

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARES IN YTO COURIER (HK)

THE ACQUISITION

The Board wishes to announce that on 30 March 2020 (after trading hours), YTO BVI, a direct wholly-owned subsidiary of the Company, entered into the SPA with the Vendor, pursuant to which the Vendor has agreed to sell, and YTO BVI has agreed to purchase, the Target Shares, representing the entire issued shares in YTO Courier (HK), at the consideration of HK\$6,940,086, subject to and in accordance with the terms and conditions of the SPA.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor, is a controlling Shareholder and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the Acquisition constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profit ratio) exceeds 0.1% but are less than 5%, the Acquisition is subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 30 March 2020 (after trading hours), YTO BVI, a direct wholly-owned subsidiary of the Company, entered into the SPA with the Vendor, pursuant to which the Vendor has agreed to sell, and YTO BVI has agreed to purchase, the Target Shares, representing the entire issued shares in YTO Courier (HK), at the consideration of HK\$6,940,086, subject to and in accordance with the terms and conditions of the SPA.

THE SPA

A summary of the principal terms of the SPA are set out below:

- Date:** 30 March 2020 (after trading hours)
- Parties:** (i) the Vendor (as vendor)
(ii) YTO BVI (as purchaser)
- Assets to be acquired:** The Vendor has agreed to sell, and YTO BVI has agreed to purchase, the Target Shares, representing the entire issued shares in YTO Courier (HK).
- Consideration for the Acquisition:** HK\$6,940,086
- The Consideration was negotiated on an arm's length basis between the parties on normal commercial terms with reference to the unaudited net asset value of YTO Courier (HK) as at 29 February 2020.
- The Consideration shall be satisfied by YTO BVI by means of telegraphic transfer or a cheque or a cashier order drawn in favour of the Vendor at Completion.
- Other principal terms:** Prior to the Completion Date, if any representations or warranties provided by the Vendor under the SPA are found to be materially untrue, inaccurate or misleading or have not been fully carried out in any material respect, YTO BVI may by notice in writing rescind the SPA.
- Completion:** Completion shall take place on the Completion Date.
- In the event the Vendor fails to deliver or procure the delivery to YTO BVI the completion documents as required under the SPA, YTO BVI may elect to rescind the SPA or to effect Completion so far as practicable subject to the terms and conditions of the SPA.

In the event that YTO BVI fail to do anything required to be done by it upon Completion as required under the provisions of the SPA, the Vendor may (a) defer Completion to a day not more than ten (10) days after the Completion Date; (b) proceed to Completion so far as practicable; or (c) rescind the SPA (apart from the surviving clauses of the SPA which shall continue to have full force and effect) in which case none of the parties to the SPA shall have any claim of any nature whatsoever against any of the other party under the SPA (save for any rights and liabilities of the parties which have accrued prior to rescission).

INFORMATION ABOUT THE PARTIES INVOLVED

The principal activity of the Company is investment holding, and through its subsidiaries, specialises in international air and sea freight forwarding as well as warehousing and value-added logistics and distribution. The Group further provides support services in relation to origin management, key account management, customs and compliance, web-based supply chain visibility and supply chain consultancy.

YTO BVI is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

The Vendor is a limited liability company incorporated under the laws of Hong Kong and is principally engaged in investment holdings. It is an indirect wholly-owned subsidiary of Yuantong, a joint stock limited liability company established in the PRC with its shares listed on the Shanghai Stock Exchange (stock code: 600233), and through its subsidiaries (excluding the Group) principally engages in the warehousing and distribution of goods as a leader in the express and courier service market in the PRC. As at the date of this announcement, Yuantong is a company owned as to over 50% by Yuantong Jiaolong, which in turn is a company owned as to 51% by Mr. Yu Huijiao (a non-executive Director) and 49% by his spouse.

YTO Courier (HK) is a limited liability company incorporated under the laws of Hong Kong and is principally engaged in the provision of international express and parcel services. As at the date of this announcement, the Vendor held the entire issued shares in YTO Courier (HK). Upon Completion, YTO Courier (HK) will become an indirect wholly-owned subsidiary of the Company.

