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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

During the Reporting Period:

- **the Group's revenue amounted to about HK$1,487 million, representing a decrease of about 12.1% as compared to that of the corresponding period of 2014 (1H2014: about HK$1,691 million);**

- **air freight business recorded a drop of about 22.8% in segment results as compared to that of the corresponding period of 2014, to about HK$98 million (1H2014: about HK$127 million); and**

- **the Group recorded a profit attributable to owners of the Company of about HK$16 million, representing a drop of about 52.9% as compared to that of the corresponding period of 2014 (1H2014: about HK$33 million).**

The board (the "**Board**") of directors (the "**Directors**") of On Time Logistics Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2015 (the "**Reporting Period**"). The relevant financial figures for the six months ended 30 June 2014 (the "**1H2014**") or other dates/periods are also set out in this announcement for comparative purposes.

The interim results of the Group for the Reporting Period have been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		(Unaudited)	
		Six months ended 30 June	
		2015	2014
	NOTES	***HK$'000***	*HK$'000*
Revenue	*2*	**1,487,113**	1,691,147
Cost of sales		**(1,241,268)**	(1,435,367)
Gross profit		**245,845**	255,780
Other income		**3,758**	2,055
Administrative expenses		**(224,949)**	(197,506)
Listing expenses		**–**	(10,013)
Other gains or losses		**(847)**	(740)
Share of profit (loss) of associates		**75**	(310)
Share of (loss) profit of joint ventures		**(83)**	332
Finance costs		**(2,275)**	(2,381)
Profit before tax		**21,524**	47,217
Income tax expenses	*3*	**(4,533)**	(11,665)
Profit for the period	*4*	**16,991**	35,552
Profit for the period attributable to:			
Owners of the Company		**15,549**	33,025
Non-controlling interests		**1,442**	2,527
		16,991	35,552
		HK cents	*HK cents*
Earnings per share	*5*		
Basic		**3.75**	11.50
Diluted		**3.75**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Profit for the period	**16,991**	35,552
Other comprehensive income (expense), net of income tax		
Items that will not be reclassified to profit or loss:		
Revaluation increase on leasehold land and buildings	**236**	1,478
Deferred tax arising on revaluation of leasehold land and buildings	**9**	(387)
Items that may be reclassified subsequently to profit or loss:		
Share of reserve of associates	**(5)**	(1)
Share of reserve of joint ventures	**(420)**	(41)
Exchange differences arising from overseas operations	**(9,501)**	(1,167)
Other comprehensive expense for the period	**(9,681)**	(118)
Total comprehensive income for the period	**7,310**	35,434
Total comprehensive income for the period attributable to:		
Owners of the Company	**8,574**	33,147
Non-controlling interests	**(1,264)**	2,287
	7,310	35,434

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	NOTES	**(Unaudited) At 30 June 2015** *HK$'000*	(Audited) At 31 December 2014 *HK$'000*
Non-current assets			
Investment properties		**8,287**	8,259
Property, plant and equipment		**51,865**	52,147
Goodwill		**14,690**	16,065
Intangible assets		**22,726**	25,743
Interests in associates		**411**	104
Interests in joint ventures		**4,459**	4,912
Available-for-sale investments		**581**	–
Deferred tax assets		**363**	272
		103,382	107,502
Current assets			
Trade receivables	*7*	**461,485**	480,624
Other receivables, deposits and prepayments		**65,209**	62,784
Held-for-trading investments		**1,027**	1,044
Amounts due from joint ventures		**2,065**	4,579
Amounts due from associates		**6,831**	5,723
Prepaid tax		**2,601**	890
Pledged bank deposits		**11,050**	11,088
Bank balances and cash		**220,654**	242,978
		770,922	809,710

	NOTES	(Unaudited) At 30 June 2015 HK$'000	(Audited) At 31 December 2014 HK$'000
Current liabilities			
Trade and other payables	8	**289,944**	294,686
Amount due to an associate		**155**	–
Amount due to a related company		**27**	–
Tax liabilities		**6,395**	9,489
Obligations under finance leases – due within one year		**639**	549
Bank borrowings – due within one year		**113,117**	148,865
		410,277	453,589
Net current assets		**360,645**	356,121
Total assets less current liabilities		**464,027**	463,623
Non-current liabilities			
Trade and other payables – due after one year	8	**2,442**	2,483
Obligations under finance leases – due after one year		**696**	636
Deferred tax liabilities		**14,397**	14,941
		17,535	18,060
		446,492	445,563
Capital and reserves			
Share capital	9	**41,500**	41,500
Reserves		**377,976**	375,783
Net assets attributable to owners of the Company		**419,476**	417,283
Non-controlling interests		**27,016**	28,280
Total equity		**446,492**	445,563

NOTES TO INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**") Interim Financial Reporting issued by the HKICPA as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The condensed consolidated financial statements have not been audited by the Company's auditor but have been reviewed by the Company's audit committee and auditor.

