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YTO EXPRESS (INTERNATIONAL) HOLDINGS LIMITED

圓通速遞（國際）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6123)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to about HK\$4,463 million for the FY2018, representing an increase of about 21.6% as compared to that of the FY2017 (FY2017: about HK\$3,671 million);
- Air freight business recorded an increase of about 2.5% in segment results for the FY2018 as compared to that of the FY2017, to about HK\$235 million (FY2017: about HK\$230 million);
- The Group recorded a profit attributable to owners of the Company of about HK\$104 million for the FY2018, an increase of about 6.8% as compared to that of the FY2017 (FY2017: about HK\$98 million); and
- The Board recommended the payment of a final dividend of HK3.8 cents per share for the FY2018 (FY2017: HK2.3 cents), which is subject to the approval of the Company's shareholders at the AGM.

The board (the "**Board**") of directors (the "**Directors**") of YTO Express (International) Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**FY2018**"), together with the comparative audited figures for the year ended 31 December 2017 (the "**FY2017**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 December 2018

		2018	2017
	NOTES	HK\$'000	HK\$'000
Revenue	2	4,462,803	3,670,514
Cost of sales		<u>(3,867,730)</u>	<u>(3,098,754)</u>
Gross profit		595,073	571,760
Other income		24,529	9,962
Administrative expenses		(488,421)	(466,778)
Net reversal of impairment loss (impairment loss, net of reversal)		1,424	(9,032)
Other gains or losses		794	20,944
Share of results of associates		2,255	307
Share of results of joint ventures		661	1,076
Finance costs		<u>(7,732)</u>	<u>(4,729)</u>
Profit before taxation		128,583	123,510
Income tax expense	3	<u>(22,880)</u>	<u>(22,525)</u>
Profit for the year	4	<u>105,703</u>	<u>100,985</u>
Profit for the year attributable to:			
Owners of the Company		104,163	97,501
Non-controlling interests		<u>1,540</u>	<u>3,484</u>
		<u>105,703</u>	<u>100,985</u>
Earnings per share (Hong Kong cents)			
Basic	5	<u>25.14</u>	<u>23.56</u>
Diluted	5	<u>25.14</u>	<u>23.51</u>

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

For the Year ended 31 December 2018

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	<u>105,703</u>	<u>100,985</u>
Other comprehensive (expense) income, net of income tax:		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation (decrease) increase on leasehold land and buildings	(352)	1,165
Deferred tax arising on revaluation of leasehold land and buildings	225	(156)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive (expense) income of associates	(262)	293
Share of other comprehensive (expense) income of joint ventures	(255)	727
Exchange difference arising from foreign operations	(15,888)	10,390
Reclassification adjustment upon disposal of subsidiaries	<u>–</u>	<u>202</u>
Other comprehensive (expense) income for the year	<u>(16,532)</u>	<u>12,621</u>
Total comprehensive income for the year	<u>89,171</u>	<u>113,606</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	86,922	105,850
Non-controlling interests	<u>2,249</u>	<u>7,756</u>
	<u>89,171</u>	<u>113,606</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		2018	2017
	NOTE	HK\$'000	HK\$'000
Non-current assets			
Investment properties		6,742	7,531
Property, plant and equipment		41,252	49,203
Goodwill		35,024	36,453
Intangible assets		16,273	22,172
Interests in associates		15,575	15,257
Interests in joint ventures		6,660	6,254
Deferred tax assets		331	90
		<u>121,857</u>	<u>136,960</u>
Current assets			
Trade receivables	7	747,516	684,132
Other receivables, deposits and prepayments		59,782	138,252
Contract assets		63,990	–
Financial asset at fair value through profit or loss		901	1,017
Loan receivable		7,522	–
Amount due from immediate holding company		1,245	1,245
Amounts due from joint ventures		3,367	5,674
Amounts due from associates		10,902	11,584
Amount due from a related company		243	–
Loan to an associate		500	500
Prepaid tax		1,161	1,310
Pledged bank deposits		7,548	8,472
Bank balances and cash		240,733	248,201
		<u>1,145,410</u>	<u>1,100,387</u>

	<i>NOTES</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	8	441,439	467,268
Financial liabilities at fair value through profit or loss		2,725	6,632
Amounts due to associates		4,092	1,723
Amounts due to fellow subsidiaries		23,272	–
Amount due to a related company		31	–
Tax liabilities		8,202	10,090
Obligations under finance leases			
– due within one year		173	357
Bank borrowings		189,041	179,770
		<u>668,975</u>	<u>665,840</u>
Net current assets		<u>476,435</u>	<u>434,547</u>
Total assets less current liabilities		<u>598,292</u>	<u>571,507</u>
Non-current liabilities			
Other payables – due after one year	8	2,919	3,153
Financial liabilities at fair value through profit or loss		2,022	–
Obligations under finance leases			
– due after one year		74	291
Deferred tax liabilities		10,970	14,324
		<u>15,985</u>	<u>17,768</u>
		<u>582,307</u>	<u>553,739</u>
Capital and reserves			
Share capital	9	41,427	41,427
Reserves		534,694	485,571
Net assets attributable to owners of the Company		576,121	526,998
Non-controlling interests		6,186	26,741
Total equity		<u>582,307</u>	<u>553,739</u>

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements included disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

Other than changes in accounting policies resulting from application of new HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for year ended 31 December 2018 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22 Amendments to HKFRS 2	Foreign Currency Transactions and Advance Consideration Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures.

