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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)

**GRANT OF AWARDS UNDER THE SHARE AWARD PLAN,
PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE
AWARD PLAN PURSUANT TO SPECIFIC MANDATE
AND
CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED ISSUE OF NEW SHARES
UNDER THE SHARE AWARD PLAN TO
CONNECTED PERSONS
PURSUANT TO SPECIFIC MANDATE**

GRANT OF AWARD SHARES UNDER THE PLAN

Reference is made to the announcement of the Company dated 17 August 2018 in relation to the adoption of the Plan.

On 31 August 2018, the Board has resolved to grant Awards to 42 Selected Participants under the Plan comprising of an aggregate of 10,400,000 Award Shares, subject to acceptance of the Selected Participants, of which, (i) 2,500,000 Connected Award Shares were awarded to four Connected Selected Participants by way of issue and allotment of new Shares and (ii) 7,900,000 Independent Award Shares were awarded to 38 Independent Selected Participants by way of issue and allotment of new Shares.

As the Connected Selected Participants are connected persons of the Company, the issue and allotment of the Connected Award Shares to those Connected Selected Participants constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and shall be subject to the approval by the Independent Shareholders. Specific mandate will also be obtained for issue and allotment of the Independent Award Shares to the Independent Selected Participants.

The EGM will be held to consider and, if thought fit, passing the ordinary resolutions to approve, among other matters, the specific mandate for the allotment and issue of the Selected Participant Award Shares.

A circular containing, among other matters, (i) information regarding the Award Shares and the proposed specific mandate for the allotment and issue of the Selected Participant Award Shares, (ii) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Connected Award Shares, (iii) a letter of recommendation from the independent board committee to the Independent Shareholders in respect of the Connected Award Shares and (iv) a notice of the EGM to the Shareholders, will be despatched to the Shareholders on or before 21 September 2018.

Reference is made to the announcement of the Company dated 17 August 2018 in relation to the adoption of the Plan (“**Announcement**”). Capitalised terms used in this announcement have the same meanings as defined in the Announcement unless otherwise stated.

GRANT OF AWARD SHARES UNDER THE PLAN

On 31 August 2018, the Board has resolved to grant Awards to 42 Selected Participants under the Plan comprising of an aggregate of 10,400,000 Award Shares, subject to acceptance of the Selected Participants, by way of issue and allotment of new Shares pursuant to the specific mandate which may be granted by the Independent Shareholders/Shareholders (as the case may be) at the EGM.

Among the 10,400,000 Award Shares:

- (i) the Connected Award Shares were awarded to four Connected Selected Participants; and
- (ii) the Independent Award Shares were awarded to 38 Independent Selected Participants.

AWARD TO THE CONNECTED SELECTED PARTICIPANTS

As the four Connected Selected Participants are the connected persons (as defined in Chapter 14A of the Listing Rules) of the Company, the Awards will be satisfied by the issue and allotment of new Shares to the Trustee under the Plan which shall be held on trust by the Trustee before the vesting of the Awards. As such, the allotment and issue of such Connected Award Shares shall constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The issue and allotment of the Connected Award Shares shall be subject to, among others, the approval by the Independent Shareholders at the EGM.

The Connected Award Shares were awarded to the following connected persons of the Company:

Name of Connected Selected Participants	Relationship with the Group	Number of Connected Award Shares
Wong Pui Wah	Former Director in the last 12 months and currently director of certain subsidiaries of the Company	800,000
Cheung Ching Wa, Camy	Former Director in the last 12 months and currently director of certain subsidiaries of the Company	600,000
Chen Jinbo	Director of certain subsidiaries of the Company	500,000
Dennis Ronald de Wit	Former Director in the last 12 months and currently director of certain subsidiaries of the Company	600,000
Total		<hr/> <u>2,500,000</u>

The Awards granted to the Connected Selected Participants have been approved by the independent non-executive Directors.

None of the Directors has any material interest in the awards of the Connected Award Shares. Accordingly, none of the Directors has abstained from approving the relevant board resolutions on the awards of the Connected Award Shares.

