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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 2023**

**FINANCIAL HIGHLIGHTS**

- The Group's revenue amounted to about HK\$5,291.6 million for the FY2023, representing a decrease of about 21.1% as compared to that of the FY2022 (FY2022: about HK\$6,706.5 million);
- Air freight business recorded an increase of about 54.3% in segment results for the FY2023 as compared to that of the FY2022, to about HK\$141.0 million (FY2022: about HK\$91.4 million);
- Ocean freight business recorded a decrease of about 57.0% in segment results for the FY2023 as compared to that of the FY2022, to about HK\$84.4 million (FY2022: about HK\$196.1 million);
- The Group recorded a profit attributable to equity shareholders of the Company of about HK\$96.8 million for the FY2023, a decrease of about 29.2% as compared to that of the FY2022 (FY2022: about HK\$136.7 million); and
- The Board recommended the payment of a final dividend of HK2.3 cents per share for the FY2023 (FY2022: HK3.3 cents), which is subject to the approval of the Company's shareholders at the AGM.

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 2023 (the "**FY2023**"), together with the comparative audited figures for the year ended 31 December 2022 (the "**FY2022**"), as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	2	<b>5,291,610</b>	6,706,450
Cost of sales		<u>(4,810,282)</u>	<u>(6,163,136)</u>
Gross profit		<b>481,328</b>	543,314
Other income		<b>27,998</b>	18,288
Administrative expenses		<b>(376,054)</b>	(418,318)
Net impairment loss recognised under expected credit loss model		<b>(3,036)</b>	(8,440)
Impairment loss on interests in joint ventures		<b>(13,000)</b>	–
Other gains or losses		<b>3,756</b>	15,006
Share of results of associates		<b>(75)</b>	708
Share of results of joint ventures		<b>2,574</b>	(7,204)
Finance costs		<b>(2,039)</b>	(2,577)
Profit before taxation		<b>121,452</b>	140,777
Income tax expense	3(a)	<b>(24,984)</b>	(968)
<b>Profit for the year</b>	4	<b><u>96,468</u></b>	<u>139,809</u>
<b>Profit for the year attributable to:</b>			
Equity shareholders of the Company		<b>96,775</b>	136,744
Non-controlling interests		<b>(307)</b>	3,065
		<b><u>96,468</u></b>	<u>139,809</u>
<b>Earnings per share (Hong Kong cents)</b>			
Basic	5	<b><u>23.15</u></b>	<u>32.71</u>
Diluted	5	<b><u>23.15</u></b>	<u>32.71</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit for the year</b>	<u>96,468</u>	<u>139,809</u>
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments)</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Deficit on revaluation of leasehold land and buildings	(65)	(623)
Deferred tax arising on revaluation of leasehold land and buildings	140	288
<i>Items that may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of associates	157	(515)
Share of other comprehensive income of joint ventures	1,099	(920)
Exchange difference arising from foreign operations	(5,462)	(39,995)
Reclassification adjustment upon disposal of a subsidiary	<u>–</u>	<u>17,689</u>
<b>Other comprehensive income for the year</b>	<u>(4,131)</u>	<u>(24,076)</u>
<b>Total comprehensive income for the year</b>	<u><u>92,337</u></u>	<u><u>115,733</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	92,922	113,206
Non-controlling interests	<u>(585)</u>	<u>2,527</u>
<b>Total comprehensive income for the year</b>	<u><u>92,337</u></u>	<u><u>115,733</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Investment properties		5,051	5,393
Property, plant and equipment		29,775	32,383
Right-of-use assets		38,415	38,205
Goodwill		500	511
Intangible assets		7,606	4,119
Interests in associates		3,437	3,356
Interests in joint ventures		37,156	46,483
Deferred tax assets		18,150	20,995
		<u>140,090</u>	<u>151,445</u>
<b>Current assets</b>			
Trade receivables	7	1,044,855	788,987
Other receivables, deposits and prepayments		90,465	93,134
Contract assets		2,583	28,804
Financial assets at fair value through profit or loss		745	708
Amount due from immediate holding company		125	119
Amounts due from joint ventures		18,922	21,399
Amounts due from associates		14,651	14,825
Amounts due from fellow subsidiaries		10,697	32,482
Prepaid tax		14,923	6,942
Pledged bank deposits		21,644	38,943
A fixed bank deposit with maturity more than 3 months		3,855	49,119
Bank balances and cash		823,029	998,365
		<u>2,046,494</u>	<u>2,073,827</u>

