

SECTION A1

WAIVERS

The Company has sought, and the Hong Kong Stock Exchange has granted, the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules:

Rules	Subject matter
Rules 3.28 and 8.17 of the Hong Kong Listing Rules	Joint company secretaries
Rule 19.25A of, and note 2.1 to paragraph 2 of Appendix 16 to, the Hong Kong Listing Rules	Use of U.S. GAAP
Rules 14A.35, 14A.36, 14A.52 and 14A.53 of the Hong Kong Listing Rules	Continuing connected transaction requirements applicable to the Contractual Arrangements
Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules	Exercise price of share options to be granted pursuant to the 2016 Plan
A.1, A.3(a) and B.8 of the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Hong Kong Listing Rules	Waiver in respect of Rule 10b5-1 trading plan of Company's director

1. Joint Company Secretaries

Requirements under the Hong Kong Listing Rules

Rules 3.28 and 8.17 of the Hong Kong Listing Rules require the Company to appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

Reasons for applying for the waiver

The Company appointed, with effect from the Effective Date, Mr. Ming King Chiu (趙明璟) (“**Mr. Chiu**”) of Vistra Corporate Services (HK) Limited and Ms. Songfei Li (李送霏) (“**Ms. Li**”), the Head of Capital Markets of the Company, as joint company secretaries.

Mr. Chiu currently serves as the Managing Director for Corporate Services at Vistra Corporate Services (HK) Limited, where he leads a team of professional staff to provide a full range of corporate services and listed company secretary services. Mr. Chiu has over 15 years of experience in the company secretarial field and is currently the company secretary or joint company secretary of multiple public listed companies in Hong Kong. Mr. Chiu received a Bachelor of Arts from University of Toronto in Canada and a Master of Arts in professional accounting and information systems from City University of Hong Kong. He has been an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrator) in the United Kingdom and The Hong Kong Chartered Governance Institute (“HKCGI”) (formerly known as The Hong Kong Institute of Chartered Secretaries) since 2003 and became a fellow member of the HKCGI since September 2015. He has been a vice-chairman of the Membership Committee and chairman of Professional Services Panel of HKCGI and a council member of HKCGI since 2020.

Ms. Li joined our Group in April 2017 as the Head of Capital Markets of the Company, mainly responsible for investor relations, investment and financing, group strategy, etc. Ms. Li has over 10 years of experience in capital markets. Prior to joining our Group, Ms. Li served as the head of investor relations of Grand Baoxin Auto Group Limited from 2014 to 2016 and Hilong Holding Limited from 2016 to 2017 (both are listed on the Hong Kong Stock Exchange). From 2011 to 2014, Ms. Li worked as an equity analyst at several financial institutions, including JPMorgan Chase. Ms. Li received her bachelor’s degree in business administration from Shanghai University of Finance and Economics in July 2008, and her master’s degree from Rutgers University in New Jersey, the United States, in May 2010, majoring in quantitative finance. Ms. Li is currently pursuing EMBA studies at China Europe International Business School.

The Company’s principal business activities are outside Hong Kong. There are practical difficulties finding persons who possesses Ms. Li’s day-to-day knowledge of the Company’s affairs while also having the academic and professional qualifications required. The Company believes that Ms. Li, by virtue of her knowledge and past experience in handling corporate administrative matters of the Company, is capable of discharging the functions of a joint company secretary. Further, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Ms. Li, who is an employee of the Company and who has day-to-day knowledge of the Company’s affairs. Ms. Li has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. Meanwhile, Mr. Chiu will work closely with and provide assistance to Ms. Li in the discharge of their duties as joint company secretaries.

Waiver application

Accordingly, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 3.28 and 8.17 of the Hong Kong Listing Rules for a three-year period from the Effective Date (the “**Waiver Period**”), in respect of the appointment of Ms. Li as a joint company secretary of the Company, subject to the conditions that (i) Ms. Li must be assisted by Mr. Chiu (being a person who possesses the qualifications or experience as required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary) during the Waiver Period, and (ii) the waiver can be revoked if there are material breaches of the Hong Kong Listing Rules by the Company.

