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ON TIME LOGISTICS HOLDINGS LIMITED

先達國際物流控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6123)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF OT TAIWAN

THE DISPOSAL

The Board wishes to announce that on 20 October 2017 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser and Mr. Lee, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire capital contribution of OT Taiwan, at the consideration of HK\$15,477,072, subject to and in accordance with the terms and conditions of the Disposal Agreement.

Immediately after Completion, OT Taiwan will cease to be a subsidiary of the Company. Accordingly, the financial results of OT Taiwan will no longer be consolidated into the Company's financial statements upon Completion.

IMPLICATIONS OF THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE DISPOSAL AGREEMENT

Set out below are the principal terms of the Disposal Agreement:

Date: 20 October 2017 (after trading hours)

Parties: (1) the Vendor (as vendor);
(2) the Purchaser (as purchaser); and
(3) Mr. Lee (as the Purchaser's guarantor).

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser, its ultimate beneficial owner and Mr. Lee are Independent Third Parties.

Sale shares to be disposed: The entire capital contribution of OT Taiwan.

Consideration: Subject to and conditional upon the terms and conditions of the Disposal Agreement, the purchase price payable by the Purchaser for the sale shares will be HK\$15,477,072.

The Purchaser will split payment of the consideration with HK\$7,738,536 to be satisfied upon Completion and the remaining HK\$7,738,536 to be satisfied on or before one year from the date of Completion.

The purchase price under the Disposal Agreement was negotiated on an arm's length basis between the parties on normal commercial terms with reference to the unaudited net asset value of OT Taiwan as at 30 June 2017.

Conditions Precedent:

Completion is conditional upon or (where applicable, waiver by the Purchaser in writing) of the following Conditions Precedent:

- (a) the conditions precedent in the SPA having been fulfilled or waived (save for the condition precedent set out in paragraph 4.1(E) of the SPA, i.e. the conditions precedent regarding the Disposal and the disposal of On Time Worldwide Logistic Ltd.);
- (b) compliance by the Company with all applicable requirements under the Listing Rules and the Takeovers Code in relation to the Disposal Agreement and the transactions contemplated thereunder; and
- (c) the Purchaser shall have obtained the requisite consent in respect of the Disposal from the Foreign Investment Commission of the Taiwan Ministry of Economic Affairs and any other governmental consents required by the Vendor.

If any of the Conditions Precedent are not satisfied (or waived by the Purchaser), on or before the Long Stop Date, a party is entitled to give the other party written notice to:

- (a) delay the Long Stop Date until a date which is not longer than 30 Business Days after the Long Stop Date (which must be a working day); or
- (b) terminate the Disposal Agreement.

Undertaking: The Purchaser irrevocably and unconditionally undertakes to the Vendor that (i) it will maintain the existing directors and management personnel of OT Taiwan and its subsidiaries (if any) unless otherwise agreed with the Vendor; (ii) it will not change any of the existing financial officers of OT Taiwan and its subsidiaries (if any) on or before 1 July 2019, without the prior consent of the Vendor; (iii) before the completion of the 2019 adjusted statement in accordance with the SPA, it will sustain OT Taiwan's normal business operations and management decisions prior to the closing date of the SPA; and (iv) subject to Taiwanese law and prior to the completion of the 2019 adjusted statement in accordance with the SPA, it will use its best endeavours and its rights as the shareholder of OT Taiwan to preserve the existing directors prior to the closing date of the SPA that are responsible for the operations of the Freight Forwarding Business of OT Taiwan and its subsidiaries (if any).

Guarantee: Mr. Lee provides an irrevocable undertaking to guarantee the performance of and observance by the Purchaser of all of its obligations and covenants under the Disposal Agreement. Mr. Lee further undertakes to indemnify the Vendor against any loss, fees and expenses incurred from the breach of any of its obligations or undertakings under the Disposal Agreement by reason of the Purchaser.

Completion: Subject to the satisfaction of the Conditions Precedent set out above and the terms and conditions of the Disposal Agreement, completion shall take place on the date of completion of the SPA.

INFORMATION ABOUT THE PARTIES TO THE DISPOSAL AGREEMENT

The Purchaser is a limited liability company established under the laws of Hong Kong. It was founded in 2017 and its principal business is investment holdings.

