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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)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to about HK\$5,322.5 million for the FY2024, representing an increase of about 0.6% as compared to that of the FY2023 (FY2023: about HK\$5,291.6 million);
- Air freight business recorded a decrease of about 62.8% in segment results for the FY2024 as compared to that of the FY2023, to about HK\$34.2 million (FY2023: about HK\$92.0 million);
- Ocean freight business recorded an increase of about 61.3% in segment results for the FY2024 as compared to that of the FY2023, to about HK\$33.9 million (FY2023: about HK\$21.0 million);
- The Group recorded a loss attributable to equity shareholders of the Company of about HK\$40.8 million for the FY2024, as compared to a profit attributable to equity shareholders of the Company of about HK\$96.8 million for the FY2023; and
- The Board resolved not to declare the payment of a final dividend for the FY2024 (FY2023: HK2.3 cents).

The board (the “**Board**”) of directors (the “**Directors**”) of YTO International Express and Supply Chain Technology Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**FY2024**”), together with the comparative audited figures for the year ended 31 December 2023 (the “**FY2023**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	5,322,482	5,291,610
Cost of sales		(4,952,012)	(4,810,282)
Gross profit		370,470	481,328
Other income		21,646	27,998
Administrative expenses		(383,641)	(376,054)
Net impairment loss recognised under expected credit loss model		(12,877)	(3,036)
Impairment loss on interests in associates and joint ventures		(24,521)	(13,000)
Other gains or losses		6,736	3,756
Share of results of associates		181	(75)
Share of results of joint ventures		(13,480)	2,574
Finance costs		(2,434)	(2,039)
(Loss)/profit before taxation		(37,920)	121,452
Income tax expense	3(a)	(4,045)	(24,984)
(Loss)/profit for the year	4	(41,965)	96,468
(Loss)/profit for the year attributable to:			
Equity shareholders of the Company		(40,774)	96,775
Non-controlling interests		(1,191)	(307)
		(41,965)	96,468
(Losses)/earnings per share (Hong Kong cents)			
Basic	5	(9.75)	23.15
Diluted	5	(9.75)	23.15

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit for the year	<u>(41,965)</u>	<u>96,468</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Items that will not be reclassified to profit or loss</i>		
Deficit on revaluation of leasehold land and buildings	(1,429)	(65)
Deferred tax arising on revaluation of leasehold land and buildings	463	140
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of associates	227	157
Share of other comprehensive income of joint ventures	(866)	1,099
Exchange difference arising from foreign operations	<u>(10,100)</u>	<u>(5,462)</u>
Other comprehensive income for the year	<u>(11,705)</u>	<u>(4,131)</u>
Total comprehensive income for the year	<u><u>(53,670)</u></u>	<u><u>92,337</u></u>
Attributable to:		
Equity shareholders of the Company	(52,467)	92,922
Non-controlling interests	<u>(1,203)</u>	<u>(585)</u>
Total comprehensive income for the year	<u><u>(53,670)</u></u>	<u><u>92,337</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		4,417	5,051
Property, plant and equipment		27,751	29,775
Right-of-use assets		34,673	38,415
Goodwill		451	500
Intangible assets		14,449	7,606
Interests in associates		2,134	3,437
Interests in joint ventures		–	37,156
Deferred tax assets		20,900	18,150
		104,775	140,090
Current assets			
Trade receivables	7	734,159	1,044,855
Other receivables, deposits and prepayments		90,860	90,465
Contract assets		1,904	2,583
Financial assets at fair value through profit or loss		–	745
Amount due from immediate holding company		–	125
Amounts due from joint ventures		–	18,922
Amounts due from associates		11,035	14,651
Amounts due from fellow subsidiaries		124,311	10,697
Prepaid tax		11,899	14,923
Pledged bank deposits		14,683	21,644
A fixed bank deposit with maturity more than 3 months		–	3,855
Bank balances and cash		672,246	823,029
		1,661,097	2,046,494

