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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

During the FY2014:

- the Group's revenue amounted to about HK\$3,468 million, representing an increase of about 9.7% as compared to that of the FY2013 (FY2013: about HK\$3,161 million);
- air freight business achieved a growth of about 23.5% in segment results as compared to that of the FY2013, to about HK\$248 million (FY2013: about HK\$200 million); and
- the Group recorded a profit attributable to owners of the Company of about HK\$60 million, representing a growth of about 28.3% as compared to that of the FY2013 (FY2013: about HK\$46 million).

The board of directors (the "**Board**") of On Time Logistics Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2014 (the "**FY2014**"), together with the comparative audited figures for the year ended 31 December 2013 (the "**FY2013**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 December 2014

		2014	2013
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	3,468,061	3,161,290
Cost of sales		<u>(2,958,299)</u>	<u>(2,696,130)</u>
Gross profit		509,762	465,160
Other income		5,109	4,818
Administrative expenses		(404,658)	(378,694)
Other gains or losses		(4,529)	(227)
Listing expenses		(10,015)	(12,596)
Share of loss of associates		(261)	(65)
Share of profit of joint ventures		1,300	408
Finance costs		<u>(4,961)</u>	<u>(4,757)</u>
Profit before taxation		91,747	74,047
Income tax expense	3	<u>(26,463)</u>	<u>(19,072)</u>
Profit for the year	4	<u>65,284</u>	<u>54,975</u>
Profit for the year attributable to:			
Owners of the Company		59,573	46,447
Non-controlling interests		<u>5,711</u>	<u>8,528</u>
		<u>65,284</u>	<u>54,975</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	5	<u>17.1</u>	<u>16.3</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the Year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	<u>65,284</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	1,964	2,735
Deferred tax liability arising on revaluation of leasehold land and buildings	(406)	(406)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Share of reserve of associates	(7)	4
Share of reserve of joint ventures	(581)	153
Exchange differences arising from overseas operations	<u>(14,294)</u>	<u>3,254</u>
Other comprehensive (expense) income for the year	<u>(13,324)</u>	<u>5,740</u>
Total comprehensive income for the year	<u>51,960</u>	<u>60,715</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	49,652	51,382
Non-controlling interests	<u>2,308</u>	<u>9,333</u>
	<u>51,960</u>	<u>60,715</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		2014	2013
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		8,259	7,809
Property, plant and equipment		52,147	51,293
Goodwill		16,065	18,111
Intangible assets		25,743	21,773
Interests in associates		104	61
Interests in joint ventures		4,912	4,193
Loans receivables – due after one year		–	4,834
Trade and bills receivables – due after one year	7	–	101
Deferred tax assets		272	338
		<u>107,502</u>	<u>108,513</u>
Current assets			
Trade and bills receivables	7	480,624	549,780
Other receivables, deposits and prepayments		62,784	69,528
Held for trading investments		1,044	1,086
Derivative financial instrument		–	51
Loans receivables – due within one year		–	2,131
Amount due from a joint venture		4,579	3,248
Amounts due from directors		–	15,011
Amounts due from associates		5,723	–
Amounts due from related companies		–	1,052
Loan to an associate		–	388
Loans to a related company		–	677
Prepaid tax		890	2,412
Pledged bank deposits		11,088	3,706
Bank balances and cash		242,978	163,885
		<u>809,710</u>	<u>812,955</u>

		2014	2013
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and other payables	8	294,686	378,889
Amount due to an associate		–	543
Amount due to a related company		–	535
Amounts due to directors		–	969
Tax liabilities		9,489	11,253
Obligations under finance leases			
– due within one year		549	584
Bank borrowings		148,865	165,446
		<u>453,589</u>	<u>558,219</u>
Net current assets		<u>356,121</u>	<u>254,736</u>
Total assets less current liabilities		<u>463,623</u>	<u>363,249</u>
Non-current liabilities			
Trade and other payables – due after one year	8	2,483	1,565
Obligations under finance leases			
– due after one year		636	1,033
Deferred tax liabilities		14,941	13,391
		<u>18,060</u>	<u>15,989</u>
		<u>445,563</u>	<u>347,260</u>
Capital and reserves			
Share capital	9	41,500	20,670
Reserves		375,783	299,248
Net assets attributable to owners of the Company		417,283	319,918
Non-controlling interests		28,280	27,342
Total equity		<u>445,563</u>	<u>347,260</u>

