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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 AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE REMAINING 25% EQUITY INTEREST IN THE ISSUED SHARES OF OTX HOLLAND

THE ACQUISITION

The Board wishes to announce that on 9 March 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Shares, at the consideration of HK\$38,000,000, subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement.

As at the date of this announcement, OTX Holland is an indirect non wholly-owned subsidiary of the Company, held as to 75% by the Purchaser and 25% by the Vendor. Immediately after Completion, OTX Holland will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor was held as to 80% by Mr. de Wit and 20% by Ms. Kalshoven, respectively. Mr. de Wit, being a former executive Director within the preceding 12 months from the date of this announcement, is a connected person of the Company pursuant to Rule 14A.07(2) of the Listing Rules. Accordingly, the Vendor, being an associate of Mr. de Wit, is a connected person. As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company, which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. Given that the Vendor is a connected person of the Company, the Acquisition also constitutes a connected transaction of the Company and is subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Shareholders as a whole. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

On 10 February 2018, the Company had obtained written approval for the Acquisition from the controlling Shareholder, YTO Global Holdings Ltd., which as at the date of this announcement beneficially holds approximately 64.75% of the issued share capital of the Company. Pursuant to Rule 14A.36 of the Listing Rules, since the Company's controlling Shareholder has approved the Acquisition in writing and pursuant to Rule 14A.37 of the Listing Rules, that no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, the Company is not required to convene an extraordinary general meeting in connection with the Acquisition should a waiver from the Stock Exchange be granted.

An application will be made by the Company to the Stock Exchange for a waiver from strict compliance with the requirement to convene a general meeting of the Company to approve the Acquisition pursuant to Rule 14A.37 of the Listing Rules, on the basis that the Acquisition has been approved in writing by the controlling Shareholder who holds more than 50% in nominal value of the Shares giving the right to attend and vote at a general meeting to approve the Acquisition.

A circular containing, among other things, (1) further information regarding the details of the Sale and Purchase Agreement and the Acquisition; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (3) a letter of advice from the Independent Financial Adviser on the Acquisition and (4) other information as required under the Listing Rules will be despatched to the Shareholders on or before 3 April 2018.

THE SERVICES AGREEMENTS

At Completion, OTX Holland would enter into the Service Agreement with Mr. de Wit and Ms. Kalshoven, respectively, for a term commencing from the Completion Date until the completion of the audited accounts of OTX Holland for the financial year ending 31 December 2019 and will continue thereafter unless terminated. Pursuant to the Service Agreements, Mr. de Wit and Ms. Kalshoven would be the managing director and director, respectively, of OTX Holland. Reference is made to the announcement of the Company dated 30 December 2016. The Service Agreements will replace the New Management Agreement.

Pursuant to Rule 14A.95 of the Listing Rules, a director's service contracts with the listed issuer or its subsidiary is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 9 March 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Target Shares, at the consideration of HK\$38,000,000, subject to and in accordance with the terms and conditions of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

A summary of the principal terms of the Sale and Purchase Agreement are set out below:

- Date: 9 March 2018 (after trading hours)
- Parties:
- (1) the Vendor (as vendor)
 - (2) the Purchaser (as purchaser)
 - (3) Mr. de Wit (as director of OTX Holland)
 - (4) Ms. Kalshoven (as director of OTX Holland)
- Subject matter of the transaction: The Vendor has agreed to sell and the Purchaser has agreed to purchase the Target Shares, representing 25% of the issued share capital of OTX Holland
- Consideration: Subject to and conditional upon the terms and conditions of the Sale and Purchase Agreement, the purchase price payable by the Purchaser for the Target Shares will be HK\$38,000,000 (the “**Consideration**”).
- The Purchaser will pay the entire sum of the Consideration one (1) Business Day prior to Completion in cash, which shall be deemed to be paid to the Vendor upon Completion.
- The original acquisition cost for OTX Holland in 2011 was €5,963,175.
- The purchase price under the Sale and Purchase 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 OTX Holland as at 31 December 2017.