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	8	<b>712,968</b>	435,227
Contract liabilities		<b>10,995</b>	10,404
Amounts due to associates		<b>4,799</b>	1,543
Amounts due to fellow subsidiaries		<b>117,419</b>	494,286
Tax liabilities		<b>4,908</b>	23,905
Lease liabilities		<b>20,661</b>	16,068
Bank borrowings		<b>794</b>	–
		<u><b>872,544</b></u>	<u>981,433</u>
<b>Net current assets</b>		<u><b>1,173,950</b></u>	<u>1,092,394</u>
<b>Total assets less current liabilities</b>		<u><b>1,314,040</b></u>	<u>1,243,839</u>
<b>Non-current liabilities</b>			
Other payables	8	<b>1,697</b>	2,237
Lease liabilities		<b>19,335</b>	25,208
Deferred tax liabilities		<b>4,628</b>	5,983
		<u><b>25,660</b></u>	<u>33,428</u>
		<u><b>1,288,380</b></u>	<u>1,210,411</u>
<b>Capital and reserves</b>			
Share capital	9	<b>42,019</b>	42,019
Reserves		<b>1,240,255</b>	1,157,878
Total equity attributable to equity shareholders of the Company		<u><b>1,282,274</b></u>	<u>1,199,897</u>
Non-controlling interests		<u><b>6,106</b></u>	<u>10,514</u>
Total equity		<u><b>1,288,380</b></u>	<u>1,210,411</u>

## NOTES TO THE FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

#### (a) Statement of compliance

This 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 requirements of the Hong Kong Companies Ordinance. This 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 2023 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.

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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.

### 2. SEGMENT INFORMATION

	Segment revenue		Segment results	
	2023	2022	2023	2022
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Operating and reportable segments				
Air freight	2,857,864	3,681,328	141,008	91,396
Ocean freight	647,630	1,735,569	84,351	196,116
Logistics	38,392	67,154	4,335	2,522
International express and parcel	1,630,493	1,106,234	125,454	99,243
Others	117,231	116,165	19,870	13,129
Total	<u>5,291,610</u>	<u>6,706,450</u>	<u>375,018</u>	<u>402,406</u>
Other income			27,998	18,288
Other gains or losses			3,756	15,006
Unallocated corporate expenses			(272,780)	(285,850)
Share of results of associates			(75)	708
Share of results of joint ventures			2,574	(7,204)
Finance costs			(2,039)	(2,577)
Impairment loss on interests in joint ventures			(13,000)	–
Profit before taxation			<u>121,452</u>	<u>140,777</u>

### 3. INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	12,012	24,435
– Enterprise Income Tax (“EIT”) in the PRC	7,397	1,904
– Other jurisdictions	3,080	10,799
	<u>22,489</u>	<u>37,138</u>
Under (over) provision in respect of prior years		
– Hong Kong Profits Tax	(259)	(1,823)
– EIT in the PRC	(10)	11
– Other jurisdictions	(519)	(158)
	<u>(788)</u>	<u>(1,970)</u>
Withholding tax on dividend received	949	435
	<u>22,650</u>	35,603
Deferred taxation	2,334	(34,635)
	<u>24,984</u>	<u>968</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax for the year	12,012	24,435
Provision for EIT in the PRC for the year	7,397	1,904
Provision for tax in other jurisdictions for the year	3,080	10,799
Provisional tax paid	<u>(32,504)</u>	<u>(20,609)</u>
	(10,015)	16,529
Balance of tax provision relating to prior years	<u>–</u>	<u>434</u>
	<u><b>(10,015)</b></u>	<u><b>16,963</b></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. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	5,813	7,110
Depreciation of property, plant and equipment	6,627	9,964
Depreciation of right-of-use assets	25,753	34,216
Amortisation of intangible assets (included in administrative expenses)	1,663	1,794
Allowance for expected credit losses on trade and other receivables recognised	3,037	11,109
Less: Reversal of allowance for expected credit losses on trade and other receivables	<u>(1)</u>	<u>(2,669)</u>
Net impairment loss recognised under expected credit loss model	<u><b>3,036</b></u>	<u><b>8,440</b></u>
Staff costs		
Directors' emoluments	6,246	8,965
Other staff costs		
Staff costs excluding retirement benefit contributions	241,710	263,255
Retirement benefit contributions	26,168	26,811
Equity-settled share-based payment	<u>2,161</u>	<u>3,447</u>
Total staff costs	<u><b>276,285</b></u>	<u><b>302,478</b></u>
Gross rental income from investment properties	270	313
Less: outgoings incurred which generated rental income	<u>(56)</u>	<u>(63)</u>
	<u><b>214</b></u>	<u><b>250</b></u>



## 5. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity shareholders of the Company)	<u>96,775</u>	<u>136,744</u>
	2023	2022
<b>Number of shares</b>		
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 2023 and 2022 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 9 June 2023, a final dividend of HK3.3 cents per ordinary share in respect of the FY2022, in an aggregate amount of HK\$13,866,000, was paid on 7 July 2023 to all shareholders whose names appeared on the register of members of the Company on 21 June 2023.