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Prior to the corporate reorganisation (the “**Corporate Reorganisation**”) to rationalise the Group’s structure in preparation for the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), except for Citynet Logistics Worldwide Limited (“**Citynet**”), On Time Worldwide Logistics Limited (“**OT WW HK**”), On Time Shipping Line Limited (“**OT SL HK**”) and On Union Management Limited (“**On Union HK**”), all other group entities were held directly or indirectly by either On Time Express Limited (“**OT HK**”) or On Time Worldwide Logistics Limited (“**OT BVI**”). Citynet, OT WW HK, OT SL HK, On Union HK, OT HK and OT BVI were ultimately and 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 of the Company 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 of 8 shares in the Company. On the same date, the Company acquired the entire equity interest in OT HK, through OT BVI, at a consideration of an aggregate of 399,992 shares in the Company. As a result, the Company became the holding company of the companies now comprising the Group on 31 March 2014. Details of the Corporate Reorganisation are set out in the paragraph headed “History, Reorganisation and Corporate Structure – Corporate Restructuring” in the prospectus of the Company dated 30 June 2014 (“**Prospectus**”).

The Corporate Reorganisation completed on 31 March 2014 was regarded as a reorganisation of companies under common control. Accordingly, the Group resulting from the Corporate Reorganisation including the Company and its subsidiaries is regarded as a continuing entity. The consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows included the results, changes in equity and cash flows of the companies comprising the Group as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 December 2013 and 2014, or since their respective dates of incorporation, where it is a shorter period. The consolidated statement of financial position as at 31 December 2013 included the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence at that date.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the consolidated financial statements for the FY2014 are the same as those followed in the preparation of the Group’s annual financial statements for the FY2013.

In the current year, the Group has applied, for the first time, the following new and reviewed Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”):

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

The application of the above new and revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

2. SEGMENT INFORMATION

	Segment revenue		Segment result	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Operating and reportable segment				
Air freight	2,375,490	2,154,586	247,576	200,425
Ocean freight	974,528	897,240	116,385	127,242
General sales agency	3,164	3,593	2,044	1,511
Logistics	45,094	58,237	12,008	13,966
Others	69,785	47,634	13,330	11,509
	<u>3,468,061</u>	<u>3,161,290</u>	<u>391,343</u>	<u>354,653</u>
Other income			5,109	4,818
Other gains or losses			(4,529)	(227)
Unallocated corporate expenses			(296,254)	(280,783)
Share of loss of associates			(261)	(65)
Share of profit of joint ventures			1,300	408
Finance costs			(4,961)	(4,757)
			<u>91,747</u>	<u>74,047</u>

3. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	5,001	4,928
– Enterprise Income Tax in the PRC	5,267	3,489
– Dutch Corporate Income Tax	3,885	5,043
– Indian Corporate Income Tax	460	659
– Indonesian Corporate Income Tax	299	318
– Vietnam Corporate Income Tax	1,581	1,403
– Other Jurisdictions	1,957	1,653
	<u>18,450</u>	<u>17,493</u>
(Over) under provision in respect of prior years		
– Hong Kong Profits Tax	(398)	–
– Enterprise Income Tax in the PRC	5,884	–
– Indian Corporate Income Tax	341	–
– Vietnam Corporate Income Tax	–	(194)
– Other Jurisdictions	250	85
	<u>6,077</u>	<u>(109)</u>
Deferred taxation		
– Current year	920	1,688
– Underprovision in prior years	1,016	–
	<u>1,936</u>	<u>1,688</u>
	<u>26,463</u>	<u>19,072</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the year.

