreign investment. Foreign corporate entities set up in the free zones can freely operate within the free zones and can be 100% foreign-owned, unlike entities registered in the UAE which require various degrees of local participation.

Dubai Aviation City Corporation (“**DACC**”) is a wholly-owned Government of Dubai company established by Dubai Law No. 8 of 2006 (as amended). The Corporation is responsible for the development and operation of Dubai World Central (“**DWC**”), a development in Jebel Ali, Dubai, centred around the new Al Maktoum International Airport. The law includes provision for the establishment of a free zone for businesses and organisations operating in the aviation and logistics industries.

Under the DWC Regulations, all organisations and persons undertaking commercial activities within the DWC Free Zone must have a valid lease, registration and licence. Licences must be renewed annually and all organisations and persons registered or licensed to undertake commercial activities within DWC may only conduct activities which are covered by the terms of the applicable licence. All free zone entities must conduct all or a substantial part of their business or operations within the DWC in order to maintain a valid licence and registration.

OT Dubai is a duly incorporated limited liability company in the DWC and is governed by the DWC Regulations and UAE law. It carries on freight forwarding services and logistics services and has obtained a valid logistics licence to operate within the DWC. Under the DWC Regulations, the holder of a logistics licence may carry out specified logistics services (e.g. storage, transportation, distribution, sorting, forwarding and clearing activities, order management, inventory management etc.). The licence holder will be able to pick up and deliver (but not sell) products within the UAE.

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Taxes and Foreign Exchange Controls

Under Dubai Law No. 8 of 2006 (as amended), every entity in DWC shall be exempted from all taxes (including individual income tax) concerning any transactions inside DWC and shall be exempted from any restrictions concerning conversion of capital, profits or wages to any currency and transfer or repatriation of the same to any entity outside DWC. Such exemption shall be for a period of 50 years subsequent to which it may be renewed by a decree issued by the Ruler of Dubai. Such exemption period shall start from the date of incorporation of the entity in DWC.

UAE Federal Law

In addition to Dubai law and the DWC Regulations, OT Dubai is also subject to a variety of UAE federal laws in conducting its business, including but not limited to laws governing labour, immigration, pension and social securities, environmental protection, anti-corruption, anti-money laundering, as well as the UAE Civil Code. Based on the nature of operations of OT Dubai, it is not subject to any environmental laws.

The Vietnam Laws and Regulations

We have entered into OT Vietnam Contractual Arrangements. Please refer to the paragraphs headed “Risk Factors — Risks Relating to OT Thailand Contractual Arrangements and OT Vietnam Contractual Arrangements” and “History, Reorganisation and Corporate Structure — OT Vietnam Contractual Arrangements” of this prospectus for further details. During the Track Record Period and up to the Latest Practicable Date, we have not complied with certain laws and regulations in Vietnam. Please refer to the paragraph headed “Business — Regulatory Compliance, Licences and Permits” of this prospectus for further details.

The investment laws and regulations

The investment laws and regulations, with the backbone being the Investment Law, dated 29 November 2005 (as amended in 2013) (“**Investment Law**”), provide the key principles for investment by our Group in Vietnam to incorporate OT Vietnam and to conduct the freight forwarder business in Vietnam. In general, the Investment Law provides investment conditions, requirements and procedures for applying the investment certificate by all foreign investors to incorporate their subsidiary companies in Vietnam, and to register the business to be conducted by foreign investors, through their subsidiary companies, in Vietnam. In addition, the Investment Law provides all investment incentives to foreign investors, the basic rights and obligations of foreign investors, the supports and guarantees by the Government of Vietnam to foreign investors and their investment in Vietnam. According to the Investment Law, the investment in the freight forwarder business in Vietnam is conditional. As a result, the issuance of the Investment Certificate to our Group is subject to not only the Vietnamese Laws, but also the services commitments by Vietnam to the World Trade Organisation (“**WTO**”), with consideration by not only the People’s Committee of Ho Chi Minh City, but also relevant ministries in Hanoi, Vietnam, including those restrictions of foreign investments in Vietnam which result in the

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OT Vietnam Contractual Arrangements regarding our Group's investment in OT Vietnam. In general, any amendment of the Investment Certificate for any of its change in relation to OT Vietnam, including the change of its foreign owners, will be subsequently subject to and follow the same procedures as applicable to the issuance of the Investment Certificate.

The enterprise laws and regulations

The enterprise laws and regulations, with the backbone being the Enterprise Law, dated 29 November 2005 (as amended in 2009 and in 2013) ("**Enterprise Law**"), provide the key principles for the incorporation, organization and operations of OT Vietnam. While the Enterprise Law together with the Investment Law provide the conditions, requirements and procedures for applying for the investment certificate for incorporating foreign invested companies like OT Vietnam, the Enterprise Law itself provides the key principles on the organization and management of the companies, with specific focuses on the rules of making internal decisions by different management bodies and positions in the companies. According to the Enterprise Law, OT Vietnam was incorporated and currently existing in the form of a limited liability company with two members, which (unlike a joint stock company) is not permitted to issue any shares. As OT Vietnam (as an foreign invested capital enterprises which was established before 1 July 2006) did not re-register as an option provided by the Enterprise Law, it shall have the right to carry out re-registration or not to carry out re-registration. Before 1 August 2013, pursuant to the Enterprise Law, the organisation and business operations of OT Vietnam will be limited to and must strictly comply with what are registered and permitted in the obtained Investment Certificate and the company charter, without chance, for addition of new business lines other than the currently-registered freight forwarder business, and for the extension of the life time of OT Vietnam. However, with the amendment of the Enterprise Law in 2013, OT Vietnam shall be permitted to extend the scope of its business lines as registered in its issued Investment Certificate, and the life time of OT Vietnam for its investment project in Vietnam.

The commercial laws and regulations

The commercial laws and regulations, with the backbone being the Commercial Law, dated 14 June 2005 ("**Commercial Law**"), provide the key principles for provision by all companies established and existing in Vietnam, of the agency and logistics services in Vietnam. Registering the freight forwarder business in the Investment Certificate, the provision by OT Vietnam of the freight forwarder business in Vietnam, is governed by and subject to the Commercial Law and a number of its implementing legal documents. Though no specific license other than the Investment Certificate is required, OT Vietnam and its employees are required by the Commercial Law to satisfy and comply with a number of business conditions, as may be amended from time to time. At this moment, the business conditions include the valid Investment Certificate; adequate facilities, equipment and working facilities to ensure technical standards and safety criteria; a team of qualified staff; and before the year of 2014, the foreign ownership in the company must not exceed 51% of the charter capital of the company. In addition, like all other freight forwarding companies in Vietnam, OT Vietnam should have either its own policy or agreement with clients, on its liability limitations in relation to its transportation-related services. Otherwise, the liability will be subject to the provisions of the Vietnamese Laws, as may be amended from time to time.

APPENDIX IV OVERVIEW OF APPLICABLE LAWS AND REGULATIONS

Foreign exchange control laws and regulations

The foreign exchange control laws and regulations, with the backbone being the Foreign Exchange Control Ordinance, dated 13 December 2005 (as amended in 2013) (“**Foreign Exchange Ordinance**”), provide the key principles for all foreign exchange control issues during the life time of foreign invested companies like OT Vietnam, which include the open of the capital contribution account (“**CCA**”), the capital contribution by foreign owners, and all capital-related transactions such as profit distribution, capital remittance, capital gain tax payment, etc..

The tax laws and regulations

The tax laws and regulations in Vietnam cover all types of taxes applicable in Vietnam, including the corporate income tax (“**CIT**”), the value-added tax (“**VAT**”), the business registration tax, the import/ export tax, the personal income tax, the foreign contractor tax. In general, the different specific tax laws provide the different tax rates, which together with the general tax management law provide the key principles for tax obligation determination, registration, declaration, payment by the tax payers and tax finalisation by the relevant tax authorities. Out of the tax laws and regulations, the CIT Law and the VAT Law, both dated 03 June 2008, are the most important tax laws, which have the most significant influences on the business operations of all types of companies established and existing in Vietnam, including OT Vietnam.

The CIT Law

According to the CIT Law, except for the incomes which are exempted from the CIT as provided in the CIT Law, taxable income comprises income earned from activities of production and trading of goods and services and other taxable income. Pursuant to the CIT Law, the standard CIT rate is 25%. From 1 January 2014 onward, the standard CIT rate will be 22%. Subject to the satisfaction of certain incentive criteria, relevant CIT incentives (including preferential lower tax rate, tax exemption, 50% reduction) may be considered in some cases, to certain tax payers, for certain period of time as provided by the CIT Law. In general, foreign invested companies locating in big cities and operating in services sectors in Vietnam are normally subject to the standard CIT rate of 25% (and the new standard CIT rate of 22%, from 1 January 2014 onward) in accordance with the current laws. However, as OT Vietnam was established in 2005 under the former laws in effect at that time, and based on the Investment Certificate of OT Vietnam, it is entitled to enjoy (i) an incentive CIT rate of 20% (compared with the standard CIT rate of 28% at that time) for 10 years from the date of commencement of its business (*i.e.* 2006), (ii) a CIT exemption for two years from the first income-making year, and (iii) a 50% CIT reduction, for three year from the expiry of the period of CIT exemption. In addition to the new standard CIT rate which is 22% to be applied from 1 January 2014, from 1 July 2013 onward, a lower incentive CIT rate of 20% is applicable to the enterprise which has the total annual revenue of not exceeding VND 20 billion, in accordance with the current laws. With the annual revenue actually achieved by OT Vietnam in recent years, it is likely that OT Vietnam will not be subject to the abovementioned additional lower incentive CIT rate of 20%. Therefore, upon the expiry of the period during which OT Vietnam enjoys the incentive CIT rate of 20% as provided by the former laws upon its establishment and as first mentioned above, it is likely that the new standard CIT rate of 22% shall be applied to OT Vietnam.

