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YTO INTERNATIONAL EXPRESS AND SUPPLY CHAIN TECHNOLOGY LIMITED
圓通國際快遞供應鏈科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 6123)

CONTINUING CONNECTED TRANSACTIONS
(1) MASTER SERVICE AGREEMENT;
(2) MASTER CHARTER AGREEMENT; AND
(3) MASTER IT SERVICES AGREEMENT

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 5 November 2021 in relation to, among others, the Existing Master Service Agreement and Existing Master Charter Agreement. As the Existing Master Service Agreement and Existing Master Charter Agreement will each expire on 31 December 2024, the Master Service Agreement and Master Charter Agreement were entered into for the renewal of the respective agreements.

Master Service Agreement

On 31 October 2024, the Company (for itself and on behalf of other members of the Group) has entered into the Master Service Agreement with YTO Express (for itself and on behalf of other YTO Express Members), pursuant to which (i) the Company will appoint YTO Express Members as the Group's agents; and (ii) YTO Express will appoint the Group as YTO Express Members' agents, for the provision of international express and parcel services and/or air and ocean freight services.

Master Charter Agreement

On 31 October 2024, the Company (for itself and on behalf of other members of the Group) entered into the Master Charter Agreement with YTO Express (for itself and on behalf of other YTO Express Members), pursuant to which members of the Group will appoint YTO Express Members for the provision of air freight chartering services to and from countries and regions around the world for the transportation of air cargoes.

As at the date of this announcement, the Company is held as to 63.84% by YTO Global, which is in turn indirectly wholly-owned by YTO Express. YTO Express is controlled as to 31.66% by Yuantong Jiaolong, which is in turn owned as to 51% by Mr. Yu (a non-executive Director) and 49% by his spouse. As such, YTO Express and each of the YTO Express Members is a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the Master Service Agreement and the Master Charter Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Proposed Annual Caps, when aggregated together pursuant to Rule 14A.83 of the Listing Rules, exceed HK\$10 million, and based on the aggregate of the Proposed Annual Caps, it is expected that the highest of the applicable percentage ratios (other than the profits ratio) exceeds 5% on an annual basis. Accordingly, each of the Master Service Agreement and the Master Charter Agreement is subject to the annual reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MASTER IT SERVICES AGREEMENT

On 31 October 2024, the Company (for itself and on behalf of other members of the Group) entered into the Master IT Services Agreement with YTO Express (for itself and on behalf of other YTO Express Members), pursuant to which members of the Group will appoint YTO Express Members for the provision of software design, development and maintenance services.

As YTO Express and each of the YTO Express Members is a connected person of the Company under Rule 14A.07 of the Listing Rules, the transactions contemplated under the Master IT Services Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) calculated based on the IT Services Annual Caps is more than 0.1% but less than 5% and the IT Services Annual Caps are more than HK\$3 million, the Master IT Services Agreement and the transactions contemplated thereunder would be subject to the reporting, annual review and announcement requirements but are exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be held to consider and, if thought fit, passing the ordinary resolutions to approve, among other matters, the Master Service Agreement, the Master Charter Agreement and the transactions respectively contemplated thereunder, and the respective Proposed Annual Caps.

A circular containing, among other matters, (i) further information regarding the Master Service Agreement and the Master Charter Agreement; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Service Agreement, the Master Charter Agreement and the transactions respectively contemplated thereunder, as well as the respective Proposed Annual Caps; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Master Service Agreement, the Master Charter Agreement and the transactions respectively contemplated thereunder, as well as the respective Proposed Annual Caps; and (iv) a notice of the EGM to the Shareholders, will be published on the websites of Stock Exchange and the Company and/or dispatched to the Shareholders (if requested) on or before 21 November 2024.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 5 November 2021 in relation to, among others, the Existing Master Service Agreement and Existing Master Charter Agreement. As the Existing Master Service Agreement and Existing Master Charter Agreement will each expire on 31 December 2024, on 31 October 2024, The Company and YTO Express entered into the Master Service Agreement and Master Charter Agreement for the renewal of the respective agreements.

(A) Master Service Agreement

Principal terms

On 31 October 2024, the Company (for itself and on behalf of other members of the Group) has entered into the Master Service Agreement with YTO Express (for itself and on behalf of other YTO Express Members), pursuant to which (i) the Company will appoint YTO Express Members as the Group's agents; and (ii) YTO Express will appoint the Group as YTO Express Members' agents, for the provision of international express and parcel services and/or air and ocean freight services for a term from 1 January 2025 to 31 December 2027 unless terminated earlier by 30 days' written notice by either party.