Conditions Precedent:

Completion is conditional upon the following conditions being fulfilled (or waived in accordance with the Sale and Purchase Agreement) in all respects (the “**Conditions Precedent**”):

- (a) compliance by the Company with all applicable requirements under the Listing Rules and the Takeovers Code in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (b) all necessary waivers, consents or approvals from any third party (including but not limited to any consents or approvals from government authority, regulatory authority, the Stock Exchange and/or the SFC and in relation to any pre-emption or similar rights under any shareholder agreements entered into in relation to the OTX Holland Group) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and that no government authority or any third party has proposed or taken any action which resulted in any prohibition or restriction on or delay in the performance and completion of the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (c) each of Mr. de Wit and Ms. Kalshoven having entered into a new service agreement with OTX Holland in such terms and conditions to the satisfaction of the Purchaser in relation to the management and operation of OTX Holland (the “**Service Agreements**”);
- (d) a special dividend in an aggregate sum of €2,600,000 having been declared and paid by OTX Holland to its shareholders after signing of the Sale and Purchase Agreement; and

- (e) the Vendor's warranties remaining true, accurate and not misleading in all material respects as of the Completion Date by reference to the facts and circumstances subsisting at the Completion Date.

Each of the Vendor, Mr. de Wit and Ms. Kalshoven shall use their respective best endeavours to procure the fulfilment of the Conditions Precedent set out in paragraphs (b), (c), (d) and (e) on or before the Long Stop Date.

The Purchaser shall use its best endeavours to procure the fulfilment of the Conditions Precedent set out in paragraph (a) and (d) before the Long Stop Date.

The Conditions Precedent are required to be fulfilled on or before the Long Stop Date. If the Conditions Precedent have not been satisfied on or before the Long Stop Date, the Sale and Purchase Agreement will terminate and no party to the Sale and Purchase Agreement shall have any claims against the other party, save in respect of any prior breaches of the Sale and Purchase Agreement and claims arising out of the continuing provisions.

Undertaking:

Subject to the Purchaser having complied with the terms and conditions of the Sale and Purchase Agreement, the Vendor irrevocably and unconditionally undertakes and each of Mr. de Wit and Ms. Kalshoven irrevocably and unconditionally undertakes to the Purchaser to procure that (i) the direct and indirect ownership of Mr. de Wit and Ms. Kalshoven in the Vendor shall remain unchanged until 30 April 2020, and (ii) the Vendor shall have at least HK\$10,000,000 in its bank account at all times from the signing of the Sale and Purchase Agreement until all amounts payable by the Vendor to the Purchaser under the Sale and Purchase Agreement have been settled by the Vendor. The Vendor irrevocably and unconditionally undertakes to the Purchaser to provide the bank statement(s) of the said account to the Purchaser from time to time upon request by the Purchaser.

Net Profit Guarantee:

Subject to Completion having duly occurred in accordance with the terms and conditions of the Sale and Purchase Agreement, and the Purchaser having complied with certain provisions under the Sale and Purchase Agreement, the Vendor undertakes to the Purchaser and guarantees that:

- (a) in the event that the Accumulated Consolidated Net Profit shall be less than HK\$18,000,000, the Vendor undertakes with the Purchaser that it shall in aggregate compensate the Purchaser HK\$3,330,000 within five (5) Business Days after completion of the audited accounts for the financial year ending 31 December 2019;
- (b) in the event that the Accumulated Consolidated Net Profit shall be less than HK\$12,000,000, the Vendor undertakes with the Purchaser that it shall in aggregate compensate the Purchaser HK\$6,660,000 within five (5) Business Days after completion of the audited accounts for the financial year ending 31 December 2019; or
- (c) in the event that the Accumulated Consolidated Net Profit shall be less than HK\$6,000,000, the Vendor undertakes with the Purchaser that it shall in aggregate compensate the Purchaser HK\$10,000,000 within five (5) Business Days after completion of the audited accounts for the financial year ending 31 December 2019.

Completion:

Subject to the satisfaction of the Conditions Precedent set out above and the terms and conditions of the Sale and Purchase Agreement, Completion shall take place on the Completion Date.