1.1 Summary of effects arising from initial application of HKFRS 15

The following adjustment was made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 HK\$'000	Reclassification HK\$'000	Carrying amounts under HKFRS 15 at 1 January 2018 HK\$'000
Current assets			
Other receivables, deposits and prepayments (<i>Note</i>)	138,252	(69,769)	68,483
Contract assets (<i>Note</i>)	<u>–</u>	<u>69,769</u>	<u>69,769</u>

Note: At the date of initial application, unbilled revenue of HK\$69,769,000 arising from contracts with customers are conditional, and hence such balance was reclassified from other receivables, deposits and prepayments to contract assets.

The following table summarises the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported HK\$'000	Reclassification HK\$'000	Amounts without application of HKFRS 15 HK\$'000
Current assets			
Other receivables, deposits and prepayments (<i>Note</i>)	59,782	63,990	123,772
Contract assets (<i>Note</i>)	<u>63,990</u>	<u>(63,990)</u>	<u>–</u>

Note: Under HKAS 18, unbilled revenue of HK\$63,990,000 arising from contracts with customers would have been included in other receivables, deposits and prepayments.

1.2 Summary of effects arising from initial application of HKFRS 9

The table below summarises the classification and measurement of financial assets and financial liabilities and other items subject to expected credit losses (“ECL”) under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	<i>Note</i>	Trade receivables <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>
Closing balance at 31 December 2017			
– HKAS 39		684,132	358,269
Effect arising from initial application of HKFRS 9:			
Remeasurement			
Impairment under ECL model	(a)	<u>(536)</u>	<u>(536)</u>
Opening balance at 1 January 2018		<u>683,596</u>	<u>357,733</u>

Note:

- (a) Impairment under ECL model

The Group applies HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. To measure the ECL, all contract assets and trade receivables have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis. In addition, trade receivables and contract assets with significant balances and credit impaired are assessed for ECL individually.

Loss allowances for other financial assets at amortised cost, mainly comprising of other receivables, loan receivable, amounts due from and loan to related parties, pledged bank deposits and bank balances and cash, are measured on 12-month ECL (“12m ECL”) basis and there had been no significant increase in credit risk since initial recognition. Amounts due from and loan to related parties are assessed for expected credit losses on an individual basis.

As at 1 January 2018, the additional credit loss allowance of HK\$536,000 has been recognised against retained profits. The additional loss allowance is charged against the respective assets. As at 31 December 2017, the loss allowance for loans and receivables amounted to HK\$10,242,000 under HKAS 39. With the aforesaid additional credit loss allowance of HK\$536,000, the loss allowance for trade receivables as at 1 January 2018 amounted to HK\$10,778,000 under HKFRS 9.

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after a date to be determined

2. SEGMENT INFORMATION

	Segment revenue		Segment results	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating and reportable segments				
Air freight	3,129,295	2,458,171	235,173	229,511
Ocean freight	856,969	923,561	127,733	148,167
Logistics	76,768	89,351	6,413	(24)
International express and parcel services	282,094	103,451	25,367	2,145
Others	117,677	95,980	27,293	33,875
Total	<u>4,462,803</u>	<u>3,670,514</u>	<u>421,979</u>	413,674
Other income			24,529	9,962
Other gains or losses			794	20,944
Unallocated corporate expenses			(313,903)	(317,724)
Share of results of associates			2,255	307
Share of results of joint ventures			661	1,076
Finance costs			(7,732)	(4,729)
Profit before taxation			<u>128,583</u>	<u>123,510</u>

3. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	4,008	4,091
– Enterprise Income Tax (“EIT”) in the People’s Republic of China (the “PRC”)	6,621	7,551
– Dutch Corporate Income Tax	4,191	4,485
– Indian Corporate Income Tax	764	106
– Vietnam Corporate Income Tax	1,644	1,179
– Thailand Corporate Income Tax	229	30
– Malaysia Corporate Income Tax	1,620	902
– Canadian Corporate Income Tax	820	777
– Other jurisdictions	2,440	1,997
	<u>22,337</u>	<u>21,118</u>
Under(over) provision in respect of prior years		
– Hong Kong Profits Tax	(112)	(770)
– EIT in the PRC	(164)	(1)
– Other jurisdictions	421	(1,697)
	<u>145</u>	<u>(2,468)</u>
Withholding tax on dividend received	<u>3,398</u>	495
	25,880	19,145
Deferred taxation	<u>(3,000)</u>	<u>3,380</u>
	<u>22,880</u>	<u>22,525</u>

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC subsidiary of the Group is taxed at 25% during both financial years.

