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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 KOREA

THE DISPOSAL

The Board wishes to announce that on 1 November 2017 (after trading hours), On Time BVI entered into the Disposal Agreement with the Purchaser, pursuant to which On Time BVI has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, at the consideration of HK\$841,728, subject to and in accordance with the terms and conditions of the Disposal Agreement.

Immediately after Completion, OT Korea will cease to be a subsidiary of the Company. Accordingly, the financial results of OT Korea 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: 1 November 2017 (after trading hours)

Parties: (1) On Time BVI (as vendor); and
(2) the Purchaser (as purchaser).

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 is an Independent Third Party.

Sale Shares to be disposed: 1,800 shares of KRW5,000 each in OT Korea, representing approximately 3% of the entire issued shares of OT Korea as at the date of this announcement.

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\$841,728 which shall be satisfied by the Purchaser at 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 consolidated net asset value of OT Korea (after excluding the debts due to OT Korea by the Group) as at 30 June 2017.

Conditions Precedent:

Completion is conditional upon or (where applicable) waiver of the following Conditions Precedent:

- (a) 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;
- (b) OT Korea and Mr. Chang-Ho Hur having entered into an exclusive service agreement, on the terms to the satisfaction of On Time BVI; and
- (c) the conditions precedent of 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 condition precedent regarding the Disposal and the disposal of OTWL-On Time Worldwide Logistics Ltd. (先達環球物流有限公司)).

The Conditions Precedent above are required to be fulfilled on or before Long Stop Date. On Time BVI shall have absolute discretion to waive condition (b) above. If the Conditions Precedent have not been satisfied or waived on or before Long Stop Date, upon which no party to the Disposal Agreement shall have any claims against the other party, save in respect of any prior breaches of the Disposal Agreement and claims arising out of the continuing provisions.

Undertakings:

The Purchaser irrevocably and unconditionally undertakes to On Time BVI to procure that (i) OT Korea will not change any of the existing directors and management of OT Korea and its subsidiaries on or before 1 October 2019 and OT Korea will not change any of the existing financial personnel of OT Korea and its subsidiaries on or before 1 July 2019, without the prior consent of On Time BVI; (ii) prior to the completion of the 2019 adjusted statement, the directors who are nominated by the Purchaser will not affect the existing decision-making power, management and business operations of OT Korea; and (iii) prior to completion of the 2019 adjusted statement, the Freight Forwarding Business of the Company and its subsidiaries will continue to be managed by the SPA Vendors in compliance with Korean law (including any acquisition of any assets or companies relating to the Freight Forwarding Business).

Completion:

Subject to the satisfaction of the Conditions Precedent set out above, Completion shall take place at such time and place as may be agreed between the parties to the Disposal Agreement.

INFORMATION ABOUT THE PARTIES TO THE DISPOSAL AGREEMENT

The Purchaser is a PRC resident and is an Independent Third Party.

As at the date of this announcement, On Time BVI is an investment holding company and it holds 51% of the issued shares in OT Korea, which is primarily engaged in the freight forwarding business in South Korea.

FINANCIAL INFORMATION OF OT KOREA

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

OT Korea

	For the year ended 31 December	
	2015 <i>KRW'000</i>	2016 <i>KRW'000</i>
Profit before tax	215,553	421,126
Profit after tax	184,416	349,863
	As at 31 December	
	2015 <i>KRW'000</i>	2016 <i>KRW'000</i>
Total assets	1,798,985	2,889,071
Net assets	1,137,065	1,486,928

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\$191,000. The actual gain or loss to be recorded by the Company is subject to audit. The Directors do not anticipate that Completion will have a significant effect on the business and performance of the Group.

Immediately after Completion, OT Korea will cease to be a subsidiary of the Group. Accordingly, the financial results of OT Korea will no longer be consolidated into the Company's financial statement 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 the Sale Shares in OT Korea in view of the potential anti-trust issues in South Korea 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 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.

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 Sale Shares 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 Korea pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement relating to the Sale Shares dated 1 November 2017 and entered into between On Time BVI and the Purchaser

“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 Party”	a third party which is independent of and not connected with the Company and its subsidiaries and its connected persons
“KRW”	Korean Republic Won, the lawful currency of South Korea
“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 On Time BVI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“On Time BVI”	On Time Worldwide Logistics Limited, a company incorporated in the British Virgin islands and a wholly-owned subsidiary of the Company as at the date of this announcement
“OT Korea”	On Time Worldwide Logistics Ltd., an indirectly non-wholly-owned subsidiary of the Company and a company incorporated in South Korea with limited liability
“PRC”	the People’s Republic of China, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Ms. He Xiaoli, an Independent Third Party
“Sale Shares”	1,800 shares of KRW5,000 each in OT Korea, representing approximately 3% of the entire issued shares of OT Korea as at the date of this announcement

“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 (YTO Express Group Co., Ltd) on 8 May 2017 in relation to the sale and purchase of Shares
“SPA Vendors”	Mr. Lam Chun Chin Spencer, Mr. Haenisch Hartmut Ludwig, Golden Strike International Limited and Polaris International Holdings Limited
“South Korea”	the Republic of Korea
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	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, 1 November 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.