Under the Law of the People's Republic of China (the "PRC") 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 year.

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 year.

Indian Corporate Income Tax is taxable at different tax rates ranging from 0% to 30%, depending on taxation income for the reporting year, in accordance with Indian Income Tax Act 1961.

Indonesian Corporate Income Tax is calculated at 25% of the estimated assessable profit during the year.

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 year, in accordance with the Vietnamese laws.

Pursuant to the rules and regulations of the British Virgin Islands (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.

4. PROFIT FOR THE YEAR

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	10,024	9,516
Amortisation of intangible assets	3,137	2,629
Impairment loss on trade receivables recognised	7,977	7,479
Net exchange loss	4,481	565

5. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	59,573	46,447

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	347,958,904	<u>285,000,000</u>
Effect of dilutive potential ordinary shares on over-allotment option	<u>154,481</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>348,113,385</u>	

No diluted earnings per share had been presented for the year ended 31 December 2013 as there was no outstanding potential ordinary share in 2013.

6. DIVIDEND

Pursuant to the written resolution passed by all shareholders of the Company dated 7 July 2014, a special dividend of HK\$97,000,000, representing HK\$48.50 per ordinary share, was declared on 7 July 2014 to all shareholders whose names appeared on the register of members of the Company on 7 July 2014.

The Board recommended the payment of a final dividend of HK1.6 cents per share, absorbing a total amount of HK\$6,640,000, in respect of the FY2014, which is subject to the approval of the shareholders of the Company at the annual general meeting of the Company to be held on Thursday, 25 June 2015 (the "AGM"). The proposed final dividend is expected to be paid on Wednesday, 22 July 2015 to all shareholders whose names appear on the register of members of the Company on Wednesday, 8 July 2015.

7. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers.

The following is an aged analysis of trade and bills receivables, net of allowance for doubtful debts, based on the invoice date, which approximates the respective revenue recognition dates, at the end of each year:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 30 days	222,751	265,282
31 – 60 days	173,343	184,993
61 – 90 days	53,114	60,761
91 – 180 days	21,125	26,709
Over 180 days	<u>10,291</u>	<u>12,136</u>
	<u>480,624</u>	<u>549,881</u>
Analysed as:		
– current	480,624	549,780
– non-current	<u>–</u>	<u>101</u>
	<u>480,624</u>	<u>549,881</u>

8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on the invoice date at the end of each year:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 60 days	207,481	259,903
61 – 180 days	17,858	30,919
181 – 365 days	1,225	1,933
1 – 2 years	3,424	2,814
	<u>229,988</u>	<u>295,569</u>
Trade and other payables analysed as:		
– current	294,686	378,889
– non-current	2,483	1,565
	<u>297,169</u>	<u>380,454</u>

9. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 6 March 2013 (date of incorporation) and 31 December 2013	3,500,000	350
Increase in authorised share capital on 21 June 2014	<u>1,996,500,000</u>	<u>199,650</u>
At 31 December 2014	<u>2,000,000,000</u>	<u>200,000</u>
	Number of ordinary shares	Share capital <i>HK\$'000</i>
Issued and fully paid:		
Allotted and issued	1,000,000	100
Issue of shares upon Corporate Reorganisation	<u>500,000</u>	<u>50</u>
At 31 December 2013	1,500,000	150
Shares issued upon Corporate Reorganisation	400,000	40
Capitalisation of shareholders' loan	100,000	10
Capitalisation issue	298,000,000	29,800
Shares issued upon public offer and international placing	100,000,000	10,000
Shares issued upon exercise of over-allotment option	<u>15,000,000</u>	<u>1,500</u>
At 31 December 2014	<u>415,000,000</u>	<u>41,500</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Board is pleased to announce the first audited annual results of the Group for the FY2014 since the successful listing (the “**Listing**”) of its shares on the Main Board of the Stock Exchange on 11 July 2014 (the “**Listing Date**”). The relevant audited financial figures for the FY2013 are set out in this announcement for comparative purposes. During the FY2014, the demand for logistics and freight forwarding services continued to rise. Such growth was in line with the global logistics industry development of the past consecutive years.