Dutch Corporate Income Tax rates are progressive tax rates. The corporate income tax charge has been calculated at the tax rate between 20.0% to 25.0% during both financial years.

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

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 both financial years, in accordance with the Vietnamese laws.

The Corporate Income Tax in Thailand is calculated at 20% of assessable profit during both financial years.

Malaysia Corporate Income Tax is calculated at 24% of the estimated assessable profit during both financial years.

Income tax expense in Canada comprises Federal Corporate Income Tax and Provincial Corporate Income Tax at 15% and 11.5% respectively during both financial years.

Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”) and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

4. PROFIT FOR THE YEAR

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	5,953	4,532
Depreciation of property, plant and equipment	11,562	11,279
Amortisation of intangible assets (included in administrative expenses)	5,395	3,930
Impairment losses on trade receivables recognised	5,505	10,976
Reversal of impairment losses on trade receivables	(6,929)	(1,944)
Operating lease rentals in respect of rented premises and motor vehicles	65,764	64,386
Staff costs		
Directors' emoluments	2,165	10,345
Other staff costs		
Staff costs excluding retirement benefit contributions	276,085	254,513
Retirement benefit contributions	27,294	25,270
Share-based payment	738	31
Total staff costs	306,282	290,159
Gross rental income from investment properties, with negligible outgoing incurred to generate rental income	356	354
Less: outgoings incurred which did not generate rental income	(79)	(83)
	277	271

5. EARNINGS PER SHARE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>104,163</u>	<u>97,501</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>414,251,074</u>	413,836,333
Effect of dilutive potential ordinary shares	<u>–</u>	<u>898,630</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>414,251,074</u>	<u>414,734,963</u>

6. DIVIDEND

Pursuant to the resolution passed by the shareholders of the Company at the Company's annual general meeting held on 8 June 2018, a final dividend of HK2.3 cents per ordinary share in respect of the FY2017, absorbing a total amount of HK\$9,528,000, was paid on 18 July 2018 to all shareholders whose names appeared on the register of members of the Company on 27 June 2018.

The Board recommended the payment of a final dividend of HK3.8 cents per ordinary share, absorbing a total amount of about HK\$15,742,000, in respect of the FY2018, which is subject to the approval of the shareholders of the Company at the annual general meeting of the Company (the "AGM") to be held on Tuesday, 11 June 2019. The proposed final dividend is expected to be paid on Friday, 12 July 2019 to all shareholders whose names to be appeared on the register of members of the Company on Friday, 21 June 2019.

7. TRADE RECEIVABLES

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

The following is an ageing analysis of trade receivables, net of allowance for credit losses, based on the invoice date, which approximates the respective revenue recognition dates, at the end of each year:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	421,085	381,884
31 – 60 days	219,799	196,239
61 – 90 days	66,437	87,617
91 – 180 days	29,428	15,081
Over 180 days	10,767	3,311
	<u>747,516</u>	<u>684,132</u>

8. TRADE AND OTHER PAYABLES

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 60 days	297,873	337,776
61 – 180 days	21,603	16,573
181 – 365 days	3,833	2,172
1 – 2 years	3,295	3,904
	<u>326,604</u>	<u>360,425</u>
Trade and other payables analysed as:		
– current	441,439	467,268
– non-current	2,919	3,153
	<u>444,358</u>	<u>470,421</u>

9. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2017, 31 December 2017 and 31 December 2018	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2017	412,804,000	41,280
Exercise of share options	<u>1,466,000</u>	<u>147</u>
At 31 December 2017 and 31 December 2018	<u>414,270,000</u>	<u>41,427</u>

The shares issued rank pari passu with other shares in issue in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Board announces the audited annual results of the Group for the FY2018. During the FY2018, there was growth in the air freight business and such growth was due to the increase in demand for air freight services and new customers on board. This has enhanced the positive financial results during the FY2018.

Financial Results

The Group recorded revenue of about HK\$4,462.8 million during the FY2018 (FY2017: about HK\$3,670.5 million), representing an increase of about 21.6%. Gross profit amounted to about HK\$595.0 million during the FY2018 (FY2017: about HK\$571.8 million), representing an increase of about 4.1%. Gross profit margin during the FY2018 was about 13.3% (FY2017: about 15.6%). Net profit was about HK\$105.7 million during the FY2018 (FY2017: about HK\$101.0 million), representing an increase of about 4.7% while the net profit attributable to owners of the Company increased by about 6.8% to about HK\$104.2 million during the FY2018 (FY2017: about HK\$97.5 million). The increase in profit was mainly due to (a) the contribution of air freight business revenue and profits to the Group from Best Loader Logistics Company Limited (“**Best Loader HK**”) and 翼尊國際貨運代理(上海)有限公司 (“**Best Loader Shanghai**”) which were acquired by the Group in mid of 2017; (b) the discontinuation of contract logistics business in the United States of America (the “USA”) during the fourth quarter of 2017 which has not contributed profit to the Group; (c) the increase in demand for air freight services brought by customers in the air freight segment; (d) the decrease in provision of doubtful debts and bad debts and increase in reversal of provisions of doubtful debts in respect of outstanding trade receivables which amounted to about HK\$5.5 million and about HK\$5.0 million respectively; and (e) the business segment of international express and parcel services, which contributed about HK\$25.4 million profit to the Group during the FY2018 with an increase of about HK\$23.2 million profit to the Group.

