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YTO Express Group Co., Ltd.

*(A joint stock limited liability company incorporated
in the People's Republic of China)
(SSE Stock Code: 600233)*



On Time Logistics Holdings Limited

*(Incorporated in the Cayman Islands
with limited liability)
(Stock Code: 6123)*

JOINT ANNOUNCEMENT

**(1) CONDITIONAL AGREEMENT IN RELATION TO
THE ACQUISITION OF SALE SHARES BY THE OFFEROR
AND**

**(2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS BY
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO
ACQUIRE ALL THE ISSUED SHARES OF, AND
CANCEL ALL OUTSTANDING OPTIONS IN
ON TIME LOGISTICS HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
THE PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



SPA

The Offeror and the Company jointly announced that the Vendors, the Offeror and the Guarantors entered into the SPA on 8 May 2017 (after trading hours), pursuant to which the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase, in aggregate, 255,820,000 Sale Shares, representing approximately 61.87% of the existing issued share capital of the Company as at the date of this joint announcement. The total consideration for the Sale Shares is HK\$1,041,116,160.00, equivalent to HK\$4.0698 per Sale Share.

Completion is subject to certain conditions precedent described in the section headed “Conditions precedent” in this joint announcement.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

As at the date of this joint announcement, the Offeror and parties acting in concert with it (excluding Mr. Lam and Mr. Haenisch) do not hold any Shares in the share capital or voting rights of the Company. Immediately following Completion, the Offeror and parties acting in concert with it (excluding Mr. Lam and Mr. Haenisch) will be interested in a total of 255,820,000 Shares, representing (i) approximately 61.87% of the issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 61.56% of the enlarged issued share capital of the Company (assuming all the Options have been exercised at or prior to Completion).

Mr. Lam and Mr. Haenisch are parties presumed to be acting in concert with the Offeror pursuant to class (9) of the definition of “acting in concert” under the Takeovers Code. As at the date of this joint announcement, an aggregate of 150,820,000 Shares were directly and indirectly held by Mr. Lam, representing approximately 36.48% of the total issued share capital of the Company, which will be sold by Lam Investco and Mr. Lam to the Offeror subject and pursuant to the terms of the SPA. 41,280,000 Shares will be held by Lam Investco upon Completion, representing 9.98% of the issued share capital of the Company as at the date of this joint announcement. 105,000,000 Shares were owned by Haenisch Investco, representing approximately 25.40% of the total issued share capital of the Company as at the date of this joint announcement, which will be sold by Haenisch Investco to the Offeror subject and pursuant to the terms of the SPA.

Upon Completion, an aggregate of 297,100,000 Shares, representing approximately 71.86% of the total issued share capital of the Company as at the date of this joint announcement, will be held by the Offeror and its concert parties (including Mr. Lam and Mr. Haenisch).

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make the Share Offer to acquire all the Offer Shares. Pursuant to Rule 13.5 of the Takeovers Code, the Option Offer will be made to cancel all the Options in the period prior to the close of the Share Offer.

As at the date of this joint announcement, the Company has (i) 413,464,000 Shares in issue; and (ii) 2,122,000 Options conferring rights to subscribe for 2,122,000 new Shares which are exercisable at HK\$1.65 per Share until 25 January 2019. Save for the Options, the Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the date of this joint announcement.

Subject to and upon Completion, Haitong International Securities will, on behalf of the Offeror, make the Offers to (i) acquire all the Offer Shares; and (ii) cancel all the Options, on the terms to be set out in the offer document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$4.0698 in cash

The Option Offer

For cancellation of each Option with
an exercise price of HK\$1.65 per new Share HK\$2.4198 in cash

The Option Offer to cancel each Option will be calculated on a see-through basis pursuant to Rule 13.5 and Practice Note 6 of the Takeovers Code so that each Optionholder will be entitled to receive Option Offer Price of HK\$2.4198 per Option which represents the difference between the Share Offer Price of HK\$4.0698 and the prevailing exercise price of the Options of HK\$1.65 each.

The Offers, if and when made, will be unconditional in all respects. The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

The Offeror intends to finance the consideration payable under the Offers and the consideration under the SPA by a combination of external debt financing and the internal resources of the Offeror group. Haitong International Capital, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offers (excluding the Lam Remaining Shares).

Pursuant to the SPA, Lam Investco has irrevocably undertaken to the Offeror that it will not, and Mr. Lam has irrevocably undertaken to the Offeror that he will procure Lam Investco not to (i) accept the Share Offer in respect of the Lam Remaining Shares held or controlled by them; or (ii) transfer or sell any Lam Remaining Shares held or controlled by them before the close of the Share Offer.

WARNING: THE OFFERS WILL ONLY BE MADE IF COMPLETION TAKES PLACE. COMPLETION IS SUBJECT TO FULFILLMENT AND/OR WAIVER, AS APPLICABLE, OF THE CONDITIONS, CONTAINED IN THE SPA. ACCORDINGLY, THE OFFERS MAY OR MAY NOT BE MADE. THE ISSUE OF THIS JOINT ANNOUNCEMENT DOES NOT IN ANY WAY IMPLY THAT THE OFFERS WILL BE MADE. SHAREHOLDERS, OPTIONHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE EXTREME CAUTION WHEN DEALING IN THE RELEVANT SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT A LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

Pursuant to Rule 8.2 of the Takeovers Code, the composite offer and response document containing, *inter alia*, the terms of the Offers, together with forms of acceptance and transfer, should be posted to the Shareholders by or on behalf of the Offeror within 21 days of the date of this joint announcement. As the making of the Offers is conditional on Completion, an application will be made by the Offeror to seek for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document to a date falling within seven days of Completion or such other date as the Executive may approve.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Poon Ka Lee, Barry, Mr. Ng Wai Hung and Mr. Wong See Ho has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to advise the Offer Shareholders and the Optionholders in respect of the Offers, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

INDEPENDENT FINANCIAL ADVISER

An independent financial adviser will be appointed by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in relation to the Offers. Further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

References are made to the respective announcements issued by the Company on 7 November 2016, 7 December 2016, 6 January 2017, 25 January 2017, 27 February 2017, 27 March 2017 and 21 April 2017 pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

SPA

On 8 May 2017 (after trading hours), the Offeror, the Vendors and the Guarantors entered into the SPA. A summary of the major terms of the SPA is set out below.

Date 8 May 2017 (after trading hours)

Parties

- (i) the Vendors (as the vendors of the Sale Shares);
- (ii) the Offeror (as the purchaser of the Sale Shares); and
- (iii) the Guarantors (as the guarantors of the Vendors).

The Offeror has confirmed that, immediately before entering into the SPA, it and its ultimate beneficial owners are Independent Third Parties. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Offeror and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the SPA, the Offeror may nominate any of its wholly-owned subsidiary to purchase the Sale Shares and assume the responsibility of the Offeror.