AWARD TO THE INDEPENDENT SELECTED PARTICIPANTS

7,900,000 Independent Award Shares were awarded to the Independent Selected Participants, who are either employees of the Group (none of which are directors or chief executive of any members of the Group) or Selected Participants who have contributed or may contribute by way of business arrangement to the development and growth of the Group. The Awards will be satisfied by the issue and allotment of new Shares to the Trustee under the Plan which shall be held on trust by the Trustee before the vesting of the Awards. The issue and allotment of the Independent Award Shares shall be subject to, among others, the approval by the Shareholders at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Independent Selected Participants are third parties independent of the Company and connected persons of the Company.

FURTHER DETAILS OF THE SELECTED PARTICIPANT AWARD SHARES

The information in relation to the Awards of the Selected Participant Award Shares is set out below:

Securities to be issued:	An aggregate of 10,400,000 Award Shares, comprising (i) 2,500,000 Connected Award Shares to be issued and allotted to the Trustee which shall be held on trust for the Connected Selected Participants before the vesting of the Awards; and (ii) 7,900,000 Independent Award Shares to be issued and allotted to the Trustee which shall be held on trust for the Independent Selected Participants before the vesting of the Awards.
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The Selected Participant Award Shares to be issued by the Company to the Selected Participants represent approximately 2.5% of the total number of Shares in issue at the date of this announcement and approximately 2.4% of the total number of Shares in issue as enlarged by the issue and allotment of the Selected Participant Award Shares.

The Selected Participant Award Shares will rank equally with the Shares in issue on the date of their allotment and issue.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Selected Participant Award Shares.

Issue price of the Award Shares:	At par value of HK\$0.10 per Share
Market value of the Award Shares:	Based on the closing price of the Shares as at the date of this announcement, as quoted on the Stock Exchange of HK\$3.34 per Share, the market values of 2,500,000 Connected Award Shares and 7,900,000 Independent Award Shares are approximately HK\$8,350,000 and HK\$26,836,000, respectively.
Market price of the Shares:	<p>The closing price of the Shares as at the date of this announcement as quoted on the Stock Exchange is HK\$3.34 per Share.</p> <p>The average closing price of the Shares for the five consecutive trading days immediately preceding the date of this announcement as quoted on the Stock Exchange was HK\$3.44 per Share.</p>

Nominal value of the Award Shares:	The Award Shares have a total nominal value of HK\$1,040,000.
Consideration and funds to be raised:	The Selected Participants are required to pay (the “ Vesting Price ”) a vesting price of HK\$1 per Selected Participant Award Share to the Trustee on or before the applicable Vesting Date to which the vesting of the relevant Selected Participant Award Shares relates (as carried forward pursuant to sub-paragraph (i) of the paragraph headed “Vesting Conditions” below where applicable) (the “ Prescribed Payment Deadline ”), failing which, the Selected Participant Awards for the Selected Participant Award Shares shall automatically lapse upon expiry of such Prescribed Payment Deadline. The Vesting Price will be paid to the Trustee as Trust Fund to be held by the Trustee for the Plan. As such, no fund will be raised by the Company as a result of the issue and allotment of the Award Shares.
Identity of the allottee:	The Shares will be allotted and issued to the Trustee and the Trustee will hold the Selected Participant Award Shares during the Vesting Period on the terms of the Trust Deed.
Vesting:	Subject to the acceptance by each of the Selected Participants and the vesting conditions as mentioned below being fully satisfied, the Selected Participant Award Shares shall be vested on the following date as follows:

Vesting Year	Vesting Date	Percentage of Selected Participant Award Shares to be vested
2019	The later of (i) the Business Day immediately after the 12th month following 31 August 2018 (“ Date of Grant ”); or (ii) the Business Day immediately after the 30th day of the Business Day immediately after the publication of the annual results of the Company for the year ending 31 December 2018 pursuant to the Listing Rules, subject however to the carrying forward mechanism as referred to in sub-paragraph (i) of the paragraph headed “Vesting Conditions” below.	30%
2020	The later of (i) the Business Day immediately after the 24th month following the Date of Grant; or (ii) the Business Day immediately after the 30th day of the Business Day immediately after the publication of the annual results of the Company for the year ending 31 December 2019 pursuant to the Listing Rules, subject however to the carrying forward mechanism as referred to in sub-paragraph (i) of the paragraph headed “Vesting Conditions” below (the “ 2020 Vesting Date ”).	30%
2021	The later of (i) the Business Day immediately after the 36th month following the Date of Grant; or (ii) the Business Day immediately after the 30th day of the Business Day immediately after the publication of the annual results of the Company for the year ending 31 December 2020 pursuant to the Listing Rules.	40%

Vesting Conditions:

Subject as provided under the Plan, vesting of Award Shares on a particular Vesting Date is conditional upon the performance targets as set out in both paragraphs (i) and (ii) below being fully satisfied:

(i) *Company level performance target:*

The Company achieves an audited consolidated profit after tax (excluding extraordinary items) in an amount as prescribed by the Board for each of the years ending 31 December 2018, 2019 and 2020.