Segmental Analysis

The Group’s core businesses are air and ocean freight forwarding, complemented by the ancillary and contract logistics services (including warehousing, distribution and customs clearance), international express and parcel services and other businesses (comprising combine shipments, trucking, general sales agency and hand-carry services). The comprehensive range of services offered by the Group enables the Group to meet diverse customers’ needs and provide cross-selling opportunities.

Air Freight

The air freight forwarding business continued to constitute the largest business segment of the Group, representing about 70.1% of the Group's total revenue during the FY2018 (FY2017: about 67.0%). It principally involves arranging shipment upon receipt of booking instructions from customers, obtaining cargo space from airlines, preparing the relevant documentation, and upon delivery to the destination, arranging customs clearance and cargo handling. The Group is well recognised in the logistics industry, having received numerous accolades from international organisations and major airlines since 2000, including honours from the World Cargo Alliance, and "Top Agent Award" from Cathay Pacific Cargo/Cathay Dragon 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, delivery of small parcels for e-commerce business and among others.

During the FY2018, the air freight business recorded revenue of about HK\$3,129.3 million (FY2017: about HK\$2,458.1 million), representing an increase of about 27.3%. Gross profit of the segment also increased from about HK\$295.6 million during the FY2017 to about HK\$325.7 million during the FY2018, representing an increase of about 10.2%. In respect of air import and export tonnage, the Group noted a total increase of tonnage of about 28.3% for the FY2018 when compared to the FY2017. During the FY2018, the Group opened one office in Hangzhou. As such, 54 offices around the world remained as at 31 December 2018, out of which 47 offices are located in 11 Asian countries and territories, comprising Hong Kong, the PRC, Cambodia, India, Indonesia, Japan, Malaysia, Singapore, Thailand, the United Arab Emirates and Vietnam, two offices in Europe and five offices in America.

Ocean Freight

Contributing about 19.2% of the Group's total revenue during the FY2018 (FY2017: about 25.2%), the ocean freight forwarding business principally involves organising shipments, arranging customs clearance and haulage service. The established relationships with trade partners and shipping lines, together with the in-house tailored freight operations system, have enabled the Group to capture the ocean freight market growth. During the FY2018, revenue of ocean freight segment decreased by about 7.2% year-on-year to about HK\$857.0 million (FY2017: about HK\$923.6 million). Gross profit decreased to about HK\$172.0 million during the FY2018 (FY2017: about HK\$192.3 million), representing a decrease of about 10.6% which is mainly due to the closure of two offices in the USA in FY2017. During the FY2018, the Group noted a trial decrease of tonnage of about 4.9% in respect of ocean freight shipping volume handled by the Group, which is due to (a) the disposal of 100% equity interest of OTWL-On Time Worldwide Logistics Ltd. located in Taiwan during the FY2017 and (b) the disposal of 3% equity interest of On Time Worldwide Logistics Ltd. ("**OT Korea**") located in Korea during the FY2017 and OT Korea ceased to be a subsidiary of the Company and became an associate of the Company.

Ancillary and Contract Logistics Services

Accounting for about 1.7% of the Group's total revenue during the FY2018 (FY2017: about 2.4%), 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 platform, which allows customers to conveniently trace inventory levels, incoming and outgoing shipments and other information online. During the FY2018, the Group sought to further adjust its warehouse operation to cope with market conditions. During the fourth quarter of 2017, the contract logistics business in the USA which has not contributed profit to the Group has discontinued. Consequently, this business result was reflected with revenue of about HK\$76.8 million during the FY2018 (FY2017: about HK\$89.4 million), representing a decrease of about 14.1% and the gross profit was about HK\$44.2 million during the FY2018 (FY2017: about HK\$46.4 million), representing a slight decrease of about 4.7%.

International Express and Parcel Services

International express and parcel services which mainly consists of cross-border small parcels of delivery business is the Group's growing business to capture the development opportunities arising from the global cross-border e-commerce business. It represents about 6.3% of the total revenue of the Group during the FY2018 (FY2017: about 2.8%). The Group considers the e-commerce platform as the new channel and leverages on the strong synergy and integration capability of domestic and foreign logistic resources, so as to increase our market penetration and proactively test the full-chain services, which ultimately provides baskets of cross-border package delivery solutions. YTO Express Group Co., Ltd. ("**YTO Express**") possesses a strong express logistic service network covering the PRC, which provides firm supports for the Group's development of end-to-end full-chain services. As at 31 December 2018, the Group has established cross-border full-chain services and has entered into strategic cooperation with 18 postal companies or express companies in 17 countries. Through the focus on developing and nurturing the delivery of product from the PRC to Taiwan, the Group has received positive comments from customers and market recognition.