Financial Results

Supported by the solid performance of the air freight business, the Group recorded revenue of about HK\$3,468.1 million during the FY2014 (FY2013: about HK\$3,161.3 million), representing a rise of about 9.7%. Gross profit amounted to about HK\$509.8 million during the FY2014 (FY2013: about HK\$465.2 million), representing an increase of about 9.6%. Gross profit margin during the FY2014 was about 14.7% (FY2013: about 14.7%), while net profit attributable to owners of the Company rose by about 28.3% to about HK\$59.6 million during the FY2014 (FY2013: about HK\$46.4 million). The increase in net profit was mainly due to the general increase in demand from customers. In particular, the main factor contributing to the increase in revenue was brought by the air freight segment as one of the customers of the Group has substantially increased its volume of shipments during the FY2014 as compared to the FY2013.

Segmental Analysis

The Group’s core businesses are air and ocean freight forwarding, complemented by the general sales agency business and other services, including warehousing, distribution, customs clearance and contract and ancillary logistics services. The comprehensive service offering enables the Group to meet diverse customers’ needs and provide cross-selling opportunities.

Air Freight

The air freight forwarding business constituted the largest business segment of the Group, representing about 68.5% of the Group's total revenue during the FY2014 (FY2013: about 68.2%). It principally involves arranging shipment upon receipt of booking instructions from customers, obtaining cargo space from airlines, preparing the relevant documentation, and upon delivery to the destination, arranging customs clearance and cargo handling. The Group is well recognised in the logistics industry, having received numerous accolades from international organisations and major airlines since 2000, including honours from the World Cargo Alliance, and "Top Agent Award" from Cathay Pacific Cargo/Dragonair Cargo each year since 2006. Consequently, the Group has become the preferred business partner of renowned companies from around the world, hailing from the garment, footwear and electronic industries, among others.

Leveraging its strong relationship with customers, a number of whom contributed to a substantial increase in shipment volume during the year, and strong links with major airlines, the air freight business recorded revenue of about HK\$2,375.5 million during the FY2014 (FY2013: about HK\$2,154.6 million), representing a rise of about 10.3% as compared to the FY2013. Gross profit of the segment also improved from about HK\$264.7 million in FY2013 to about HK\$315.5 million during the FY2014, representing an increase of about 19.2%. In respect of air import and export tonnage, the Group achieved exceptional year growth of about 9.2% and 17.6% during the FY2014, respectively, the result of its established market position and extensive network coverage that includes 55 offices around the world as at 31 December 2014, 44 offices of which are located in 13 Asian countries and territories, comprising Hong Kong, PRC, Cambodia, India, Indonesia, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, the United Arab Emirates and Vietnam. This comprehensive geographical presence has enabled the Group to capture increasing market demand globally by leveraging its cross border advantages. During the FY2014, PRC and Hong Kong achieved the largest increase in air import and export tonnage, surging by about 38.5% and increasing slightly by about 3.4% respectively. As for PRC and Hong Kong, the Group experienced an increase in gross profit of about 26.3% and 15.2% during the FY2014 respectively, which also contributed to the boost in the Group's net profit.