Before the end of the Waiver Period, the Company must demonstrate and seek the Hong Kong Stock Exchange’s confirmation that Ms. Li, having had the benefit of Mr. Chiu’s assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Hong Kong Listing Rules such that further waiver will not be necessary.

2. Use of U.S. GAAP

Requirements under the Hong Kong Listing Rules

Note 2.1 to Paragraph 2 of Appendix 16 to, the Hong Kong Listing Rules requires the Company to prepare its financial statements in financial reports to be in conformity with: (a) HKFRS; (b) IFRS; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China, subject to Note 2.6 to Paragraph 2 of Appendix 16 to the Hong Kong Listing Rules. Note 2.6 to Paragraph 2 of Appendix 16 to the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in Note 2.1 to Paragraph 2 of Appendix 16 to the Hong Kong Listing Rules.

Rule 19.25A of the Hong Kong Listing Rules provides that the annual accounts are required to conform with financial reporting standards acceptable to the Hong Kong Stock Exchange, which are normally HKFRS or IFRS. Where the Hong Kong Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Hong Kong Stock Exchange. In such cases the Hong Kong Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

In Guidance Letter HKEX-GL111-22 (“**GL111-22**”), the Hong Kong Stock Exchange has indicated that it has accepted that the financial statements and accountants’ reports of overseas issuers with, or seeking, a dual-primary or secondary listing in the United States and on the Hong Kong Stock Exchange can be prepared in conformity with U.S. GAAP. GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants’ reports and annual/interim/quarterly reports.

Reasons for applying for the waiver

As a company primary listed on the NYSE, the Company uses U.S. GAAP, and the corresponding auditing standards for the filing of its financial statements with the U.S. Securities Exchange Commission as determined by the United States Public Company Accounting Oversight Board. Upon the Effective Date, the Company will continue to use the U.S. GAAP to prepare its financial statements. U.S. GAAP is well recognized and accepted by the global investment community, and significant progress has been made in the convergence between U.S. GAAP and IFRS. Additionally, the Company notes that it might lead to confusion among the Company's investors and Shareholders if the Company was required to adopt different accounting standards for its disclosures in Hong Kong from those in the U.S. Aligning the accountings standards used for disclosures in both markets will alleviate any such confusion.

Waiver application

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Hong Kong Listing Rules in respect of its financial statements and accountants' report in listing documents and circulars, subject to the conditions that:

- the Company will, for the financial year following the Effective Date, include (i) a description of the relevant key differences between U.S. GAAP and IFRS; and (ii) a reconciliation statement showing the financial effect of any material differences between the financial statements during the reporting period prepared using U.S. GAAP and IFRS in its interim and annual reports after the Primary Conversion with a view to enabling investors to appraise the impact of the two accounting standards on the Company's financial statements, with the reconciliation statement in the interim report to be reviewed by its external accountants in accordance with a standard that is at least equivalent to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000 and the reconciliation statement in the annual reports to be audited by external accountants;
- the Company will comply with paragraphs 30-33 of GL111-22;
- the Company will use HKFRS or IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed in the U.S. or has no obligation to make financial disclosure in the U.S.; and
- this waiver, if granted, will not be applied generally and will be based on the specific circumstances of the Company.