The Group responded actively to changes in markets and competitive landscapes and proactively expanded the international express and parcel services market during the FY2018. Benefiting from the rapid development of e-commerce in Southeast Asia, the continuous deepening of the cooperation with Hangzhou Cainiao Supply Chain Management Co., Limited ("**Cainiao**") and the development of new customers, revenue from international express and parcel services increased from about HK\$103.5 million during the FY2017 to about HK\$282.1 million during the FY2018, representing an increase of about 172.7%. During the FY2018, the Group has completed the delivery of about 39.6 million units in international express and parcel business during the FY2018 (FY2017: about 14.2 million).

In the meantime, by imposing stringent key performance indicator management and quality control to the services of suppliers, and implementing strict cost control measures, the timing and quality of our services has been improving, thus the gross profit margin and gross profit of the international express and parcel services business has been increasing correspondingly. During the FY2018, the gross profit of international express and parcel services increased to about HK\$25.9 million (FY2017: about HK\$3.6 million).

Others

The other businesses include combined shipments, trucking, general sales agency, e-commerce business and hand-carry services, the latter of which involves time sensitive shipments that allows the Group to charge higher fees and consequently benefit from higher profits. During the FY2018, the other businesses recorded revenue of about HK\$117.7 million (FY2017: about HK\$96.0 million), representing an increase of about 22.6%, and gross profit of about HK\$27.4 million (FY2017: about HK\$46.4 million), representing a decrease of about 40.9%. The decrease of gross profit for other businesses during the FY2018 was due to the decrease of volume of trucking services.

Liquidity and Financial Resources

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

The Group's working capital as at 31 December 2018 was about HK\$476.4 million, representing an increase of about 9.6% from about HK\$434.5 million as at 31 December 2017. The current ratio of the Group increased from about 1.65 times as at 31 December 2017 to about 1.71 times as at 31 December 2018. As at 31 December 2018, the Group's bank balances and cash amounted to about HK\$240.7 million, representing a decrease of about 3.0% from about HK\$248.2 million as at 31 December 2017. For the FY2018, the Group had operating cash inflow of about HK\$63.9 million (FY2017: operating cash outflow of about HK\$32.2 million). As at 31 December 2018, the Group's outstanding bank borrowings amounted to about HK\$189.0 million (as at 31 December 2017: about HK\$179.8 million). The gearing ratio of the Group was about 32.5% as at 31 December 2018 (as at 31 December 2017: 32.5%). The gearing ratio was calculated as total bank borrowings divided by total equity of the Group. As at 31 December 2018, the Group maintained a net cash position (as at 31 December 2017: net cash position). The Group will continue to secure financing as and when the need arises.

Foreign Exchange Risk

In light of the nature of the Group's business, the Group is exposed to various foreign currency risks including RMB, US\$, RM, SGD, THB, INR, EUR, GBP, CAD, JPY, VND, IDR, HUF and AED among which, RMB, EUR and US\$ are mostly used in the Group's business apart from HK\$. Nevertheless, the Group's operations are predominately subject to the fluctuations of RMB since HK\$ is pegged to US\$. The Group did not use any derivative contracts to hedge against its exposure to currency risk during the FY2017 and the FY2018. The Group continued to exercise a strict control policy and did not engage in any speculative trading in debt securities or financial derivatives during the FY2018.

Capital Expenditure Commitments

As at 31 December 2018, the Group has below capital expenditure commitments:

1. The contingent consideration of HK\$4,500,000 (as at 31 December 2017: HK\$7,200,000) to be determined based on the future financial performance of Best Loader Shanghai; and
2. The contingent consideration of HK\$500,000 (as at 31 December 2017: HK\$800,000) to be determined based on the future financial performance of Best Loader HK.

Please refer to the announcement of the Company dated 5 May 2017, 3 August 2018 and 15 March 2019 for further details.

Performance Guarantees

(A) In Relation to the Acquisition of the Entire Issued Shares of Best Loader HK

On Time Worldwide Logistics Limited (“**On Time BVI**”), a direct wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement on 5 May 2017 (the “**First Sale and Purchase Agreement**”) with Air Partner Logistics Company Limited, as vendor (the “**First Vendor**”) and Ms. Chan Yi Lam, as guarantor for the First Vendor (the “**Guarantor**”), in relation to the acquisition of the entire issued shares of Best Loader HK. Pursuant to the First Sale and Purchase Agreement, the First Vendor undertakes and guarantees to On Time BVI that (i) the net assets value of Best Loader HK for the year ended 31 December 2017 in accordance with HKFRSs, which shall be verified by the Company’s auditor (the “**2017 Accounts**”), will be no less than HK\$3.0 million (the “**2017 NAV Guarantee**”); (ii) the net assets value of Best Loader HK for the year ended 31 December 2018 in accordance with HKFRS, which shall be verified by the Company’s auditor (the “**2018 Accounts**”), will be no less than HK\$4.7 million (the “**2018 NAV Guarantee**”); and (iii) the net assets value of Best Loader HK for the year ending 31 December 2019 in accordance with HKFRS, which shall be verified by the Company’s auditor (the “**2019 Accounts**”), will be no less than HK\$7.1 million (the “**2019 NAV Guarantee**”).