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31 December 2014. In addition, the Group has applied the following accounting policy during the current interim period.

Share-based payment arrangements

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

In the current interim period, the Group has applied, for the first time, the following new amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") (hereinafter collectively referred to as the "**new and revised HKFRSs**") issued by the HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

2. SEGMENT INFORMATION

a. Segment revenue and results

	(Unaudited) Segment revenue Six months ended 30 June		(Unaudited) Segment results Six months ended 30 June	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Operating and reportable segment				
Air freight	**974,446**	1,177,911	**97,910**	126,815
Ocean freight	**447,194**	452,173	**58,806**	55,606
General sales agency	**1**	1,411	**(401)**	852
Logistics	**31,907**	19,803	**2,650**	5,563
Others	**33,565**	39,849	**10,651**	10,741
Total	**1,487,113**	1,691,147	**169,616**	199,577
Share of profit (loss) of associates			**75**	(310)
Share of (loss) profit of joint ventures			**(83)**	332
Other income			**3,758**	2,055
Other gains or losses			**(847)**	(740)
Unallocated corporate expenses			**(148,720)**	(151,316)
Finance costs			**(2,275)**	(2,381)
Profit before tax			**21,524**	47,217

b. Segment assets and liabilities

No analysis of the Group's assets and liabilities by operating and reportable segment is disclosed as it is not regularly provided to the chief operating decision maker for review.

3. INCOME TAX EXPENSES

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
The charge (credit) comprises:		
Current tax		
– Hong Kong Profits Tax	**660**	3,710
– Enterprise Income Tax in the PRC	**913**	2,431
– Dutch Corporate Income Tax	**696**	1,501
– Indonesian Corporate Income Tax	**–**	258
– Vietnam Corporate Income Tax	**751**	870
– Other Jurisdictions	**1,699**	1,731
	4,719	10,501
(Over) under provision in respect of prior years		
– Vietnam Corporate Income Tax	**(10)**	–
– Other Jurisdictions	**120**	249
	110	249
Deferred taxation	**(296)**	915
	4,533	11,665

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

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 Company is taxed at 25% during the period.

Dutch Corporate Income Tax rates are chargeable at progressive tax rates. The corporate income tax charge has been calculated at the tax rate between 20.0% to 25.5% during the period.

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

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 period, 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 PERIOD

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**5,538**	4,707
Amortisation of intangible assets	**1,574**	1,396
Impairment loss on trade receivables	**13,633**	3,638
Reversal of impairment loss on trade receivables	**(2,391)**	(1,428)
Net exchange loss	**681**	1,163

5. EARNINGS PER SHARE

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

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**15,549**	33,025

	(Unaudited) Six months ended 30 June	
	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**415,000**	287,155
Effect of dilutive potential ordinary shares on share options	**–**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**415,000**	

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of these options is higher than the average market price for shares during the current interim period.

6. DIVIDEND

	(Unaudited) Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Final dividend payable in respect of the year ended 31 December 2014 of HK1.6 cents (2014: Nil) per share	**6,640**	–

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2015 (2014: Nil).

7. TRADE RECEIVABLES

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

The following is an analysis of trade receivables by age, net of allowance for bad and doubtful debts, presented based on invoice date, which approximately the respective revenue recognition dates, at the end of the reporting period:

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
0 – 30 days	**243,045**	222,751
31 – 60 days	**131,575**	173,343
61 – 90 days	**48,859**	53,114
91 – 180 days	**26,557**	21,125
Over 180 days	**11,449**	10,291
	461,485	480,624

8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period:

	(Unaudited)	(Audited)
	At	At
	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
Within 60 days	**202,217**	207,481
61 – 180 days	**16,849**	17,858
181 – 365 days	**2,351**	1,225
1 – 2 years	**2,955**	3,424
	224,372	229,988
Trade and other payables analysed as:		
– current	**289,944**	294,686
– non-current	**2,442**	2,483
	292,386	297,169

9. SHARE CAPITAL

	Number of ordinary shares	Share capital *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2014	3,500,000	350
Increase in authorised share capital on 21 June 2014	1,996,500,000	199,650
At 31 December 2014 and 30 June 2015	2,000,000,000	200,000
Issued and fully paid:		
At 1 January 2014	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	15,000,000	1,500
At 31 December 2014 and 30 June 2015	415,000,000	41,500

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the demand for logistics and freight forwarding services decreased after the continued rise in the past consecutive years. Such drop was in line with the slow down in market development, especially in Europe and South America. Fortunately the growth in Asia and North America markets remained stable as the previous year.

