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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)

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS

As disclosed in the Prospectus, OT BVI Members entered into the 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.

The Company proposes to revise the annual caps of the profits from operations to be shared by OT BVI Members to OTX Logistics Holland Group under the Master Agency Agreement for each of the years ending 31 December 2015 and 31 December 2016.

OTX Logistics Holland is an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 75% by the Company and 25% by Mr. Dennis Ronald de Wit, an executive Director. Hence, OTX Logistics Holland and its subsidiaries are connected persons of the Company under the Listing Rules. As such, the transactions under the Master Agency Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios calculated under the Listing Rules in respect of the revised annual caps are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

BACKGROUND

As disclosed in the Prospectus, OT BVI Members entered into the 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.

Due to the significant increase in the demand of transportation and logistics business to and from the Netherlands, the amount of profit shared by OT BVI Members to OTX Logistics Holland Group for the nine months ended 30 September 2015 was approximately HK\$7.6 million, which exceeded the existing annual cap of HK\$5.2 million for the year ending 31 December 2015.

In light of the above, the Company proposes to revise the annual caps of the profits from operations to be shared by OT BVI Members to OTX Logistics Holland Group under the Master Agency Agreement for each of the years ending 31 December 2015 and 31 December 2016.

MAJOR TERMS OF THE MASTER AGENCY AGREEMENT

Date: 21 June 2014

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

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

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

The Master Agency Agreement was entered into for a term commencing from 21 June 2014 and expiring on 31 December 2016 unless terminated earlier by 60 days' written notice by either party.

REVISION OF ANNUAL CAPS

Original annual caps and historical transaction figures

As disclosed in the Prospectus, the annual caps of profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OT BVI Members to OTX Logistics Holland Group for each of the three years ending 31 December 2016 are HK\$4.8 million, HK\$5.2 million and HK\$5.7 million, respectively; and the annual caps of profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OTX Logistics Holland Group to OT BVI Members for each of the three years ending 31 December 2016 are HK\$1.2 million, HK\$1.3 million and HK\$1.4 million, respectively.

For the year ended 31 December 2014 and the nine months ended 30 September 2015, the historical amounts of profits from operations attributable to the transactions under the Master Agency Agreement shared by OT BVI Members to OTX Logistics Holland Group were approximately HK\$3.9 million and HK\$7.6 million, respectively; and the historical amounts of profits from operations attributable to the transactions under the Master Agency Agreement shared by OTX Logistics Holland Group to OT BVI Members were approximately HK\$0.7 million and HK\$0.4 million, respectively.

Revised annual caps and basis

The Company proposes to revise the annual caps of the profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OT BVI Members to OTX Logistics Holland Group to HK\$10.8 million (for the year ending 31 December 2015) and HK\$11.9 million (for the year ending 31 December 2016).

The revised annual caps are determined by the Directors based on the historical amount of profits shared by OT BVI Members to OTX Logistics Holland Group under the Master Agency Agreement as set out above. The Directors expected that the demand of transportation and logistics business to and from the Netherlands for the three months ending 31 December 2015 would be similar to the existing level, and therefore a pro-rata basis was used to determine the revised annual cap for the year ending 31 December 2015. The revised annual cap for the year ending 31 December 2016 was determined based on an expected annual growth rate of 10% of the demand of transportation and logistics business to and from the Netherlands.

The Company does not propose to revise the annual caps of profits from operations attributable to the transactions under the Master Agency Agreement to be shared by OTX Logistics Holland Group to OT BVI Members.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

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

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

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

LISTING RULES IMPLICATIONS

OTX Logistics Holland is an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 75% by the Company and 25% by Mr. Dennis Ronald de Wit, an executive Director. Hence, OTX Logistics Holland and its subsidiaries are connected persons of the Company under the Listing Rules. As such, the transactions under the Master Agency Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios calculated under the Listing Rules in respect of the revised annual caps are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

By virtue of his interest in OTX Logistics Holland, Mr. Dennis Ronald de Wit, an executive Director, has abstained from voting on the Board resolution approving the revision of the annual caps.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	On Time Logistics Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agency Agreement”	the master agency agreement dated 21 June 2014 entered into between OT BVI (for itself and on behalf of OT BVI Members) and OTX Logistics Holland (for itself and on behalf of OTX Logistics Holland Group) in relation to the appointment of each other as agent in its respective countries of domicile for the promotion of transportation and logistics business
“OT BVI”	On Time Worldwide Logistics Limited, a company incorporated in the British Virgin Islands with limited liability on 3 March 2011 and a direct wholly owned subsidiary of the Company
“OT BVI Members”	OT BVI together with the subsidiaries and associated companies of the Company from time to time but excluding the OTX Logistics Holland Group

“OTX Logistics Holland”	OTX Logistics B.V., a company incorporated in the Netherlands with limited liability as a private company under the laws of the Netherlands on 28 May 1998 and an indirect non-wholly owned subsidiary of the Company
“OTX Logistics Holland Group”	OTX Logistics Holland together with its subsidiaries and associated companies from time to time
“Prospectus”	the prospectus dated 30 June 2014 issued by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 28 October 2015

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.