After the determination of the 2017 Accounts, the 2018 Accounts and the 2019 Accounts, respectively, On Time BVI shall pay to the First Vendor the remaining balance of the purchase price in the following manner: (i) HK\$300,000 to the First Vendor if the 2017 NAV Guarantee is fulfilled; (ii) HK\$250,000 to the First Vendor if the 2018 NAV Guarantee is fulfilled; and (iii) HK\$250,000 to the First Vendor if the 2019 NAV Guarantee is fulfilled.

The 2017 NAV Guarantee had been fulfilled. Based on the 2018 Accounts, the net assets value of Best Loader HK for the financial year ended 31 December 2018 was approximately HK\$8.3 million. Therefore, the 2018 NAV Guarantee had been fulfilled. Given the fulfillment of the 2018 NAV Guarantee, On Time BVI has paid to the First Vendor HK\$250,000 in cash for payment of part of the consideration for the First Sale and Purchase Agreement. The Company will publish announcements to inform the shareholders of the Company whether Best Loader HK has achieved the 2019 NAV Guarantee after the determination of the 2019 Accounts.

Please refer to the announcements of the Company dated 5 May 2017, 3 August 2018 and 15 March 2019 for further details in respect of the acquisition.

(B) In Relation to the Acquisition of the Entire Issued Shares of Best Loader Shanghai

On Line Service Limited (“**On Line HK**”), an indirect wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement on 5 May 2017 (the “**Second Sale and Purchase Agreement**”) with the First Vendor and the Guarantor, in relation to the acquisition of the entire issued shares of Best Loader Shanghai. Pursuant to the Second Sale and Purchase Agreement, the First Vendor undertakes and guarantees to On Line HK that (i) the net assets value of Best Loader Shanghai for the year ended 31 December 2017 in accordance with HKFRS, which shall be verified by the Company’s auditor (the “**2017 SH Accounts**”), will be no less than HK\$3.5 million (the “**2017 SH NAV Guarantee**”); (ii) the net assets value of Best Loader Shanghai for the year ended 31 December 2018 in accordance with HKFRS, which shall be verified by the Company’s auditor (the “**2018 SH Accounts**”), will be no less than HK\$5.3 million (the “**2018 SH NAV Guarantee**”); and (iii) the net assets value of Best Loader Shanghai for the year ending 31 December 2019 in accordance with HKFRS, which shall be verified by the Company’s auditor (the “**2019 SH Accounts**”), will be no less than HK\$7.9 million (the “**2019 SH NAV Guarantee**”).

After the determination of the 2017 SH Accounts, the 2018 SH Accounts and the 2019 SH Accounts, respectively, On Line HK shall pay to the First Vendor the remaining balance of the purchase price in the following manner: (i) HK\$2.7 million to the First Vendor if the 2017 SH NAV Guarantee is fulfilled; (ii) HK\$2,250,000 to the First Vendor if the 2018 SH NAV Guarantee is fulfilled; and (iii) HK\$2,250,000 to the First Vendor if the 2019 SH NAV Guarantee is fulfilled.

The 2017 SH NAV Guarantee had been fulfilled. Based on the 2018 SH Accounts, the net assets value of Best Loader Shanghai for the financial year ended 31 December 2018 was about RMB9.4 million (equivalent to about HK\$10.7 million). Therefore, the 2018 SH NAV Guarantee had been fulfilled. Given the fulfillment of the 2018 SH NAV Guarantee, On Line HK has paid to the First Vendor HK\$2,250,000 in cash for payment of part of the consideration for the Second Sale and Purchase Agreement. The Company will publish announcements to inform the shareholders of the Company whether Best Loader Shanghai has achieved the 2019 SH NAV Guarantee after the determination of the 2019 SH Accounts.

Please refer to the announcement of the Company dated 5 May 2017, 3 August 2018 and 15 March 2019 for further details in respect of the acquisition.

(C) In Relation to the Acquisition of the Remaining 25% Equity Interest in the Issued Share Capital of OTX Logistics Holland

Jumbo Channel Limited (“**Jumbo Channel**”), an indirect wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement on 9 March 2018 (the “**Third Sale and Purchase Agreement**”) with, among others, T.Y.D. Holding B.V. (the “**Second Vendor**”), in relation to the acquisition of the remaining 25% equity interest in the issued share capital of OTX Logistics B.V. (“**OTX Logistics Holland**”). Pursuant to the Third Sale and Purchase Agreement, the Second Vendor undertakes to Jumbo Channel that: (i) in the event that the sum of the audited consolidated net profits after tax of OTX Logistics Holland as stated in the audited accounts of the Company for each of the financial years ending 31 December 2017, 2018 and 2019, respectively, adjusted by any revaluation surplus or deficit of tangible or intangible assets (the “**Accumulated Consolidated Net Profit**”), shall be less than HK\$18.0 million, the Second Vendor shall in aggregate compensate Jumbo Channel HK\$3,330,000 after completion of the audited accounts of OTX Logistics Holland for the financial year ending 31 December 2019 (the “**2019 Holland Accounts**”); (ii) in the event that the Accumulated Consolidated Net Profit shall be less than HK\$12.0 million, the Second Vendor shall in aggregate compensate Jumbo Channel HK\$6,660,000 after completion of the 2019 Holland Accounts; and (iii) in the event that the Accumulated Consolidated Net Profit shall be less than HK\$6.0 million, the Second Vendor shall in aggregate compensate Jumbo Channel HK\$10.0 million after completion of the 2019 Holland Accounts.