		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Current liabilities			
Trade and other payables	8	388,734	712,968
Contract liabilities		13,836	10,995
Amounts due to associates		–	4,799
Amounts due to fellow subsidiaries		84,295	117,419
Amount due to an immediate holding company		79	–
Tax liabilities		6,025	4,908
Lease liabilities		18,662	20,661
Bank borrowings		–	794
		<u>511,631</u>	<u>872,544</u>
Net current assets		<u>1,149,466</u>	<u>1,173,950</u>
Total assets less current liabilities		<u>1,254,241</u>	<u>1,314,040</u>
Non-current liabilities			
Other payables	8	7,358	1,697
Lease liabilities		18,635	19,335
Deferred tax liabilities		2,212	4,628
		<u>28,205</u>	<u>25,660</u>
		<u>1,226,036</u>	<u>1,288,380</u>
Capital and reserves			
Share capital	9	42,019	42,019
Reserves		1,179,091	1,240,255
		<u>1,221,110</u>	<u>1,282,274</u>
Total equity attributable to equity shareholders of the Company		<u>1,221,110</u>	<u>1,282,274</u>
Non-controlling interests		4,926	6,106
		<u>1,226,036</u>	<u>1,288,380</u>
Total equity		<u>1,226,036</u>	<u>1,288,380</u>

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial information have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information for the year ended 31 December 2024 comprises the Group and the Group’s interests in associates and joint ventures.

The HKICPA has issued the following new and amended HKFRSs for the current accounting period of the Group:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Certain comparative figures have been adjusted to conform to current period’s presentation and to provide comparative amounts in respect of items discloses for the first time in 2024.

2. SEGMENT INFORMATION

	Segment revenue		Segment results	
	2024 HK\$’000	2023 HK\$’000	2024 HK\$’000	2023 HK\$’000
Operating and reportable segments				
Air freight	3,272,682	2,632,299	34,178	91,974
Ocean freight	834,815	647,630	33,883	21,000
Logistics	81,024	70,225	2,005	(1,898)
International express and parcel	1,039,072	1,802,463	180	81,134
Others	94,889	138,993	6,570	20,022
Total	<u>5,322,482</u>	<u>5,291,610</u>	<u>76,816</u>	<u>214,232</u>
Other income			21,646	27,998
Other gains or losses			6,736	3,756
Unallocated corporate expenses			(102,864)	(111,994)
Share of results of associates			181	(75)
Share of results of joint ventures			(13,480)	2,574
Finance costs			(2,434)	(2,039)
Impairment loss on interests in associates and joint ventures			(24,521)	(13,000)
(Loss)/profit before taxation			<u>(37,920)</u>	<u>121,452</u>

3. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	398	12,012
– Enterprise Income Tax (“EIT”) in the PRC	6,626	7,397
– Other jurisdictions	1,414	3,080
	<u>8,438</u>	<u>22,489</u>
(Over)/under provision in respect of prior years		
– Hong Kong Profits Tax	(371)	(259)
– EIT in the PRC	(33)	(10)
– Other jurisdictions	13	(519)
	<u>(391)</u>	<u>(788)</u>
Withholding tax on dividend received	<u>–</u>	<u>949</u>
	8,047	22,650
Deferred taxation	<u>(4,002)</u>	<u>2,334</u>
	<u><u>4,045</u></u>	<u><u>24,984</u></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both financial years.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC subsidiaries of the Group is taxed at 25% for both financial years.

Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”) and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(b) Current taxation in the consolidated statement of financial position represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax for the year	398	12,012
Provision for EIT in the PRC for the year	6,626	7,397
Provision for tax in other jurisdictions for the year	1,414	3,080
Provisional tax paid	<u>(14,312)</u>	<u>(32,504)</u>
	(5,874)	(10,015)
Balance of tax provision relating to prior years	<u>–</u>	<u>–</u>
	<u><u>(5,874)</u></u>	<u><u>(10,015)</u></u>

(c) Pillar Two income tax

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

4. (LOSS)/PROFIT FOR THE YEAR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	5,947	5,813
Depreciation of property, plant and equipment	6,947	6,627
Depreciation of right-of-use assets	26,897	25,753
Amortisation of intangible assets (included in administrative expenses)	<u>1,615</u>	<u>1,663</u>
Net impairment loss recognised under expected credit loss model	<u><u>12,877</u></u>	<u><u>3,036</u></u>
Staff costs		
Directors' emoluments	5,190	6,246
Other staff costs		
Staff costs excluding retirement benefit contributions	236,065	241,710
Retirement benefit contributions	22,043	26,168
Equity-settled share-based payment	<u>967</u>	<u>2,161</u>
Total staff costs	<u><u>264,265</u></u>	<u><u>276,285</u></u>
Gross rental income from investment properties	262	270
Less: outgoings incurred which generated rental income	<u>(51)</u>	<u>(56)</u>
	<u><u>211</u></u>	<u><u>214</u></u>

5. (LOSSES)/EARNINGS PER SHARE

The calculation of the basic and diluted (losses)/earnings per share attributable to equity shareholders of the Company is based on the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Losses)/earnings		
(Losses)/earnings for the purposes of basic and diluted		
(losses)/earnings per share (profit for the year attributable		
to equity shareholders of the Company)	<u>(40,774)</u>	<u>96,775</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of		
basic and diluted earnings per share	<u>417,990,000</u>	<u>417,990,000</u>

Diluted earnings per share equaled basic earnings per share for the year ended 31 December 2024 and 2023 because the dilutive potential ordinary shares outstanding were anti-dilutive.

6. DIVIDEND

Pursuant to the resolution passed by the shareholders of the Company at the Company's annual general meeting held on 7 June 2024, a final dividend of HK2.3 cents per ordinary share in respect of the FY2023, in an aggregate amount of HK\$9,664,000, was paid on 8 July 2024 to all shareholders whose names appeared on the register of members of the Company on 20 June 2024.

The Board did not recommend the payment of a final dividend in respect of the FY2024.

7. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 60 days to its trade customers.

The following is an ageing analysis of trade receivables net of allowance for credit losses, based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	459,792	829,456
31–60 days	108,406	102,240
61–90 days	60,179	73,770
91–180 days	38,201	26,060
181–365 days	64,349	8,847
Over 365 days	<u>3,232</u>	<u>4,482</u>
	<u>734,159</u>	<u>1,044,855</u>

8. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 60 days	212,010	399,414
61–180 days	41,419	39,946
181–365 days	605	4,350
Over 365 days	11,850	6,849
	<u>265,884</u>	<u>450,559</u>
Trade and other payables analysed as:		
– current	388,734	712,968
– non-current	7,358	1,697
	<u>396,092</u>	<u>714,665</u>

9. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	<u>420,190,000</u>	<u>42,019</u>

The shares issued rank pari passu with other shares in issue in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the Company actively implemented its international development strategy. Adhering to the development concept of “going global with the Belt and Road Initiative, going global with cross-border e-commerce, and going global with Chinese people and Chinese enterprises (跟著『一帶一路』走出去、跟著跨境電商走出去、跟著華人華企走出去)”, and embracing the expansion path of “China Connects the World and the World Connects the World (中國聯世界、世界聯世界)”, the Company seized the opportunities for the development of its international business, deeply implemented its international development strategy, and gradually expanded its international network coverage and market presence through means such as self-construction and self-operation (自建自營) and strategic cooperations, thereby rapidly improved the Company’s global network coverage. As of the end of FY2024, the Company’s overseas network covered more than 150 countries and regions in six continents, forming an overall customs clearance network covering nearly 50 major ports in China and certain major overseas ports.