3. Continuing Connected Transaction Requirements Applicable to the Contractual Arrangements

The Company is a leading express delivery company in China and provide express delivery services and other value-added logistics services through its nationwide network. Due to the PRC legal restrictions on foreign ownership in companies that provide mail delivery services in China (the “**Relevant Business**”), the Company has in place certain contractual arrangements (the “**Contractual Arrangements**”) and conducts the Relevant Business mainly through the consolidated affiliated entities, namely ZTO Express (“**ZTO Express**” or the “**VIE**”) and its subsidiaries (the “**Consolidated Affiliated Entities**”). The transactions contemplated under the Contractual Arrangements will constitute continuing connected transactions of the Company under the Hong Kong Listing Rules upon the Effective Date where directors, chief executive officers or substantial shareholders of the VIEs will become connected persons (as defined in Chapter 14A of the Hong Kong Listing Rules) of the Company upon the Effective Date, unless they are exempt under the Hong Kong Listing Rules. The Contractual Arrangements were permissible for our secondary listing in Hong Kong on the basis that we are a Grandfathered Greater China Issuer (as defined in the Hong Kong Listing Rules) and paragraph 3.48 of the Guidance Letter HKEX-GL112-22 confirms that we, as a Grandfathered Greater China Issuer, is allowed to retain our existing VIE structure if we become primary listed in Hong Kong as a result of the Primary Conversion.

The Contractual Arrangements have been designed to ensure that there will be no limit on the amount of fees payable to the Group under the Contractual Agreements. Therefore, there will be no monetary cap on any agreements under the Contractual Arrangements. For summary of the Contractual Arrangements with respect to the operations of the Relevant Business of ZTO Express, please refer to section headed “Our Holding Company Structure and Contractual Arrangements” in our annual report.

Reasons for applying for the waiver

The Board is of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the Group’s legal structure and business operations. Under this structure, the financial results of the Consolidated Affiliated Entities will be consolidated into the Company’s financial statements as if they were the Company’s wholly-owned subsidiaries, and substantially all of the economic benefits of their business flows to the Group (i.e. the Group will retain substantially all of the profit generated by the Consolidated Affiliated Entities through the service fees payable to the wholly-foreign owned subsidiary of the Company (the “**WFOE**”), therefore the Board believes that it will not be in the interest of the Company and its Shareholders to set any annual cap on the amount of fees payable to the Group under the Contractual Arrangements. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the Consolidated Affiliated Entities and any member of the Group from time to time (including the Consolidated Affiliated Entities) (the “**New Intragroup Agreements**” and each of them, a “**New Intragroup Agreement**”) technically constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules upon the Effective Date, the Directors consider that it would be unduly burdensome and impracticable to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Hong Kong Listing Rules, including, among others, the announcement requirement under Rule 14A.35 of the Hong Kong Listing Rules and the independent Shareholders’ approval requirement under Rule 14A.36 of the Hong Kong Listing Rules.

The Board is also of the view that: (i) the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of the Group on normal commercial terms, on terms that fair and reasonable, and in the interests of the Company and its Shareholders as a whole; and (ii) it is normal business practice for the Contractual Arrangements to be of a term greater than three years.

The independent board committee, comprising all independent Directors, namely Mr. Frank Zhen Wei, Mr. Qin Charles Huang, Mr. Herman Yu, Mr. Tsun-Ming (Daniel) Kao and Ms. Fang Xie, none of whom has any material interest in the transactions under the Contractual Arrangements, has been established to review and confirm that the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group on normal commercial terms, on terms that are fair and reasonable, and in the interests of the Company and its Shareholders as a whole. Gram Capital Limited has been appointed as the independent financial adviser to advise the independent board committee.

Gram Capital Limited, the independent financial adviser, is also of the view that in relation to the Contractual Arrangements for the Relevant Business, it is normal business practice for agreements of this type to be of such duration exceeding three years based on all the matters set out above, including in particular: (a) its discussion with the Directors in respect of the necessity of the Contractual Arrangements for the Relevant Business; (b) the fact that as the contractual arrangement structure thereunder is a long-term arrangement, it would be unduly burdensome and impracticable for the Company to renew Contractual Arrangements every three years or less; and (c) the fact that the duration of similar arrangements of other listed issuers on the Hong Kong Stock Exchange are normally indefinite until termination or indefinite in practice.

