



31st August, 2016

Yamato Acquires OTL Group, a Cross-border Line Haul Trucking Company headquartered in Malaysia

Line haul network spanning 6,000km from China to Singapore to accelerate Yamato's ASEAN strategy

YAMATO ASIA PTE LTD. (headquartered in Singapore; Managing Director Richard Chua Khing Seng; hereafter referred to as "Yamato Asia"), the regional headquarters of Yamato Holdings Co., has reached an agreement to acquire OTL Group, a cross border line haul trucking company headquartered in Malaysia on August 31 2016. The acquisition will include OTL subsidiaries CKE Transport Agency Sdn Bhd. (headquartered in Penang; Representative Chia Koy Ee), Overland Total Logistic Service (M) Sdn.Bhd. (headquartered in Penang; Representative Chia Koy Ee), Overland Total Logistic (Thailand) Co.,Ltd. (headquartered in Bangkok; Representative Chia Koy Ee), and the Vietnam business of OTL Group.

1. Background

With the basic agreement of the Trans-Pacific Partnership and launch of the ASEAN Economic Community, cross border logistics within South East Asia is expected to experience strong growth.

Since 2010, Yamato Group has introduced and expanded our last mile small parcel delivery service (TA-Q-BIN) in Singapore, Shanghai, Hong Kong and Malaysia. In 2016, we actively explored further strategic partnerships and M&As, and in the process acquired a strategic stake in GD Express in Malaysia, and formed a joint venture with Siam Cement Group to roll out last mile small parcel delivery service across Thailand. 2019 is Yamato Group's 100th anniversary. By then, we intend to build up an integrated last mile delivery network spanning China and ASEAN, through linking up our last mile, logistics and forwarding functions in each country with a cross border trucking network.

2. Objectives of the acquisition

Yamato Group has always been providing our customers with multimodal transportation services, but our service scope has been limited to air and ocean transport mainly to and from Japan, as well as localized logistics and last mile delivery service. With the acquisition of OTL Group, we will secure a line haul trucking network of 6,000km, spanning Singapore, Malaysia, Thailand, Laos, Cambodia, Vietnam and China. This cross border line haul trucking service will be integrated with our last mile and logistics capabilities within key ASEAN countries, thereby enabling full cross border last mile delivery service. Moving forward, we will accelerate deployment of last mile networks throughout ASEAN to deliver high value added logistics service for this fast growing market.



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3. Corporate profiles of the OTL group

(1) CKE Transport Agency Sdn. Bhd.

- Established 1994
- Paid up capital 770,000 MYR
- Representative Chia Koy Ee
- Employee 237
- Primary Shareowner Chia Koy Ee:100% (including indirect holdings)
- Location Penang, Malaysia
- Business lineup Domestic Trucking Service in Malaysia

(2) Overland Total Logistic Service (M) Sdn. Bhd.

- Established 2001
- Paid up capital 500,000 MYR
- Representative Chia Koy Ee
- Employee 55
- Primary Shareowner Poh It Pen:30%, CKE:20%, Chia Koy Ee:20% and Others
- Location Penang, Malaysia
- Business lineup Domestic and Cross-border Trucking Service in Malaysia, Warehousing

(3) Overland Total Logistic (Thailand) Co.,Ltd.

- Established 2008
- Paid up capital 26,300,000 THB
- Representative Chia Koy Ee
- Employee 35
- Primary Shareowners CKE:45%, OTL(MY):16.4% and Others
- Location Bangkok, Thailand
- Business lineup Domestic and Cross-border Trucking Service in Thailand

4. About OTL group

(1) Established cross-border line haul trucking network

OTL Group operates a cross border line haul trucking network with its own fleet and employees. This network covers the major trade lanes from Singapore to China.

(2) Timely and high quality cross border transportation

OTL Group possesses bonded warehouses and customer clearance teams at key borders checkpoints, thereby ensuring timely and high quality international trucking. OTL Group also has air suspension trucks throughout the regions, including Malaysia, Thailand, and Vietnam.



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(3) Proprietary security systems

OTL Group has developed a suite of proprietary security systems, including GPS fleet tracking, real time in-container CCTV surveillance cameras, and centralized container locking system (“E-Lock”). The Group has also been accredited by TAPA.

(note)

TAPA, which stands for Transport Asset Protection Association, specifies acceptable standards for security using trucks and associated operations to protect cargo from damage and property loss. TAPA accreditation assessment includes Facility Security Requirements (FSR) and Trucking Security Requirements (TSR).

5. About the subsidiary

● Company name	YAMATO ASIA PTE. LTD.
● Representative	Richard Chua Khing Seng / Managing Director
● Capital fund	S\$352,921,364
● Head office location	223 Mountbatten Road #01-07/08, Singapore 398008
● Business lineup	Region control of the business in Southeast Asia

6. Agreement

After acquiring the 100% shares of CKE by Yamato Asia, Yamato Asia and CKE will take control of OTL(MY) and OTL(TH) by acquiring the majority of shares of both companies.

Regarding Vietnam business, new company established by CKE will acquire and continue the business. The Purchase price are undisclosed.

7. Schedule

31st Aug, 2016 The contract day of the DA

End of December, 2016 The date of completion of stock acquisition of CKE, OTL(MY) and OTL(TH)

8. Prospects

The effects this matter will have on consolidated financial results for the fiscal year ended March 31th 2017 are minor.

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