The Company will publish announcements to inform the shareholders of the Company whether OTX Logistics Holland has achieved the above performance guarantee after the completion of the 2019 Holland Accounts. Please refer to the announcement of the Company dated 9 March 2018 and the circular of the Company dated 3 April 2018 for further details in respect of the acquisition.

Charge on Assets

As at 31 December 2018, the Group had pledged the following assets to secure certain banking facilities representing guarantees on payment to certain airline suppliers of the Group for the Group's cargo space purchase and bank borrowings granted to the Group:

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	88,845	120,713
Financial asset at fair value through profit or loss	901	1,017
Loan receivable	7,522	–
Pledged bank deposits	7,548	8,472
	<u>104,816</u>	<u>130,202</u>

EVENTS AFTER THE REPORTING PERIOD

As announced by the Company on 28 February 2019, the ordinary resolutions (i) approving the grant of a specific mandate for the allotment and issue in an aggregate of a maximum of 1,900,000 new shares of the Company (the “**Shares**”), the grant of 800,000 awarded Shares, 600,000 awarded Shares and 500,000 awarded Shares pursuant to the share award plan (the “**Plan**”) of the Company to Ms. Wong Pui Wah, Ms. Cheung Ching Wa, Camy and Mr. Chen Jinbo, respectively, and (ii) approving the grant of a specific mandate for the allotment and issue in an aggregate of a maximum of 7,500,000 new Shares and the grant of an aggregate of 7,500,000 awarded Shares pursuant to the Plan to 36 independent selected participants were passed by the shareholders and/or the independent shareholders of the Company at the extraordinary general meeting of the Company held on 28 February 2019. Please refer to the circular of the Company dated 1 February 2019 for further details.

On 22 March 2019, given the fulfillment of the 2018 NAV Guarantee, On Time BVI has paid to the First Vendor HK\$250,000 in cash for payment of part of the consideration for the First Sale and Purchase Agreement.

On 22 March 2019, given the fulfillment of the 2018 SH NAV Guarantee, On Line HK has paid to the First Vendor HK\$2,250,000 in cash for payment of part of the consideration for the Second Sale and Purchase Agreement.

CHANGE OF COMPANY NAME

As announced by the Company on 14 February 2018, the special resolution approving the change of English name of the Company from “On Time Logistics Holdings Limited” to “YTO Express (International) Holdings Limited” and the dual foreign name of the Company in Chinese “圓通速遞(國際)控股有限公司” be adopted to replace its existing dual foreign name in Chinese “先達國際物流控股有限公司” (the “**Special Resolution**”) was passed by the Company’s shareholders at the extraordinary general meeting of the Company held on 14 February 2018.

Subsequent to the passing of the Special Resolution, the Certificate of Incorporation on Change of Name was issued by the Registry of Companies in the Cayman Islands on 28 February 2018 regarding the change of English name of the Company from “On Time Logistics Holdings Limited” to “YTO Express (International) Holdings Limited” and the dual foreign name of the Company in Chinese from “先達國際物流控股有限公司” to “圓通速遞(國際)控股有限公司”.

Please refer to the announcement of the Company dated 21 March 2018 for further details.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the FY2018, the Group has acquired the remaining 25% equity interest in the issued share capital of OTX Logistics Holland, an indirect non-wholly owned subsidiary of the Company before completion of the acquisition, at a consideration of HK\$38,000,000. Immediately after the acquisition, OTX Logistics Holland became an indirect wholly-owned subsidiary of the Company.

Save as disclosed, there was no other material acquisition or disposal of subsidiaries or associated companies of the Company during the FY2018.

PROSPECTS

During the FY2018, the trade war affected the global economy to a large extent, of which the effects will still be slowly released in the year of 2019. Accordingly, the growth of global macro-economy may slow down. Though external conditions are tense, being a subsidiary of YTO Express, the Group will accelerate the integration and synergy with the YTO Express's business. Leveraging on YTO Express's network with extensive coverage and advantages in huge high-quality customer resources, YTO Express will integrate its transportation resources such as its own aviation fleets and railways to the Group. The quality resources, such as aviation fleets and railways, further drive the future business development of the Group. Given the rapid development of global cross-border e-commerce market, the demands for international express and parcel service has been increasing accordingly. The international express and parcel business will become an important driver for the future business growth of the Group. In addition, the acquisitions of the Company's shares and other freight forwarding companies by YTO Global Holdings Limited will enhance the Group's productivity and its global network.