FINANCIAL RESULTS

Mainly contributed by the air freight and ocean freight businesses, the Group recorded revenue of about HK$1,487.1 million during the Reporting Period (1H2014: about HK$1,691.1 million), representing a period-on-period drop of about 12.1%. Gross profit amounted to about HK$245.8 million (1H2014: about HK$255.8 million), representing a period-on-period slight decrease of about 3.9%. Gross profit margin was about 16.5% (1H2014: about 15.1%), while net profit attributable to owners of the Company decreased significantly by about 52.9% period-on-period to about HK$15.5 million (1H2014: about HK$33.0 million). The decrease in net profit was mainly due to the decrease in demand for air freight services in the air freight segment; the poor economy in Europe and South America; the increase in staff cost and rental expenses due to the expansion of the sales team and the ancillary and contract logistics services business; the increase in provision of doubtful debts and bad debts during the Reporting Period, especially for the default in payment of one of the Group's agents in Brazil, in respect of the outstanding trade receivables owed by that agent to the Group, which amounted to approximately HK$7.1 million as at 30 June 2015; as well as the absence of any substantial increase in revenue in the air freight segment for the Reporting Period whereas in the corresponding period last year the Group recorded a significant increase in revenue due to the substantial increase in volume of shipments of a customer in the air freight segment.

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 provide cross-selling opportunities and to meet diverse customers' needs.

Air Freight

The air freight forwarding business continued to constitute the largest business segment of the Group, representing about 65.5% of the Group's total revenue during the Reporting Period (1H2014: about 69.7%). 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 has 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.

During the Reporting Period, the air freight forwarding business recorded a revenue of about HK$974.4 million (1H2014: about HK$1,177.9 million), representing a significant drop of about 17.3% as compared to the corresponding period of 2014. Gross profit of the segment also dropped from about HK$160.3 million in the corresponding period of 2014 to about HK$136.2 million during the Reporting Period, representing a decrease of about 15.0% period-on period. In respect of air import and export tonnage, the Group noted a period-on-period decrease of about 6.2% and 17.1%, respectively, due to the absence of substantial increase in air tonnage during the Reporting Period, whereas the Group recorded a significant increase in demand for air tonnage by a customer in the corresponding period in 2014.

Ocean Freight

Contributing about 30.1% of the Group's total revenue during the Reporting Period (1H2014: about 26.7%), the ocean freight forwarding business principally involves organising shipments, arranging customs clearance and haulage services. 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 Reporting Period, revenue of ocean freight segment slightly decreased by about 1.1% period-on-period to about HK$447.2 million (1H2014: about HK$452.2 million). However, due to better cost control, gross profit increased to about HK$81.0 million (1H2014: about HK$72.3 million). Due to market conditions, the Group has successfully transferred related costs to its customers so as to reduce the cost burden and improve this segment's performance. During the Reporting Period, the ocean freight shipping volume handled by the Group reached to about 50,375 (1H2014: about 50,288) twenty-foot equivalent unit, representing a slight increase of about 0.2% from the corresponding period of 2014.

The 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 Reporting Period, due to the termination of airline appointment, revenue of the GSA business decreased to about HK$1,000 (1H2014: about HK$1.4 million). Our revenue generated from the GSA business recorded as net agency income, therefore our gross profit margin of the GSA business maintained at 100% during the Reporting Period and 1H2014.

Ancillary and Contract Logistics Services

Accounting for about 2.1% (1H2014: about 1.2%) of the Group's total revenue during the Reporting Period, 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 Reporting Period, the Group sought to further adjust its warehouse operation to cope with market conditions. Consequently, this business achieved revenue of about HK$31.9 million (1H2014: about HK$19.8 million) and gross profit of about HK$18.0 million (1H2014: about HK$11.0 million).

Others

The other businesses include combined shipments, trucking and hand-carry services, the latter of which involves time sensitive shipments that allow the Group to charge higher fees and consequently benefit from higher profits. During the Reporting Period, the other businesses recorded revenue of about HK$33.6 million (1H2014: about HK$39.8 million) and gross profit of about HK$10.7 million (1H2014: about HK$10.7 million). The gross profit margin of other businesses during the Reporting Period increased from 27.0% in 1H2014 to 31.7% which is mainly due to a better cost control.

Liquidity and Financial Resources

The Group has centralized 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 30 June 2015 was about HK$360.6 million, representing a slight increase of about 1.3% from about HK$356.1 million as at 31 December 2014. The current ratio of the Group improved from about 1.79 times as at 31 December 2014 to about 1.88 times as at 30 June 2015.