Leveraging on its international network coverage and professional talent team, the Company comprehensively promoted the integrated development of international express delivery, supply chain and freight businesses. In 2024, the Company continuously launched premium express routes connecting the People’s Republic of China (“**China**”) and other countries such as Japan, the Republic of Kazakhstan (“**Kazakhstan**”), Australia, and the Republic of South Korea, actively developed full-chain services for routes to the United States of America (the “**US**”), the United Kingdom, Australia, and other markets, comprehensively established business presence in countries such as Kazakhstan and regions such as the Middle East and the eastern Europe, thereby gradually improving its cross-border service chain for international express delivery. The Company exerted efforts to promote the development of its supply chain business, and has already launched supply chain products and services covering various industries such as biomedicine, consumer electronics and high-end manufacturing, providing large multinational companies with integrated and comprehensive supply chain solutions. In the meantime, the Company maintained the stable operation and development of its international freight business; gradually provided customers at home and abroad with comprehensive logistics services featuring convenient customs clearance, guaranteed timeliness and stable services; realised the integration and symbiosis of its international and domestic businesses and achieved their sustainable and healthy development; built a community of shared future for the international supply chain network ecosystem; and promoted global supply chain integration, which in turn enhanced the Company’s comprehensive global service capabilities.

The Company recorded a revenue of approximately HK\$5,322.5 million during FY2024 (FY2023: approximately HK\$5,291.6 million), representing an increase of approximately 0.6% from FY2023. Gross profit decreased by approximately 23.0% from FY2023 to approximately HK\$370.5 million for FY2024 (FY2023: approximately HK\$481.3 million). Gross profit margin during FY2024 was approximately 7.0% (FY2023: approximately 9.1%). During FY2024, the Company recorded a net loss of approximately HK\$42.0 million (FY2023: a net profit of approximately HK\$96.5 million), and a net loss attributable to equity shareholders of the Company of HK\$40.8 million (FY2023: a net profit attributable to equity shareholders of the Company of approximately HK\$96.8 million).

This net loss incurred for the FY2024 was mainly attributable to (i) the decrease in overall gross margins of air freight and international express business which led to a decrease in gross profit of the Group's air freight and international express as a result of the challenging macroeconomic conditions and price pressures; and (ii) partial adjustments in the allocation of strategic resources of the Company in 2024 in light of the global economic situation and industry development and changes by further focusing on its core businesses and key areas and withdrawing its equity interest in certain non-major joint ventures, which resulted in a one-off investment disposal losses.

Nevertheless, the Company has actively adjusted its business and operational strategies, and constantly improved its product types to raise service standards. As such, the Company remains relatively optimistic about the recovery of its performance and the long-term development in the future.

Segmental Analysis

The Group's core business comprises air and ocean freight forwarding services, complemented by the ancillary and contract logistics services (including warehousing, distribution and customs clearance), international express and parcel services, international supply chain business and other businesses (comprising combined shipments, trucking, rail freight, air delivery services, general sales agency and hand-carry services, etc.). The comprehensive range of services offered by the Group enables the Group to meet diverse customers' needs and provide cross-selling opportunities.

Air Freight

The air freight forwarding business continued to be the largest business segment of the Group, representing about 61.5% of the Group's total revenue during the FY2024 (FY2023: about 49.7%). Services offered by the Group mainly include arranging shipment upon receipt of booking instructions from customers, obtaining cargo space from airlines, preparing the relevant documentation, and upon delivery to the destination, arranging customs clearance and cargo handling. The Group has become one of the preferred business partners of renowned companies from around the world, hailing from the garment, footwear and electronic industries, delivery of small parcels for e-commerce business and others. During the FY2024, the air freight forwarding business recorded a revenue of about HK\$3,272.7 million (FY2023: about HK\$2,632.3 million), representing an increase of about 24.3% as compared to that in FY2023. Gross profit of the segment decreased from about HK\$221.6 million during the FY2023 to about HK\$190.9 million during the FY2024, representing a decrease of about 13.8% as compared to that in FY2023. The increase in revenue was due to the increase in the sales volume, while the decrease in gross profit was due to the lower profit margin as a result of more price-sensitive market requirements for air freight and chartering services during the FY2024.

