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YTO EXPRESS (INTERNATIONAL) HOLDINGS LIMITED

圓通速遞（國際）控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 6123)

(I) CONTINUING CONNECTED TRANSACTION – MASTER SERVICE AGREEMENT: REVISION OF ANNUAL CAPS FOR THE YEARS ENDING 31 DECEMBER 2022, 2023 AND 2024

(II) PROPOSED CHANGE OF COMPANY NAME AND

(III) PROPOSED ADOPTION OF AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

(I) CONTINUING CONNECTED TRANSACTION – MASTER SERVICE AGREEMENT: REVISION OF ANNUAL CAPS FOR THE YEARS ENDING 31 DECEMBER 2022, 2023 AND 2024

Reference is made to the announcement of the Company dated 5 November 2021 and the Circular in relation to, among others, the annual caps for the continuing connected transactions contemplated under the Master Service Agreement.

Given the reasons as set out in this announcement, the Company proposes to revise the annual caps in respect of (i) the service fees to be paid to Yuantong Members; and (ii) the income to be received from Yuantong Members under the Master Service Agreement for the three years ending 31 December 2024.

Based on the proposed Revised 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, the adoption of the Revised Annual Caps is subject to the annual reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(II) PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from “YTO Express (International) Holdings Limited” to “YTO International Express and Supply Chain Technology Limited” and adopt the dual foreign name of the Company in Chinese of “圓通國際快遞供應鏈科技有限公司” in place of its existing dual foreign name “圓通速遞(國際)控股有限公司”. The proposed Change of Company Name is subject to the approval by the Shareholders at the EGM by way of a special resolution and the approval of the Registrar of Companies in Cayman Islands.

(III) PROPOSED ADOPTION OF AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

In view of the proposed Change of Company Name, the Board also proposes to amend and restate the Memorandum and Articles of Association to (i) reflect the proposed Change of Company Name, with effect from the same time the proposed Change of Company Name takes effect; and (ii) make certain minor housekeeping amendments to the Memorandum for the purpose of reflecting the current registered office of the Company in the Memorandum. The Board proposes to put forward to the Shareholders for approval at the EGM a special resolution to adopt the New M&A with the proposed Amendments. The proposed adoption of the New M&A is subject to the passing of a special resolution.

GENERAL

The EGM will be held to consider and, if thought fit, passing (i) the ordinary resolution to approve, among other matters, the adoption of the Revised Annual Caps; and (ii) special resolutions to approve the proposed Change of Company Name and the proposed adoption of the New M&A.

A circular containing, among other matters, (i) further information regarding the proposed Revised Annual Caps; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the adoption of the Revised Annual Caps; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the adoption of the Revised Annual Caps; (iv) further information regarding the proposed Change of Company Name and the proposed adoption of the New M&A; and (v) a notice of the EGM to the Shareholders, will be despatched to the Shareholders on or before 21 October 2022.

(I) CONTINUING CONNECTED TRANSACTION – MASTER SERVICE AGREEMENT: REVISION OF ANNUAL CAPS FOR THE YEARS ENDING 31 DECEMBER 2022, 2023 AND 2024

Reference is made to the announcement of the Company dated 5 November 2021 and the circular of the Company dated 8 December 2021 (“**Circular**”) in relation to, among others, the annual caps for the continuing connected transactions contemplated under the Master Service Agreement.

Master Service Agreement

On 5 November 2021, the Company has entered into the Master Service Agreement with Yuantong, pursuant to which (i) the Company have appointed Yuantong Members as the Group’s agents for the rest of the world; and (ii) Yuantong have appointed the Group as Yuantong Members’ agents for the rest of the world, for the provision of international express and parcel services and/or air and ocean freight services for the term commencing from 1 January 2022 to 31 December 2024 unless terminated earlier by 30 days’ written notice by either party.

The principal terms of the Master Service Agreement and information on the historical transaction amount between the Group and Yuantong Members were set out in the Circular. Up to the date of this announcement, no change has been made to the Master Service Agreement. Please refer to the Circular for further details on the principal terms and conditions of the Master Service Agreement and historical transaction amount.

Revision of Annual Caps

Due to the unanticipated increase in demand for the provision of international express and parcel services and air and/or ocean freight services, the Directors noted that based on the unaudited amount of (i) the service fees paid to Yuantong Members; and (ii) the income received from Yuantong Members, under the Master Service Agreement for the eight months ended 31 August 2022 amount to approximately HK\$65.0 million and HK\$244.7 million. As such, the transaction amount of the service fees to be paid to Yuantong Members and the income to be received from Yuantong Members under the Master Service Agreement is approaching its existing annual cap of HK\$69.7 million and HK\$366.4 million, respectively, for the year ending 31 December 2022.

In light of the above and taking into account the expected demand of the Group and Yuantong Members for the services under the Master Service Agreement for the remaining quarter of 2022, the Company proposes to revise the annual caps in respect of (i) the service fees to be paid to Yuantong Members; and (ii) the income to be received from Yuantong Members under the Master Service Agreement for the three years ending 31 December 2024 (the “**Revised Annual Caps**”).