If any of the above Company level performance target for the Vesting Year 2019 or Vesting Year 2020 could not be achieved, unless such relevant Company level performance target having been waived or adjusted by the Board, the Selected Participant Award Shares (the “**C/F Awarded Shares**”) in relation to the relevant Vesting Date will not be vested but will be carried forward to the Vesting Date for the next Vesting Year so that the vesting of these C/F Awarded Shares will be vested on the Vesting Date for the next Vesting Year subject to the Company achieving the performance target for the original Vesting Year and the next Vesting Year on an accumulated basis. Assuming that the Selected Participants have achieved his/her personal level performance targets for Vesting Year 2019 as mentioned below, if the Company fails to achieve the performance target set for the Vesting Year 2019 but is able to achieve the performance target set for the Vesting Year 2020 so that the aggregate audited consolidated profit after tax (excluding extraordinary items) for the years ending 31 December 2018 and 2019 equals to or exceeds the aggregate performance targets as prescribed by the Board, the C/F Awarded Shares for the Vesting Year 2019 will be vested on the 2020 Vesting Date. However, if the Company is only able to achieve the performance target set for the Vesting Year 2020 but fails to achieve the aggregate performance targets for both Vesting Year 2019 and Vesting Year 2020, the Selected Participant Awards for the C/F Awarded Shares in respect of the Vesting Year 2019 shall automatically lapse on the 2020 Vesting Date.

(ii) Personal level performance target

The Selected Participant shall obtain an overall score of 60 or above for his/her personal level performance target(s) in respect of the relevant Vesting Year in the appraisal conducted by the chairman of the Company before each of the date of the publication of the annual results of the Company for the financial years ending 2018, 2019 and 2020. Personal level performance target is assessed based on one or more of the indicators as prescribed by the Board.

If the Selected Participant fails to achieve the relevant personal level performance target(s) in respect of the relevant Vesting Year, the Selected Participant Award for the Selected Participant Award Shares for the relevant Vesting Year shall automatically forthwith lapse on the date when the Company by way of written notice informs the Selected Participant of his/her overall score in respect of the relevant Vesting Year on the respective dates of the publication of the annual results of the Company for the years ending 31 December 2018, 2019 and 2020.

Others:

In the event that the Selected Participant ceases to be an Employee by reason as described in the Plan, or the Selected Participant is found to be an Excluded Participant or fails to return duly executed transfer documents prescribed by the Trustee between the date the Selected Participant has made the payment for the Vesting Price and the relevant Vesting Date, the Selected Participant Award made to him/her shall automatically lapse forthwith and all/the relevant Selected Participant Award Shares (as the case may be) shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Plan. Under such circumstances, the Trustee shall within 10 Business Days from the original intended Vesting Date refund to the Selected Participant all of the Vesting Price received (without interest).

CONDITIONS

The issue and allotment of the Connected Award Shares to the Trustee which shall be held on trust for the Connected Selected Participants shall be subject to:

- (i) the approval by the Independent Shareholders at the EGM in respect of the specific mandate for the issue and allotment of the Connected Award Shares; and
- (ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Connected Award Shares which may be allotted and issued by the Company to the Trustee.

The issue and allotment of the Independent Award Shares to the Trustee which shall be held on trust for the Independent Selected Participants shall be subject to:

- (i) the approval by the Shareholders at the EGM in respect of the specific mandate for the issue and allotment of the Independent Award Shares; and
- (ii) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Independent Award Shares which may be allotted and issued by the Company to the Trustee.

REASONS FOR AND BENEFITS IN THE GRANT OF AWARD SHARES

The Plan forms part of the incentive schemes of the Group. The Board considers that the grant of the Awards to the Selected Participants, which were determined with reference to, among others, the contribution and/or future contribution to the development and growth of the Group, provides incentives to each of them and will allow the Group to attract and retain talents for the continual operation and development of the Group. Furthermore, there will not be any actual cash outflow by the Company for the Awards of the Award Shares as such Award Shares will be satisfied by way of issue and allotment of new Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

INFORMATION ON THE GROUP

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.