Subject matter

Subject to the terms and conditions of the SPA, the Vendors shall sell the Sale Shares to the Offeror on Completion at the Consideration, free from all encumbrances or any third party rights (in any nature) at Completion and together with all rights attaching to them (including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date); and the Offeror shall purchase the Sale Shares from the Vendors. The Offeror and the Vendors shall not be obliged to complete the sale and purchase of the Sale Shares unless the sale and purchase of all the Sale Shares is completed simultaneously in accordance with the SPA.

Consideration for the Sale Shares

Subject to the adjustment as set out in the paragraph headed “Adjustment of Consideration” below, the total price for the Sale Shares to be paid by the Offeror to the Vendors is the Consideration, which shall be satisfied in the manner set out in the paragraphs below. The Vendors shall be entitled to the Consideration in the proportions set out below:

Name of the Vendor	Number of Shares directly/indirectly owned as at the date of this joint announcement	Number of Sale Shares	Approximate percentage of the existing issued share capital of the Company immediately before and after Completion		Amount of consideration attributable to the Sale Shares (HK\$)	Number of remaining Shares upon Completion
			Before	After		
Mr. Lam	192,100,000 <i>(Note 1)</i>	150,820,000 <i>(Note 3)</i>	46.46%	9.98%	613,795,237.7	41,280,000 <i>(Note 4)</i>
Mr. Haenisch	105,000,000 <i>(Note 2)</i>	105,000,000	25.40%	–	427,320,922.3	–
Total	297,100,000	255,820,000	71.86%	9.98%	1,041,116,160	41,280,000

Notes:

1. Out of these 192,100,000 Shares, 192,000,000 Shares are directly held by Lam Investco, which is wholly owned by Mr. Lam, and 100,000 Shares are directly held by Mr. Lam.
2. These Shares are held by Haenisch Investco, which is wholly owned by Mr. Haenisch.
3. These Shares represent 100,000 Shares directly held by Mr. Lam and 150,720,000 Shares directly held by Lam Investco.
4. These Shares are directly held by Lam Investco.

The Consideration, subject to adjustment, shall be payable in the following manner:

- (a) Within 10 Business Days after signing of the SPA, the Offeror shall pay Mr. Lam RMB40,000,000 as deposit (the “**Deposit**”). Mr. Lam agrees to return the Deposit to the Offeror at the same time when the Offeror pays the First Payment (as defined below). In the event that the Conditions are not fulfilled causing the parties unable to complete the transaction on the Completion Date, Mr. Lam shall return the Deposit to the Purchaser within 10 Business Days from the Long Stop Date; or if the Conditions are fulfilled or waived and the transaction could not be completed for whatever reasons, Mr. Lam shall return the Deposit to the Purchaser within 10 Business Days after the termination of the SPA has been confirmed.
- (b) At Completion, the Offeror shall pay HK\$748,000,000 (representing approximately 71.85% of the Consideration) (the “**First Payment**”) to Mr. Lam, as to HK\$440,987,140 for himself and on behalf of Lam Investco and as to HK\$307,012,860 receiving on behalf of Mr. Haenisch and Haenisch Investco.
- (c) (i) After the adjustment statement in respect of the Freight Forwarding Business for the financial year ending 31 December 2017 (the “**2017 Adjustment Statement**”) and 31 December 2018 (the “**2018 Adjustment Statement**”) having been prepared, if the Freight Forwarding Business in aggregate meets two-third of the Expected Performance (as defined below), within 10 Business Days after the issuance of the 2018 Adjustment Statement, HK\$200,000,000 (the “**Second Payment**”) (representing approximately 19.21% of the Consideration shall be paid by the Offeror to Mr. Lam as to HK\$117,911,000 for himself and on behalf of Lam Investco and as to HK\$82,089,000 receiving on behalf of Mr. Haenisch and Haenisch Investco.
- (ii) After the 2017 Adjustment Statement and the 2018 Adjustment Statement having been prepared, if the Freight Forwarding Business in aggregate could not meet two-third of the Expected Performance but has not recorded a loss, within 10 Business Days after the issuance of the 2018 Adjustment Statement, HK\$100,000,000 (representing approximately 9.61% of the Consideration), being part of the Second Payment, shall be paid by the Offeror to Mr. Lam as to HK\$58,955,500 for himself and on behalf of Lam Investco and as to HK\$41,044,500 receiving on behalf of Mr. Haenisch and Haenisch Investco. The remaining part of the Second Payment, being HK\$100,000,000, shall be paid by the Offeror to Mr. Lam as to HK\$58,955,500 for himself and on behalf of Lam Investco and as to HK\$41,044,500 receiving on behalf of Mr. Haenisch and Haenisch Investco, when the Third Payment (as defined below) is made.

- (iii) In the event the Freight Forwarding Business has recorded a loss in aggregate for the financial years ending 31 December 2017 and 31 December 2018, the Second Payment shall be paid to the Vendors when the Third Payment (as defined below) is made.
- (d) Within 10 Business Days after the adjustment statement in respect of the Freight Forwarding Business for the financial year ending 31 December 2019 (the “**2019 Adjustment Statement**”, together with the 2017 Adjustment Statement and the 2018 Adjustment Statement, the “**Adjustment Statements**”) has been issued, HK\$93,116,160.0 (representing approximately 8.94% of the Consideration) shall be paid by the Offeror to Mr. Lam as to HK\$54,897,097.7 for himself and on behalf of Lam Investco and as to HK\$38,219,062.3 receiving on behalf of Mr. Haenisch and Haenisch Investco (the “**Third Payment**”). If there is any adjustment to the Consideration, the adjusted Consideration shall be applied when the Third Payment and the Second Payment (if relevant) is to be made.

Pursuant to the New LOI, Yuantong Jiaolong has paid HK\$30,000,000 to Mr. Lam as Earnest Money. The Earnest Money shall be returned in full to Yuantong Jiaolong at the same time, when the Offeror pays the First Payment at Completion, or if Completion does not take place for any reason, in accordance with the provisions of the SPA which are illustrated under the paragraph headed “Return of the Earnest Money” below.