Set out below are the (i) original annual caps contemplated under the Master Service Agreement for each of the three years ending 31 December 2024; (ii) actual transaction amount of the annual caps under the Master Service Agreement for the year/period as specified below; and (iii) the Revised Annual Caps for the three years ending 31 December 2024:

	Original annual caps			Actual transaction amount		Revised Annual Caps		
	for the years ending 31 December			for the year ended	for the eight months ended	for the years ending 31 December		
	2022	2023	2024	31 December	31 August	2022	2023	2024
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
			(audited)	(unaudited)				
(i) Service fees to be paid to Yuantong Members	69.7	83.6	100.3	323.8	65.0	183.7	1,062.6	1,552.0
(ii) Income to be received from Yuantong Members	366.4	465.6	558.8	215.1	244.7	510.2	1,040.3	1,097.2

The above proposed Revised Annual Caps for each of the three years ending 31 December 2024 are determined by the Directors by reference to:

- (i) the historical actual amount of (a) international express and parcel services and air and/or ocean freight services fees paid by the Group to Yuantong Members; and (b) international express and parcel services and air and/or ocean freight services income received by the Group from Yuantong Members for the year ended 31 December 2021 and the eight months ended 31 August 2022;
- (ii) the expected demand of international express and parcel service and air and ocean freight services by Yuantong Members;
- (iii) the expected growth of approximately 478% and 46% in demand of international express and parcel services and air and ocean freight services to be provided by Yuantong Members for the years ending 31 December 2023 and 2024, respectively; and
- (iv) the expected growth of approximately 104% and 6% in demand of international express and parcel services and air and ocean freight services to be provided to Yuantong Members for the years ending 31 December 2023 and 2024, respectively.

Reasons for and Benefits of the Transactions

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. Yuantong 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 Yuantong. 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.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the Independent Financial Adviser), are of the view that the adoption of the Revised Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

Information on the Group and Yuantong

The principal activity of the Company is investment holding, and through its subsidiaries, specialises in international air and sea freight forwarding as well as warehousing and value-added logistics and distribution. The Group further provides support services in relation to origin management, key account management, customs and compliance, web-based supply chain visibility and supply chain consultancy.

Yuantong is a company listed on the Shanghai Stock Exchange (stock code: 600233).

Yuantong Members are principally engaged in the warehousing and distribution of goods as a leader in the express and courier service market in the PRC.

Relationships and Implications Under the Listing Rules

As at the date of this announcement, Yuantong is a company controlled as to over 30% by Yuantong Jiaolong, which in turn is a company owned as to 51% by Mr. Yu (a non-executive Director) and 49% by his spouse. Accordingly, Yuantong is a connected person of the Company under Rule 14A.07 of the Listing Rules.

Accordingly, the transactions contemplated under the Master Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the proposed Revised 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, the adoption of the Revised Annual Caps is subject to the annual reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 adoption of the Revised Annual Caps for the three years ending 31 December 2024 for the Master Service 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.

(II) PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from "YTO Express (International) Holdings Limited" to "YTO International Express and Supply Chain Technology Limited" and adopt the dual foreign name of the Company in Chinese of "圓通國際快遞供應鏈科技有限公司" in place of its existing dual foreign name "圓通速遞(國際)控股有限公司". A special resolution will be proposed at the upcoming EGM to be convened to consider and, if thought fit, approve the proposed Change of Company Name.

Reasons for the Proposed Change of Company Name

The Board considers that the proposed Change of Company name is in line with the Group's strategic business plan for future development and refreshment for its brand, and believes that the proposed Change of Company Name is to provide the Group with a fresh corporate image which will benefit future business development of the Group. Accordingly, the Board is of the view that the proposed Change of Company Name is in the best interests of the Company and the Shareholders as a whole.

Conditions for the Proposed Change of Company Name

The proposed Change of Company Name is subject to the following conditions:

- (i) the passing of the necessary special resolution by the Shareholders at the EGM to approve, amongst others, the proposed Change of Company Name; and
- (ii) the Registrar of Companies in the Cayman Islands approving the proposed Change of Company Name.

Subject to the satisfaction of all the conditions set out above, the proposed Change of Company Name will take effect from the date on which the Registrar of Companies in the Cayman Islands issues the certificate of incorporation on change of name confirming the new name has been registered. Thereafter, the Company will carry out all necessary filing procedures with the Companies Registry in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Effects of the Proposed Change of Company Name

The proposed Change of Company Name will not affect any rights of the existing holders of securities of the Company or the Company's daily business operation and its financial position.

All the existing certificates of securities of the Company in issue bearing the existing name of the Company will, upon the proposed Change of Company Name becoming effective, continue to be evidence of title to such securities of the Company and will continue to be valid for trading, settlement, registration and delivery of the same number of securities of the Company in the new English name and Chinese name of the Company. As soon as the proposed Change of Company Name has become effective, any new certificates of the securities of the Company will be issued in the new English name and Chinese name of the Company. There will not be any arrangement for free exchange of the existing certificates of the securities of the Company for new certificates bearing the new English name and Chinese name of the Company.