Ocean Freight

Contributing about 15.7% of the Group's total revenue during the FY2024 (FY2023: about 12.2%), the ocean freight forwarding business principally involves organizing shipments, arranging customs clearance and haulage services. The established relationships with trade partners and shipping lines, together with the in-house tailored freight operations system, have enabled the Group to capture the ocean freight market growth. During the FY2024, revenue of the ocean freight segment increased by about 28.9% to about HK\$834.8 million (FY2023: about HK\$647.6 million). Gross profit decreased to about HK\$126.1 million during the FY2024 (FY2023: about HK\$130.0 million), representing a decrease of about 3.0% as compared to that in FY2023. Gross profit declined slightly due to the intensified market competition.

Logistics Services

Accounting for about 1.5% of the Group's total revenue during the FY2024 (FY2023: about 1.3%), the ancillary and contract logistics services segment includes warehousing, distribution and customs clearance. Warehousing includes pick and pack, labelling, quality inspection, sorting, pickup and delivery services for export shipments from the shipper's location to the outgoing port and delivery of import shipments from arrival at the incoming port to the consignee's location. It is supported by the Group's information technology platform, which allows customers to conveniently trace inventory levels, incoming and outgoing shipments and other information online. Revenue generated from this segment was about HK\$81.0 million during the FY2024 (FY2023: about HK\$70.2 million), representing an increase of 15.4% as compared to that in FY2023, which was mainly due to the growth in overseas warehousing business.

International Express and Parcel Services

International express and parcel services, which mainly consist of cross-border small parcels business, is one of the Group's emerging businesses in recent years and also one of the Group's important strategic segments to respond to the booming of the global cross-border e-commerce. It accounted for about 19.5% of the total revenue of the Group for the FY2024 (FY2023: about 34.1%). The Group continued to pay attention to the cross-border e-commerce market and consumer needs and is committed to providing high-quality cross-border parcel logistics services for e-commerce platforms, merchants, and consumers.

During the FY2024, the Group has completed delivery of about 51.6 million units in international express and parcel business (FY2023: about 140.7 million units). The international express and parcel services business recorded a revenue of about HK\$1,039.1 million during the FY2024 (FY2023: about HK\$1,802.5 million), representing a decrease of about 42.4% as compared to that in FY2023. Gross profit of the segment decreased from about HK\$97.9 million during the FY2023 to about HK\$24.9 million during the FY2024, representing a decrease of about 74.6% as compared to that in FY2023. This was mainly due to the Group's long-term sustainable development strategy of focusing on products of international express and parcel services with long-term competitiveness and proactively reducing some of the products in international express and parcel services with short-term value during the FY2024.

Other Businesses

Other businesses include combined shipments, trucking, rail freight, air delivery services, general sales agency and hand-carry services, etc.. During the FY2024, the other businesses recorded a revenue of about HK\$94.9 million (FY2023: about HK\$139.0 million), representing a decrease of about 31.7% as compared to that in FY2023, and a gross profit of about HK\$14.2 million (FY2023: about HK\$28.9 million), representing a decrease of about 50.9% as compared to that in FY2023.

Liquidity and Financial Resources

The Group has centralised financing policies and control over all its operations which enables the Group to have a tight control of treasury operations and lower average cost of funds.

The Group's working capital as at 31 December 2024 was about HK\$1,149.5 million, representing a decrease of about 2.1% from about HK\$1,174.0 million as at 31 December 2023. The current ratio of the Group increased from about 2.35 times as at 31 December 2023 to about 3.25 times as at 31 December 2024. As at 31 December 2024, the Group's bank balances and cash amounted to about HK\$672.2 million, representing a decrease of about 18.3% from about HK\$823.0 million as at 31 December 2023. For the FY2024, the Group had operating cash outflow of about HK\$72.8 million (FY2023: outflow about HK\$245.9 million). As at 31 December 2024, the Group had no outstanding bank borrowings (as at 31 December 2023: HK\$0.8 million). The gearing ratio of the Group, calculated as total bank borrowings divided by total equity, was about 0% as at 31 December 2024 (as at 31 December 2023: 0.1%). The Group will continue to secure financing as and when the need arises.