Pricing policy

For each transaction under the Master Service Agreement, the parties shall enter into separate order, provided that the terms and conditions of each of the order shall be (i) on normal commercial terms; and (ii) on terms which the Group considers to be no less favourable to the Group than terms offered by Independent Third Parties to the Group for such services of comparable quality.

Where the Group acts as the freight forwarding agent

The service fee to be paid by the relevant YTO Express Members in respect of each of the shipments will be determined on a case-by-case basis based on arm's length negotiations with the relevant member of the Group with reference to prevailing market rates.

The Group implement a pricing policy which is reviewed and determined by its management from time to time and is generally applicable to other Independent Third Party customers of the Group. Under such pricing policy, the international express and parcel services and/or air and ocean freight service fee to be offered by the Group to its customers will be determined with reference to the then prevailing international express and parcel services and/or air and ocean freight cost plus certain percentage of profit margin. It is currently a policy of the Group to generally maintain a profit margin of no less than 8%. In case of profit margin that is less than 8%, further approval from the management of the Group is required with a view to ensure such profit margin is fair and reasonable on a case-by-case basis. Such profit margin will be determined by the Group's management from time to time with reference to, among others, the following factors:

- (a) the timetable of air and ocean freight carriers – frequency of air and/or ocean freight can affect the supply of air cargo and/or container space. As a result, it will affect the level of spaces which the Group may be able to secure for its services;
- (b) the route – different routes combined with various departure and destination points will offer the Group greater flexibility in setting its service fee as the Group may formulate routes depending on the air and/or ocean freight rate than prevailing at the relevant departure and/or destination point;
- (c) popularity of the route – popularity affects the supply of air cargo and/or container space of the route and its price offered by airline and shipping companies, and hence affecting the Group to consider which route or modes of transportation service will be the most economical;
- (d) seasonality – supply and demand of air cargo and/or container space will be different between peak seasons and non-peak seasons. Air and ocean freight rate are usually higher during peak seasons. For example, At time when the Group is more competitive than other rivals, in terms of being able to secure more air cargo and/or container space from carries during time when less air and/or ocean freight is offered or on popular routes or during peak seasons, or being able to formulate cost saving routes by combining various departure and destination points given its ability to secure air cargo and/or container space at the relevant departure and destination points, the Group's management will then have a higher bargaining power to set a higher profit margin or maintain its profit margin level at times when the freight forwarding market is highly competitive. As air and ocean freight rate fluctuates frequently depending on market demand, the Group's management will make reference to the then prevailing air and ocean freight rate to determine the profit margin which could be charged; and
- (e) any other factors in which the Group's management from time to time may consider material.

Where YTO Express Members acts as the freight forwarding agent

The service fee to be paid by the relevant member of the Group in respect of each of the shipments will be determined on a case-by-case basis based on arm's length negotiations with the relevant YTO Express Members with reference to prevailing market rates. The Group will also take into account the freight/parcel volume and size, nature and requirements of items on freight, international express and parcel services charges and/or air and ocean freight charges otherwise offered by other Independent Third Party freight forwarder service providers of comparable services, the track record and reputation of other Independent Third Party freight forwarder service providers as compared with YTO Express Members and the Group's own budget and financial position.

Historical amount

The approximate transaction amount between the Group and YTO Express Members for the provision of international express and parcel services and provision of air and ocean freight services under the Existing Master Service Agreement, for each of the two years ended 31 December 2022 and 2023 and the eight months ended 31 August 2024 are set out below:

	For the year ended		For the eight
	31 December		months ended
	2022	2023	31 August
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
(i) Service fees paid to YTO Express Members	179.7	457.9	201.6
(ii) Income received from YTO Express Members	361.2	468.2	287.6

Annual caps

The Directors estimated that the maximum annual transaction amount between the Group and YTO Express Members in respect of the provision of international express and parcel services and provision of air and ocean freight services contemplated under the Master Service Agreement for the years indicated below will be as follows:

	For the year ending 31 December		
	2025	2026	2027
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
(i) Service fees payable to YTO Express Members	417.9	468.1	551.2
(ii) Income receivable from YTO Express Members	487.5	24.2	29.2

The above proposed annual caps for each of the three years ending 31 December 2027 are determined by the Directors by reference to:

- (a) the historical actual transaction amount of the service fees paid to, and income received from, YTO Express Members in respect of the transactions under the Existing Master Service Agreement for the two years ended 31 December 2023 and the eight months ended 31 August 2024;
- (b) (in respect of service fees payable to YTO Express Members) the expected demand of international express and parcel services and air and ocean freight services of the Group, particularly (i) the expected increase in the demand for air freight services for export from the PRC to South Asia; (ii) the expected increase in the demand for international express and parcel services from overseas to the PRC; and (iii) the estimated transaction amounts in respect of air freight services for import from South Asia to PRC and the international express and parcel services from PRC to overseas which are expected to commence from 2025; and
- (c) (in respect of the income receivable from YTO Express Members) the expected demand of international express and parcel service and air and ocean freight services by YTO Express Members, particularly the expected increase in the demand of air and ocean freight services within the PRC and export of international individual orders from PRC.

(B) Master Charter Agreement

Principal terms

On 31 October 2024, the Company (for itself and on behalf of other members of the Group) entered into the Master Charter Agreement with YTO Express (for itself and on behalf of other YTO Express Members), pursuant to which members of the Group will appoint YTO Express Members for the provision of air freight chartering services to and from countries and regions around the world for the transportation of air cargoes for a term from 1 January 2025 to 31 December 2027.

Pricing policy

The Charter and Related Fees shall be determined by the parties at the time of placing the order with reference to the Charter and Related Fees charged by Independent Third Party freight services providers of comparable services. All expenses related to cargo terminal operations (“**Cargo Terminal Expenses**”) at departure and destination airport are to be paid by the Group, and in the event that the relevant cargo terminal requested such expenses to be directly settled by the relevant YTO Express Members, the relevant YTO Express Members will settle such amount on behalf of the Group and the Group will fully reimburse the relevant YTO Express Members for such expenses and pay a handling fee, which is equivalent to 5% of the Cargo Terminal Expenses to the relevant YTO Express Members. The relevant member of the Group which procure the services under the Master Charter Agreement shall settle by ways of telegraphic transfer the charter fee on a weekly basis, and the other related fees (including fuel surcharges) within five working days after the issuance of the relevant electronic bill.

Under the pricing policy of the Group, the Group will obtain quotation from at least one (or such other number as shall be determined by the majority of the independent non-executive Directors from time to time) Independent Third Party freight services providers and compare it with the terms offered by the relevant YTO Express Members for the provision of air freight charter services. The Group from time to time will assess the type of flight carrier needed including but not limited to model, size and maximum loading capacity of aircraft. Owing to the above prerequisites to fulfill the Group’s demand and need, there may be occasions whereby only one other air freight charter services provider offers the same air freight charter services as offered by the YTO Express Members for a particular route. As such, under such circumstances, the Group will at least obtain the quotation available in the market as comparison with the terms offered by the relevant YTO Express Members. For such exceptional circumstances, the Board is of the view that one quotation is sufficient in determining the Charter and Related Fees as such would be the only quotation available in the market at the material time.

Under the prerequisites mentioned above, where more than one air freight charter services provider is available for a particular route, the Group will generally obtain quotation from at least two to three Independent Third Party freight services providers for comparison. The Group will also compare the track record and reputation of such Independent Third Party freight services provider against the relevant YTO Express Members’ track record and reputation. The Charter and Related Fees shall be determined by using the lower of (i) the Charter and Related Fees offered by the relevant YTO Express Members; and (ii) quotation from Independent Third Party freight services providers of comparable services.

Historical amount

The approximate transaction amount between the Group and the Cargo Members for the provision of air freight chartering services to the Group under the Existing Master Charter Agreement for each of the two years ended 31 December 2022 and 2023 and the eight months ended 31 August 2024 are set out below:

	For the year ended 31 December		For the eight months ended 31 August
	2022	2023	2024
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Charter Service Fees paid and/or reimbursed by the Group to the Cargo Members	634.7	105.3	2.9

Annual caps

The Directors estimated that the maximum annual transaction amount between the Group and YTO Express Members in respect of the provision of air freight chartering services contemplated under the Master Charter Agreement for the years indicated below will be as follows:

	For the year ending 31 December		
	2025	2026	2027
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Charter Service Fees payable to YTO Express Members	102.1	222.3	316.2

The above proposed annual caps for each of the three years ending 31 December 2027 are determined by the Directors by reference to:

- (a) the historical actual amount of Charter Service Fees paid and/or reimbursed by the Group to the Cargo Members for the two years ended 31 December 2023 and the eight months ended 31 August 2024; and
- (b) the expected demand for air freight chartering services of the Group in relation to shipments from the PRC to South Asia.