Furthermore, Gram Capital Limited is of the view that the continuing connected transactions in relation to the Contractual Arrangements set out above have been entered into in the Group's ordinary and usual course of business on normal commercial terms, on terms that are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

Hong Kong Listing Rules implications and waiver application

The highest applicable percentage ratios under the Hong Kong Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, these transactions will be subject to the reporting, annual review, announcement, circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In respect of the Contractual Arrangements and the New Intragroup Agreements, the Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules in respect of the transactions contemplated under the Contractual Arrangements, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Hong Kong Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Hong Kong Listing Rules (collectively, the "**Applicable Requirements**"), for so long as the Class A ordinary shares of the Company are listed on the Hong Kong Stock Exchange, subject, however, to the following conditions:

(i) No change without independent non-executive Directors' approval

No change to the Contractual Arrangements (including with respect to any fees payable to the WFOE thereunder) will be made without the approval of the independent non-executive Directors.

(ii) No change without independent Shareholders' approval

Save as described in paragraph (iv) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Hong Kong Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of the Company (as set out in paragraph (v) below) will, however, continue to be applicable.

(iii) Economic benefits flexibility

The Contractual Arrangements shall continue to enable the Group to receive substantially all of the economic benefits derived by the Consolidated Affiliated Entities through (i) the Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the VIE, and the purchase price shall be the lower of the amount that the shareholders contributed to ZTO Express as registered capital for the equity interests to be purchased, or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the VIE is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to the WFOE by the VIE under the relevant exclusive business cooperation agreement, and (iii) the Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the VIE.

(iv) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced without being in strict compliance with the Applicable Requirements (including obtaining the approval of the Shareholders) (i) upon the expiry of the existing arrangements, (ii) in connection with any changes to the shareholders or directors of, or of their shareholdings in, the Consolidated Affiliated Entities, or (iii) in relation to any existing or newly established or acquired wholly foreign-owned enterprise (or foreign-controlled joint venture) or operating company (including branch company) engaging in a business similar or relating to those of the Group which the Group might wish to establish when justified by business expediency, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or newly established or acquired wholly foreign-owned enterprise (or foreign-controlled joint venture) or operating company (including branch company) engaging in a business similar or relating to those of the Group which the Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of the Company and transactions between these connected persons and the Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Hong Kong Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(v) Ongoing reporting and approvals

The Company will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial reporting period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Hong Kong Listing Rules.
- The independent non-executive Directors will review the Contractual Arrangements annually and confirm in the Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the Onshore Holdco to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group, and (iii) any new contracts entered into, renewed or reproduced between the Group and Onshore Holdco during the relevant financial period under paragraph (iv) above are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.
- The Company's auditor will carry out review procedures annually on the transactions, pursuant to the Contractual Arrangements, and will provide a letter to the Directors with a copy to the Hong Kong Stock Exchange confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by the VIE to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

- For the purpose of Chapter 14A of the Hong Kong Listing Rules, and in particular the definition of “connected person”, the Consolidated Affiliated Entities will be treated as the Company’s subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of the Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and the Group (including, for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Hong Kong Listing Rules.
- The VIE will undertake that, for so long as Class A ordinary shares of the Company are listed on the Hong Kong Stock Exchange, the VIE will provide the Group’s management and the Company’s auditor full access to its relevant records for the purpose of the Company’s auditor’s review of the connected transactions.

If any term of the Contractual Arrangements is altered, or if the Company enters into any new agreements with any connected persons (within the meaning of the Hong Kong Listing Rules) in the future, the Company must fully comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules unless it applies for and obtains a separate waiver from the Hong Kong Stock Exchange.

4. Exercise Price of Options to be Granted Pursuant to the 2016 Plan

Requirements under the Hong Kong Listing Rules

Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules states that the exercise price of an option must be at least the higher of: (i) the closing price of the securities as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant.