Comprehensive Promotion and Upgrade of International Express and Parcel Business

Along with the further development of Southeast Asian e-commerce economy and the new form of development of e-commerce logistics, the Group will continue to improve the results and performance of international express and parcel business. Adhering to the development strategy of "going global with the "Belt and Road" initiative, going global with Chinese and Chinese enterprises, and going global with cross-border e-commerce industry", the Group will continue to treat the e-commerce platform as the customer inflow channel, and enhance the marketing efforts of self-established platforms, cross-border e-commerce direct major customers and major vendors in platforms, so as to intensively explore the market potentials. The Group will continue to focus on Southeast Asian market, stabilize the business from the PRC to Taiwan and develop the business from Taiwan to Vietnam, while forming a multi-layer product structures from the PRC to the USA and Europe to the PRC. At the same time, the Group will put forward the upgrade and transformation of the IT system, so as to achieve seamless connection and global integration of our customs systems, business operating systems, payment settlement systems and financial systems.

Accelerate the Construction of Logistic Routes in Countries along the “Belt and Road” Routes

Since the introduction of the “Belt and Road” initiative, the demands for economic and trade exchanges between the PRC and countries along the “Belt and Road” has been increasing. The Group will continue to respond to the “Belt and Road” initiative proactively and intensify international development landscape. The Group will cooperate with its strategic partners like Cainiao, so as to construct regional logistics gateways and regional international logistic hub in the PRC. In the future, the Group will accelerate the establishment of overseas linkages by strategic cooperation and equity investments, so as to achieve breakthroughs in the development of Southeast Asian express network as appropriate.

Deepen the Specialised Service Capabilities of Supply-chain Management

The Group devotes to enhancing our specialised service capabilities, in order to build up our competitive edges in niche markets. Given that YTO Express possesses enormous e-commerce and corporate customer base within the PRC, the Group will fully draw support from and make use of its customer edge, so as to leverage on the international supply chain service capability in sectors like costumes and electronics which we have accumulated over years, and gradually establish the service capability of supply-chain management in the specialized niche markets such as aviation materials, medicines and automobiles.

Integrate the Trend of Internet Development and Strengthen Information Construction

The Group will continue to focus on informatization and automation, with an aim to further enhance the all-controllability of the full supply chain. The Group is increasing its inputs to information technology, so as to gradually enable the processes of freight forwarding business to turn online, all-controllable and digitized, thus to provide high-quality services for customers. Meanwhile, the Group will develop the technology and ability of big data analysis gradually, so as to achieve the shift to smart and intelligent corporate management.

It is expected that the Group will implement the above plans by the internal resources of the Group and/or external financing.

HUMAN RESOURCES

As at 31 December 2018, the Group employed about 1,130 employees (as at 31 December 2017: 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 and a share award plan 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. Training activities have also been conducted to improve the performance of sales and marketing activities and customer services.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the FY2018.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK3.8 cents (2017: HK 2.3 cents) per Share, absorbing a total amount of about HK\$15,742,000 (2017: HK\$9,528,000), in respect of the FY2018, which is subject to the approval of the Company's shareholders at the AGM to be held on Tuesday, 11 June 2019. The proposed final dividend is expected to be paid on Friday, 12 July 2019 to all shareholders whose names to be appeared on the register of members of the Company on Friday, 21 June 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 5 June 2019 to Tuesday, 11 June 2019 (both days inclusive) for the purpose of determining the right to attend and vote at the AGM. In order to be qualified for attending and voting at the AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 4 June 2019.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the AGM, the register of members of the Company will also be closed from Wednesday, 19 June 2019 to Friday, 21 June 2019 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend in respect of the FY2018. In order to be qualified for the proposed final dividend (subject to the approval of the shareholders at the AGM), unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at the address stated above for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 18 June 2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the FY2018 as set out in this announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the FY2018. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

CORPORATE GOVERNANCE

The 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 FY2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the 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 the Directors' securities transactions during the FY2018.

AUDIT COMMITTEE

The Company has established an audit committee which comprises one non-executive Director, namely, Mr. Lin Kai, and two independent non-executive Directors, namely, Mr. Chung Kwok Mo John and Mr. Li Donghui. Mr. Chung Kwok Mo John is the chairman of the audit committee.

The audit committee of the Company has discussed with the management of the Group and reviewed the audited consolidated financial results of the Group for the FY2018, including accounting principles and practices adopted by the Group, and discussed the financial reporting system and the risk management and internal control systems of the Company.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange and the Company. The annual report for the FY2018 will be despatched to the shareholders of the Company and will be published on the 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
YTO Express (International) Holdings Limited
圓通速遞(國際)控股有限公司
Yu Huijiao
Chairman

Hong Kong, 28 March 2019

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Li Xianjun and Mr. Lam Chun Chin, Spencer; four non-executive Directors, namely, Mr. Yu Huijiao, Mr. Su Xiufeng, Mr. Zhu Rui and Mr. Lin Kai; and three independent non-executive Directors, namely, Mr. Li Donghui, Mr. Xu Junmin and Mr. Chung Kwok Mo John.