Ocean Freight

Contributing about 28.1% of the Group's total revenue during the FY2014 (FY2013: about 28.4%), the ocean freight forwarding business principally involves organising shipments, arranging customs clearance and haulage service. The established relationships with trade partners and shipping lines, together with the in-house tailored freight operations system have enabled the Group to capture the ocean freight market growth. During the FY2014, despite stiff headwinds experienced in the market and slower consumer demand for ocean freight, this segment still managed to achieve revenue growth of about 8.6% to HK\$974.5 million (FY2013: about HK\$897.2 million). However, owing to rising costs, gross profit slipped to about HK\$153.0 million during the FY2014 (FY2013: about HK\$158.9 million). The cost increased significantly in North America due to the labour strike in the west coast, the United States, leading to an increase of general rate or application of peak season surcharge by shipping lines when issuing bill of lading. During the FY2014, the ocean freight shipping volume handled by the Group reached 106,272 twenty-foot equivalent unit (FY2013: 106,567 twenty-foot equivalent unit), representing a decrease of about 0.3%.

General Sales Agency Business

The general sales agency (“GSA”) business involves agreements entered into between the Group and regional airlines, whereby the Group subsequently acts as a wholesaler of the airlines' cargo space. During the FY2014, despite the termination of one airline appointment, the GSA business managed to perform at a comparable level as the FY2013, with revenue of about HK\$3.2 million (FY2013: about HK\$3.6 million). Our revenue generated from GSA recorded as net agency income.

Ancillary and Contract Logistics Services

Accounting for about 1.3% of the Group's total revenue during the FY2014 (FY2013: about 1.8%), the ancillary and contract logistics services business includes warehousing, distribution and customs clearance. Warehousing includes pick and pack, labelling, quality inspection, sorting, pick-up and delivery services for export shipments from the shipper's location to the outgoing port and delivery of import shipments from arrival at the incoming port to the consignee's location. It is supported by the Group's information technology (“IT”) platform, which allows customers to conveniently trace inventory levels, incoming and outgoing shipments and other information online. During the FY2014, the Group sought to further adjust its warehouse operation to cope with market conditions. Consequently, this business achieved revenue of about HK\$45.1 million during the FY2014 (FY2013: about HK\$58.2 million) and gross profit of about HK\$24.8 million during the FY2014 (FY2013: about HK\$26.4 million).

Others

The other businesses include combined shipments, trucking and hand-carry services, the latter of which involves time sensitive shipments that allows the Group to charge higher fees and consequently benefit from higher profits. During the FY2014, the other businesses recorded revenue of about HK\$69.8 million (FY2013: about HK\$47.6 million) and gross profit of about HK\$13.3 million (FY2013: about HK\$11.5 million). The increase of gross profit for other businesses during the FY2014 was contributed mainly by the increase of combined shipments.

Liquidity and Financial Resources

The Group has centralised financing policies and control over all its operations which enables the Group to have a tight control of treasury operations and lower average cost of funds.

The Group's working capital as at 31 December 2014 was about HK\$356.1 million, representing a significant increase of about 39.8% from about HK\$254.7 million as at 31 December 2013. The current ratio of the Group improved from about 1.46 times as at 31 December 2013 to about 1.79 times as at 31 December 2014.

As at 31 December 2014, the Group's bank balances and cash amounted to about HK\$243.0 million, representing a significant increase of about 48.3% from about HK\$163.9 million as at 31 December 2013. For the FY2014, the Group had operating cash inflow of about HK\$68.3 million (FY2013: operating cash outflow of about HK\$9.2 million). As at 31 December 2014, the Group's outstanding bank borrowings amounted to about HK\$148.9 million (as at 31 December 2013: about HK\$165.4 million). The gearing ratio of the Group was about 33.4% as at 31 December 2014 (as at 31 December 2013: 47.6%). The ratio was calculated as total bank borrowings divided by total equity of the Group. As at 31 December 2014, the Group maintained a net cash position (as at 31 December 2013 net debt to equity ratio: 0.45%). The Group will continue to secure financing as and when the need arises. The guarantee given to banks during the FY2014 in respect of banking facilities granted and utilised by a related company in which Mr. Lam and Mr. Haenisch have beneficial interest was released upon the successful Listing of the shares of the Company on the Main Board of the Stock Exchange.