Foreign Exchange Risk

In light of the nature of the Group's business, the Group is exposed to various foreign currency risks including RMB, USD, AUD, RM, SGD, THB, INR, EUR, GBP, CAD, JPY, VND, IDR, HUF, AED, KZT, KRW and TWD among which, RMB, AUD and USD are mostly used in the Group's business apart from HK\$. Nevertheless, the Group's operations are predominately subject to the fluctuations of RMB since HK\$ is pegged to USD. The Group continued to exercise a strict control policy and did not engage in any speculative trading in debt securities or financial derivatives during the FY2024.

Significant Investments

During the FY2024, the Group did not hold any material investments.

Capital Expenditure Commitments

As at 31 December 2024 and 2023, the Group did not have any capital expenditure commitments.

Charge on Assets

As at 31 December 2024, the Group had pledged the following assets to secure certain banking facilities representing guarantees on payment to certain airline suppliers of the Group for the Group's cargo space purchase and bank borrowings granted to the Group:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Financial asset at fair value through profit or loss	–	745
Pledged bank deposits	<u>14,683</u>	<u>21,644</u>
	<u>14,683</u>	<u>22,389</u>

EVENTS AFTER THE REPORTING PERIOD

There were no events causing material impact on the Group from 31 December 2024, being the end of the reporting period to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 19 July 2024, Yuantong (Jiaxing) Supply Chain Co., Limited* (圓通(嘉興)供應鏈有限公司) (as purchaser), an indirect wholly-owned subsidiary of the Company, and YTO Express Co., Ltd* (圓通速遞有限公司) (as vendor), a wholly-owned subsidiary of YTO Express Group Co., Ltd.* (圓通速遞股份有限公司) (“**YTO Express**”, a controlling shareholder of the Group (as defined under the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong (“**Stock Exchange**”))), entered into a sale and purchase agreement for the acquisition of the entire equity interest in Shanghai Yuantong International Cargo Freight Agent Co., Ltd.* (上海圓通國際貨物運輸代理有限公司), an indirect wholly-owned subsidiary of YTO Express, for a consideration of RMB8,810,000 (equivalent to about HK\$9,477,000) (the “**Acquisition**”). For details of the Acquisition, please refer to the Company's announcements dated 19 July 2024 and 20 August 2024.

PROSPECTS

According to the World Economic Outlook released by the International Monetary Fund (IMF) in January 2025, global economic growth is expected to be 3.3% in 2025 and 2026, lower than the average of 3.7% in the past two decades (2000 to 2019). The World Bank's January forecast, however, predicts that global economic growth will remain at 2.7% from 2025 to 2026. Despite the difference in forecast figures, the IMF and the World Bank both believe that various factors such as increasing policy uncertainty among countries and dramatic geopolitical changes, will cast a shadow of uncertainties on the prospects for global economic development. Nevertheless, the Company remains cautiously optimistic about future economic development and its business, mainly based on the following factors:

Global economic recovery has stabilized, but uncertainty may undermine growth expectations

According to the World Bank's forecast, economic growth is expected to remain at around 1.7% from 2025 to 2026, in the absence of significant changes in trade or fiscal policies in developed economies. The US economy is expected to slow down, while the Euro Zone and Japan will recover moderately. Emerging markets and developing economies (EMDEs) will maintain growth of around 4%. Growth of EMDE (excluding China) is projected to accelerate slightly from 3.5% in 2024 to an average of 3.8% in 2025–26. The World Bank is of the opinion that the global outlook is clouded by considerable uncertainties. As potential adverse changes in trade policies and increased policy uncertainty pose risks to global trade and economic activities, global growth may be lower than expected.