Reasons for and benefits of the transactions under the Master Service Agreement and the Master Charter Agreement

Master Service Agreement

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. 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. The Group will also benefit from the transportation and logistics business for the rest of the world brought in by YTO Express. As such, the Directors consider that the Master Service Agreement is fundamental to the business operation of, and is for the commercial benefit of, the Group.

Master Charter Agreement

The Group will benefit from the chartering services provided by the YTO Express Members, in particular, the variety of chartering routes offered by the YTO Express Members in different countries and regions around the world. This allows the Group to enhance the air freight forwarding services it may offer to its customers and increase its operational efficiency. As such, the Directors consider that the Master Charter Agreement is essential to the business growth of, and is for the commercial benefit of the Group.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser) consider that the Master Service Agreement, the Master Charter Agreement and all transactions respectively contemplated thereunder have been entered into on normal commercial terms or better (having such meaning as defined in the Listing Rules), in the ordinary and usual course of business of the Group and that the terms of each of the Master Service Agreement, the Master Charter Agreement as well as the respective Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

Implications under the Listing Rules

As at the date of this announcement, the Company is held as to 63.84% by YTO Global, which is in turn indirectly wholly-owned by YTO Express. YTO Express is controlled as to 31.66% by Yuantong Jiaolong, which is in turn owned as to 51% by Mr. Yu (a non-executive Director) and 49% by his spouse. As such, YTO Express and each of the YTO Express Members is a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the Master Service Agreement and the Master Charter Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Proposed Annual Caps, when aggregated together pursuant to Rule 14A.83 of the Listing Rules, exceed HK\$10 million, and based on the aggregate of the Proposed Annual Caps, it is expected that the highest of the applicable percentage ratios (other than the profits ratio) exceeds 5% on an annual basis. Accordingly, each of the Master Service Agreement and the Master Charter Agreement is subject to the annual reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MASTER IT SERVICES AGREEMENT

Principal terms

On 31 October 2024, the Company (for itself and on behalf of other members of the Group) entered into the Master IT Services Agreement with YTO Express (for itself and on behalf of other YTO Express Members), pursuant to which members of the Group will appoint YTO Express Members for the provision of software design, development and maintenance services in relation to, inter alia, profit management, market analysis, system architecture and application design and development. The term of the Master IT Services Agreement shall commence from 1 January 2025 and expire on 31 December 2027.

Pricing policy

Pursuant to the Master IT Services Agreement, the service fees payable by the Group to the relevant YTO Express Members in respect to the services provided thereunder shall be determined with reference to the prevailing market rates of similar services and the actual costs incurred by the relevant YTO Express Members in providing the services, provided that any such services shall be provided (i) on normal commercial terms; and (ii) on terms which are no less favourable to the Group than terms offered by Independent Third Parties for such services of comparable quality.

In determining whether to appoint the YTO Express Members to provide a specific service under the Master IT Services Agreement, the Group will obtain quotation from at least two to three Independent Third Party service providers and compare it with the terms offered by the YTO Express Members. The Group will also consider other factors, including the contents and quality of the services, the track record and reputation of other Independent Third Party service providers as compared with the YTO Express Members and its own budget and financial position.

Historical amount

There has been no historical transaction in relation to the provision of software design, development and maintenance services between the Group and YTO Express Members.

Annual caps

The Directors estimated that the maximum annual transaction amount in respect of the provision of software design, development and maintenance services contemplated under the Master IT Services Agreement for the years indicated below (the “IT Services Annual Caps”) will be as follows:

	For the year ending 31 December		
	2025	2026	2027
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Service fees payable to YTO Express Members	9.6	6.4	7.0

The IT Services Annual Caps are determined by the Directors with reference to:

- (a) the expected demand of software design, development and maintenance services by the Group for the three years ending 31 December 2027, particularly, it is expected that the demand of the Group for such IT services would be higher in 2025 at the outset of the cooperation; and
- (b) an estimated growth of 10% annually in the service fees to be charged by the YTO Express Members to cater for unexpected increase in the relevant costs.