Adjustment of Consideration

Pursuant to the SPA, the Consideration may be adjusted downwards in the event that (i) the financial performance (the “**TRP Financial Performance**”) of the Freight Forwarding Business for the three years ending 31 December 2019 (the “**Track Record Period**”) as shown in the 2017 Adjustment Statement, the 2018 Adjustment Statement and the 2019 Adjustment Statement fails to meet the expected level of performance to be agreed between the parties after the close of Offers (the “**Expected Performance**”); or (ii) the number of “Qualified Locations” (as described below) falls below 10.

i. *Expected Performance*

In the event that the TRP Financial Performance falls below the Expected Performance, the Consideration will be adjusted downwards according to the following agreed mechanism, which will take into account (i) the TRP Financial Performance; (ii) the pro forma net asset value of the Freight Forwarding Business as of 31 December 2019 (the “**TRP NTA**”) which would be determined based on the historical net assets value of the Group and the performance of the Freight Forwarding Business during the Track Record Period; and (iii) the base price (the “**Agreed Base Price**”) and the multiplier (the “**Agreed Multiplier**”) agreed between the Parties:

- (a) in the event the TRP Financial Performance, when calculated, is not less than the TRP NTA, the Consideration shall be adjusted as follows:

$$\text{Adjusted Consideration} = \text{Agreed Base Price} + (\text{TRP Financial Performance} \times \text{Agreed Multiplier}) \times 61.9712\%$$

- (b) in the event the TRP Financial Performance, when calculated, is less than the TRP NTA, the Consideration shall be adjusted as follows:

$$\text{Adjusted Consideration} = (\text{Agreed Base Price} + \text{TRP NTA}) \times 61.9712\%$$

ii. *Qualified Locations*

In the event the “Qualified Locations” falls below 10, the Consideration will be adjusted downwards by HK\$30,000,000 per each shortfall that falls below 10. “Qualified Location” shall mean a country with at least one local office which, as at 31 December 2019, has more than seven employees and the annual revenue exceeding HK\$10,000,000. But if the local office(s) in a particular country ceases to operate as a result of being loss-making and the cessation was in accordance with the strategic development requirements of the Group as requested by the Purchaser, such country shall also be included as “Qualified Location”. For Japan, Cambodia and Dubai, if there shall be at least one operating office in such country as at 31 December 2019, then such country shall be included as a “Qualified Location”.

Pursuant to the SPA, the Offeror agreed to, among others, (i) maintain the existing decision-making policies and normal business operations of the Group prior to completion of the 2019 Adjusted Statement; and (ii) procure the Company to provide reasonable guarantee in relation to normal business operation of the Group. The Offeror, also irrevocably and unconditionally, undertakes to procure Mr. Lee, (i) not to change any existing Directors and management of OT Taiwan and OT Korea on or before 1 October 2019 and not to change any existing financial personnel of OT Taiwan and OT Korea on or before 1 July 2019, without the prior consent of OT BVI; (ii) prior to completion of the 2019 Adjusted Statement, not to affect the existing decision-making policies and normal business operations of OT Taiwan and OT Korea; and (iii) OT Taiwan and OT Korea and their respective subsidiaries to be continued to be managed by the Vendors in compliance with the Taiwanese or Korean law (including any acquisition of any assets or companies relating to the Freight Forwarding Business). In the event of the Offeror fails to do so which results in material adverse impact on the Freight Forwarding Business, the above adjustment to the Consideration (if any) shall take into account the level of such impact on the Freight Forwarding Business.

In the event of an adjustment to the Consideration and if the adjusted Consideration shall be less than the aggregate amount of payment already received by Mr. Lam and Mr. Haenisch, Mr. Lam and Mr. Haenisch shall pay back to the Offeror an amount equivalent to the excess amount of payment already received by Mr. Lam and Mr. Haenisch.

In any event of any adjustment, the Consideration shall not be adjusted upward. For the avoidance of doubt, any adjustment to the Consideration shall not affect the Share Offer Price or the Option Offer Price.

Conditions precedent

Completion is conditional upon the following conditions having been fulfilled or waived on or prior to the Long Stop Date (the “**Condition(s)**”):

- (A) the Stock Exchange and the Executive having confirmed in writing that they have no further comments on this joint announcement, and this joint announcement having been posted on the website of the Stock Exchange;

- (B) the parties to the SPA nor the Company not having received any representations from the SFC or the Stock Exchange before the Completion Date that the Completion, the terms of the SPA and the transactions contemplated under the SPA will result in the withdrawal of the listing status of the Company or the listing of the Shares on the Stock Exchange (including but not limited to the claiming that the Company is no longer suitable for listing), whether or not any other conditions are attached to the withdrawal or objection to the listing status as aforesaid;
- (C) the Offeror having submitted the antitrust filings to the Anti-Monopoly Bureau of MOFCOM, MOFCOM having formally accepted the declaration in accordance with the PRC Anti-monopoly Law, and MOFCOM having unconditionally approved (or having been deemed as unconditionally approved in the event that MOFCOM not having issued a decision within the review period), the declaration, the SPA and the transactions contemplated thereunder, or MOFCOM having approved the additional restrictive conditions attached to the SPA and the transactions contemplated hereunder should MOFCOM decide to impose additional restrictive conditions to the same after its examinations;
- (D) the Offeror having completed necessary filings and registrations with and notifications to the development and reform authorities, MOFCOM or its competent local counterparts, and relevant foreign exchange authorities (i.e. the State Administration of Foreign Exchange) or banks which have obtained Financial Institutional Identification Code and connected to the Capital Amount Information System of relevant foreign exchange authorities, relevant provisions in relation to such filings, registrations and notifications are reasonably acceptable to the Offeror, and the funds for the completion of SPA having been prepared and remitted by the Offeror, and having been received by a Hong Kong account agreed by the relevant authority;
- (E) the conditions under the Disposal Agreements having been satisfied or waived;
- (F) the Vendors having procured and obtained all necessary consents and approvals from all suppliers, creditors, customers, the landlord, the lessor and other relevant parties in connection with the existing and anticipated future operations of the Remaining Group;

- (G) the Vendors having procured each member of its Core Management Team to enter into an employment contract with the Company, whereby the effective date of such contracts shall be the Completion Date, with a contract term of no less than three years from the Completion Date, on terms to the satisfaction of the Offeror and shall, among others, include a non-competition undertaking undertaken by each and every member of the Core Management Team that he or she shall refrain from engaging in competing business with the Company during the term of his or her employment with the Company and no less than one year from the termination of their respective employment;
- (H) each of the representations and warranties provided by the Vendors and the Guarantors being true, accurate and complete and not misleading in all material respects;
- (I) trading of the Shares on the Stock Exchange has not been suspended for more than 15 consecutive trading days, save for (i) any suspension in connection with the clearance of the joint announcement and circular in relation to the SPA and the transactions contemplated thereunder; or (ii) any temporary suspension caused by the Offeror's action or negligence;
- (J) a special dividend of not less than HK\$16,318,800 having been declared by the Company, the record date of which shall be before the Completion Date;
- (K) completion of disposal of Holicbuy Company Limited (a wholly-owned subsidiary of the Company) and its subsidiaries at a consideration of not less than HK\$1, and all the outstanding debts and liabilities owed by Holicbuy Company Limited and its subsidiaries to the Group having been repaid prior to completion of such disposal; and
- (L) completion of the disposal of shares of 北京明邦物流股份有限公司 (DNJ Logistics Co., Ltd.*) in accordance with the disposal agreement dated 29 March 2017 entered into between 先達國際貨運(上海)有限公司 (On Time Express Co., Ltd.*) and an Independent Third Party (the “**DNJ Agreement**”).