FINANCIAL INFORMATION OF THE TARGET

Set out below is a summary of certain audited financial information for the year ended 31 December 2018 and unaudited financial information for the year ended 31 December 2019 of the Target:

	For the year ended 31 December	
	2018 <i>HK\$'000</i> <i>(approximately)</i> (Audited)	2019 <i>HK\$'000</i> <i>(approximately)</i> (Unaudited)
Net loss before tax and extraordinary items	16,300	3,732
Net loss after tax and extraordinary items	16,300	3,732

	As at 31 December	
	2018 <i>HK\$'000</i> <i>(approximately)</i> (Audited)	2019 <i>HK\$'000</i> <i>(approximately)</i> (Unaudited)
Total assets	10,701	24,912
Net (liabilities) assets	(34,186)	7,109

The original investment cost for the entire issued shares in YTO Courier (HK) paid by the Vendor was HK\$45,010,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group specialises in international air and sea freight forwarding as well as warehousing and value-added logistics and distribution.

International express and parcel services which mainly consists of cross-border small parcels of delivery business is the Group's growing business. The acquisition of YTO Courier (HK) was a major step implemented towards the overall strategic planning objective of integrating YTO's overseas international express business of the Group. By integrating YTO Courier (HK), the Group further strengthens its transshipment capabilities for general trade, e-commerce parcels and commercial express in Hong Kong in order to build Hong Kong as the Group's business headquarters and the core hub for international transshipment. After years of development, YTO Courier (HK) has started to achieve financial profitability, and it will bring further business and management synergy once the integration is completed, which is believed to bring good returns to the Group. As such, the Board is of the view that the Acquisition is in line with the Group's growth strategies, and is for the commercial benefit of, the Group.

The Directors (including the independent non-executive Directors) consider that although the Acquisition is not in the ordinary course of business of the Group and yet given the nature of the transaction, the terms and conditions of the SPA and the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Yu Huijiao, Mr. Pan Shuimiao, Mr. Li Xianjun, Mr. Lin Kai and Mr. Huang Yifeng are materially interested in the Acquisition, they have abstained from voting on the respective resolutions passed at the Board meeting for approving the Acquisition and the SPA. Save for the Directors mentioned above, none of the other Directors is or is deemed to have a material interest in the Acquisition.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor, is a controlling Shareholder and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Accordingly, the Acquisition constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (other than the profit ratio) exceeds 0.1% but are less than 5%, the Acquisition is subject to announcement requirement but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Target Shares by YTO BVI from the Vendor pursuant to the SPA
“Board”	the board of Directors
“Company”	YTO Express (International) Holdings Limited 圓通速遞（國際）控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“Completion”	Completion of the SPA in accordance with its terms and conditions
“Completion Date”	The date of signing of the SPA or such other date as the Vendor and YTO BVI may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the consideration payable by YTO BVI to the Vendor pursuant to the SPA for the Acquisition
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SPA”	the sale and purchase agreement dated 30 March 2020 entered into between the Vendor and YTO BVI relating to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Group”	YTO Courier (HK) and its subsidiary as at the date of this announcement
“Target Shares”	45,010,000 ordinary shares in YTO Courier (HK), legally and beneficially owned by the Vendor and to be acquired by YTO BVI in accordance with the terms and conditions of the SPA
“Vendor”	YTO Global Holdings Limited 圓通國際控股有限公司, a company incorporated in Hong Kong and a controlling Shareholder
“YTO BVI”	YTO Express Worldwide Limited, a company incorporated in the British Virgin Islands, a direct wholly-owned subsidiary of the Company

“YTO Courier (HK)”	YTO Courier (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability
“Yuantong”	YTO Express Group Co., Ltd. 圓通速遞股份有限公司, a joint stock limited liability company established in the PRC and a controlling Shareholder
“Yuantong Jiaolong”	Shanghai Yuantong Jiaolong Investment Development (Group) Co., Ltd.* 上海圓通蛟龍投資發展（集團）有限公司, a company established in the PRC and a controlling Shareholder
“%”	per cent.

* denotes English translation of the name of a Chinese company, and is provided for identification purposes only

By order of the Board
YTO Express (International) Holdings Limited
 圓通速遞（國際）控股有限公司
Yu Huijiao
Chairman

Hong Kong, 30 March 2020

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