Reasons for and benefits of the transactions under the Master IT Services Agreement

Following its business development into last mile delivery in various overseas regions such as Central Asia and Kazakhstan, the Group is required to develop customized IT systems to cater for the local import and custom clearance requirements and procedures in different countries. The YTO Express Members have substantive experience in overseas transportation and delivery services with a sizable team specializing in software design, development and maintenance for the business operation of freight forwarding and logistics services providers. As such, it is considered that YTO Express Members would have the necessary experience and knowledge in providing information technology services which suits the specific industry needs of the Group. Accordingly, the entering into of the Master IT Services Agreement is considered beneficial to the Group as it allows the Group to acquire stable and efficient information technology services at reasonable costs, thereby enhancing the efficiency of the operations of the Group.

The Directors (including the independent non-executive Directors) consider that the Master IT Services Agreement and all transactions contemplated thereunder have been entered into on normal commercial terms or better (having such meaning as defined in the Listing Rules), in the ordinary and usual course of business of the Group and that the terms of the Master IT Services Agreement as well as the IT Services Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

As at the date of this announcement, each of Mr. Yang Xinwei, Mr. Zhou Jian, Mr. Yu, Mr. Pan Shuimiao, Ms. Wang Lixiu and Mr. Su Xiufeng is a key management of YTO Express, therefore they are materially interested in the transactions under the Master IT Services Agreement. Accordingly, the aforementioned Directors have abstained from voting on the resolutions passed at the Board meeting for approving the Master IT Services Agreement and the IT Services Annual Caps. Save for the Directors mentioned above, none of the other Directors is or is deemed to have a material interest in the transactions contemplated under the Master IT Services Agreement.

Implications under the Listing Rules

As YTO Express and each of the YTO Express Members is a connected person of the Company under Rule 14A.07 of the Listing Rules, the transactions contemplated under the Master IT Services Agreement constitute continuing connected transaction of the Company under the Listing Rules.

As the highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) calculated based on the IT Services Annual Caps is more than 0.1% but less than 5% and the IT Services Annual Caps are more than HK\$3 million, the Master IT Services Agreement and the transactions contemplated thereunder would be subject to the reporting, annual review and announcement requirements but are exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

To ensure compliance with the requirements for the continuing connected transactions, the Company had adopted the following internal control measures:

- (a) the management of the Company will regularly review the transactions conducted under the CCT Agreements and ensure the compliance of the terms thereof;
- (b) the senior management has established a control system to monitor the transaction amounts under the CCT Agreements on a monthly basis to ensure that the transaction amounts have not exceeded and will not exceed the approved annual caps;
- (c) the independent non-executive Directors will conduct annual review on the continuing connected transactions to confirm whether the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (d) the auditors of the Company will conduct annual review on the continuing connected transactions of the Group to confirm that the continuing connected transactions (i) have been approved by the Board; (ii) were in all material respects, in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the relevant agreement governing them; and (iv) have not exceeded the relevant annual caps.

INFORMATION OF THE PARTIES INVOLVED

The principal activity of the Company is investment holding, and through its subsidiaries, specialises in businesses such as international express and parcel services, international air and sea freight forwarding as well as contract logistics services (including warehousing, distribution and customs clearance). 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 Express is a company listed on the Shanghai Stock Exchange (stock code: 600233). And the YTO Express Members are principally engaged in cargo transportation and as freight forwarding agent as well as the warehousing and distribution of goods as a leader in the express and courier service market in the PRC.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on whether the terms and the Proposed Annual Caps for each of the Master Service Agreement and Master Charter Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the Company has appointed Red Sun Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

The EGM will be held to consider and, if thought fit, passing the ordinary resolutions to approve, among other matters, the Master Service Agreement, the Master Charter Agreement, the transactions respectively contemplated thereunder, and the respective Proposed Annual Caps.

As at the date of the announcement, YTO Global and its associates will be required to abstain from voting on the resolutions relating to the Master Service Agreement, the Master Charter Agreement, all transactions respectively contemplated thereunder, and the respective Proposed Annual Caps at the EGM. Save as disclosed, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Master Service Agreement and the Master Charter Agreement and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