In respect of the approvals (“**Antitrust Approvals**”) to be granted by MOFCOM regarding the antitrust filings as set out in paragraph (C) above, to the best knowledge of the Offeror after enquiring with its PRC legal advisers, there are two kinds of application procedures for obtaining the Antitrust Approvals, being (i) the “Simple Procedure” (簡易程序) or (ii) the “Normal Procedure” (普通程序). For the Simple Procedure, it is expected that the Antitrust Approvals will be obtained in approximately three months after the submission of the relevant application. For the Normal Procedure, it is expected that the Antitrust Approvals will be obtained in approximately five months after the submission of the relevant application.

With reference to the size of the transaction and the relevant market share of the Offeror and the Group, the Simple Procedure is more likely to be adopted. MOFCOM will be the final arbiter on whether to adopt the Simple Procedure or the Normal Procedure, which will only be decided after the relevant application is submitted to the relevant authority.

In respect of completing the necessary approval and/or registrations with and notifications to the competent authorities (collectively, the “**Foreign Exchange Approvals**”) as set out in paragraph (D) above, to the best knowledge of the Offeror after enquiring with its PRC legal advisers, it is expected that the Foreign Exchange Approvals will be obtained in approximately two months upon signing of the SPA.

The above expected time required for completion of the Conditions set out in paragraphs (C) and (D) above is dependent on various factors such as the complexity of the transaction, the large number of documents to be submitted, and whether there is any additional information requested by the relevant authorities. Therefore, according to the PRC legal advisers of the Offeror, the time required for completion of the Conditions set out in paragraphs (C) and (D) above may vary significantly.

The Offeror and Vendors shall use their reasonable endeavours (save for paragraphs (C) and (D) above) to ensure the relevant Conditions will be fulfilled as soon as practicable on or before the Long Stop Date (save for paragraph (E) above which shall be satisfied simultaneously at Completion). The Offeror may waive either in whole or in part at any time by notice in writing any of the Conditions other than the Conditions set out in paragraphs (A) to (D) above.

In relation to paragraph (E) above, Mr. Lam, Mr. Haenisch, Ms. Cheung Ching Wa Camy and Ms. Wong Pui Wah will enter into new service agreements with the Company. It is currently contemplated that save for the removal of housing allowance for Mr. Lam and the change of title of the other executive Directors, the terms of the service agreements will be the same as the existing service agreements. As a result of the removal of housing allowance, the overall remuneration package for Mr. Lam will be reduced by HK\$95,000 per month.

In relation to paragraph (K) above, as at the date of this joint announcement, the Company is in the process of identifying an Independent Third Party as purchaser of Holicbuy Company Limited. In relation to paragraph (L) above, it is currently expected that the DNJ Agreement will be completed by June 2017.

Further announcement(s) will be published in relation to the special dividend in paragraph (J) above in accordance with the Listing Rules and the Takeovers Code as and when appropriate.

Return of the Earnest Money

Pursuant to the SPA, if Completion does not take place in accordance with the SPA, in the event of any of the following, Mr. Lam shall return part of or all of the Earnest Money to Yuantong Jiaolong as provided in the SPA:

- i. subject to (ii), (iii) and (iv) below, if any of the Conditions are not fulfilled or effectively waived by the Offeror (as applicable) on or before the Long Stop Date (save for paragraph (E) above which shall be satisfied simultaneously at Completion), Mr. Lam shall return one-third of the Earnest Money to Yuantong Jiaolong (or to the Offeror as its nominee). The balance of the Earnest Money (i.e. two-thirds of the Earnest Money) shall be retained by Mr. Lam;
- ii. if Condition (G) is not fulfilled on or before the Long Stop Date due to the Core Management Team being uncooperative, and such Condition is not effectively waived by the Offeror, Mr. Lam shall return the Earnest Money to Yuantong Jiaolong (or to the Offeror as its nominee) in full within 10 Business Days from the Long Stop Date. However, if such Condition is waived by the Offeror, then Mr. Lam shall not be obliged to return the Earnest Money to Yuantong Jiaolong (or to the Offeror as its nominee). Nonetheless, upon the First Payment, Mr. Lam would be required to return the Earnest Money to Yuantong Jiaolong should Completion take place in accordance with the SPA;
- iii. if Condition (I) is not fulfilled on or before the Long Stop Date for any reason attributable to the Vendors, Mr. Lam shall return the Earnest Money to Yuantong Jiaolong (or to the Offeror as its nominee) in full within 10 Business Days from the Long Stop Date.
- iv. if Condition (H) is not fulfilled or effectively waived by the Offeror (as applicable) on or before the Long Stop Date, Mr. Lam shall return the Earnest Money to Yuantong Jiaolong (or to the Offeror as its nominee) in full within 10 Business Days from the Long Stop Date.

Completion

Completion shall take place on the tenth Business Day following the fulfilment (or waiver) of the Conditions (or such other date as the Offeror and the Vendors may agree in writing).

Undertaking by the Offeror

As at the date of this joint announcement, OTX Logistics B.V., a non-wholly-owned subsidiary of the Group incorporated in the Netherlands, was held as to 25% by T.Y.D. Holding B.V. and 75% by the Group. T.Y.D. Holding B.V. was indirectly controlled by Mr. D.R. De Wit, an executive Director. As at the date of this joint announcement, Mr. D.R. De Wit and/or his close associates or concert parties do not hold any Shares.

As at the date of this joint announcement, the Group intends to acquire 25% interest in OTX Logistics B.V. from T.Y.D. Holding B.V. at a consideration of HK\$38,000,000 (the “**Holland Acquisition**”). Pursuant to the SPA, the Offeror shall procure Holland Acquisition by the Group after Completion if it is not yet completed as of the Completion Date.

The transaction contemplated under the Holland Acquisition, if materialises, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

DISPOSAL OF OT KOREA AND OT TAIWAN

In view of the potential anti-trust issues in South Korea and the restriction on a PRC company’s investment in OT Taiwan pursuant to Taiwan laws and regulations, in order to overcome these regulatory obstacles and to avoid prolonged delay of the transactions, Mr. Lee, a person acting in concert with the Offeror, will acquire (i) 3% interests in OT Korea at a consideration of HK\$841,728 (the “**Korea Disposal**”); and (ii) the entire interests in OT Taiwan at a consideration of HK\$15,477,072 (the “**Taiwan Disposal**”). As at the date of this announcement, Mr. Lee does not hold any Share(s) and is independent from and unconnected with Mr. Lam and Mr. Haenisch.