With the strong growth of China's foreign trade, seize the strategic opportunity of “express delivery going global”

As mentioned above, despite the substantial uncertainty in the global economic outlook, China's foreign trade has continued to expand and shown resilience in the past few years, with high regional concentration as a notable characteristic. According to the General Administration of Customs of the PRC, the total value of China's import and export trade rose from RMB32.16 trillion for 2020 to RMB43.84 trillion for 2024, representing a compound annual growth rate (CAGR) of approximately 8.0%. It is worth mentioning that China's foreign trade transactions were mainly conducted with countries in Asia, with regional trade accounting for 50.2%. As such, the overall trend of China's economic recovery will remain unchanged despite the increasing complexity, severity and uncertainty of the external environment.

In view of the above, the Company believes that China's foreign trade and exports are resilient to risks, and are expected to improve in the long run, which will provide broad development space for the international logistics and supply chain industries. As the Chinese government firmly upholds the multilateral trading system with the World Trade Organization at its core, expands its common interests with other countries, steps up policy support to stabilize its foreign trade, and persistently facilitates the expansion and upgrading of trade and investment cooperation based on the "Belt and Road Initiative", it is believed that the new momentum for China's trade development will emerge at a faster pace, and the foundation for steady growth, improved quality and increased efficiency of imports and exports will be further consolidated. Therefore, the Company will remain steadfast to the development concept of "going global with the Belt and Road Initiative, going global with cross-border e-commerce, and going global with Chinese people and Chinese enterprises", seize the strategic opportunity of "express delivery going global", and focus its efforts on the following aspects:

Keep advancing network construction and vigorously develop a global network system

The Company will give priority to network and continue to consolidate the construction of network infrastructure. With the vision of "The World is Within Your Reach (世界因我們觸手可得)", the Company will gradually build a radiating network of "China Connects the World and the World Connects the World (中國聯世界、世界聯世界)", and establish an integrated global logistics network with a global vision and layout.

The Company will build a supply chain network system that covers the globe to connect active regional participants in import and export trade with China, such as Kazakhstan and Thailand. With international core hubs including Almaty and Bangkok as nodes and air-rail-sea-road multimodal transport system as the international trunk route, the Company will build a "backbone + mesh" network structure radiating to the world, with the infrastructure connecting the world being completed gradually to achieve global connectivity.

In the technology-driven digital transformation, build core competitiveness through system upgrades

In recent years, emerging technologies such as artificial intelligence, cloud computing and big data have been developing rapidly. Industry players have been driving industrial upgrading with technology, actively promoting the in-depth integration of emerging technologies with business operations and management, and accelerating the cultivation of new quality productivity for the industry. In response to the call of "promoting the transformation and upgrading of traditional industries" proposed in government work reports, and adhering to the principles of "digitalization, mobility, real-time, and visualization", the Company advanced digital transformation in an all-round manner, strengthened technology-driven innovation, and facilitated the wide promotion and application of emerging technologies such as big data, cloud computing and artificial intelligence in business operations. By embracing an Internet mindset to create advanced information tools, accelerating the upgrade and update of tools for management and control of business operations, and redefining the use of digital management tools, we comprehensively promote digital transformation and upgrading.

Looking forward, the Company believes that an important component of the Company's future core competitiveness will include providing enterprises and consumers with secured, convenient, efficient and intelligent logistics services, that is, by embracing technology and investing in research and development ("R&D") to promote the further transformation of enterprises toward technology-intensive ones. Based on its existing business needs and in light of industry development trends and customer demands, the Company will increase its investment in technology R&D, pursue all-round improvement in corporate management efficiency, customer communication efficiency and value delivery efficiency, thus realizing the transformation of the Company from a traditional international logistics supply chain enterprise into a logistics technology enterprise.

With steady growth of air freight, leverage resource synergy to seek business breakthroughs

According to the International Air Transport Association (IATA), global air freight volume keeps growing from 2020 to 2025, and is expected to reach 72.5 million tons in 2025, representing a year-on-year increase of 5.8%. According to the 2024 global air freight market analysis, demand for airlines in the Asia-Pacific region increased by 14.5% year-on-year, accounting for 34.2% of the global air freight market. The Company believes that, by strengthening business linkage with YTO Cargo Airlines Co., Ltd. ("YTO Airlines"), a wholly owned subsidiary of the parent company, and leveraging the business and resource synergies of the two companies, it could benefit from the continued growth in global air freight volume and growing demand in the Asia-Pacific region, thereby achieving new breakthroughs in the air freight sector.

