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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)

CONTINUING CONNECTED TRANSACTIONS
PAST CCT AND MASTER SERVICE AGREEMENT

PAST CCT

The Board announces that since February 2018, members of the Group and Yuantong Members, entered into the Past CCT with each other for the provision of international express and parcel services and/or air freight services. For the year ended 31 December 2018, the aggregate amount of (i) international express and parcel services and air freight services fees paid by the Group to Yuantong Members for the Past CCT amounted to approximately HK\$35.6 million; and (ii) international express and parcel services and air freight services income received by the Group from Yuantong Members for the Past CCT amounted to approximately HK\$7.4 million.

MASTER SERVICE AGREEMENT

On 24 April 2019, 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 as of 1 January 2019 to 31 December 2021 unless terminated earlier by 30 days' written notice by either party.

IMPLICATIONS UNDER THE LISTING RULES

Throughout the year ended 31 December 2018 and as at the date of this announcement, Yuantong is a company owned as to over 50% 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 Past CCT and the transactions contemplated under the Master Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Company only noticed the Past CCT constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules during its preparation of the annual report for the year ended 31 December 2018, and it had failed to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules for the Past CCT, the Company would like to, by way of this announcement, disclose relevant details of the Past CCT in accordance with Chapter 14A of the Listing Rules.

Based on the annual caps for the transactions under the Master Service Agreement, it is expected that each of the percentage ratios (other than the profits ratio) will be less than 5% on annual basis. Accordingly, the Master Service Agreement is subject to annual review and all disclosure requirements but exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

(A) PAST CCT

The Board announces that since February 2018, members of the Group and Yuantong Members, entered into the Past CCT with each other for the provision of international express and parcel services and air freight services. For the year ended 31 December 2018, the aggregate amount of (i) international express and parcel services and air freight services fees paid by the Group to Yuantong Members for the Past CCT amounted to approximately HK\$35.6 million; and (ii) international express and parcel services and air freight services income received by the Group from Yuantong Members for the Past CCT amounted to approximately HK\$7.4 million. The fees paid by the Group to, and the cost charged by the Group on, Yuantong Members for the international express and parcel services and air freight services was calculated on cost plus basis which was negotiated between the parties on arm's length basis and no less favourable to the Group than terms available or offered by Independent Third Parties.

(B) MASTER SERVICE AGREEMENT

Principal terms

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 as of 1 January 2019 to 31 December 2021 unless terminated earlier by 30 days' written notice by either party.

Pricing policy

(a) Fees charged by the Group

- (i) In respect of the provision of international express and parcel services, the service fees charged by the Group will be calculated on a cost plus 4.5%; and
- (ii) In respect of the provision of air and ocean freight services, the service fees charged by the Group will be calculated on a cost plus 4.5%.

(b) Fees charged by Yuantong

- (i) In respect of the provision of international express and parcel services, the service fees charged by Yuantong will be calculated on a cost plus 4.5%; and
- (ii) In respect of the provision of air and ocean freight services, the service fees charged by Yuantong will be calculated on a cost plus 4.5%.

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.

Proposed annual caps

The historical actual amount for the year ended 31 December 2018 of (i) international express and parcel services and air freight services fees paid by the Group to Yuantong Members amounted to approximately HK\$35.6 million; and (ii) international express and parcel services and air freight services income received by the Group from Yuantong Members amounted to approximately HK\$7.4 million.

The Directors estimated that annual amount of (i) international express and parcel services and air and ocean freight services fees to be paid by the Group to Yuantong Members will not exceed HK\$42.0 million, HK\$49.6 million and HK\$58.5 million; and (ii) international express and parcel services and air and ocean freight services income to be received by the Group from Yuantong Members will not exceed HK\$8.7 million, HK\$10.3 million and HK\$12.1 million, for each of the three years ending 31 December 2021, respectively.

The above proposed annual caps for each of the three years ending 31 December 2021 are determined by the Directors by reference to:

- (i) the historical actual amount of (a) international express and parcel services and air freight services fees paid by the Group to Yuantong Members; and (b) international express and parcel services and air freight services income received by the Group from Yuantong Members for the year ended 31 December 2018;
- (ii) the expected demand of international express and parcel service and air and ocean freight services by the Group and Yuantong Members, respectively;
- (iii) the expected growth of about 16% in demand of international express and parcel services and air and ocean freight services of the Group and Yuantong Members; and
- (iv) the 2% buffer to cater for the unanticipated increase in each of the fees to be paid, and/or income to be received, by the Group under the Master Service Agreement.

(C) REASONS FOR THE CONTINUING CONNECTED 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 Past CCT and Master Service Agreement is fundamental to the business operation of, and is for the commercial benefit of, the Group.

(D) CONFIRMATION FROM THE DIRECTORS

The Directors (including independent non-executive Directors) consider that the Master Service Agreement has been entered into in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms of the Master Service Agreement and the proposed annual caps set out above are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Furthermore, the Directors (including independent non-executive Directors) consider that the Past CCT, had been entered into in the ordinary and usual course of business of the Group and on normal commercial terms given that the fees paid by the Group to, and the cost charged by the Group on, Yuantong Members for the international express and parcel services and air freight services was calculated on cost plus basis which was negotiated between the parties on arm's length basis and no less favourable to the Group than terms available or offered by Independent Third Parties, and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

(E) RELATIONSHIPS AND IMPLICATIONS UNDER THE LISTING RULES

Throughout the year ended 31 December 2018 and as at the date of this announcement, Yuantong is a company owned as to over 50% by Yuantong Jiaolong, which in turn is a company owned as to 51% by Mr. Yu (a non-executive Director and a controlling shareholder of the Company) and 49% by his spouse. Furthermore, Yuantong is a controlling shareholder of the Company. Accordingly, Yuantong is a connected person of the Company under Rule 14A.07 of the Listing Rules.

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

As the Company only noticed the Past CCT constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules during its preparation of the annual report for the year ended 31 December 2018, and it had failed to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules for the Past CCT, the Company would like to, by way of this announcement, disclose relevant details of the Past CCT in accordance with Chapter 14A of the Listing Rules.

Based on the annual caps for the transactions under the Master Service Agreement, it is expected that each of the percentage ratios (other than the profits ratio) will be less than 5% on annual basis. Accordingly, the Master Service Agreement is subject to annual review and all disclosure requirements but exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Yu, Mr. Li Xianjun, Mr. Su Xiufeng, Mr. Zhu Rui and Mr. Lin Kai are materially interested in the continuing connected transactions under the Master Service Agreement, they have abstained from voting on the respective resolutions passed at the Board meeting for approving the continuing connected transactions under the Master Service Agreement and the related new annual caps

GENERAL

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.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party or parties and who and whose ultimate beneficial owner(s) are independent of the Company and its connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Service Agreement”	the agreement dated 24 April 2019 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 for the term commencing as of 1 January 2019 to 31 December 2021
“Mr. Yu”	Mr. Yu Huijiao, a non-executive Director and a controlling shareholder of the Company
“Past CCT”	the provision of international express and parcel services and air freight services among the Group and Yuantong Members

“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
“Shareholder(s)”	shareholder(s) of the Company
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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”	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 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, 24 April 2019

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.