In addition, subject to the confirmation by the Stock Exchange, the Company intends to change the English and Chinese stock short name for trading of the shares of the Company on the Stock Exchange after the proposed Change of Company Name has become effective.

(III) PROPOSED ADOPTION OF AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

In view of the proposed Change of Company Name, the Board also proposes to amend and restate the Memorandum and Articles of Association to (i) reflect the proposed Change of Company Name, with effect from the same time the proposed Change of Company Name takes effect; and (ii) make certain minor housekeeping amendments to the Memorandum for the purpose of reflecting the current registered office of the Company in the Memorandum. Details of the proposed Amendments will be set out in the circular to be despatched to the Shareholders in due course.

The Board proposes to put forward to the Shareholders for approval at the EGM a special resolution to adopt the New M&A with the proposed Amendments. The proposed adoption of the New M&A is subject to the passing of a special resolution.

GENERAL

The EGM will be held to consider and, if thought fit, passing (i) the ordinary resolution to approve, among other matters, the adoption of the Revised Annual Caps; and (ii) special resolutions to approve the proposed Change of Company Name and the proposed adoption of the New M&A.

As at the date of the announcement, YTO Global Holdings Limited, Mr. Yang Xinwei and their respective associates will be required to abstain from voting on the resolutions relating to the adoption of the Revised 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 adoption of the Revised Annual Caps and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolution.

A circular containing, among other matters, (i) further information regarding the proposed Revised Annual Caps; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the adoption of the Revised Annual Caps; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the adoption of the Revised Annual Caps; (iv) further information regarding the proposed Change of Company Name and the proposed adoption of the New M&A; and (v) a notice of the EGM to the Shareholders, will be despatched to the Shareholders on or before 21 October 2022.

Further announcement(s) will be made by the Company to inform the Shareholders of the results of the EGM, the effective date of the proposed Change of Company Name and the new English and Chinese stock short name for trading of the shares of the Company on the Stock Exchange.

DEFINITIONS

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

“Amendments”	the amendments and amendment and restatement of the Memorandum and Articles of Association to (i) reflect the proposed Change of Company name; and (ii) make certain minor housekeeping amendments to the Memorandum for the purpose of reflecting the current registered office of the Company in the Memorandum
“Articles of Association”	the amended and restated articles of association of the Company (as amended from time to time)
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Change of Company Name”	the change of the English name of the Company from “YTO Express (International) Holdings Limited” to “YTO International Express and Supply Chain Technology Limited” and adoption of the dual foreign name of the Company in Chinese of “圓通國際快遞供應鏈科技有限公司” in place of its existing dual foreign name “圓通速遞(國際)控股有限公司”
“Company”	YTO Express (International) Holdings Limited 圓通速遞(國際)控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“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 adoption of the Revised Annual Caps, the Change of Company Name and the proposed adoption of the New M&A
“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 adoption of the Revised 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 adoption of the Revised Annual Caps
“Independent Shareholders”	Shareholders, other than YTO Global Holdings Limited, Mr. Yang Xinwei and their respective associates and any Shareholder who has material interest in the proposed Revised Annual Caps
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Service Agreement”	the agreement dated 5 November 2021 and entered into between the Company and Yuantong where (i) the Company have appointed Yuantong Members as the Group’s agents for the rest of the world; and (ii) Yuantong have appointed the Group as Yuantong Members’ agents for the rest of the world, for the provision of international express and parcel services and/or air and ocean freight services
“Memorandum”	the amended and restated memorandum of association of the Company (as amended from time to time)
“Mr. Yu”	Mr. Yu Huijiao, a non-executive Director and a controlling shareholder of the Company
“New M&A”	the new amended and restated memorandum of association and articles of association of the Company with the proposed Amendments proposed to be adopted by the Shareholders at the EGM
“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
“Revised Annual Caps”	the revised annual caps as proposed for the transactions contemplated under the Master Service Agreement for each of the three years ending 31 December 2024 as set out in the section headed “(I) Continuing Connected Transaction – Master Service Agreement: Revision of Annual Caps for the Years Ending 31 December 2022, 2023 and 2024” of this announcement
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Yuantong”	YTO Express Group Co., Ltd. 圓通速遞股份有限公司, a joint stock limited liability company established in the PRC and a controlling shareholder of the Company

“Yuantong Jiaolong”	上海圓通蛟龍投資發展(集團)有限公司 (Shanghai Yuantong Jiaolong Investment Development (Group) Co., Ltd.*), a company established in the PRC and a controlling shareholder of the Company
“Yuantong Members”	Yuantong and its subsidiaries and associated companies excluding the Group
“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 Express (International) Holdings Limited
 圓通速遞(國際)控股有限公司
Yu Huijiao
Chairman

Hong Kong, 29 September 2022

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Huang Yifeng and Mr. Sun Jian; four non-executive Directors, namely Mr. Yu Huijiao, Mr. Pan Shuimiao, Mr. Yang Xinwei and Mr. Chen Dong; and three independent non-executive Directors, namely, Mr. Li Donghui, Mr. Xu Junmin and Mr. Chung Kwok Mo John.