

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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 51% OF THE ENTIRE ISSUED SHARES IN OTX CANADA

THE DISPOSAL

The Board wishes to announce that on 1 June 2020 (after trading hours), OTX Canada, an indirect non-wholly owned subsidiary of the Company, and Harbour Zone as the selling shareholder, an indirect wholly owned subsidiary of the Company, entered into the SRA, pursuant to which Harbour Zone has agreed to sell, and OTX Canada has agreed to redeem, the Redemption Shares owned by Harbour Zone, representing 51% of the entire issued shares in OTX Canada, at the Consideration, subject to and in accordance with the terms and conditions of the SRA.

Immediately after Closing, OTX Canada will cease to be a subsidiary of the Company, and accordingly, the financial results of OTX Canada will no longer be consolidated into the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board wishes to announce that on 1 June 2020 (after trading hours), OTX Canada, an indirect non-wholly owned subsidiary of the Company, and Harbour Zone as the selling shareholder, an indirect wholly owned subsidiary of the Company, entered into the SRA, pursuant to which Harbour Zone has agreed to sell, and OTX Canada has agreed to redeem, the Redemption Shares owned by Harbour Zone, representing 51% of the entire issued shares in OTX Canada, at the Consideration, subject to and in accordance with the terms and conditions of the SRA.

THE SRA

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

- Date:** 1 June 2020 (after trading hours)
- Parties:** (i) Harbour Zone (as selling shareholder)
(ii) OTX Canada, immediately prior to Closing, OTX Canada is an indirect non-wholly owned subsidiary of the Company
- Assets to be disposed:** the Redemption Shares, representing 51% of the entire issued shares in OTX Canada
- Consideration for the Disposal:** CAD513,846 (equivalent to approximately HK\$2,837,817)
- 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 OTX Canada as at 31 March 2020
- The Consideration shall be satisfied by OTX Canada by means of certified check, wire transfer, or bank draft of immediately available funds in favour of Harbour Zone at Closing or on such other date as the parties may agree in writing
- Other principal terms:** Upon Closing, On Time Worldwide Logistics Limited, a wholly owned subsidiary of the Company, shall grants to OTX Canada a non-exclusive right for use in Ontario, Canada the name "OTX Logistics Canada Limited"
- Completion:** Closing shall take place on the date of signing of the SRA or at such other date as the parties may agree in writing

INFORMATION ON THE COMPANY, HARBOUR ZONE AND OTX CANADA

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.

Harbour Zone is an indirect wholly owned subsidiary of the Company and principally engages in investment holding.

Immediately prior to Closing, OTX Canada is an indirect non-wholly owned subsidiary of the Company and principally engages in provision of freight forwarding services. Immediately after Closing, OTX Canada will cease to be a subsidiary of the Company, and accordingly, the financial results of OTX Canada will no longer be consolidated into the consolidated financial statements of the Group.

FINANCIAL INFORMATION OF OTX CANADA

Based on the audited financial statements of OTX Canada for the year ended 31 December 2019, the net asset value of OTX Canada was approximately CAD894,966 as at 31 December 2019. For the two years ended 31 December 2019, the net profit before taxation and extraordinary items attributable to OTX Canada was approximately CAD394,793 and CAD552,960, respectively. Furthermore, for the two years ended 31 December 2019, the net profit after taxation and extraordinary items attributable to OTX Canada was approximately CAD259,295 and CAD418,619, respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group specialises in international air and sea freight forwarding as well as warehousing and value-added logistics and distribution. The Group's current strategy is to focus on the United States, Europe and other Asia markets. As such, the Canadian market is no longer the Group's current focus. The Board is of the view that the Disposal offers an opportunity for the Group to dispose of OTX Canada and is in line with the Group's business strategies, and is for the commercial benefit of, the Group. It also allows the Group to reallocate its resources to better focus on the ongoing principal markets and long term development of the Group. Accordingly, the Directors consider that the terms of the SRA for the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Closing, the Group is expected to record a loss (after tax) of approximately HK\$216,000 as a result of the Disposal. The estimated loss was calculated with reference to the receipt of the total Consideration of CAD513,846 (equivalent to approximately HK\$2,837,817) and the unaudited net asset value of OTX Canada being approximately CAD1,059,000. The above financial impact is shown for illustrative purpose only and Shareholders shall note that the actual gain or loss as a result of the Disposal to be recognised in the consolidated financial statements of the Group is subject to review and final audit by the auditors of the Company. After deducting the expenses and taxes related to the Disposal, it is expected that the Company will have net proceeds of approximately CAD385,385 (equivalent to approximately HK\$2,128,366), which is intended to be applied for the Group's general working capital.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“CAD”	Canadian dollars, the lawful currency of Canada
“Closing”	Closing of the SRA in accordance with its terms and conditions
“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
“Consideration”	the consideration payable by OTX Canada to Harbour Zone pursuant to the SRA for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Redemption Shares by Harbour Zone to OTX Canada pursuant to the SRA

“Group”	the Company and its subsidiaries
“Harbour Zone”	Harbour Zone Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OTX Canada”	OTX Logistics Canada Limited, a corporation incorporated in the Province of Ontario in Canada and an indirect non-wholly owned subsidiary of the Company
“Redemption Shares”	51 common shares in OTX Canada, legally and beneficially owned by Harbour Zone and to be redeemed by OTX Canada in accordance with the terms and conditions of the SRA
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“SRA”	the share redemption agreement dated 1 June 2020 entered into between Harbour Zone, as the selling shareholder, and OTX Canada relating to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

For the purpose of this announcement, an exchange rate of CAD1: HK\$5.5227 has been adopted.

References to time and dates in this announcement are to Hong Kong time and dates.

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, 1 June 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.