INFORMATION ABOUT THE PARTIES TO THE SALE AND PURCHASE AGREEMENT

The Vendor is a limited liability company established under the laws of the Netherlands. It is principally engaged in investment holdings. As at the date of this announcement, the Vendor held 25% of the issued shares in OTX Holland and it is indirectly owned as to 80% by Mr. de Wit and 20% by Ms. Kalshoven, respectively.

Mr. de Wit is a former executive Director of the Company who resigned on 1 December 2017 and currently a director of OTX Holland. Ms. Kalshoven is a director of OTX Holland.

As at the date of this announcement, the Purchaser held 75% of the issued shares in OTX Holland, and is primarily engaged in the freight forwarding business in the Netherlands. Upon Completion, OTX Holland will become an indirect wholly-owned subsidiary of the Company.

FINANCIAL INFORMATION OF OTX HOLLAND

Set out below is a summary of certain audited consolidated financial information for the years ended 31 December 2015 and 2016 and unaudited consolidated financial information for the year ended 31 December 2017 of the OTX Holland Group:

OTX Holland

	Audited		Unaudited
	For the years ended 31 December		
	2015	2016	2017
	<i>(€'000)</i>	<i>(€'000)</i>	<i>(€'000)</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Net profit before tax	1,244	792	1,848
Net profit after tax	956	606	1,338
Net profit after tax for the year attributable to owners of the OTX Holland Group	893	654	1,460
	As at 31 December		
	2015	2016	2017
	<i>(€'000)</i>	<i>(€'000)</i>	<i>(€'000)</i>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Total assets	15,059	18,238	23,650
Net assets	9,430	10,036	11,113

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 Directors (save for the independent non-executive Directors, who will express their view after considering the advice of the Independent Financial Adviser), are of the view that the Acquisition, if completed, will further consolidate the Group's control in OTX Holland and enhance the operating efficiency of the Group in respect of the OTX Holland Group. On this basis, the Vendor and the Purchaser commenced negotiations and eventually agreed upon on the terms of the Acquisition.

The view of the independent non-executive Directors in respect of the Acquisition, after considering the advice of the Independent Financial Adviser, will be set out in the circular. None of the Directors have a material interest in the Sale and Purchase Agreement, nor are they required to abstain from voting on the relevant resolution of the Board approving the Acquisition.

The Sale and Purchase Agreement was entered into on normal commercial terms. Taking into account the amount of the Consideration, the Directors (save for the independent non-executive Directors, who will express their view after considering the advice of the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor was held as to 80% by Mr. de Wit and 20% by Ms. Kalshoven, respectively. Mr. de Wit, being a former executive Director within the preceding 12 months from the date of this announcement, is a connected person of the Company according to Rule 14A.07(2) of the Listing Rules. Accordingly, the Vendor, being an associate of Mr. de Wit, is a connected person. As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company, which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. Given that the Vendor is a connected person of the Company, the Acquisition also constitutes a connected transaction of the Company and is subject to reporting, announcement and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

WRITTEN APPROVAL FROM THE SHAREHOLDERS IN RESPECT OF THE ACQUISITION

On 10 February 2018, the Company had obtained written approval for the Acquisition from the controlling Shareholder, YTO Global Holdings Ltd., which as at the date of this announcement beneficially holds approximately 64.75% of the issued share capital of the Company. Pursuant to Rule 14A.36 of the Listing Rules, since the Company's controlling Shareholder has approved the Acquisition in writing and pursuant to Rule 14A.37, that no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition, the Company is not required to convene an extraordinary general meeting in connection with the Acquisition should a waiver from the Stock Exchange be granted.

An application will be made by the Company to the Stock Exchange for a waiver from strict compliance with the requirement to convene a general meeting of the Company to approve the Acquisition pursuant to Rule 14A.37 of the Listing Rules, on the basis that the Acquisition has been approved in writing by the controlling Shareholder who holds more than 50% in nominal value of the Shares giving the right to attend and vote at a general meeting to approve the Acquisition.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Shareholders as a whole. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A circular containing, among other things, (1) further information regarding the details of the Sale and Purchase Agreement and the Acquisition; (2) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (3) a letter of advice from the Independent Financial Adviser on the Acquisition and (4) other information as required under the Listing Rules will be despatched to the Shareholders on or before 3 April 2018.