APPENDIX IV OVERVIEW OF APPLICABLE LAWS AND REGULATIONS

The VAT Law

According to the VAT Law, except for the objects which are exempted from the VAT as provided in the VAT Law, goods and services used for production, trading and consumption in Vietnam will be subject to the VAT. According to the VAT Law, there are three VAT rates applicable to different goods and services, including zero percent, five percent and 10%. Foreign invested companies operating in services sectors in Vietnam, like OT Vietnam, are normally subject to the standard VAT rate of 10%.

APPROVAL FOR LISTING

There is no approval required to be obtained or to be made by our Company in relation to the Listing in the respective jurisdictions in which our Group operates.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the memorandum and articles of association of our Company and of certain aspects of Cayman Islands company law.

1. MEMORANDUM OF ASSOCIATION

The memorandum of association provides that our Company's objects are unrestricted. The objects of our Company are set out in Clause 3 of the memorandum of association which is available for inspection at the address and during the period specified in the paragraph headed "Documents available for inspection" specified in Appendix VII to this prospectus. As an exempted company, our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The articles of association of our Company (the "Articles") were adopted on 21 June 2014. The following is a summary of certain provisions of the Articles.

(a) Directors

(i) *Power to allot and issue shares*

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as our Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Directors may determine) and any preference shares may be issued on terms that they are liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of our Company or at the option of the holder. Our Directors may issue warrants to subscribe for any class of shares or securities of our Company on such terms as they may from time to time determine.

All unissued shares in our Company shall be at the disposal of our Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms they shall in their absolute discretion think fit, but so that no shares shall be issued at a discount.

(ii) *Power to dispose of the assets of our Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries although our Directors may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or relevant statutes of the Cayman Islands to be exercised or done by our Company in general meeting.

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(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his/her retirement from office (not being a payment to which our Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and the giving of security for loans to Directors

Where the shares of our Company remain listed on the Stock Exchange or on a stock exchange in such other territory as our Directors may from time to time decide, our Company may not make, without the approval of, or ratification by, our Company in general meeting, any loans to, or provide any guarantee, indemnity or security in respect of any loan to a Director or any of his/her associates, provided that the Articles do not prohibit the granting of any loan or the provision of any guarantee, indemnity or security (i) to be applied for, or in respect of a liability incurred for any business of our Company, (ii) for the purchase by a Director (or the repayment of a loan for his/her purchase) of a residence where the amount of the loan, the liability under the guarantee or indemnity or the value of the security does not exceed 80 per cent. of the fair market value of such residence nor 5 per cent. of the consolidated net asset value of our Company as shown in its latest audited accounts; provided that any such loan is on normal commercial terms and is secured by a legal charge over the residence; or, (iii) of any amount to, or in respect of a liability of, a company in which our Company has an equity interest, and the amount of such loan, or the liability assumed by our Company under such guarantee, indemnity or security, does not exceed its proportional interest in such company.

(v) Financial assistance to purchase shares of our Company or its holdings company

There are no provisions in the Articles relating to the giving by our Company of financial assistance for the purchase, subscription or other acquisition of shares of our Company or of its holding company. The law on this area is summarised in paragraph 4(b) below.

(vi) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of an auditor) in conjunction with his office of Director for such period and upon such terms as the Directors may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as our Directors may determine. A Director may be or become a director or other officer of, or be otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. Our Directors may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing our Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such

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other company. A Director shall not vote or be counted in the quorum on any resolution of our Directors concerning his/her own appointment or the appointment of any of his/her associates as the holder of any office or place of profit with our Company or any other company in which our Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the provisions of the Articles, no Director or proposed or intended Director shall be disqualified by his/her office from contracting with our Company, either with regard to his/her tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor will any contract with regard thereto or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. If to the knowledge of a Director, he/she or any of his/her associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company, he/she must declare the nature of his/her or, as the case may be, his/her associate(s)' interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he/she knows his/her interest or that of his/her associates then exists, or in any other case at the first meeting of our Directors after he/she knows that he/she or his/her associate(s) is or has become so interested.

Save as otherwise provided by the Articles, a Director may not vote (nor be counted in the quorum for the voting) on any resolution of our Directors approving any contract or arrangement in which he/she or any of his/her close associate(s) (as defined in the Articles) is to his knowledge materially interested, and if he/she does so his vote will not be counted, but this prohibition will not apply to any of the following matters, namely:

- (aa) any contract or arrangement for the giving to our Director or his/her close associate(s) of any security or indemnity in respect of money lent by him/her or any of them or obligations undertaken by him for the benefit of our Company;
- (bb) any contract or arrangement for the giving by our Company of any security to a third party in respect of a debt or obligation of our Company or any company in which our Company has an interest for which our Director or his/her close associate(s) has himself/herself/ themselves guaranteed or secured in whole or in part;
- (cc) any contract or arrangement by our Director or his/her close associate(s) to subscribe for shares or debentures or other securities of our Company to be issued pursuant to any offer or invitation to the members or debenture or other securities holders or to the public which does not provide our Director and his/her close associate(s) any privilege not accorded to any other members or debenture or other securities holders or to the public;

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- (dd) any contract or arrangement concerning an offer of the shares, debentures or other securities of or by our Company for subscription or purchase where our Director or his/her close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;
- (ee) any contract or arrangement in which our Director or his/her close associate(s) is/are interested by virtue only of his/her/their interest in shares or debentures or other securities of our Company and/or his/her/their being the offeror or one of the offerors or is interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;
- (ff) any proposal or arrangement for the benefit of employees of our Company or our subsidiaries including a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his/her close associate(s) and employees of our Company or of any of our subsidiaries may benefit and which has been approved by or is subject to and conditional on approval by the relevant tax authorities for taxation purposes or relates to Directors, close associate(s) of Directors and employees of our Company or any of our subsidiaries and does not give our Director or his/her close associate(s) any privilege not accorded to the relevant class of officers of which our Director is a member and to whom such scheme or fund relates;
- (gg) any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by our Company to, or for the benefit of, the employees of our Company or our subsidiaries under which our Director or his/her close associate(s) may benefit; and
- (hh) any contract, agreement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, his/her close associate(s), officer or employee pursuant to the Articles.

(vii) ***Remuneration***

Our Directors shall be entitled to receive by way of ordinary remuneration for their services such sum as is from time to time determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in our Company except in the case of sums paid in respect of Directors' fees. Our Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Directors' meetings, committee meetings or general meetings, or otherwise incurred whilst engaged on the business of our Company or in the discharge of their duties as Directors.

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Our Directors may grant special remuneration to any Director who performs any special or extra services to or at the request of our Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged. Notwithstanding the foregoing the remuneration of the managing director, joint managing director, deputy managing director or an executive Director or a Director appointed to any other office in the management of our Company may be fixed from time to time by our Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as our Directors may from time to time decide. Such remuneration is in addition to his ordinary remuneration as a Director.

Our Directors also have power to establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of our Company, or of any company which is a subsidiary of our Company, or is allied or associated with our Company or with any such subsidiary company, or who are or were at any time directors or officers of our Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in our Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons and may make payments for or towards the insurance of any such persons. Any Director holding any such employment or office is entitled to participate in and retain for his/her own benefit any such donation, gratuity, pension, allowance or emolument.

(viii) Retirement, appointment and removal

At each annual general meeting, one-third of our Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Our Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

A Director is not required to retire upon reaching any particular age.

Our Directors are entitled to attend and speak at all general meetings.

The number of Directors shall not be fewer than one. A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and our Company). Subject to the statutes and the provisions of the Articles, our Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. In addition, our Directors may appoint any person to

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be a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the members in general meeting. Any Director so appointed shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election at the meeting.

Our Directors may from time to time entrust to and confer upon the chairman, deputy chairman, managing director, joint managing director, deputy managing director or executive director of our Company all or any of the powers of our Directors that they may think fit, provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Directors may from time to time make and impose. Our Directors may delegate any of their powers to committees consisting of such member or members of their body and such other persons as they think fit, and they may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by our Directors.

(ix) *Borrowing powers*

Our Directors may from time to time at their discretion exercise all the powers of our Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of our Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. Our Directors may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular, but subject to the provisions of the Companies Law, by the issue of debentures, debenture stock, bonds or other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: The provisions summarised above, in common with the Articles in general, may be varied with the sanction of a special resolution of our Company.

(x) *Qualification shares*

Directors of our Company are not required under the Articles to hold any qualification shares.

(xi) *Indemnity to Directors*

The Articles contain provisions that provide indemnity to, among other persons, the Directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

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(b) Alterations to constitutive documents

The memorandum of association of our Company may be altered by our Company in general meeting. The Articles may also be amended by our Company in general meeting. As more fully described in paragraph 3 below, the Articles provide that, subject to certain exceptions, a special resolution is required to alter the memorandum of association, to approve any alteration to the Articles and to change the name of our Company.

(c) Alterations of capital

Our Company may from time to time by ordinary resolution:

- (i) increase its share capital;
- (ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; on any consolidation of fully paid shares into shares of larger amount, our Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may, as between the holders of the shares to be consolidated, determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by our Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to our Company for our Company's benefit;
- (iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;
- (v) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association, subject nevertheless to the Companies Law, and so that the resolution whereby any shares are sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares;
- (vi) change the currency of denomination of its share capital; and

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(vii) make provision for the issue and allotment of shares which do not carry any voting rights.

Our Company may by special resolution reduce its issued share capital, any capital redemption reserve fund or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law. Our Company may apply its share premium account in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of that class) attached to any class may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, save as to the provisions regarding the quorum of meetings, as to which see paragraph 2(s) below.