Foreign Exchange Risk

In light of the nature of the Group's business, the Group is exposed to various foreign currency risks including RMB, USD, RM, SGD, THB, INR, EUR, GBP, CAD, TWD, JPY, VND, IDR, KRW and AED among which, RMB, EUR and USD are mostly used in our business apart from HKD. Nevertheless, the Group's operations are predominately subject to the fluctuations of RMB since HKD is pegged to USD. The Group did not use any derivative contracts to hedge against its exposure to currency risk during the FY2014 and in FY2013. The Group continues to exercise a strict control policy and did not engage in any speculative trading in debt securities or financial derivatives during the FY2014.

Capital Expenditure Commitments

The Group did not have any capital expenditure commitments as at 31 December 2014 (as at 31 December 2013: Nil).

Charge On Assets

As at 31 December 2014, the Group had pledged bank deposits of about HK\$11.1 million as securities against banking facilities granted to the Group (as at 31 December 2013: about HK\$3.7 million).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

To rationalise the current structure of the Group for the Listing, the Company underwent the Corporate Reorganisation, pursuant to which the Company became the holding company of the subsidiaries of the Company now comprising the Group. Details of the Corporate Reorganisation have been set out in the Prospectus. Save for the Corporate Reorganisation, there was no other material acquisition or disposal of subsidiaries or associated companies of the Company during the FY2014.

PROSPECTS

Looking ahead, the global demand for logistics and freight forwarding services is expected to remain healthy in the medium to long term. According to a market research conducted by a market research institution which was commissioned by the Company, global total transportation volume of cargo will reach about 96,539.8 million tonnes in 2015 and is expected to reach about 105,592.2 million tonnes by 2016, which indicates considerable market growth potential.

Strengthen Global Presence and Expand Office Network

To capitalise on growing demand, the Group will employ an aggressive market expansion strategy in Asia and the Middle East. This will allow the Group to specifically meet increasing cross-border logistics service demand, and in turn capture greater market share and trade volume. In respect of market expansion in North America, this will be facilitated by generating greater network synergies through strategic acquisitions.

Enhance Core Businesses with Growth Potential

Aside from enhancing its market exposure, the Group will look to bolster its core businesses including air and ocean freight operations. The contract logistics services business will also be advanced by means of broadening its range of services, which will be supported by improved customer supply chain management and implementation of a comprehensive warehouse management system.

Explore E-commerce Opportunities and Bolster IT Capability

As one of the important focus areas of the Group going forward, the Group will continue to explore e-commerce opportunities, such as the possibility of encouraging the cross-selling of goods among its existing direct customers, which currently comprise about 28,000 customers. Those customers engaged in garments, footwear and electronics, which would also be provided with sales opportunities that enable them to tap into new markets, gain new business and attract new customers while relying on the Group's air freight operation, warehousing and distribution capabilities and IT infrastructure, and thus delivering benefits to all parties concerned. To expedite development of the e-commerce business, a dedicated team established within the year possesses experience in e-commerce marketing, relevant technical expertise and the capacity to identify products with good online sales potential. The Group will also examine potential acquisitions that enable the e-commerce business to benefit from further integration. In order to facilitate the Group's aggressive market expansion and enhancement of core businesses with the aim to capture opportunities arising from the increasing market demand, the recruitment of more business development personnel will be pursued as well. It is expected that the Group will implement the above plans by the net proceeds generated from the global offering and the internal resources of the Group. With greater financial resources on hand, an increasingly robust business model and healthy outlook for the logistics and freight forwarding industry, the management is optimistic about the Group's ability to sustain growth and deliver fair returns to the Company's shareholders.

HUMAN RESOURCES

As at 31 December 2014, the Group employed about 1,100 employees (as at 31 December 2013: about 1,030 employees). Remuneration packages are generally structured to market terms, individual qualifications and experience. The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contribute to the success of the Group's operations. During the FY2014, training activities have been conducted to improve the performance of sales and marketing activities and customer services.