Keep up with the development trend of cross-border e-commerce to create a new pillar for business development

According to the General Administration of Customs of the PRC, the total import and export value of China's cross-border e-commerce kept growing from RMB1.63 trillion for 2020 to RMB2.63 trillion for 2024, representing a compound annual growth rate (CAGR) of 12.7%, and China's total value of cross-border imports and exports as a proportion of foreign trade value has increased year by year to 6%. The Company believes that, as cross-border e-commerce gradually steps into a new stage dominated by brands and platforms, the Company may, by relying on its good cooperative relationship with existing e-commerce platforms and through enhancing the depth of cooperation, increasing the loyalty of cooperation and expanding the scope of cooperation, fully leverage its resource integration and full-chain service capabilities to capitalize on the demand from cross-border e-commerce sector for high-quality, convenient, reliable and stable international logistics services, and foster it into a core driving force for the future performance growth and even for the creation of a second growth curve of the Company.

Comprehensively strengthen integrated service capabilities and accelerate the expansion in international markets

The Company focuses on fields such as apparel, automotive, semiconductors and electronic products, and continuously strengthens its global supply chain capabilities. It maintains good cooperation with large multinational companies, by providing comprehensive logistics services for international comprehensive events, further consolidates an integrated “warehousing, linehaul, distribution and customs clearance” international supply chain logistics service capability. In addition to its existing major customers, the Company is also actively exploring resources in other industries and from other major customers to accelerate the expansion in international markets. Furthermore, based on the characteristics of its existing business, the Company will integrate and coordinate the capabilities and resources of its overseas freight and express subsidiaries to introduce last-mile transportation and distribution services in destination countries, thereby further enhancing the loyalty of its major customers.

HUMAN RESOURCES

As at 31 December 2024, the Group employed about 1,119 employees (as at 31 December 2023: about 978 employees). During the FY2024, employee costs, including Directors’ remuneration, was about HK\$264,265,000 (2023: about HK\$276,285,000). Remuneration packages are generally structured to market terms, individual qualifications and experience. The Company has also adopted a share option scheme and a share award plan for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, who contribute to the success of the Group’s operations. Training activities have also been conducted to improve the performance of sales and marketing activities and customer services.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities (including sale of treasury shares) during the FY2024.

As at 31 December 2024, there were no treasury shares held by the Company.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend in respect of the FY2024 (FY2023: HK2.3 cents per ordinary share of the Company (the “Share(s)”).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 6 June 2025 to Wednesday, 11 June 2025 (both days inclusive) for the purpose of determining the right to attend and vote at the forthcoming AGM. In order to be qualified for attending and voting at the forthcoming AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the corresponding share certificates are lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. (Hong Kong time) on Thursday, 5 June 2025.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

CORPORATE GOVERNANCE

The Board has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Part 2 to Appendix C1 to the Listing Rules. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code throughout the FY2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct of the Company governing the Directors' securities transactions during the FY2024.

AUDIT COMMITTEE

The Company has established an audit committee which comprises one non-executive Director, namely, Ms. Wang Lixiu, and two independent non-executive Directors, namely, Mr. Chung Kwok Mo John and Mr. Li Donghui. Mr. Chung Kwok Mo John is the chairman of the audit committee.

The audit committee of the Company has discussed with the management of the Group and reviewed the audited consolidated financial results of the Group for the FY2024, including, among other things, the accounting principles and practices adopted by the Group, and discussed the financial reporting system and the risk management and internal control systems of the Company.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.ytglobal.com. The annual report for the FY2024 will be published on the websites of the Stock Exchange and the Company in due course in accordance with the Listing Rules.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

By order of the Board of
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, 27 March 2025

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.