(e) Special resolutions - majority required

For so long as any part of the issued capital of our Company remains listed on the Stock Exchange, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives, or by proxy, at a general meeting of which notice of not less than 21 clear days' and not less than ten (10) clear business days, specifying the intention to propose the resolution as a special resolution, has been duly given. However, at all times while any part of the issued capital of our Company remains listed on the Stock Exchange, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, (or, in the case of an annual general meeting, by all members) a resolution may be proposed and passed as a special resolution at a meeting of which notice of not less than 21 clear days' and not less than ten (10) clear business days has been given.

(f) Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or instalments is treated for the foregoing purposes as paid on the share). So long as the shares are listed on the Stock Exchange, where any member is, under the Listing Rules (as defined in the Articles), required to abstain from voting on any particular resolution or restricted to voting only for or only against any

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particular resolution, any votes cast by or on behalf of such member (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted. On a poll, a member entitled to more than one vote need not use all his votes or cast all his votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

Where a shareholder is a clearing house (as defined in the Articles) or a nominee of a clearing house, it may authorise such persons as it thinks fit to act as its representatives at any meeting of our Company or at any meeting of any class of shareholders provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of the Articles shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of our Company held by the clearing house (or its nominees) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

(g) Requirements for annual general meetings

For so long as any part of the issued capital of our Company remains listed on the Stock Exchange, an annual general meeting must be held once in every year and within not more than 15 months after the last preceding annual general meeting or such longer period as is permissible or not prohibited under the rules of the Stock Exchange on which any securities of our Company are listed with the permission of our Company.

(h) Accounts and audit

Our Directors shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipts and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by law or are necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts are to be kept at the principal office of our Company or at such other place as our Directors think fit and shall always be open to the inspection of our Directors. No member (not being a Director) or other person has any right to inspect any account or book or document of our Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by our Directors or by our Company in general meeting. However, an exempted company

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shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

Our Directors shall from time to time cause to be prepared and laid before our Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports and so long as any shares in our Company are listed on the Stock Exchange, the accounts of our Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong or the International Financial Reporting Standards or such other standards as the Stock Exchange may permit. Every balance sheet of our Company shall be signed on behalf of the Directors by two Directors and a copy of every balance sheet (including every document required by law to be comprised therein or attached or annexed thereto) and profit and loss account which is to be laid before our Company at its annual general meeting, together with a copy of our Directors' report and a copy of the auditors' report, shall not less than 21 days before the date of the meeting, be sent to every member of, and every holder of debentures of, our Company and every other person entitled to receive notices of general meetings of our Company under the Companies Law or of the Articles. Subject to due compliance with the Companies Law and the rules of the Stock Exchange, and to obtaining all necessary consents, if any, required thereunder and such consents being in full force and effect, such requirements shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Companies Law and instead of such copies, a summary financial statement derived from our Company's annual financial statements and the directors' report thereon, which shall be in the form and containing the information required by applicable laws and regulation, provided that any person who is otherwise entitled to the annual financial statements of our Company and the directors' report thereon may, if he so requires by notice in writing served on our Company, demand that our Company sends to him/her, in addition to a summary financial statement, a complete printed copy of our Company's annual financial statement and the directors' report thereon. If all or any of the shares or debentures of our Company are for the time being (with the consent of our Company) listed or dealt in on any stock exchange, there shall be forwarded to such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

Auditors shall be appointed and their duties regulated in accordance with the Articles. Save as otherwise provided by such provisions the remuneration of the auditors shall be fixed by or on the authority of our Company at each annual general meeting, but in respect of any particular year, our Company in general meeting may delegate the fixing of such remuneration to our Directors.

(i) Notices of meetings and business to be conducted thereat

For so long as any part of the issued capital of our Company remains listed on the Stock Exchange, an annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary

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general meetings may be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days. The notice shall specify the place, the day and the hour of meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of that business.

(j) Transfer of shares

All transfers of shares must be effected by transfer in writing in the usual or common form or so long as any shares in our Company are listed on the Stock Exchange, such standard form prescribed by the Stock Exchange or in any other form acceptable to the Board and may be under hand only or, if the transferor or transferee is a clearing house or its nominee(s), by hand, by machine imprinted signature or by such other means of execution as our Directors may approve from time to time; and an instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof, provided that our Directors may in their absolute discretion dispense with the requirement for the production of a transfer in writing before registering a transfer of a share, and may accept mechanically executed transfers in any case.

Our Directors may, in their absolute discretion, at any time and from time to time transfer or agree to transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless our Directors otherwise agree, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the transfer office for that register.

Our Directors may in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of any shares (not being fully paid shares) to a person of whom they do not approve and they may refuse to register the transfer of any shares (not being fully paid shares) on which our Company has a lien. Our Directors may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly or any share issued under any share option scheme for employees upon which a restriction on transfer imposed thereby shall subsist, or where the transfer is to an infant or a person of unsound mind or under other legal disability. If our Directors refuse to register a transfer, they must within two months after the date on which the transfer was lodged with our Company send to the transferor and transferee notice of the refusal and (if the shares concerned are fully paid shares) the reasons(s) for such refusal.

Our Directors may, if applicable, decline to recognise an instrument of transfer unless the instrument of transfer is properly stamped, is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as they may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

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The registration of transfers may, on giving notice by advertisement in one English and one Chinese newspaper circulating in Hong Kong, be suspended at such times and for such periods as our Directors may from time to time determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

(k) Power for our Company to purchase its own shares

The Articles provide that the power of our Company to purchase or otherwise acquire its shares is exercisable by our Directors upon such terms and conditions as they think fit subject to the conditions prescribed by the Companies Law.

(l) Power of any subsidiary to own securities in our Company

There are no provisions in the Articles relating to ownership of securities in our Company by a subsidiary.

(m) Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency but no dividend may exceed the amount recommended by our Directors. Our Company may also make a distribution out of share premium account subject to the provisions of the Companies Law.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends will be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls will for this purpose be treated as paid on the shares. Our Directors may retain any dividends or other moneys payable on or in respect of a share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Our Directors may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him/her to our Company on account of calls, instalments or otherwise.

Whenever our Directors or our Company in general meeting have resolved that a dividend be paid or declared on the share capital of our Company, our Directors may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid in lieu of the whole or such part of the dividend as our Directors may think fit.

Our Company may also upon the recommendation of our Directors by an ordinary resolution resolve in respect of any particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

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Whenever our Directors or our Company in general meeting have resolved that a dividend be paid or declared our Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared may be invested or otherwise made use of by our Directors for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions or proceeds as aforesaid unclaimed for six years after having been declared may be forfeited by the Directors and, upon such forfeiture, shall revert to our Company and, in the case where any of the same are securities in our Company, may be re-allotted or re-issued for such consideration as our Directors think fit.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company or a meeting of the holders of any class of shares in our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him to vote on his behalf at a general meeting of our Company or at a class meeting. At any general meeting, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy. Proxies need not be members of our Company.

A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member.

(o) Corporate representatives

A corporate member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint any person or persons as its representative to attend and vote on its behalf. A corporate member represented by its representative is deemed to be present in person at the relevant meeting and its representative may vote on a poll on any resolution put at such meeting.

(p) Calls on shares and forfeiture of shares

Our Directors may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as our Directors shall fix from the day appointed for the payment thereof to the time of actual payment, but our Directors may waive payment of such interest wholly or in part. Our Directors may, if they think fit, receive from any member willing to advance the same,

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either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20 per cent. per annum as our Directors may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, our Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it will also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of our Directors to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all moneys which, at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if our Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent. per annum as our Board may prescribe.

(q) Inspection of register of members

For so long as any part of the share capital is listed on the Stock Exchange, any member may inspect the principal or branch register of our Company maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respect as if our Company were incorporated under and is subject to the Companies Ordinance.

(r) Inspection of register of Directors

There are no provisions in the Articles relating to the inspection of the register of Directors and Officers of our Company, since the register is not open to inspection (as to which see paragraph 4(k) below).

(s) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person and entitled to vote (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the

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modification of class rights, the necessary quorum shall not be less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class and, where such meeting is adjourned for want of quorum, the quorum for the adjourned meeting shall be any two members present in person and entitled to vote or by proxy (whatever the number of shares held by them).

(t) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority members in relation to fraud or oppression. However, certain remedies are available to members of our Company under Cayman Islands company law as summarised in paragraph 4(e) below.

(u) Procedures on liquidation

A resolution for a court or voluntary winding up of our Company must be passed by way of a special resolution.

If our Company shall be wound up, the surplus assets remaining after payment to all creditors are to be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions.

If our Company shall be wound up (whether the liquidation is voluntary or by the court), the liquidator may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of our Company and whether the assets consist of property of one kind or properties of different kinds and the liquidator may, for such purposes, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division is to be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is a liability.

(v) Untraceable members

Our Company may sell the shares of any member if: (i) dividends or other distributions have been declared by our Company on at least three occasions during a period of 12 years and these dividends or distributions have been unclaimed on such shares; (ii) our Company has published an advertisement of its intention to sell such shares in English and in Chinese in one leading English and (unless unavailable) one leading Chinese newspaper circulating in the territory of the stock exchange on which the ordinary share capital of our Company is listed and a period of three months has elapsed

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since the date of the first publication of such notice; (iii) our Company has not at any time during the said periods of 12 years and three months received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operations of law; and (iv) our Company has notified the stock exchange on which the ordinary share capital of our Company is listed of its intention to sell such shares. The net proceeds of any such sale will belong to our Company and upon the receipt of such net proceeds by our Company, our Company will become indebted to the former holder of such shares for an amount equal to the amount of such net proceeds.

(w) Stock

Our Company may by ordinary resolution convert any fully paid shares into stock, and may from time to time by like resolution reconvert any stock into fully paid shares of any denominations. Our holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but our Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or prohibit the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding-up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such privilege of our Company shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage. All such of the provisions of the Articles as are applicable to paid up shares shall apply to stock, and the words “share” and “shareholder” and “member” therein shall include “stock” and “stockholder”.