As a result of the Disposals, OT Korea shall be owned by the Company as to 48% and become an associated company of the Group, and OT Taiwan shall cease to be a subsidiary of the Group. As to the remaining interest in OT Korea, 41.33% will be held by Mr. Chang-Ho Hur, 6% held by Mr. Byung-Hwa Ahn and 1.67% held by Ms. Eun-Kyung Oh. In contemplation of the Korea Disposal and Taiwan Disposal, the Company intends to declare a special dividend in an amount equivalent to the consideration received under the Korea Disposal and the Taiwan Disposal to the Shareholders, the record date of which shall be before the Completion Date. It is intended that the aggregate interest of 7.67% held by Mr. Byung-Hwa Ahn and Ms. Eun-Kyung Oh in OT Korea will be transferred to Mr. Chang Ho Hur upon completion of the Korea Disposal.

The transactions contemplated under each of the Korea Disposal and Taiwan Disposal, if materialise, may constitute notifiable transactions under Chapter 14 of the Listing Rules. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

The key terms of the Disposals are set out below:

(A) OT Korea

Parties: Mr. Lee, as purchaser

OT BVI, as vendor

Completion of the disposal agreement in respect of OT Korea

Simultaneously at Completion

Assets to be disposed

3% interests in OT Korea at a consideration of HK\$841,728. The consideration was determined after arm's length negotiations between Mr. Lee and OT BVI with reference to a number of factors including the net asset value and the price to earning ratio of OT Korea.

Conditions

Completion of the disposal agreement shall be conditional upon:

- (a) compliance by the Company of with all applicable requirements under the Listing Rules and the Takeovers Code in relation to the disposal agreement and the transactions contemplated hereunder; and

- (b) the conditions precedent of the SPA having been fulfilled or waived (save for paragraph (E) in the paragraph headed “Conditions precedent” sets out above).

Other terms

Subject to Korean law, OT Korea shall enter into a management agreement with the Company at the same time when entering into the disposal agreement in relation to OT Korea, pursuant to which OT Korea shall engage the Company and the existing management of the Company prior to Completion to operate OT Korea, and shall not affect the existing decision making policies of OT Korea.

Purchaser representations

Subject to Korean law, Mr. Lee unconditionally and irrevocably represents to OT BVI that, (i) he will not change any existing directors and management of OT Korea on or before 1 October 2019 and he will not change any existing financial personnel of OT Korea on or before 1 July 2019, without the prior consent of OT BVI; (ii) prior to completion of the 2019 Adjusted Statement, the directors who are nominated by Mr. Lee will not affect the existing decision-making policies and normal business operations of OT Korea; and (iii) prior to completion of the 2019 Adjusted Statement, OT Korea and its subsidiaries to be continued to be operated by the Company in compliance with the Korean law (including any acquisition of any assets or companies relating to the Freight Forwarding Business).

(B) OT Taiwan

Parties: Mr. Lee, as purchaser

OT BVI, as vendor

Completion of the disposal agreement in respect of OT Taiwan

Simultaneously at Completion

Assets to be disposed

100% interests in OT Taiwan at a consideration of HK\$15,477,072.

The consideration was determined after arm’s length negotiations between Mr. Lee and OT BVI with reference to a number of factors including the net asset value and the price to earning ratio of OT Taiwan.

Conditions

Completion of the disposal agreement shall be conditional upon:

- (a) compliance by the Company of with all applicable requirements under the Listing Rules and the Takeovers Code in relation to the disposal agreement and the transactions contemplated hereunder; and
- (b) the conditions precedent of the SPA having been fulfilled or waived (save for paragraph (E) in the paragraph headed “Conditions precedent” sets out above).

Other terms

Subject to Taiwan law, OT Taiwan shall enter into a management agreement with the Company at the same time when entering into the disposal agreement in relation to OT Taiwan, pursuant to which OT Taiwan shall engage the Company and the existing management of the Company prior to Completion to operate OT Taiwan, and shall not affect the existing decision making policies of OT Taiwan. The Company shall reserve the right to appoint directors and the financial director to OT Taiwan.

Purchaser representations

Subject to Taiwan law, Mr. Lee unconditionally and irrevocably represents to OT BVI that, (i) he will not change any existing directors and management of OT Taiwan on or before 1 October 2019 and he will not change any existing financial personnel of OT Taiwan on or before 1 July 2019, without the prior consent of OT BVI; (ii) prior to completion of the 2019 Adjusted Statement, the directors who are nominated by Mr. Lee will not affect the existing decision-making policies and normal business operations of OT Taiwan; and (iii) prior to completion of the 2019 Adjusted Statement, OT Taiwan and its subsidiaries to be continued to be operated by the Company in compliance with the Taiwanese law (including any acquisition of any assets or companies relating to the Freight Forwarding Business).

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFERS

The Share Offer and the Option Offer

As at the date of this joint announcement, the Offeror and parties acting in concert with it (excluding Mr. Lam and Mr. Haenisch) do not hold any Shares in the share capital or voting rights of the Company.

Immediately following Completion, the Offeror and parties acting in concert with it (excluding Mr. Lam and Mr. Haenisch) will be interested in a total of 255,820,000 Shares, representing (i) approximately 61.87% of the issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 61.56% of the enlarged issued share capital of the Company (assuming all the Options have been exercised at or prior to Completion).

Mr. Lam and Mr. Haenisch are parties presumed to be acting in concert with the Offeror pursuant to class (9) of the definition of “acting in concert” in the Takeovers Code. As at the date of this joint announcement, an aggregate of 150,820,000 Shares were held directly and indirectly by Lam Investco and Mr. Lam, representing approximately 36.48% of the total issued share capital of the Company, which will be sold by Lam Investco to the Offeror subject and pursuant to the terms of the SPA. 41,280,000 Shares will be held by Lam Investco upon Completion, representing 9.98% of the issued share capital of the Company as at the date of this joint announcement. 105,000,000 Shares were owned by Haenisch Investco, representing approximately 25.40% of the total issued share capital of the Company as at the date of this joint announcement, which will be sold by Haenisch Investco to the Offeror subject and pursuant to the terms of the SPA.

Upon Completion, an aggregate of 297,100,000 Shares, representing approximately 71.86% of the total issued share capital of the Company as at the date of this announcement, will be held by the Offeror and its concert parties (including Mr. Lam and Mr. Haenisch).

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make the Share Offer to acquire all the Offer Shares. Pursuant to Rule 13.5 of the Takeovers Code, the Option Offer will be made to cancel all the Options in the period prior to the close of the Share Offer.