GENERAL

As Completion is subject to the satisfaction and/or waiver, where applicable, of the Conditions Precedent set out in the Sale and Purchase Agreement as well as Shareholders' approval under the Listing Rules, the Acquisition 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:

“Accumulated Consolidated Net Profit”	the sum of Consolidated Net Profit for the financial years ended 31 December 2017 and ending 31 December 2018 and 2019
“Acquisition”	the acquisition of the Target Shares by the Purchaser pursuant to the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“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 5:00 p.m.) 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 Target Shares in accordance with the terms and conditions of the Sale and Purchase Agreement

“Completion Date”	the fifth (5) Business Day after all of the Conditions Precedent are satisfied or, where applicable, waived by the Purchaser or such other date as the Vendor and the Purchaser may agree in writing
“Conditions Precedent”	the conditions precedent to Completion as set out in the sub-section headed “The Sale and Purchase Agreement – Conditions Precedent” in this announcement and each a “Condition Precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	has the meaning ascribed to it in the sub-section headed “The Sale and Purchase Agreement – Consideration” in this announcement
“Consolidated Net Profit”	<p>the sum of the audited consolidated net profits after tax of OTX Holland as stated in the audited accounts of the Company for each of the financial years ending as follows December 2017, 2018 and 2019, respectively, adjusted by:</p> <p>(a) the Consolidated Net Profit shall be downward adjusted by an amount equivalent to any revaluation surplus of tangible or intangible assets</p> <p>(b) the Consolidated Net Profit shall be upward adjusted by an amount equivalent to any revaluation deficit of tangible or intangible assets</p>
“Director(s)”	the directors(s) of the Company
“€”	Euro, the lawful currency of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to the Sale and Purchase Agreement and the Acquisition
“Independent Shareholders”	Shareholders who are independent of and have no interest in the transactions contemplated under the Sale and Purchase Agreement
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5 May 2018 or such later date to be agreed between the Purchaser and the Vendor in writing
“Mr. de Wit”	Dennis Ronald de Wit, a former executive Director of the Company, a director of OTX Holland and a shareholder of the Vendor
“Ms. Kalshoven”	Astrid Kalshoven, a director of OTX Holland and a shareholder of the Vendor
“New Management Agreement”	the agreement dated 30 December 2016 and entered into between OTX Holland, D.R. de Wit Beheer B.V. and Mr. de Wit for the provision of management services for the terms commencing from 1 January 2017 and expiring on 31 December 2019

“OT BVI”	On Time Worldwide Logistics Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“OT BVI Members”	OT BVI and its subsidiaries and associated companies excluding the OTX Holland Group
“OTX Holland”	OTX Logistics B.V., a company incorporated in the Netherlands with limited liability and an indirect non-wholly-owned subsidiary of the Company as at the date of this announcement
“OTX Holland Group”	OTX Holland and its subsidiaries and associated companies
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Jumbo Channel Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 March 2018 entered into between the Vendor, the Purchaser, Mr. de Wit and Ms. Kalshoven, relating to the Acquisition
“Service Agreements”	has the meaning ascribed to it in the section headed “Sale and Purchase Agreement – Conditions Precedent” in this announcement and each a Service Agreement
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 the Shares

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Group”	OTX Holland and its subsidiaries as at the date of this announcement
“Target Shares”	21,575 ordinary shares of €1 each in OTX Holland, legally and beneficially owned by the Vendor and to be acquired by the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement
“Vendor”	T.Y.D. Holding B.V., a company incorporated in the Netherlands
“%”	per cent

By order of the Board
On Time Logistics Holdings Limited
先達國際物流控股有限公司
Yu Huijiao
Chairman

Hong Kong, 9 March 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. LAM Chun Chin, Spencer and Mr. LI Xianjun; four non-executive Directors, namely, Mr. YU Huijiao, Mr. SU Xiufeng, Mr. ZHU Rui and Mr. LIN Kai; and three independent non-executive Directors, namely, Mr. LI Donghui, Mr. XU Junmin and Mr. CHUNG Kwok Mo John.