(x) Other provisions

The Articles provide that, to the extent that it is not prohibited by and is in compliance with the Companies Law, if any rights attaching to any warrants which our Company may issue after the date of this prospectus shall remain exercisable and our Company does any act which would result in the subscription price under such warrants being reduced below the par value of a Share, a subscription right reserve shall be established and applied in paying up the shortfall between the subscription price and the par value of a Share on any exercise of the warrants.

3. VARIATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

Subject to the rights of our Company set out in paragraph 2(c) above to amend its capital by ordinary resolution, the memorandum of association of our Company may be altered by our Company by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the memorandum of association (subject as provided above) or the Articles or to change the name of our Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of our Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general

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meeting of which notice of not less than 21 clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of not less than 21 clear days' notice and not less than ten (10) clear business days notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

4. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands and, therefore, operates subject to the Cayman Islands law. Set out below is a summary of certain provisions of the Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". The share premium account may be applied by a company subject to the provisions of its memorandum and articles of association in such manner as the company may from time to time determine including, but without limitation:

- (i) in paying distributions or dividends to members;
- (ii) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (iii) in redeeming or purchasing its shares as provided in the Companies Law; or
- (iv) in writing off
 - (aa) the preliminary expenses of the company; or
 - (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No dividend or distribution may be paid to members out of the share premium account unless immediately following the date of the proposed payment, the company is able to pay its debts as they fall due in the ordinary course of business.

A company may issue preference shares and redeemable preference shares.

The Companies Law does not contain any express provisions dealing with the variation of rights of holders of different classes of shares.

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(b) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands against the provision of financial assistance for the purchase, subscription or other acquisition of its shares, though on English common law principles, the directors have a duty to act in good faith for a proper purpose in the best interests of the company, and moreover, there are restrictions on any act which amounts to a reduction of capital. Accordingly, it may, depending on the circumstances be legitimate for the directors to authorise the provision by a company of financial assistance for the purchase, subscription or other acquisition of its own shares, or the shares of its holding company.

(c) Redemption and Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its articles of associations issue redeemable shares and, purchase its own shares, including any redeemable shares and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. Purchases and redemptions may only be effected out of the profits of the company or the share premium account of the company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the company or out of the company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any purchase by a company of its own shares may be authorised by its directors or otherwise by or in accordance with the provisions of its articles. A payment out of capital for a redemption or purchase of a company's own shares is not lawful unless immediately following the date of the proposed payment the company is able to pay its debts as they fall due in the ordinary course of business. Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own subscription warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases.

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Under Cayman Islands law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its articles of association.

(d) Dividends and distributions

A company may not pay a dividend, or make a distribution out of share premium account unless immediately following the date on which the payment is proposed to be made, the company is able to pay its debts as they fall due in the ordinary course of business.

(e) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of a company to challenge (a) an act which is ultra vires the company or illegal (b) an act which constitutes a fraud against the minority and the wrong doers are themselves in control of the company, or (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of company (not being a bank) having a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the court shall direct.

Any shareholder of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company shall be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the memorandum and articles of association of the company.

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(f) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary is required, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(g) Accounting and auditing requirements

The Companies Law requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company. A company is required to keep such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(h) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(i) Taxation

There are no income, corporation, capital gains or other taxes in effect in the Cayman Islands on the basis of the present legislation. As an exempted company, the Company has received from the Governor-in-Counsel of the Cayman Islands pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, an undertaking that in the event of any change to the foregoing, the Company, for a period of 20 years from the date of the grant of the undertaking, will not be chargeable to tax in the Cayman Islands on its income or its capital gains arising in the Caymans Islands or elsewhere and that dividends of our Company will be payable without deductions of Cayman Islands tax. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares.

(j) Stamp duty

Certain documents (which do not include contract, notes for the sale and purchase of, or instruments of transfer of, shares in Cayman Islands companies) are subject to stamp duty which is generally calculated on an ad valorem basis.

(k) Inspection of corporate records

Neither the members of a company nor the general public have the right to inspect the register of directors and officers, the minutes, accounts or, in the case of any exempted company, the register of members. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as

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may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands. The register of mortgages and charges must be kept at the registered office of the company and must be open to inspection by any creditor or member at all reasonable times.

Members of the public have no right to inspect the constitutive documents of a company but the memorandum and articles of association must be forwarded to any member of the company upon request. If no articles of association have been registered with the Registrar of Companies, each member has the right to receive copies of special resolutions of members upon request upon payment of a nominal fee.

The location of the registered office of a company is available to the general public upon request to the Registrar of Companies.

(I) Winding up

A company may be wound up by the Cayman Islands court on application presented by the company itself, its creditors or its contributors. The Cayman Islands court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Cayman Islands court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles of association expires, or the event occurs on the occurrence of which the memorandum or articles of association provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where a resolution has been passed for the voluntary winding up of a company, the court may make an order that the winding up should continue subject to the supervision of the court with such liberty to creditors, contributors or others to apply to the court as the court may think fit.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purposes of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

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As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice called by Public Notice in the Cayman Islands or otherwise as the Registrar of Companies may direct.

5. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's legal advisers on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "B. Documents Available for Inspection" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 6 March 2013.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises a memorandum of association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our Company's constitution is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company**(a) Increase in authorised share capital**

- (i) As of the date of incorporation of our Company, the authorised share capital was HK\$350,000 divided into 3,500,000 Shares having a par value of HK\$0.10 each.
- (ii) The authorised share capital of our Company was increased from HK\$350,000 to HK\$200,000,000 by the creation of 1,996,500,000 new Shares pursuant to a resolution passed by our Shareholders referred to in paragraph 3 below.
- (iii) Immediately following completion of the Global Offering and the Capitalisation Issue but taking no account of any Shares which have been or may be allotted and issued pursuant to the exercise of the options which were granted or may be granted under the Share Option Scheme and upon the exercise of the Over-allotment Option, our authorised share capital will be HK\$200,000,000 divided into 2,000,000,000 Shares, of which 400 million Shares will be issued fully paid or credited as fully paid, and 1,600 million Shares will remain unissued.
- (iv) Other than pursuant to the exercise of the Over-allotment Option and the exercise of any options which were granted or may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of us and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of us.

Save as disclosed herein and in the paragraphs headed "3. Resolutions in writing of our Shareholders passed on 21 June 2014" and "4. Group reorganisation" below of this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

(b) Founder shares

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of our Shareholders passed on 21 June 2014

By resolutions in writing of our Shareholders passed on 21 June 2014:

- (a) the authorised share capital of our Company was increased from HK\$350,000 to HK\$200,000,000 by the creation of 1,996,500,000 new Shares;
- (b) we approved and adopted the amended and restated memorandum of association of our Company and the Articles of Association;
- (c) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (bb) the execution and delivery of the Underwriting Agreements on or before the dates as mentioned in this prospectus; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (i) the Global Offering and the grant of the Over-allotment Option by our Company were approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” of this Appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$29,800,000 standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par 298,000,000 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on 21 June 2014 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;

- (iv) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of any options which were granted or may be granted under the Share Option Scheme, or under the Global Offering or the Capitalisation Issue or upon the exercise of the Over-allotment Option, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of us in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, and (bb) the aggregate nominal amount of the share capital of us which may be purchased by us pursuant to the authority granted to our Directors as referred to in subparagraph (v) below, until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association, the Companies Law or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first;
 - (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed or recognised by the SFC and the Stock Exchange for this purpose with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association, the Companies Law or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
 - (vi) the extension of the general mandate to allot, issue and deal with Shares to include the nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.
- (d) the form and substance of each of the service agreements made between our executive Directors and our Company, and the form and substance of each of the appointment letters made between each of our independent non-executive Directors with our Company were approved.

4. Group reorganisation

The companies comprising our Group underwent a reorganisation to rationalise our Group’s structure in preparation for the listing of the Shares on the Stock Exchange, details of which are set out in the paragraph headed “History, Reorganisation and Corporate Structure — Corporate Restructuring” in this prospectus.

5. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the accountants' report set out in Appendix I to this prospectus.

In addition to the alterations described in the paragraph headed "History, Reorganisation and Corporate Structure — Corporate Restructuring" in this prospectus, the following alterations in the share capital of each of our Company's subsidiaries took place within two years immediately preceding the date of this prospectus:

- (a) On 2 October 2013, the charter capital of OT Vietnam was increased from US\$70,000 (equivalent to VND1,136,868,000) to US\$80,000 (equivalent to VND1,346,868,000) by way of additional capital contribution by OT HK and Dynamic Freight Co., Ltd.
- (b) On 30 May 2014, Holicbuy was incorporated in Hong Kong as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares. On the same date, Holicbuy allotted and issued an aggregate of 10,000 shares, as to 6,000 shares to OT BVI and 4,000 shares to Aibidding Holdings Limited.