EGM

The EGM will be held to consider and, if thought fit, passing the ordinary resolutions to approve, among other matters, the specific mandate for the allotment and issue of the Selected Participant Award Shares.

As at the date of this announcement, none of the Connected Selected Participants or their respective associates holds any Shares. On such basis and to the best knowledge of the Directors, no Shareholder is required to be abstained from voting on the resolutions relating to the proposed specific mandate for the allotment and issue of the Selected Participant Award Shares at the EGM.

A circular containing, among other matters, (i) information regarding the Award Shares and the proposed specific mandate for the allotment and issue of the Selected Participant Award Shares, (ii) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Connected Award Shares, (iii) a letter of recommendation from the independent board committee to the Independent Shareholders in respect of the Connected Award Shares and (iv) a notice of the EGM to the Shareholders, will be despatched to the Shareholders on or before 21 September 2018.

Details of the Connected Award Shares will be disclosed in the Company's published annual report and accounts in accordance with Rule 14A.49 of the Listing Rules.

GENERAL

The Board believes that the grant of the Selected Participant Awards is in line with the purposes and objectives of the Plan.

The Directors (including the independent non-executive Directors) consider that the awards of the Selected Participant Award Shares to the Selected Participants and the transactions contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The independent board committee of the Company, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the specific mandate for the allotment and issue of the Connected Award Shares to the Connected Selected Participants is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in relation to the specific mandate for the allotment and issue of the Connected Award Shares to the Connected Selected Participants.

DEFINITIONS

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

“Award”	an award of Award Shares made in accordance with the Plan
“Award Shares”	the Share(s) awarded to a Selected Participant pursuant to an Award
“Board”	the board of Directors and if the context of the terms of the Plan and/or the Trust Deed so permits, it shall include such committee or sub-committee or person(s) delegated with the power and authority by the board of Directors to administer the Plan
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“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 Award Shares”	an aggregate of 2,500,000 Award Shares awarded to the Connected Selected Participants
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Selected Participants”	Selected Participants who were former Directors in the last 12 months and/or director of certain subsidiaries of the Company, being connected persons of the Company
“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 allotment and issue of the Selected Participant Award Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Award Shares”	an aggregate of 7,900,000 Award Shares awarded to the Independent Selected Participants
“Independent Selected Participants”	Selected Participants who are third parties independent of the Company and connected persons of the Company
“Independent Shareholders”	the Shareholders who are independent of, and not connected with, the Connected Selected Participants and their respective associates and are not required to abstain from voting at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Plan”	the share award plan of the Company, which has become effective on 17 August 2018, as altered from time to time

“Selected Participant Award”	an award of the Selected Participant Award Shares granted by the Board to the Selected Participants in accordance with the Plan
“Selected Participant Award Shares”	an aggregate of 10,400,000 Shares awarded to the Selected Participants under the Plan pursuant to the Board’s approval on 31 August 2018
“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
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed dated 17 August 2018 and entered into between the Company as settlor and Acheson Limited as Trustee for governing, among other matters, the duties and powers of the Trustee, as restated, supplemented and amended from time to time
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Eligible Participants under the Plan in accordance with the terms of the Plan and the Trust Deed
“Trustee”	the trustee under the Trust Deed which, as at the date of this announcement, is Acheson Limited, a company incorporated in Hong Kong
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Award Shares are vested in such Selected Participant pursuant to an Award
“Vesting Period”	in relation to any Selected Participant, the period commencing on the date on which the Award Shares have been provisionally set aside pursuant to an Award to such Selected Participant and ending on the Vesting Date (both dates inclusive)

“Vesting Year” in relation to any Selected Participant, the year on which the legal and beneficial ownership of the Award Shares are vested in such Selected Participant pursuant to an Award

“%” per cent.

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, 31 August 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Li Xianjun and Mr. Lam Chun Chin, Spencer; four non-executive Directors, namely Mr. Yu Huijiao, Mr. Su Xiufeng, Mr. Zhu Rui and Mr. Lin Kai; and three independent non-executive Directors, namely, Mr. Li Donghui, Mr. Xu Junmin and Mr. Chung Kwok Mo John.