SUFFICIENCY OF PUBLIC FLOAT

Please refer to the announcement dated 21 July 2014 issued by the Company in relation to the insufficiency of its public float. As set out in the announcement of the Company dated 23 July 2014, the public float of the Company has been restored. Based on the current information that is publicly available to the Company and within the knowledge of the Company's directors, as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities from the Listing Date to 31 December 2014.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK1.6 cents per share, absorbing a total amount of HK\$6,640,000, in respect of the FY2014, which is subject to the approval of the shareholders at the AGM to be held on Thursday, 25 June 2015. The proposed final dividend is expected to be paid on Wednesday, 22 July 2015 to all shareholders whose names appear on the register of members of the Company on Wednesday, 8 July 2015.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

Pursuant to the banking facilities (the "**Facility Letter**") granted by a bank in Hong Kong to OT HK, an indirect wholly owned subsidiary of the Company, the bank has agreed to grant to OT HK (i) a loan in the sum of HK\$80 million (the "**Bridging Loan**") which shall be repayable within one year from drawdown or upon the Listing, whichever is earlier; and (ii) other facilities ("**Other Facilities**") in the aggregate sum of HK\$60 million which shall be subject to renewal by 15 July 2015. On 7 July 2014, the Group has drawn the Bridging Loan of HK\$36.6 million. The Bridging Loan has been fully repaid on 7 August 2014 and terminated thereafter. After the repayment of the Bridging Loan, the Other Facilities has been increased to

the aggregate sum of HK\$125.2 million which shall be subject to renewal by 15 July 2015. The Facility Letter contains a condition which requires Mr. Lam, one of the controlling shareholders of the Company, to remain as the chairman of the Company and the largest single shareholder of the Company with shareholding of no less than 40% in the Company. A breach of any of such requirements will constitute an event of default under the Facility Letter, and if it happens, the facilities in the aggregate sum of HK\$125.2 million drawn under the Facility Letter will be liable to be declared immediately due and payable. The occurrence of such circumstance may also trigger the cross default provisions of other loan agreements and/or banking facilities entered into by the Group. As at 31 December 2014, the total amount of the loan drawn by the Group from the Facility Letter and other loan agreements and/or banking facilities amounted to about HK\$149 million. As of the date of this announcement, OT HK is in compliance with the Facility Letter.

REGULATORY COMPLIANCE

As disclosed in the Prospectus, a branch office of OTX Logistics, Inc., an indirect wholly owned subsidiary of the Company, occupied a premises in Houston, Texas, the United States, which is leased to an independent third party by the landlord. Our Group has been paying the rents for the occupation of such premises. Since the Listing Date and up to the date of this announcement, the Group has not been requested by such owner to vacate from such premises. The Group plans to enter into a new lease with the landlord for the premises upon expiry of the existing lease on 30 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 June 2015 to Thursday, 25 June 2015 (both days inclusive) for the purpose of determining the right to attend and vote at the AGM. In order to be qualified for attending and voting at the AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 22 June 2015.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the AGM, the register of members of the Company will also be closed from Monday, 6 July 2015 to Wednesday, 8 July 2015 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend in respect of the FY2014. In order to be qualified for the proposed final dividend (subject to the approval of the shareholders at the AGM), unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address stated above for registration not later than 4:30 p.m. on Friday, 3 July 2015.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**CG Code**") from the Listing Date to 31 December 2014, except for code provision A.2.1.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Company's directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. After specific enquiry made by the Company, all of the Company's directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct of the Company governing the Company's directors' securities transactions since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee which comprises the three independent non-executive directors of the Company, namely, Mr. Wong See Ho, Mr. Ng Wai Hung and Mr. Poon Ka Lee, Barry. Mr. Wong See Ho is the chairman of the audit committee.

The audit committee of the Company has discussed with the management of the Group and reviewed the audited consolidated financial results of the Group for the FY2014, including accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.ontime-express.com. The annual report for the FY2014 will be despatched to the shareholders of the Company and will be published on the aforesaid websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

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

Hong Kong, 30 March 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.