Save as disclosed herein and in paragraph 4 above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Further information about our Group's PRC establishment

Our Group has interest in the registered capital of one wholly foreign-owned enterprise in the PRC, a summary of its corporate information as at the Latest Practicable Date is set out as follows:

- (i) Name of the enterprise: 先達國際貨運(上海)有限公司 (On Time Express Co., Ltd.)
- (ii) Economic nature: Wholly foreign-owned enterprise
- (iii) Registered owner: OT HK
- (iv) Total investment: RMB 12 million
- (v) Registered capital: RMB 12 million (fully paid up)
- (vi) Attributable interest to our Group: 100%

- (vii) Term of operation: From 10 October 2004 to 9 October 2024
- (viii) Scope of business: International transport agency services undertaking maritime transportation, air transportation of import and export goods, international exhibits, personal goods and cross border transit goods; including: cargo canvassing, consignment, booking cargo space, warehousing, transit, container consolidation and unpacking, settlement of freight fee, application for custom declaration, application for inspection, related short-haul transportation services and transportation consultancy services, non vessel operating common carrier services; general transport of goods on road (operate under administrative permit)

7. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by our Shareholders on 21 June 2014, the Repurchase Mandate was given to our Directors authorising any repurchase by us of Shares on the Stock Exchange or any other stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of our share capital in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which were granted or may be granted under the Share Option Scheme, such mandate to expire at the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(b) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands laws, any repurchases by us may be made out of our profits, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to the Companies Law, out of capital. Any

premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of the profits of us or from sums standing to the credit of our share premium account or, if authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(c) *Reasons for repurchases*

Our Directors believe that it is in the best interest of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) *Funding of repurchases*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our current financial position of us as disclosed in this prospectus and taking into account the current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or our gearing position as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

The exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue immediately after the Listing, would result in up to 40,000,000 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder

or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

8. Registration under Part 16 of the Companies Ordinance

Our Company has established our head office and a principal place of business in Hong Kong for the purpose of registration under Part 16 of the Companies Ordinance at Room 18, 1st Floor, Sino Industrial Plaza, No. 9 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. Ms. Wong, our executive Director, has been appointed as agent of our Company for the acceptance of service of process in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

9. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (1) an agreement dated 31 July 2013 entered into between (i) Mr. Lam, Mr. Haenisch and Ms. Cheung as vendors and (ii) our Company as purchaser for the sale and purchase of the entire issued shares in OT BVI in consideration for the allotment and issue, credited as fully paid, an aggregate of 500,000 Shares, as to 320,000 Shares to Lam Investco, 175,000 Shares to Haenisch Investco and 5,000 Shares to Cheung Investco;
- (2) the deed of assignment dated 25 October 2013 entered into between OT HK, OT BVI and Miss Ruchirek Pipatsriswat (“Miss Ruchirek”), in relation to the assignment of loan owed by Miss Ruchirek to OT HK in the total amount of THB3,350,000 to OT BVI;
- (3) the share pledge agreement dated 25 October 2013 entered into between OT BVI and Miss Ruchirek, pursuant to which Miss Ruchirek has agreed to pledge 33,500 shares in OT Thailand, representing 33.5% equity interests in OT Thailand, in favour of OT BVI;

- (4) the letter of undertaking dated 25 October 2013 executed by Miss Ruchirek to OT BVI and OT Thailand, whereby Miss Ruchirek has undertaken, among other things, to assign and direct all dividends and distributions paid and payable by OT Thailand in relation to her 33,500 shares in OT Thailand, and all distribution of assets made or to be made by OT Thailand in relation to her 33,500 shares in OT Thailand to OT BVI;
- (5) the form of proxy dated 25 October 2013 signed by Miss Ruchirek to appoint OT BVI as her proxy to, among other things, to attend and vote in all shareholders' meeting of OT Thailand;
- (6) a cancellation agreement dated 25 October 2013 executed by Miss Ruchirek and OT HK in relation to the cancellation of, among others, the loan agreement, share pledge agreement, letter of undertaking and proxy entered into between OT HK and Miss Ruchirek on 23 December 2010;
- (7) a loan agreement dated 6 November 2013 and entered into between OT HK as the lender and Dynamic Freight Co., Ltd. (the "Vietnam Owner") as the borrower pursuant to which OT HK has lent to Vietnam Owner a sum equal to Vietnam Owner's initial charter capital contribution of US\$30,600 made to OT Vietnam;
- (8) as security document to the loan agreement in paragraph (7) above, charter capital mortgage agreement dated 6 November 2013 executed by Vietnam Owner as mortgagor, in favour of OT HK as the mortgagee for the mortgage of Vietnam Owner's charter capital contribution in OT Vietnam in favour of OT HK as security for the repayment obligations under the loan agreement;
- (9) as security document to the loan agreement in paragraph (7) above, letter of undertaking dated 6 November 2013 executed by Vietnam Owner to OT HK and OT Vietnam pursuant to which Vietnam Owner has irrevocably undertaken, among others, to assign and direct all dividends and distributions payable by OT Vietnam to Vietnam Owner in respect of the said charter capital contribution to OT HK or person as from time to time designated by OT HK;
- (10) as security document to the loan agreement in paragraph (7) above, form of proxy by Vietnam Owner dated 6 November 2013 to appoint OT HK or such person nominated by OT HK to act as the authorised representatives of Vietnam Owner to participate in the board of directors' meetings of OT Vietnam and to direct OT Vietnam to deliver notices of board of directors' meetings to OT HK or the authorised representatives, to exercise Vietnam Owner's voting power in all board of directors' meetings of OT Vietnam and to exercise all power of Vietnam Owner in respect of all the charter capital of OT Vietnam registered under its name from time to time;
- (11) a loan agreement dated 6 November 2013 and entered into between OT HK as the lender and Vietnam Owner as the borrower pursuant to which OT HK has lent to Vietnam Owner a sum equal to Vietnam Owner's additional charter capital contribution of US\$4,900 made to OT Vietnam;

- (12) as security document to the loan agreement in paragraph (11) above, charter capital mortgage agreement dated 6 November 2013 executed by Vietnam Owner as mortgagor, in favour of OT HK as the mortgagee for the mortgage of Vietnam Owner's charter capital contribution in OT Vietnam in favour of OT HK as security for the repayment obligations under the loan agreement;
- (13) as security document to the loan agreement in paragraph (11) above, letter of undertaking dated 6 November 2013 executed by Vietnam Owner to OT HK and OT Vietnam pursuant to which Vietnam Owner has irrevocably undertaken, among others, to assign and direct all dividends and distributions payable by OT Vietnam to Vietnam Owner in respect of the said charter capital contribution to OT HK or person as from time to time designated by OT HK;
- (14) as security document to the loan agreement in paragraph (11) above, form of proxy by Vietnam Owner dated 6 November 2013 to appoint OT HK or such person nominated by OT HK to act as the authorised representatives of Vietnam Owner to participate in the board of directors' meetings of OT Vietnam and to direct OT Vietnam to deliver notices of board of directors' meetings to OT HK or the authorised representatives, to exercise Vietnam Owner's voting power in all board of directors' meetings of OT Vietnam and to exercise all power of Vietnam Owner in respect of all the charter capital of OT Vietnam registered under its name from time to time;
- (15) an agreement dated 31 March 2014 entered into between Mr. Lam and Mr. Haenisch as vendors and our Company as purchaser for the sale and purchase of the entire issued shares in Citynet, OT WW HK, OT SL HK and On Union HK to OT BVI in consideration for the allotment and issue, credited as fully paid, an aggregate of eight Shares, as to four Shares to Lam Investco and four Shares to Haenisch Investco;
- (16) an agreement dated 31 March 2014 entered into between (i) OT HK Shareholders as vendors and (ii) our Company as purchaser for the sale and purchase of the entire issued shares in OT HK to OT BVI in consideration for (i) the allotment and issue, credited as fully paid, an aggregate of 399,992 Shares, as to 255,996 Shares to Lam Investco, 139,996 Shares to Haenisch Investco and 4,000 Shares to Cheung Investco; and (ii) credited as fully paid at par the 640,000 nil paid Shares then held by Lam Investco, 350,000 nil paid Shares then held by Haenisch Investco and as to 10,000 nil paid Shares then held by Cheung Investco;
- (17) a loan assignment dated 5 June 2014 and entered into between the OT HK Shareholders, the Company and OT BVI in relation to the assignment by the OT HK Shareholders of the loan owed by OT BVI to the Company in consideration for the allotment and issue, credited as fully paid, an aggregate of 100,000 Shares, as to 64,000 Shares to Lam Investco, 35,000 Shares to Haenisch Investco and 1,000 Shares to Cheung Investco;
- (18) a trademarks assignment dated 18 June 2014 and entered into between Lam Investco as assignor and OT BVI as assignee in relation to the acquisition of the trademarks and service marks as set out in the paragraph headed "Further Information about the Business of Our Company — 11. Intellectual property rights of our Group" of this Appendix VI at the aggregate consideration of HK\$9.35 million;

- (19) a trademark licence agreement dated 18 June 2014 and entered into between Lam Investco and our Company in relation to the grant of an exclusive licence of certain trademarks and service marks by Lam Investco to our Company as more particularly referred to in the section headed “Continuing connected transactions” in this prospectus;
- (20) a deed of indemnity dated 21 June 2014 executed by Mr. Lam, Mr. Haenisch, Lam Investco and Haenisch Investco in favour of our Company (for ourselves and as trustee for our subsidiaries stated therein) containing the indemnities more particularly referred to in the paragraph headed “17. Estate duty, tax and other indemnities” of this Appendix;
- (21) a cornerstone investor placing agreement dated 23 June 2014 and entered into between our Company, Mr. Arthur Antonio da Silva and the Sole Global Coordinator in relation to the subscription by Mr. Arthur Antonio da Silva for such number of Offer Shares (rounded down to the nearest board lot of 2,000 Shares) that may be purchased for a consideration of HK\$20 million at the Offer Price per Offer Share;
- (22) a cornerstone investor placing agreement dated 23 June 2014 and entered into between our Company, Mr. Chow Chi Wang, Addy and the Sole Global Coordinator in relation to the subscription by Mr. Chow Chi Wang, Addy for such number of Offer Shares (rounded down to the nearest board lot of 2,000 Shares) that may be purchased for a consideration of HK\$10 million at the Offer Price per Offer Share; and
- (23) the Hong Kong Underwriting Agreement.