Reasons for applying for the waiver

Since the listing of the Company’s ADSs on the NYSE in October 2016, it has been the Company’s practice to issue options exercisable into ADSs (which represents underlying Class A ordinary shares) denominated in U.S. dollars under the 2016 Plan and the Company will continue to issue options exercisable into ADSs after the Primary Conversion. By definition, ADSs are denominated in U.S. dollars, and the exercise price for options with respect to ADSs will necessarily be presented in U.S. dollars.

It would be unduly burdensome for the Company and participants of the 2016 Plan if the exercise prices of the options exercisable into, among others, ADSs under the 2016 Plan were to be determined with reference to the share price of Hong Kong Stock Exchange. The waiver from Note (1) to Rule 17.03(9) of the Listing Rules is justified on the basis that:

- (i) the method for determining the exercise price of the options based on the market price of ADSs substantially replicates the requirement in Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules;

- (ii) it has been the Company's practice to issue options exercisable into ADSs with exercise prices denominated in U.S. dollars, the Company will continue to grant options under the 2016 Plan with exercise prices based on the market price of its ADSs which are denominated in U.S. dollars after the Primary Conversion;
- (iii) subject to the waiver from strict compliance with Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Hong Kong Listing Rules in respect of financial statements of the Company, the Company will continue to prepare its accounts based on the U.S. GAAP after the Effective Date which requires the Company values equity awards for financial reporting purposes based on their fair market value denominated in U.S. dollars as of the date of grant;
- (iv) the majority of the participants under the 2016 Plan reside outside of Hong Kong. The options already granted to the relevant participants under the 2016 Plan are predominantly held in the U.S. It will diminish the incentives to the participants of the 2016 Plan if the exercise price of the options were calculated with reference to the trading price of the shares on the Hong Kong Stock Exchange denominated in Hong Kong dollars; and
- (v) it will likely cause confusion to the participants under the 2016 Plan, to change the method of determining the exercise price of the options and will likely lead to significant inconvenience for those participants with regard to the management of their holdings in the Company and their corresponding financial planning. It will also cause significant administrative burdens to the Company, both from the timing and cost perspective, to change the determination and calculation of the exercise price of options and to provide the necessary training to all affected participants.

Conditions for granting the waiver and its scope

The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules such that the Company will be able to determine the exercise price for grants under its 2016 Plan based on the higher of: (i) the per-share closing price of the Company's ADSs on the NYSE on the date of grant, which must be a NYSE trading day; and (ii) the average per-share closing price of the Company's ADSs on the NYSE for the five NYSE trading days immediately preceding the date of grant, subject to the condition that the Company shall not issue any share options with an exercise price denominated in Hong Kong dollars unless such exercise price complies with Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules.

In the event of withdrawal of any of the aforementioned Primary Conversion Waivers, the Company would have to fully comply with such Hong Kong Listing Rules.

5. Waiver in respect of Rule 10b5-1 Trading Plan of Company's Director

Requirements under the Hong Kong Listing Rules

Rule A.1 of the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Hong Kong Listing Rules prohibits directors of a listed issuer from dealing in the securities of that issuer when in possession of inside information in relation to those securities. Rule A.3(a) of the Model Code prohibits directors of a listed issuer from dealing in securities of that issuer during certain prescribed blackout periods. Rule B.8 of the Model Code prohibits a director from dealing in any of the securities of the listed issuer without first notifying in writing and receiving a dated written acknowledgement.

Reasons for applying for the waiver

The ADSs of the Company have been listed on the NYSE since October 2016. Consistent with common practice in the U.S., Mr. Jilei Wang (“**Mr. Wang**”), an executive director of the Company, entered into Rule 10b5-1 trading plan on March 20, 2023 (the “**Trading Plan**”), through ZTO WJL Holding Limited (“**WJL**”), which is owned by a trust of which Mr. Wang is the settlor and a beneficiary, with a reputable independent securities broker (the “**Broker**”) to delegate authority to such broker to sell ADSs of the Company on the NYSE on behalf of the relevant director in compliance with Rule 10b5-1 of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). The first trade date of the Trading Plan falls on June 26, 2023, which is subsequent to the stipulated cooling-off period.