As at the date of this joint announcement, the Company has (i) 413,464,000 Shares in issue; and (ii) 2,122,000 Options conferring rights to subscribe for 2,122,000 new Shares which are exercisable at HK\$1.65 per Share until 25 January 2019. Save for the Options, the Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the date of this joint announcement.

Subject to and upon Completion, Haitong International Securities, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offers to (i) acquire all the Offer Shares; and (ii) cancel all the Options, on the terms to be set out in the offer document to be issued in accordance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share HK\$4.0698 in cash

The Option Offer

For cancellation of each Option with
an exercise price of HK\$1.65 per new Share HK\$2.4198 in cash

The Option Offer to cancel each Option will be calculated on a see-through basis pursuant to Rule 13.5 and Practice Note 6 of the Takeovers Code so that each Optionholder will be entitled to receive Option Offer Price of HK\$2.4198 per Option which represents the difference between the Share Offer Price of HK\$4.0698 and the prevailing exercise price of the Options of HK\$1.65 each.

The Offers, if and when made, will be unconditional in all respects.

Undertaking not to accept the Offer

Pursuant to the SPA, Lam Investco has irrevocably undertaken to the Offeror that it will not, and Mr. Lam has irrevocably undertaken to the Offeror that he will procure Lam Investco not to (i) accept the Share Offer in respect of the Lam Remaining Shares held or controlled by them; or (ii) transfer or sell any Lam Remaining Shares held or controlled by them before the close of the Share Offer. Lam Investco has further irrevocably undertaken, and Mr. Lam has irrevocably undertaken to the Offeror that he will procure Lam Investco, within three years from the close of the Offers (the “**Sale Restriction Period**”), (i) not to dispose of or transfer more than one-third of the Lam Remaining Shares up to the end of the first anniversary; (ii) not to dispose of or transfer in aggregate more than two-third of the Lam Remaining Shares up to the end of the second anniversary, but (iii) could dispose of or transfer all of the Remaining Shares during the remaining term of the Sale Restriction Period. Mr. Lam has also irrevocably undertaken to the Offeror that he will not dispose of or transfer any interests in Lam Investco within three years from the close of the Offers.

Comparisons of value

The Share Offer Price of HK\$4.0698 represents:

- (i) a premium of approximately 5.16% over the closing price of HK\$3.87 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 7.38% over the average closing price of HK\$3.79 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 9.11% over the average closing price of HK\$3.73 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 14.64% over the average closing price of HK\$3.55 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 263.38% over the audited consolidated net asset value of the Company of approximately HK\$1.12 per Share (based on the total number of issued Shares of 413,464,000 as at the Last Trading Day) as at 31 December 2016, the date to which the latest audited financial results of the Group were made up.

Highest and lowest Share prices

During the six-month period prior to commencement of the offer period on 27 July 2016 and up to and including the Last Trading Day, the highest closing price of the Shares was HK\$3.87 per Share as quoted on the Stock Exchange on 8 May 2017 and the lowest closing price of the Shares was HK\$0.86 per Share as quoted on the Stock Exchange on 12 February 2016.

Value of the Offers

As at the date of this joint announcement, there were 413,464,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Options is exercised prior to the making of the Offers and on the basis of the Offer Price at HK\$4.0698 per Share, the entire issued share capital of the Company is valued at approximately HK\$1,682,715,787.20.

Assuming that all the 2,122,000 outstanding Options are fully exercised prior to the making of the Offers, there will be 415,586,000 Shares in issue and, on the basis of the Offer Price at HK\$4.0698 per Share, the entire issued share capital of the Company is valued at HK\$1,691,351,902.80.

Based on the foregoing, the aggregate cash consideration payable by the Offeror under the Offers (assuming no Options are exercised and full acceptances under the Offers) will be approximately HK\$473,578,207.20 (excluding the Lam Remaining Shares). The aggregate cash consideration payable by the Offeror under the Offers (assuming all Options are exercised and full acceptances under the Offers) will be approximately HK\$482,214,322.80 (excluding the Lam Remaining Shares).

Confirmation of financial resources

The Offeror intends to finance the consideration payable under the Offers and the consideration under the SPA by a combination of external debt financing and the internal resources of the Offeror group. Haitong International Capital, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offers (excluding the Lam Remaining Shares).

Dealing and interest in the Company's securities

The Offeror and parties acting in concert with it (including Mr. Lam and Mr. Haenisch) have not dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to 27 July 2016 up to the date of this joint announcement.

Other arrangements

The Offeror confirms that, save for the SPA, as at the date of this joint announcement:

- (i) save as the Lam Sale Shares, the Lam Remaining Shares and the Haenisch Sale Shares, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them (including Mr. Lam and Mr. Haenisch) owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company;
- (ii) the Offeror, its ultimate beneficial owners, and/or parties acting in concert with any of them (including Mr. Lam and Mr. Haenisch) have not received any irrevocable commitment to accept the Offers;

- (iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or any person acting in concert with any of them (including Mr. Lam and Mr. Haenisch);
- (iv) upon Completion, there is no condition to which the Offers are subject;
- (v) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (vi) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them (including Mr. Lam and Mr. Haenisch) is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (vii) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them (including Mr. Lam and Mr. Haenisch) has borrowed or lent; and
- (viii) there is no special deal under Rule 25 of the Takeovers Code between (i) Mr. Lam, Mr. Haenisch and any other shareholder of the Company; and (ii) the Offeror and its concert parties (excluding Mr. Lam and Mr. Haenisch). Save for the Consideration, each of Mr. Lam, Mr. Haenisch or any of their respective concert parties has not and will not receive any other consideration or benefits in whatever form from the Offeror or its concert parties (excluding Mr. Lam and Mr. Haenisch).

Effect of accepting the Offers

By accepting the Share Offer, the Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of the composite offer and response document.

Following the acceptance of the Option Offer, the Options together with all rights attaching thereto will be cancelled and renounced. Pursuant to the terms of the Share Option Scheme, the Optionholders are entitled to exercise the Options in full (to the extent not already exercised) at any time within one month after the date on which the Share Offer becomes or is declared unconditional, after which the Options shall lapse automatically.

Acceptance of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event, within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offers and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Shareholders accepting the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Shareholders accepting the Share Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

Overseas Shareholders and Overseas Optionholders

The Overseas Shareholders and the Overseas Optionholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions).