10. Material properties of our Group

As at the Latest Practicable Date, our Group had the following material properties with the details set out below:

Address and Description of Location	Use	Area in sq.m. (approx.)	Restrictions on use	(A) Type of ownership/ (B) Term of lease	Details of encumbrances, liens, pledges and mortgages
Hong Kong					
1. Units 8-19, 22-26, 28 and flat roof of workshop no. 53, 1/F Floor, Sino Industrial Plaza, No. 9 Kai Cheung Road, Kowloon, Hong Kong (Note 1)	Office	1,250	For Commercial purpose	(A) Leased (B) 1 January 2014 to 31 December 2016	Mortgaged to bank by On Good

Address and Description of Location	Use	Area in sq.m. (approx.)	Restrictions on use	(A) Type of ownership/ (B) Term of lease	Details of encumbrances, liens, pledges and mortgages
2. Room 110 Super Terminal 1 at Chek Lap Kok Airport (Note 2)	Office	120	As office only	(A) Leased (B) Term of one month commencing on 1 November 1998 and thereafter from month to month until either the landlord or our Group serve at least one month's notice to terminate the lease	Nil
3. Workshop No. 27 on 1/F, Sino Industrial Plaza, No. 9 Kai Cheung Road, Kowloon, Hong Kong (Note 1)	Office	69	For commercial purposes	(A) Leased (B) 1 January 2014 to 31 December 2016	Mortgaged to bank by On Good
4. Unit A, 20/F, Phase III, YKK Building, No. 7 San Ping Circuit, Tuen Mun, New Territories, Hong Kong (Note 3)	Warehouse	1,397	For industrial purposes	(A) Leased (B) 1 November 2012 to 31 October 2014	Nil
5. 12/F, Phase III, YKK Building, No. 7 San Ping Circuit, Tuen Mun, New Territories, Hong Kong (Note 3)	Office and warehouse	3,058	For industrial purposes	(A) Leased (B) 1 November 2012 to 31 October 2014	Nil
6. Units B and C on 2/F and Parking Spaces L2, L6, L7 and L8 on 2/F, Jumbo Plaza, 6 Choi Fai Street, Sheung Shui Town Lot No. 147, New Territories, Hong Kong (Note 3)	Office and warehouse	5,574	For industrial purposes	(A) Leased (B) 8 October 2012 to 7 October 2014	Nil
Canada					
7. Units 4 to 6, 3405 American Drive, Mississauga, Ontario, Canada (Note 4)	Office	250	For office purposes	(A) Leased (B) 31 May 2011 (assignment date) to 30 April 2019 (as extended)	Mortgaged to financial company by landlord

Address and Description of Location	Use	Area in sq.m. (approx.)	Restrictions on use	(A) Type of ownership/ (B) Term of lease	Details of encumbrances, liens, pledges and mortgages
The Netherlands					
8. Rijnlanderweg no. 766F + G + H plus 67 parking lots, Hoofddorp, the Netherlands (Note 5)	Office, Warehouse and Carpark	4,998	Industrial space and office space for the use of freight forwarding business activities	(A) Leased (B) Rijnlanderweg no. 766 F + G: 1 June 2009 to 30 November 2019 As to the extension of the initial tenancy agreement regarding the lease of Rijnlanderweg no. 766 H: 1 April 2012 to 30 November 2019	Mortgaged to bank
PRC					
9. Room 2510, Shanghai Bund International Tower, No.99 Huangpu Road, Hongkou District, Shanghai, the PRC (Note 6)	Office	190	As office only	(A) Leased (B) 16 November 2012 to 15 November 2014	Nil
10. Room 2508/09, Shanghai Bund International Tower, No.99 Huangpu Road, Hongkou District, Shanghai, the PRC (Note 6)	Office	346	As office only	(A) Leased (B) 16 November 2012 to 15 November 2014	Nil
11. Warehouse on the east side first floor, Building No.1 and office on the south side ground floor, Building No.3, Chuansha Linkong Economic Zone, No.1,026, the 8th Shiwan Road, Pudong New Area, Shanghai, the PRC (Note 7)	Office/ Warehouse	3,050	As warehouse and office only	(A) Leased (B) From 1 August 2013 to 31 July 2014	Mortgaged to bank

Address and Description of Location	Use	Area in sq.m. (approx.)	Restrictions on use	(A) Type of ownership/ (B) Term of lease	Details of encumbrances, liens, pledges and mortgages
12. Freight customs warehouse No. 6-5, Shanghai Pudong International Airport, Shanghai, the PRC (Note 8)	Warehouse	735	As warehouse only	(A) Leased (B) From 1 July 2011 to 30 June 2016	Nil
13. Room 208/10, Shanghai Bund International Tower, No.99 Huangpu Road, Hongkou District, Shanghai, the PRC (Note 6)	Office	236	As office only	(A) Leased (B) From 19 October 2012 to 15 November 2014	Nil
14. Room 2507, Shanghai Bund International Tower, No.99 Huangpu Road, Hongkou District, Shanghai, the PRC (Note 6)	Office	156	As office only	(A) Leased (B) From 16 November 2012 to 15 November 2014	Nil



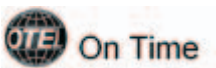




Notes:

- (1) The property is located in a commercial and industrial area in Kowloon in Hong Kong and is well-served by the transportation network.
- (2) The property is located in the Chek Lap Kok Airport in Hong Kong and is well-served by the transportation network.
- (3) The property is located in an industrial area in the New Territories in Hong Kong and is well-served by the transportation network.
- (4) The property is located in a commercial area in Mississauga, Ontario in Canada and is well-served by the transportation network.
- (5) The property is located in an industrial area in Hoofddorp, the Netherlands and is well-served by the transportation network.
- (6) The property is located in a commercial area in Shanghai, the PRC and is well-served by the transportation network.
- (7) The property is located in an economic zone in Shanghai, the PRC and is well-served by the transportation network.
- (8) The property is located in Shanghai Pudong International Airport in Shanghai, the PRC and is well-served by the transportation network.

11. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group have entered into the Trademarks Assignment and Trademark Licence Agreement with Lam Investco in relation to the following trademarks which are material in relation to our Group's business:

No.	Trademark	Registered owner (Note 1)	Place of registration	Class	Registration number	Duration of validity
1.		Lam Investco	Hong Kong	39 (Note 2)	301464598	3 November 2009 - 2 November 2019
2.		Lam Investco	Hong Kong	39 (Note 2)	301464589	3 November 2009 - 2 November 2019
3.		Lam Investco	Hong Kong	39 (Note 3)	300821817	27 February 2007 - 26 February 2017
4.	(A) 	Lam Investco	Hong Kong	39 (Note 2)	300821006	26 February 2007 - 25 February 2017
	(B) 					
5.		Lam Investco	PRC	39 (Note 4)	5942736	14 April 2010 - 13 April 2020
6.		Lam Investco	PRC	39 (Note 4)	7808424	28 January 2011 - 27 January 2021


No.	Trademark	Registered owner	Place of registration	Class	Registration number	Duration of validity
7.	OTX	Lam Investco <i>(Note 1)</i>	PRC	39 <i>(Note 4)</i>	7808423	14 January 2011 - 13 January 2021
8.	OTX	Lam Investco	European Union	39 <i>(Note 5)</i>	010326197	10 October 2011 - 10 October 2021

Notes:

- On 18 June 2014, we have entered into the Trademarks Assignment with Lam Investco, pursuant to which Lam Investco agreed to transfer these trademarks to OT BVI. As a transitional arrangement pending completion of the transfer of these trademarks to our Group, we have also entered into a Trademark Licence Agreement with Lam Investco, pursuant to which we have been granted an exclusive license to use these trademarks. Please refer to the sections headed “History, Reorganisation and Corporate Structure” and “Continuing Connected Transactions” in this prospectus for details of the Trademarks Assignment and Trademark Licence Agreement.
- The specific services under class 39 in respect of which the trademark was registered are services for providing air transport; car transport; packaging of goods; freight (shipping of goods); storage; delivery of goods; freight forwarding; freight brokerage (forwarding); storage information; transportation information; stevedoring.
- The specific services under class 39 in respect of which the trademark was registered are services for providing air transport; car transport; packaging of goods; freight (shipping of goods); storage; delivery of goods; freight forwarding; freight brokerage (forwarding (am.)); storage information; transportation information; stevedoring.
- The specific services under class 39 in respect of which the trademark was registered are services for providing air transport; car transport; packaging of goods; freight (shipping of goods); storage; delivery of goods; freight forwarding; freight brokerage (forwarding); storage information; stevedoring.
- The specific services under class 39 in respect of which the trademark was applied for registration are air transport of goods; car transport of goods; packaging of goods for transportation and storage; freight ship transport of goods; storage of a variety of goods; delivery of goods by truck; train or air; freight forwarding; providing transportation and storage information in relation to the aforementioned services; providing information regarding transportation and storage; stevedoring services; freight brokerage.

(b) *Service Marks*

As at the Latest Practicable Date, our Group have entered into the Trademarks Assignment and Trademark Licence Agreement with Lam Investco in relation to the following service marks which are material in relation to our Group's business:

No.	Service mark	Registered owner (Note 1)	Place of registration	Class	Registration number	Duration of validity
1.	On Time	Lam Investco	United States	39 (Note 2)	3,478,371	29 July 2008 - 28 July 2018
2.		Lam Investco	United States	39 (Note 3)	3,514,742	14 October 2008 - 13 October 2018
3.	OTX	Lam Investco	United States	39 (Note 4)	4,463,134	7 January 2014 - 6 January 2024

Notes:

- On 18 June 2014, we have entered into the Trademarks Assignment with Lam Investco, pursuant to which Lam Investco agreed to transfer these service marks to OT BVI. As a transitional arrangement pending completion of the transfer of these service marks to our Group, we have also entered into a Trademark Licence Agreement with Lam Investco, pursuant to which we have been granted an exclusive license to use these service marks. Please refer to the sections headed "History, Reorganisation and Corporate Structure" and "Continuing Connected Transactions" in this prospectus for details of the Trademarks Assignment and Trademark Licence Agreement.
- The specific services under class 39 in respect of which the service mark was registered are services for providing air transport of goods; car transport of goods; packaging of goods for transportation and storage; freight ship transport of goods; storage of a variety goods; delivery of goods by truck, train or air; freight forwarding; providing transportation and storage information in relation to the aforementioned services; providing information regarding transportation and storage; stevedoring services.
- The specific services under class 39 in respect of which the service mark was registered are services for providing air transport of freight; transport of freight by car; packaging of freight for transportation and storage; ship transport of freight; storage of a variety of freight; delivery of freight by truck, train or air; freight forwarding; freight brokerage; stevedoring services.
- The specific services under class 39 in respect of which the service mark was applied for registration are air transport of goods; car transport of goods; merchandise packaging of goods for transportation and storage; freight ship transport of goods; storage of a variety of goods; delivery of goods by truck; train or air; freight forwarding; providing transportation and storage of goods information in relation to the aforementioned services; providing information regarding transportation and storage of goods; stevedoring services; freight brokerage.