As at the date of this announcement, the Vendor holds 100% of the issued shares in OT Taiwan, which is primarily engaged in the freight forwarding business in Taiwan.

FINANCIAL INFORMATION OF OT TAIWAN

Set out below is a summary of certain audited consolidated financial information of OT Taiwan for the two years ended 31 December 2015 and 2016:

OT Taiwan

	For the year ended 31	
	December	
	2015	2016
	<i>NT\$'000</i>	<i>NT\$'000</i>
Profit before tax	11,317	6,565
Profit after tax	7,720	5,358
	As at 31 December	
	2015	2016
	<i>NT\$'000</i>	<i>NT\$'000</i>
Total assets	91,745	79,966
Net assets	62,834	61,244

FINANCIAL IMPACT OF THE DISPOSAL

Based on the existing information available to the Company, the expected loss from the Disposal will be amounted to approximately HK\$118,000, which is based on the Consideration less the net asset value of OT Taiwan attributable to the Group as at 30 September 2017. The actual gain or loss to be recorded by the Company is subject to audit. The Directors do not anticipate that the Completion of the Disposal will have a significant effect on the business and performance of the Group.

Immediately after Completion, OT Taiwan will cease to be a subsidiary of the Group. Accordingly, the financial results of OT Taiwan will no longer be consolidated into the Company's financial statements upon Completion.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group specialises in international air and sea freight forwarding as well as warehousing and value-added logistics and distribution. The Group further provides support services in relation to origin management, key account management, customs and compliance, web-based supply chain visibility and supply chain consultancy.

The Board has decided to dispose of OT Taiwan in view of the restrictions of a PRC company's investment in OT Taiwan upon completion of the SPA. Please refer to the announcement of the Company dated 8 May 2017 for details of the SPA and the transactions contemplated thereunder.

The Board is of the view that the terms of the Disposal Agreement are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposals exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

USE OF PROCEEDS

It is expected that the net proceeds generated by the Disposal (after deducting the relevant costs and expenses) would be used for business development and as general working capital for the Group.

GENERAL

As Completion is subject to the satisfaction and/or waiver, where applicable, of the Conditions Precedent set out in the Disposal Agreement, the Disposal may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or any securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered on or before 12:00 noon) on which banks in Hong Kong are generally open for business
“Company”	On Time Logistics Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability, and the Shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 6123)
“Completion”	completion of the sale and purchase of the entire capital contribution of OT Taiwan in accordance with the terms and conditions of the Disposal Agreement
“Conditions Precedent”	the conditions precedent to Completion as set out in the section headed “The Disposal Agreement” in this announcement and each a “Condition Precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors(s) of the Company
“Disposal”	the disposal of OT Taiwan pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement relating to the entire capital contribution of OT Taiwan dated 20 October 2017 and entered into between the Vendor, the Purchaser and Mr. Lee

“Freight Forwarding Business”	certain freight forwarding and other businesses of the Company as defined in the SPA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties” or “Independent Third Party”	a third party which is independent of and not connected with the Company and its subsidiaries and its connected persons
“Long Stop Date”	means 5:00 p.m. (Hong Kong time) on 30 November 2017, or such later date to be agreed between the Purchaser and the Vendor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lee”	Mr. Lee Sai Lun, an Independent Third Party
“NT\$”	New Taiwan dollar, the lawful currency of Taiwan
“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 and an indirectly wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Great Access Incorporation Limited (行通有限公司), a company incorporated in Hong Kong with limited liability, a company wholly-owned by Mr. Lee
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of HK\$0.1 each

“Shareholder(s)”	holder(s) of Shares
“SPA”	the sale and purchase agreement entered into amongst Mr. Lam Chun Chin Spencer, Mr. Haenisch Hartmut Ludwig, Golden Strike International Limited, Polaris International Holdings Limited and 圓通速遞股份有限公司 on 8 May 2017 in relation to the sale and purchase of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendor”	On Time Worldwide Logistics Limited, a company incorporated in the British Virgin islands with limited liability and a wholly-owned subsidiary of the company
“%”	per cent.

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

Hong Kong, 20 October 2017

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