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately upon Completion but before the Offers are made (assuming none of the Options have been exercised at or prior to Completion); and (iii) immediately upon Completion but before the Offers are made (assuming all of the Options have been exercised at or prior to Completion):

	As at the date of this joint announcement		Immediately upon Completion but before the Offers are made (assuming none of the Options have been exercised at or prior to Completion)		Immediately upon Completion but before the Offers are made (assuming all of the Options have been exercised at or prior to Completion) (Note 3)	
	Number of Shares	(approximately) %	Number of Shares	(approximately) %	Number of Shares	(approximately) %
<i>Directors</i>						
Mr. Lam (Notes 1 and 5)	192,100,000	46.46	41,280,000	9.98	41,280,000	9.93
Mr. Haenisch (Notes 2 and 5)	105,000,000	25.40	-	-	-	-
Wong Pui Wah	-	-	-	-	598,000	0.14
Cheung Ching Wa Camy	5,498,000	1.33	5,498,000	1.33	5,498,000	1.32
<i>Substantial Shareholder(s)</i>						
The Offeror and parties acting in concert with it (excluding Mr. Lam and Mr. Haenisch) (Note 5)	-	-	255,820,000	61.87	255,820,000	61.56
Public Shareholders	110,866,000	26.81	110,866,000	26.82	112,390,000	27.05
Total	413,464,000	100	413,464,000	100	415,586,000	100

Notes:

- (1) 192,000,000 Shares are held by Lam Investco, which is wholly owned by Mr. Lam. By virtue of the SFO, Mr. Lam is deemed to be interested in the Shares held by Lam Investco. 100,000 Shares are beneficially and directly owned by Mr. Lam.
- (2) These Shares are held by Haenisch Investco, which is wholly owned by Mr. Haenisch. By virtue of the SFO, Mr. Haenisch is deemed to be interested in the Shares held by Haenisch Investco.
- (3) This scenario is set out for illustration purpose only, assuming that all the Options have been exercised at or prior to Completion.
- (4) Certain percentages figures included in the above table are subject to rounding adjustments.
- (5) Mr. Lam and Mr. Haenisch are parties presumed to be acting in concert with the Offeror in accordance with class (9) of the definition of “acting in concert” in the Takeovers Code.

INFORMATION ON THE PARTIES

The Group

The Company is a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange. The Group is principally engaged in provision of air and ocean freight forwarding, complemented by the ancillary and contract logistics services, which include warehousing, distribution and customer clearance, and general sales agency and other businesses, which include trucking, combine shipment, hand-carry services and e-commerce business.

The Offeror

The Offeror is a joint stock limited liability company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (SSE Stock Code: 600233). As at the date of this joint announcement, the Offeror is held as to approximately 51.18% by Yuantong Jiaolong, which is a company established in the PRC and is held as to 51% by Mr. Yu Huijiao and 49% by his spouse, Ms. Zhang Xiaojuan. The Offeror has confirmed that, immediately before entering into the SPA, Mr. Yu Huijiao and Ms. Zhang Xiaojuan are Independent Third Parties.

The Offeror and its subsidiaries are principally engaged in warehousing, distribution and transportation of goods. As a leader in the express and courier service market in the PRC, the Offeror is optimistic in the growth of the global express and courier service market in the next few years and it intends to expand its business to the overseas market. As the Group is principally engaged in the air freight forwarding business and has established an extensive network overseas including Asia, Europe and North America; the Offeror believes that the acquisition of the Sale Shares would create synergies between the Offeror and the Group which will be beneficial to both parties in developing their business in the PRC and overseas markets as well as broadening their income stream. It is expected that the acquisition of the Sale Shares can bring certain benefits including the expansion of the Group's global presence, and the sharing of resources and customer base between the Offeror and the Group.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the business of the Group and maintain the employment of the operational and administrative employees of the Group (except for the proposed changes to the members of the Board as detailed in the sub-paragraph headed "Proposed change of Board composition" below).

As at the date of this joint announcement, save as disclosed in the paragraph headed “Undertaking by the Offeror” above, the Offeror has no intention to dispose or downsize the business or the assets of the Group, and has no plan for any acquisition of assets and/or business of the Group. However, the Offeror will, following completion of the Offer, conduct a detailed review of the operations of the Group and formulate feasible business strategies with a view to developing a sustainable corporate strategy to broaden its income stream, which may include rebalancing the resources of the Group should appropriate opportunities arise.

Proposed change of Board composition

The Board is currently made up of five executive Directors and three independent non-executive Directors. Pursuant to the SPA, subject to Completion, the Vendors shall cause all Directors, except Mr. Lam, to give notice to resign as Directors with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable regulations. In addition, pursuant to the SPA, subject to Completion, the Vendors shall cause such persons as the Offeror may nominate to be validly appointed as Directors with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable regulations.

The Offeror intends to nominate new Directors to the Board with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable regulations. Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that a sufficient public float exists for the Shares.

If, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all time, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then, it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An independent financial adviser will be appointed by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in relation to the Offers.

Further announcement will be published in accordance with the Takeovers Code when the independent financial adviser is appointed.

GENERAL

Despatch of the composite offer and response document

Subject to Completion, the Offeror and the Company intend that a composite offer and response document in connection with the Offers setting out, *inter alia*, details of the Offers (including the expected timetable and terms of the Offers and accompanied by the acceptance and transfer forms) will be issued and despatched by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code in due course.

Pursuant to Rule 8.2 of the Takeovers Code, the composite offer and response document containing, *inter alia*, the terms of the Offers, together with forms of acceptance and transfer, should be posted to the Shareholders by or on behalf of the Offeror within 21 days of the date of this joint announcement. As the making of the Offers are conditional on Completion, an application will be made by the Offeror to seek for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document to a date falling within seven days of Completion or such other date as the Executive may approve.

Independent Board Committee

The Independent Board Committee, comprising Mr. Poon Ka Lee, Barry, Mr. Ng Wai Hung and Mr. Wong See Ho, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to advise the Offer Shareholders and the Optionholders in respect of the Offers, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Disclosure of dealings

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING: THE OFFERS WILL ONLY BE MADE IF THE COMPLETION TAKES PLACE. COMPLETION IS SUBJECT TO FULFILLMENT AND/OR WAIVER, AS APPLICABLE, OF THE CONDITIONS CONTAINED IN THE SPA. ACCORDINGLY, THE OFFERS MAY OR MAY NOT BE MADE. THE ISSUE OF THIS JOINT ANNOUNCEMENT DOES NOT IN ANY WAY IMPLY THAT THE OFFERS WILL BE MADE. SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE EXTREME CAUTION WHEN DEALING IN THE RELEVANT SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT A LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	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 in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares
“Completion Date”	the tenth Business Day from the date on which the last condition precedent of the sale and purchase of the Sale Shares having been fulfilled (or waived as the case may be)(save for paragraph (G) under the paragraph headed “Conditions precedent” above which shall be satisfied simultaneously at Completion)
“Consideration”	the sum of HK\$1,041,116,160, being the aggregate consideration of the Sale Shares
“Core Management Team”	comprise the existing executive Directors
“Director(s)”	the director(s)