A circular containing, among other matters, (i) further information regarding the Master Service Agreement and the Master Charter Agreement; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Service Agreement, the Master Charter Agreement and the transactions respectively contemplated thereunder, as well as the respective Proposed Annual Caps; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Master Service Agreement, the Master Charter Agreement and the transactions respectively contemplated thereunder, as well as the respective Proposed Annual Caps; and (iv) a notice of the EGM to the Shareholders, will be published on the websites of Stock Exchange and the Company and/or dispatched to the Shareholders (if requested) on or before 21 November 2024.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Cargo Terminal Expenses”	as defined in the paragraph headed “Renewal of existing continuing connected transactions – (B) Master Charter Agreement – Pricing Policy” of this announcement
“Cargo Members”	YTO Cargo Airlines Co., Ltd.* (杭州圓通貨運航空有限公司) and Shanghai Yuantong International Cargo Freight Agent Co., Ltd.* (上海圓通國際貨物運輸代理有限公司), each a company established in the PRC and a wholly owned subsidiary of YTO Express
“CCT Agreements”	collectively, the Master Service Agreement, the Master Charter Agreement and the Master IT Services Agreement
“Charter and Related Fees”	the charter fee and other charter related fees (including but not limited to fuel surcharge and deicing fee) for each of the countries and regions around the world
“Charter Service Fees”	Charter and Related Fees, the Cargo Terminal Expenses (which include those paid by the YTO Express Members to the relevant cargo terminal on behalf of the Group) and handling fees in respect of the Cargo Terminal Expenses to be paid and/or reimbursed by the Group to the relevant YTO Express Members
“Company”	YTO International Express And Supply Chain Technology Limited (圓通國際快遞供應鏈科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Master Service Agreement, the Master Charter Agreement and the respective Proposed Annual Caps

“Existing Master Charter Agreement”	the agreement dated 5 November 2021 and entered into between the Company (for itself and on behalf of other members of the Group) with the Cargo Members, pursuant to which the Cargo Members would provide air freight chartering services to the Group to and from countries and regions around the world for the transportation of air cargoes
“Existing Master Service Agreement”	the agreement dated 5 November 2021 and entered into between the Company and YTO Express where (i) the Company have appointed YTO Express Members as the Group’s agents for the rest of the world; and (ii) YTO Express have appointed the Group as YTO Express Members’ agents for the rest of the world, for the provision of international express and parcel services and/or air and ocean freight services
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors formed for the purpose of advising the Independent Shareholders in relation to the Master Service Agreement and the Master Charter Agreement and the respective proposed annual caps
“Independent Financial Adviser”	Red Sun Capital Limited, the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the Master Service Agreements and Master Charter Agreement and the respective Proposed Annual Caps
“Independent Shareholders”	Shareholders, other than YTO Global and its associates and any Shareholder who has material interest in the Master Service Agreements and Master Charter Agreement and the transactions respectively contemplated thereunder, and the respective Proposed Annual Caps
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) not connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Charter Agreement”	the agreement dated 31 October 2024 and entered into between the Company (for itself and on behalf of other members of the Group) and YTO Express (for itself and on behalf of other YTO Express Members) in relation to the provision of air freight chartering services by the YTO Express Members to the Group
“Master IT Services Agreement”	the agreement dated 31 October 2024 and entered into between the Company (for itself and on behalf of other members of the Group) and YTO Express (for itself and on behalf of other YTO Express Members) in relation to the provision of software design, development and maintenance services
“Master Service Agreement”	The agreement dated 31 October 2024 and entered into between the Company (for itself and on behalf of other members of the Group) and YTO Express (for itself and on behalf of other YTO Express Members) in relation to the provision of international express and parcel services and/or air and ocean freight services between the Group and the YTO Express Members
“Mr. Yu”	Mr. Yu Huijiao, a non-executive Director and a controlling Shareholder of the Company
“PRC”	the People’s Republic of China, excluding for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under each of the Master Service Agreement and the Master Charter Agreement for each of the three years ending 31 December 2027
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“YTO Express”	YTO Express Group Co., Ltd.* (圓通速遞股份有限公司), a joint stock limited liability company incorporated in the PRC and a controlling Shareholder
“YTO Express Members”	YTO Express and its subsidiaries and associated companies (excluding the Group)
“YTO Global”	YTO Global Holdings Limited, a company established under the laws of Hong Kong 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

“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong

“%” 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 International Express and Supply Chain Technology Limited
圓通國際快遞供應鏈科技有限公司
Yu Huijiao
Chairman

Hong Kong, 31 October 2024

As at the date of this announcement, the Board comprises two executive directors, namely, Mr. Yang Xinwei and Mr. Zhou Jian; four non-executive directors, namely, Mr. Yu Huijiao, Mr. Pan Shuimiao, Ms. Wang Lixiu and Mr. Su Xiufeng; and three independent non-executive directors, namely, Mr. Li Donghui, Mr. Xu Junmin and Mr. Chung Kwok Mo John.