As at 30 June 2015, the Group's bank balances and cash amounted to about HK$220.7 million, representing a decrease of about 9.2% from about HK$243.0 million as at 31 December 2014. For the Reporting Period, the Group had operating cash inflow of about HK$30.6 million (1H2014: operating cash inflow of about HK$10.4 million). As at 30 June 2015, the Group's outstanding bank borrowings amounted to about HK$113.1 million (as at 31 December 2014: about HK$148.9 million). The gearing ratio of the Group was about 25.3% as at 30 June 2015 (as at 31 December 2014: about 33.4%). The ratio was calculated as total bank borrowings divided by total equity of the Group. As at 30 June 2015 and as at 31 December 2014, the Group maintained a net cash position.

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 Reporting Period and in the corresponding period of 2014. 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 Reporting Period.

Capital Expenditure Commitments

The Group did not have any capital expenditure commitments as at 30 June 2015 (as at 31 December 2014: Nil).

Charge on Assets

At the end of the Reporting Period, certain of the Group's trade receivables with an aggregate carrying amount of about HK$80.9 million (as at 31 December 2014: about HK$119.9 million), held-for-trading investments with a carrying amount of about HK$1.0 million (as at 31 December 2014: about HK$1.0 million) together with short-term bank deposits of about HK$11.1 million (as at 31 December 2014: about HK$11.1 million) were pledged to secure certain banking facilities granted to the Group.

Events after the Reporting Period

There are no events to cause material impact on the Group from the end of the Reporting Period to the date of this announcement.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition or disposal of subsidiaries or associated companies of the Company during the Reporting Period.

PROSPECTS

Despite the economic slow down in Europe and South America markets during the Reporting Period, looking ahead, the global demand for logistics and freight forwarding services is expected to remain stable in the medium to long term. According to a market research conducted by a market research institution which was commissioned by the Company, total transportation volume of cargo reached about 79,831.4 million tonnes in 2013 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.

As set out in the announcement of the Company dated 22 May 2015, On Time Express Limited (先達國際貨運有限公司) ("**OT HK**") has entered into a subcontracting agreement with Posti Ltd ("**Posti**"), an independent third party, whereby Posti has appointed OT HK as its sub-contractor for provision of warehousing, international transshipment, customs clearance, and product delivery services to sellers of a global retail online platform which place orders on Zhejiang Cainiao Supply Chain Management Co. Limited's logistics information service platform. The Directors do not anticipate the new venture will require significant resources on the part of the Group, but it is expected and is hopeful that this will create a significant channel for strengthening the Group's air freight services.

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 19,000 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, thus delivering benefits to all parties concerned. To expedite development of the e-commerce business, a dedicated team was established in 2014, of which its members possess 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 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 30 June 2015, the Group employed about 1,141 employees (as at 30 June 2014: about 1,060 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 Reporting Period, training activities have been conducted to improve the performance of sales and marketing activities and customer services.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has decided not to declare an interim dividend for the Reporting Period.

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 of the Company's shares (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), whichever is earlier; and (ii) other facilities (the "**Other Facilities**") in the aggregate sum of HK$60 million which shall be subject to renewal by 15 July 2016. 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 about HK$125.2 million which shall be subject to renewal by 15 July 2016. The Facility Letter contains a condition which requires Mr. Lam Chun Chin, Spencer ("**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 about 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 30 June 2015, 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$113 million. As of the date of this announcement, OT HK is in compliance with the Facility Letter.

REGULATORY COMPLIANCE

As disclosed in the Company's prospectus dated 30 June 2014, 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 had been paying the rents for the occupation of such premises. Since the date of Listing and up to 30 June 2015, we had not been requested by such owner to vacate from such premises. We moved out from such premises upon expiry of the existing lease on 30 June 2015.

CORPORATE GOVERNANCE

The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code throughout the Reporting Period, except for the deviation from code provision A.2.1 of the CG Code as described below.

Pursuant to code provision A.2.1 of the CG Code, 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 roles of chairman and chief executive officer separately.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding 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 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 Directors' securities transactions throughout the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee which comprises the three independent non-executive Directors, 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 terms of reference of the audit committee comply with the CG Code. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements, provide material advice in respect of financial reporting and oversee the internal control procedures of the Group.

The audit committee has discussed with the management of the Group and reviewed the unaudited consolidated financial statements of the Company for the Reporting Period, including the accounting principles and practices adopted by the Group, and discussed financial related matters.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 interim report for the Reporting Period 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

Hong Kong, 28 August 2015

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