(c) *Domain Name*

As at the Latest Practicable Date, our Group is the registered owner of, or otherwise has the right to use, the following domain names which are material to our Group's business:

No	Domain Name	Registration Date	Expiry Date
1.	ontime-express.com	30 October 2000	30 October 2019
2.	citynetlogistics.com	16 September 2007	16 September 2017
3.	otxusa.com	13 May 2011	13 May 2016
4.	OTXCANADA.COM	13 May 2011	13 May 2021
5.	otxlogistics.com	14 May 2008	14 May 2015

12. Connected transactions and related party transactions

Save as disclosed in the section headed "Continuing Connected Transactions" of this prospectus and in note 46 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, we have not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

13. Directors

(a) *Disclosure of interests of Directors*

- (i) Mr. Lam, Mr. Haenisch and Ms. Cheung are interested in the Reorganisation.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) *Particulars of Directors' service contracts*

Executive Directors

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from 21 June 2014, which shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months' written notice expiring at the end of the initial term of their appointment or any time thereafter to the other.

With effect from the Listing Date, each of these executive Directors is entitled to the respective basic salary set out below (subject to an annual increment after 1 January 2015 at the discretion of our Directors of not more than 5% of the annual salary immediately prior to such increase). Upon completion of every 12-month period of the terms of the service contract, each of these executive Directors (except Mr. Haenisch and Mr. D.R. de Wit) shall be entitled to a guaranteed year-end bonus of an amount equivalent to his salary for one month, provided that, if any such executive Director does not complete a full 12-month period of the term of his service contract at the time of payment of such bonus, he/she shall be entitled to a rateable proportion (apportioned on a time basis) of the guaranteed year end bonus which he would have received had he/she completed a whole 12-month term.

In addition, with effect from the Listing Date, each of the executive Directors (except Mr. D.R. de Wit) is also entitled to a discretionary management bonus in such sum as the Board may in its absolute discretion determine provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year of our Company shall not exceed 15% of the audited consolidated or combined net profit attributable to the shareholders of us (after taxation and minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of our Company. An executive Director may not vote on any resolution of our Directors regarding the amount of management bonus payable to him/her.

The current basic annual salaries of the executive Directors payable under their service contracts (inclusive of the said guaranteed year-end bonus) are as follows:

Name	Annual salary (HK\$)
Mr. Lam	273,000
Mr. Haenisch	1,162,770
Ms. Cheung	1,001,000
Ms. Wong	923,000
Mr. D.R. de Wit	200,000

In addition, Mr. Lam shall be entitled to the occupation of a director's quarter. Each of Mr. Lam, Mr. Haenisch, Ms. Cheung and Ms. Wong is entitled to participate in medical scheme and the usage of a company car. Furthermore, each of the above executive Directors has an insurance policy against director's liability for a maximum coverage of HK\$10,000,000.

In addition to the service contracts mentioned above, Mr. D. R. de Wit has also entered into a management agreement with our Group for a term of three years commencing on 21 June 2014 and expiring on 31 December 2016. Please refer to the section headed "Continuing Connected Transactions" of this prospectus for further details.

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for an initial term of two years commencing from 21 June 2014, which shall be renewed and extended automatically for successive terms of two years upon expiry of the then current term until terminated by either party giving not less than three months' written notice expiring at the end of the initial term of their appointment or any time thereafter to the other. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of the independent non-executive Directors is entitled to a director's fee of HK\$200,000 per annum with effect from the Listing Date. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Remuneration of Directors

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the financial year ended 31 December 2011, 2012 and 2013 were approximately HK\$4.7 million, HK\$4.8 million and HK\$4.4 million, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors) for the year ending 31 December 2014, are expected to be approximately HK\$8.1 million (which includes fees of EUR310,000 (equivalent to approximately HK\$3.3 million) estimated to be payable under the Management Agreement (as defined in the section headed "Continuing Connected Transactions" of this prospectus)). Please refer to the paragraph headed "Continuing Connected Transactions - Continuing Connected Transactions — (B) Continuing connected transactions which is subject to the reporting, announcement and annual review requirements but exempted from independent shareholders' approval requirements" of this prospectus for further details of the Management Agreement.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2013 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2013.

(d) *Interests and short positions of our Directors in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering*

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme, the interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. Lam	Our Company	Interest of controlled corporation <i>(Note 2)</i>	192,000,000 Shares (L)	48%
Mr. Haenisch	Our Company	Interest of controlled corporation <i>(Note 3)</i>	105,000,000 Shares (L)	26.25%
Ms. Cheung	Our Company	Interest of controlled corporation <i>(Note 4)</i>	3,000,000 Shares (L)	0.75%
Mr. D.R. de Wit	OTX Logistics Holland	Interest of controlled corporation <i>(Note 5)</i>	21,575 shares (L)	25%

Notes:

1. The letter “L” denotes our Directors’ long position in the shares of our Company or the relevant associated corporation.
2. These shares are held by Lam Investco, which is wholly owned by Mr. Lam. By virtue of the SFO, Mr. Lam is deemed to be interested in the Shares held by Lam Investco.

3. These shares are held by Haenisch Investco, which is wholly owned by Mr. Haenisch. By virtue of the SFO, Mr. Haenisch is deemed to be interested in the Shares held by Haenisch Investco.
4. These shares are held by Cheung Investco, which is wholly owned by Ms. Cheung. By virtue of the SFO, Ms. Cheung is deemed to be interested in the Shares held by Cheung Investco.
5. These shares are held by T.Y.D Holding B.V., which is owned as to 75% by Mr. D.R. de Wit. Mr. D.R. de Wit is a director of T.Y.D Holding B.V.

14. Interest discloseable under the SFO and substantial shareholders

So far as is known to our Directors, immediately following completion of the Global Offering and the Capitalisation Issue (but without taking account of any Shares which may be taken up or acquired under the Global Offering and any Shares which may be allotted, and issued upon the exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme), other than a Director or chief executive of our Company whose interests are disclosed under the sub-paragraph headed “Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and our associated corporations” above, the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Lam Investco (Note 2)	Beneficial owner	192,000,000 Shares (L)	48%
Ms. Li Wai Fun (Note 2)	Interest of spouse	192,000,000 Shares (L)	48%
Haenisch Investco (Note 3)	Beneficial owner	105,000,000 Shares (L)	26.25%
Ms. Haenisch Leung Man San (Note 3)	Interest of spouse	105,000,000 Shares (L)	26.25%

Notes:

1. The letter “L” denotes the corporation’s long position in the Shares.
2. Lam Investco is wholly owned by Mr. Lam and Mr. Lam is the sole director of Lam Investco. By virtue of the SFO, Mr. Lam is deemed to be interested in the Shares held by Lam Investco. Ms. Li Wai Fun is the spouse of Mr. Lam. Under the SFO, Ms. Li Wai Fun is taken to be interested in the same number of Shares in which Mr. Lam is interested.
3. Haenisch Investco is wholly owned by Mr. Haenisch and Mr. Haenisch is the sole director of Haenisch Investco. By virtue of the SFO, Mr. Haenisch is deemed to be interested in the Shares held by Haenisch Investco. Ms. Haenisch Leung Man San is the spouse of Mr. Haenisch. Under the SFO, Ms. Haenisch Leung Man San is taken to be interested in the same number of Shares in which Mr. Haenisch is interested.

In addition to the above and so far as our Directors are aware, immediately following completion of the Global Offering, the following entities are directly or indirectly interested in 10% or more of the nominal value of any class of equity capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of our subsidiary	Substantial shareholder of such subsidiary	Percentage of shareholding
1. OTW HK	Mr. Helaluddin Akbar	25%
2. OTX Canada	Mr. Larry Ka-Yiu Wong	49%
3. OT Korea	Mr. Chang-ho Hur	40%
4. OT Int'l Malaysia	Mr. Baskaran A/L Radhakrishnan	40%
5. OT Borneo	Mr. Lingkan Anak Kechi	10%
	BPMAS Sdn.Bhd. (Note 1)	39%
6. OTX Logistics Holland	T.Y.D Holding B.V. (Note 2)	25%
7. OTX Solutions B.V.	JASA BEHEERGROEP B.V. (Note 3)	20%
	DBB Beheer B.V. (Note 4)	20%
8. OT Singapore	Mr. William Tan	30%
9. OT Thailand	Mr. Wichai Rungsangthongsuk	17.5%
	Ms. Ruchirek Pipatsriswat (Note 5)	33.5%
10. OT Vietnam	Dynamic Freight Co., Ltd (Note 6)	49%
11. Holicbuy	Aibidding Holdings Limited (Note 7)	40%

Notes:

- (1) BPMAS Sdn.Bhd. is owned by two Independent Third Parties.
- (2) T.Y.D Holding B.V. is owned as to 12.5%, 75%, and 12.5% by ASIB Beheer B.V., D.R. de Wit Beheer B.V. and Casty B.V., respectively. ASIB Beheer B.V. is wholly owned by Mrs. Astrid Kalshoven, an employee of our Group. D.R. de Wit Beheer B.V. is wholly owned by Mr. D.R. de Wit, an executive Director. Casty B.V. is wholly owned by Mr. Gerard van der Werff, an employee of our Group, and his spouse.
- (3) JASA BEHEERGROEP B.V. is wholly owned by Mr. Jarl Johannes Albert Guichelaar, a director of OTX Solutions B.V..
- (4) DBB Beheer B.V. is wholly owned by Mr. Boy Biesma, a director of OTX Solutions B.V..
- (5) These 33.5% interest in OT Thailand held by Ms. Ruchirek Pipatsriswat was controlled by OT BVI through the OT Thailand Contractual Arrangements.
- (6) These 49% interest in OT Vietnam held by Dynamic Freight Co., Ltd was controlled by OT HK through the OT Vietnam Contractual Arrangements. Dynamic Freight Co., Ltd is owned as to 80% and 20% by Ms. Tran Thi Huynh Anh and Ms. Nguyen Thi Kim Anh, both of them are members of the board of directors of OT Vietnam, respectively.
- (7) Aibidding Holdings Limited is owned by two Independent Third Parties.