Under U.S. securities laws, sales and purchases of securities made pursuant to a qualified Rule 10b5-1 trading plan are afforded an affirmative defense to insider trading liability under Section 10(b) and Rule 10b-5 of the Exchange Act. The 10b5-1 trading plan provides flexibility to listed companies and their insiders, including the executives and directors of the Company, who have limited windows in which they do not possess material non-public information (“**MNPI**”), and allow them to plan and execute future trades with greater certainty.

Through the Trading Plan, Mr. Wang provides execution instructions to the Broker, such as the authorised maximum number of shares to be sold per day and the overall maximum in the aggregate during the term of the Trading Plan, as well as the lower limit price at which the shares may be sold. The Broker will then sell the relevant ADSs in accordance with the principles of best execution within the limits of the instructions given by Mr. Wang as stipulated in the Trading Plan.

In addition, the Trading Plan was entered into by Mr. Wang at a time when he was not in possession of MNPI, and there is a cooling-off period after entering into a Trading Plan before the first trade can commence. Furthermore, any modification of the trading plan can only be made outside of any blackout periods (the “**Blackout Periods**”) set forth in the Company's insider trading policies (the “**Trading Policies**”).

According to the Company's Trading Policies, which is in line with the general market practice in the U.S., the Blackout Period for the trading of securities of the Company begins the day after the end of a fiscal quarter and ends at the close of business on the second trading day following the date of the Company's public disclosure of its financial results for the prior year or quarter, as applicable. Therefore, the Blackout Period typically starts earlier and lasts for a longer period than that of the restricted period as prescribed in paragraph A.3(a) of the Model Code.

The Trading Plan shall expire on February 16, 2024, or be terminated upon the earliest of, amongst others, the Broker receiving notice in writing of termination of the Trading Plan from WJL confirming that the termination is in good faith and not in contradiction with the prohibitions of Rule 10b5-1, together with written confirmation of no objection from the Company outside of the Blackout Period, or the day on which the Broker reasonably determines that the Trading Plan does not comply with Rule 10b5-1 of the Exchange Act or other applicable rules.

Due to the nature of such Trading Plan whereby a director adopts a Trading Plan outside of the Blackout Period, which encompasses the restricted period as prescribed in paragraph A.3(a) of the Model Code and when he is not in possession of MNPI, and delegates the authority to the Broker to subsequently execute a trade of the Company's securities, the eventual trade of those securities may occur during the Blackout Period or when the director is in possession of MNPI.

Notwithstanding the above, since the Trading Plan was adopted in accordance with Rule 10b5-1 of the Exchange Act, the trades conducted by the Broker are unlikely to violate the principles under paragraph A.1 of the Model Code as the risk for directors to use MNPI for dealings is remote. It is important to note that the Trading Plan was adopted outside of the Blackout Period; the parameters for determining the trading price have already been fixed outside of the Blackout Period; and that any modification or early termination of the Trading Plan can only be made outside of the Blackout Period, subject to pre-clearance from the chairman of the Board or any Director designated by the Board for this purpose as confirmed by the Company. Furthermore, the dealings of shares are conducted by the Broker at its own discretion in accordance with the Trading Plan. In respect of paragraph B.8 of the Model Code, Mr. Wang will have practical difficulty in obtaining pre-clearance from the designated director before every trade pursuant to the Trading Plan, since the dealings are conducted by the Broker with the authority delegated to the Broker under the Trading Plan.

Waiver application

To facilitate the operation of such Trading Plan, the Company, on behalf of Mr. Wang, sought a waiver from Rules A.1, A.3(a) and B.8 of the Model Code.

On April 26, 2023, the Hong Kong Stock Exchange granted a waiver from Rules A.1, A.3(a) and B.8 of the Model Code in relation to the future trades of securities through the Trading Plan entered into by Mr. Wang.

For future Trading Plans, the Company may make further waiver applications on an individual basis on behalf of its directors.