“Disposals”	the disposals of (i) OT Korea; and (ii) OT Taiwan by the Group
“Disposal Agreements”	the disposal agreements in relation to the Disposals
“Earnest Money”	the earnest money pursuant to the New LOI in the amount of HK\$30,000,000 paid to Mr. Lam by Yuantong Jiaolong
“encumbrance”	any claim, mortgage, charge, pledge, lien, restriction, assignment, power of sale, hypothecation, security interest, title retention, trust arrangement, subordination arrangement, contractual right of set-off or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal or right of pre-emption), or any agreement, arrangement or obligation to create any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Freight Forwarding Business”	certain freight forwarding and other businesses of the Group as defined in the SPA
“Group”	the Company and its subsidiaries from time to time
“Guarantors”	Mr. Lam and Mr. Haenisch
“Haenisch Investco”	Polaris International Holdings Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Haenisch
“Haenisch Sale Shares”	105,000,000 Shares owned by Haenisch Investco, representing approximately 25.40% of the total issued share capital of the Company as at the date of this joint announcement, to be sold by Haenisch Investco to the Offeror subject and pursuant to the terms of the SPA

“Haitong International Capital”	Haitong International Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror
“Haitong International Securities”	Haitong International Securities Company Limited, a fellow subsidiary of Haitong International Capital, and is a licensed corporation to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offers on behalf of the Offeror
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Poon Ka Lee, Barry, Mr. Ng Wai Hung and Mr. Wong See Ho, formed for the purpose of advising the Offer Shareholders and the Optionholders in respect of the Offers
“Independent Shareholder(s)”	the Shareholders other than (i) the Offeror and parties acting in concert with it; and (ii) Mr. Lam, Lam Investco and Haenisch Investco
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Lam Investco”	Golden Strike International Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Lam
“Lam Remaining Shares”	41,280,000 Shares held by Lam Investco and indirectly owned by Mr. Lam upon Completion, representing 9.98% of the issued share capital of the Company as at the date of this joint announcement

“Lam Sale Shares”	150,820,000 Shares owned by Lam Investco and Mr. Lam, representing approximately 36.48% of the total issued share capital of the Company as at the date of this joint announcement, to be sold by Lam Investco to the Offeror subject and pursuant to the terms of the SPA
“Last Trading Day”	8 May 2017, the last trading day for the Shares prior to the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2017, or such later date as the parties may agree in writing
“Mr. Haenisch”	Mr. Haenisch Hartmut Ludwig, an executive Director who was interested in approximately 25.40% of the issued share capital of the Company as at the date of this joint announcement
“Mr. Lam”	Mr. Lam Chun Chin Spencer, an executive Director who was interested in approximately 46.46% of the issued share capital of the Company as at the date of this joint announcement
“Mr. Lee”	Mr. Lee Sai Lun, a person acting in concert with the Offeror
“MOFCOM”	the Ministry of Commerce of the PRC
“New LOI”	the letter of intent entered into between Mr. Lam and Yuantong Jiaolong on 7 November 2016 (as supplemented by the supplemental letter of intent dated 25 January 2017 and the second supplemental letter of intent dated 21 April 2017)
“Offers”	the Share Offer and the Option Offer
“Offer Period”	has the meaning given to it in the Takeovers Code

“Offer Share(s)”	all the Share(s) in issue, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offer Shareholder(s)”	holder(s) of Offer Share(s)
“Offeror”	YTO Express Group Co., Ltd., a joint stock limited liability company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (SSE Stock Code: 600233), or any of its wholly-owned subsidiary to be nominated by it
“Options”	share options granted or to be granted by the Company under the Share Option Scheme
“Optionholder(s)”	holder(s) of the Options
“Option Offer”	the offer to be made by Haitong International Securities on behalf of the Offeror (and parties acting in concert with it) in accordance with the Takeovers Code for the Options
“Option Offer Price”	HK\$2.4198 per Option in respect of the Option Offer
“OT BVI”	On Time Worldwide Logistics Limited, a wholly-owned subsidiary of the Company and a company incorporated in the British Virgin Islands
“OT Korea”	On Time Worldwide Logistics Ltd., an indirectly wholly owned subsidiary of the Company and a company incorporated in Republic of Korea
“OT Taiwan”	OTWL-On Time Worldwide Logistics Ltd., an indirectly wholly owned subsidiary of the Company and a company incorporated in Taiwan
“Overseas Optionholders”	Optionholder(s) whose addresses, as shown on the register of optionholders of the Company, are outside Hong Kong
“Overseas Shareholders”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong

“PRC”	the People’s Republic of China (excluding Hong Kong and Taiwan)
“Remaining Group”	the Group as at the Completion Date excluding OT Korea and OT Taiwan
“Sale Share(s)”	the Lam Sale Shares and the Haenisch Sale Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Share Offer”	the possible unconditional mandatory cash offer for the Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) to be made (subject to Completion) by or on behalf of the Offeror to the Shareholders (except the Offeror and all persons acting in concert with the Offeror) pursuant to the Takeovers Code
“Share Offer Price”	HK\$4.0698 per Offer Share in respect of the Share Offer
“Share Option Scheme”	the share option scheme adopted by the Company on 21 June 2014
“Shareholder(s)”	registered holder(s) of the Shares
“SPA”	the conditional share purchase agreement dated 8 May 2017 and entered into among the Vendors, the Offeror and the Guarantors in respect of the sale and purchase of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Vendor(s)” Mr. Lam, Mr. Haenisch, Lam Investco and Haenisch Investco

“Yuantong Jiaolong” 上海圓通蛟龍投資發展(集團)有限公司 (Shanghai Yuantong Jiaolong Investment (Group) Company Limited*), which is the counterparty to the New LOI. As at the date of this joint announcement, Yuantong Jiaolong is a company established in the PRC and the controlling shareholder of the Offeror which directly held approximately 51.18% equity interest in the share capital of the Offeror

“%” per cent

By order of the board of directors of
YTO Express Group Co., Ltd.
YU Huijiao
Chairman and President

By order of the Board of
On Time Logistics Holdings Limited
LAM Chun Chin, Spencer
Chairman & Chief Executive Officer

Hong Kong, 8 May 2017

As at the date of this joint 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.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it (excluding Mr. Lam and Mr. Haenisch)) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omissions of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of YTO Express Group Co., Ltd. are Yu Huijiao, Zhang Xiaojuan, Yu Zhixian, Zhang Yizhong, Pan Shuimiao, Tong Wenhong, Yuan Yaohui, Chen Guogang and He Weiping. The directors of YTO Express Group Co., Ltd. accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

In the case of inconsistency, the English text of this joint announcement shall prevail over the Chinese text.

** For identification purpose only*