15. Disclaimers

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option and any options which have been or may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Global Offering and the Capitalisation Issue will have an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of us;
- (b) none of our Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph 23 below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of us nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;
- (d) none of our Directors nor any of the parties listed in the paragraph 23 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of us; and
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph 23 below:
 - (i) is interested legally or beneficially in any securities of any member of us; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of us.

OTHER INFORMATION

16. Share Option Scheme

(a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by the then Shareholders on 21 June 2014:

(i) *Purposes of the scheme*

The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable us to reward the employees, our Directors and other selected participants for their contributions to us. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of us so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) *Who may join*

Our Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity (“**Invested Entity**”) in which any member of us holds an equity interest;
- (bb) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of us or any Invested Entity;
- (dd) any customer of any member of us or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of us or any Invested Entity;
- (ff) any shareholder of any member of us or any Invested Entity or any holder of any securities issued by any member of us or any Invested Entity;

- (gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of us or any Invested Entity;
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of us;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

For avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of us to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to an offer for the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of us.

(iii) *Maximum number of the Shares*

- (aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by us must not in aggregate exceed 30% of the share capital of our Company in issue from time to time.
- (bb) The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of us) to be granted under the Share Option Scheme and any other share option scheme of us must not in aggregate exceed 10% of the Shares in issue on the Listing Date, being 40,000,000 Shares ("**General Scheme Limit**").
- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of us must not exceed 10% of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of us) previously granted under the Share Option Scheme and any other share option scheme of us will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2) (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of us (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being (the “**Individual Limit**”). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of our Company with such grantee and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) *Grant of options to our Directors, chief executive or substantial shareholders of our Company or their respective associates*

(aa) Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who or whose associates is the proposed grantee of the options).

(bb) Where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HK\$5 million;

such further grant of options must be approved by Shareholders in general meeting. Our Company must send a circular to the Shareholders. All connected persons of our Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) *Time of acceptance and exercise of option*

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) *Performance targets*

Unless our Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) *Subscription price for the Shares and consideration for the option*

The subscription price for the Shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(ix) *Ranking of the Shares*

The Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the articles of association of our Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is

duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been entered on the register of members of our Company as the holder thereof.

Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(x) *Restrictions on the time of the offer for the grant of options*

No offer for grant of options shall be made after inside information has come to our Company’s knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (bb) the deadline for our Company to publish an announcement of our results for any year, half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no offer for the grant of options may be made.

Our Directors may not make any offer for the grant of option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) *Rights on ceasing employment*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and shall not be exercisable unless our

Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with us or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive director but not any non-executive director) of our Company, any of our subsidiaries or any Invested Entity.

(xiii) *Rights on death, ill-health or retirement*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with us or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(xiv) *Rights on dismissal*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or us or the Invested Entity into disrepute), his option (to the extent not already exercised) will lapse automatically on the date of cessation to be an Eligible Employee.

(xv) *Rights on breach of contract*

If our Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and us or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of us by reason of the cessation of its relations with us or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above, his option will lapse automatically on the date on which our Directors have so determined.

(xvi) *Rights on a general offer, a compromise or arrangement*

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all

such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, revised offer) closed or the relevant date for entitlements under such scheme of arrangement, as the case may be.

(xvii) *Rights on winding up*

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolutions to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) *Grantee being a company wholly owned by eligible participants*

If the grantee is a company wholly owned by one or more eligible participants:

- (aa) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and
- (bb) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company while an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares to which the Share Option Scheme or any option relates (insofar as it is/they are unexercised) and/or the subscription price of the option concerned and/or (unless the grantee of the option elects to waive such adjustment) the number of Shares comprised in an option or which remains comprised in an option, provided that (aa) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (bb) the issue of Shares or other securities of us as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (cc) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (dd) any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of our Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (aa) the expiry of the option period in respect of such option;
- (bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); and
- (cc) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

(xxiv) Miscellaneous

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the shareholders of our Company in general meeting.

(b) *Present status of the Share Option Scheme**(i) Approval of the Listing Committee required*

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) *Application for approval*

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) *Grant of option*

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

(v) *Compliance with the Listing Rules*

The Share Option Scheme complies with Chapter 17 of the Listing Rules.

17. Estate duty, tax and other indemnity

Mr. Lam, Mr. Haenisch, Lam Investco and Haenisch Investco (together, the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the Listing; and
- (b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 December 2013;
- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on 1 January 2014 and ended on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, otherwise than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 January 2014; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 31 December 2013 or pursuant to any statement of intention made in the prospectus; or
- (c) to the extent that such taxation liabilities or claim arises or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 December 2013 and which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the deed of indemnity, each of the Indemnifiers has also undertaken to us that he/it will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with (a) the implementation of the Reorganisation; and (b) the non-compliances as disclosed in the paragraph headed "Business — Regulatory Compliance, Licences and Permits" in this prospectus.

18. Litigation

Save as disclosed in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company, that would have a material adverse effect on our results of operations or financial condition of our Company.

19. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$49,000 and are payable by our Company.

20. Promoter

- (a) Our Company does not have any promoter.
- (b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoters of our Company in connection with the Global Offering or the related transactions described in this prospectus.

21. Agency fees or commissions received

For details of the agency fees or commissions to be received by the Underwriters, please refer to the section headed “Underwriting — Commission and expenses” in this prospectus.

22. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme, being 10% of the Shares in issue on the Listing Date, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fees payable by us in respect of its services as sponsor for the Listing is HK\$3,000,000.

23. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
RHB OSK Capital Hong Kong Limited	Licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants
Ernst & Young Accountants LLP	Certified Public Accountants
Chiu & Partners	Qualified Hong Kong lawyers
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	Qualified PRC lawyers
Clough Thuraisingham International	Qualified Cambodia legal advisers
Rajani, Singhanian & Partners	Qualified India lawyers
DNC Advocates at Work	Qualified Indonesia lawyers
Tozai Sogo Law Office	Qualified Japan lawyers
Hwang Mok Park P.C.	Qualified Korea lawyers
Raslan Loong Advocates and Solicitors	Qualified Malaysia lawyers
Shook Lin & Bok LLP	Qualified Singapore lawyers
Lee and Li, Attorneys-at-Law	Qualified Taiwan lawyers
Wissen & Co Ltd.	Qualified Thailand lawyers

Name	Qualification
Vision & Associates Legal	Qualified Vietnam lawyers
Galadari Advocates and Legal Consultants	Qualified United Arab Emirates lawyers
Holland Van Gijzen Advocaten en Notarissen LLP	Qualified Netherlands lawyers
McCarthy Tétrault LLP	Qualified lawyers as to laws of the Province of Ontario
Joffe & Joffe, LLC.	Qualified US lawyers
RHL Appraisal Limited	Professional property valuer
Ipsos Hong Kong Limited	Professional market research institution

24. Consents of experts

Each of the experts as set out in paragraph 23 above has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and the references to their names or summaries of opinions included herein in the form and context in which they respectively appear.

25. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

26. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

27. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within two years preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
- (b) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2013 (being the date to which the latest audited combined financial statements of our Group were made up).
- (c) our Directors confirm that there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

28. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses for Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the statement of adjustments to the Accountants' Report;
- (c) the written consents referred to in the paragraph headed "Other Information — 24. Consents of Experts" in Appendix VI to this prospectus; and
- (d) copies of the material contracts referred to in the paragraph headed "Further Information About the Business of Our Company — 9. Summary of Material Contracts" in Appendix VI to this prospectus.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Chiu & Partners at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the memorandum of association of our Company and the Articles of Association;
- (b) the accountants' report on our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus, and the related statement of adjustments;
- (c) the accountants' report on OTX Logistics Holland prepared by Ernst & Young Accountants LLP, the text of which is set out in Appendix II to this prospectus;
- (d) the audited financial statements of companies comprising our Group for each of the two financial years ended 31 December 2013 (or the period since their respective dates of incorporation of the relevant member of our Group where it is shorter), if any;
- (e) the report prepared by Deloitte Touche Tohmatsu on pro forma financial information, the text of which is set out in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the letter of advice prepared by Conyers Dill & Pearman (Cayman) Limited summarising certain aspects of Cayman Islands company law as referred to in Appendix V to this prospectus;

**APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (h) the legal opinions prepared by the PRC Legal Advisers in respect of certain aspects of our Group and the property interests of our Group in the PRC;
- (i) the material contracts referred to in the paragraph headed “Further Information about the Business of Our Company — 9. Summary of Material Contracts” in Appendix VI to this prospectus;
- (j) the service contracts referred to in the paragraph headed “Further Information about Directors and Shareholders — 13. Directors — (b) Particulars of Directors’ Service Contracts” in Appendix VI to this prospectus;
- (k) the rules of the Share Option Scheme; and
- (l) the written consents referred to in the paragraph headed “Other Information — 24. Consents of Experts” in Appendix VI to this prospectus.



On Time Logistics Holdings Limited
先達國際物流控股有限公司