The Board recommended the payment of a final dividend of HK2.3 cents per ordinary share, in an aggregate amount of about HK\$9,664,000, in respect of the FY2023, which is subject to the approval of the shareholders of the Company at the annual general meeting of the Company (the "AGM") to be held on Friday, 7 June 2024. The proposed final dividend is expected to be paid on Monday, 8 July 2024 to all shareholders whose names to be appeared on the register of members of the Company on Thursday, 20 June 2024.

## 7. TRADE RECEIVABLES

The Group allows an average credit period of 30 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	829,456	425,990
31–60 days	102,240	253,323
61–90 days	73,770	27,062
91–180 days	26,060	36,498
Over 180 days	<u>13,329</u>	<u>46,114</u>
	<u>1,044,855</u>	<u>788,987</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 60 days	399,414	210,677
61–180 days	39,946	24,945
181–365 days	4,350	5,876
More than 1 year	6,849	10,262
	<u>450,559</u>	<u>251,760</u>
Trade and other payables analysed as:		
– current	712,968	435,227
– non-current	1,697	2,237
	<u>714,665</u>	<u>437,464</u>

## 9. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
<b>Authorised:</b>		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>2,000,000,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<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

#### Financial Results

The Group recorded a revenue of about HK\$5,291.6 million during the FY2023 (FY2022: about HK\$6,706.5 million), representing a decrease of about 21.1% from FY2022. Gross profit amounted to about HK\$481.3 million during the FY2023 (FY2022: about HK\$543.3 million), representing a decrease of about 11.4% from FY2022. Gross profit margin during the FY2023 was about 9.1% (FY2022: about 8.1%). Net profit was about HK\$96.5 million during the FY2023 (FY2022: about HK\$139.8 million), representing a decrease of about 31.0% from FY2022 while the net profit attributable to equity shareholders of the Company decreased by about 29.2% from FY2022 to about HK\$96.8 million during the FY2023 (FY2022: about HK\$136.7 million). The decrease in profit attributable to equity shareholders of the Company was mainly attributable to (a) the decrease in demand for ocean freight services from customers in the ocean freight segment; and (b) the decrease in freight rates charged to customer due to increase in supply of air and sea cargo space in 2023.

#### Segmental Analysis

The Group's core business comprises air and ocean freight forwarding, complemented by the ancillary and contract logistics services (including warehousing, distribution and customs clearance), international express and parcel services and other businesses (comprising combine shipments, trucking, general sales agency and hand-carry services). 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 54.0% of the Group's total revenue during the FY2023 (FY2022: about 54.9%). It principally involves 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 FY2023, the air freight forwarding business recorded a revenue of about HK\$2,857.9 million (FY2022: about HK\$3,681.3 million), representing a decrease of about 22.3% as compared to that in FY2022. Gross profit of the segment increased from about HK\$156.9 million during the FY2022 to about HK\$192.6 million during the FY2023, representing an increase of about 22.8% as compared to that in FY2022. Despite a decline in the segment revenue due to weak upstream demand, the Group was able to achieve a growth in segment gross profit in adversity, attributing to its excellent cost control.

## **Ocean Freight**

Contributing about 12.2% of the Group's total revenue during the FY2023 (FY2022: about 25.9%), the ocean freight forwarding business principally involves organising 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 FY2023, revenue of the ocean freight segment decreased by about 62.7% to about HK\$647.6 million (FY2022: about HK\$1,735.6 million). Gross profit decreased to about HK\$130.0 million during the FY2023 (FY2022: about HK\$247.4 million), representing a decrease of about 47.5% as compared to that in FY2022. During the FY2023, the Group noted a decrease of tonnage of about 4% in respect of the ocean freight shipping volume handled by the Group. The decrease in revenue and profit contributed by the ocean freight segment was due to the drop in demand and rate for ocean freight services. As a result, there was a decline in revenue and gross profit.

## **Ancillary and Contract Logistics Services**

Accounting for about 0.7% of the Group's total revenue during the FY2023 (FY2022: about 1.0%), 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\$38.4 million during the FY2023 (FY2022: about HK\$67.2 million), representing a decrease of 42.9% as compared to that in FY2022, which was mainly due to the decrease in contract logistics services because of weak upstream demand.

## **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 represents about 30.8% of the total revenue of the Group for the FY2023 (FY2022: about 16.5%). The Group pays continuous attention to the cross-border e-commerce market and consumer needs, and provides high-quality cross-border parcel logistic services for e-commerce platforms, merchants, and consumers. The Group responded actively to changes in markets and competitive landscapes and continued to develop the international express and parcel services market during the FY2023. The revenue achieved a significant increase of 47.4% from about HK\$1,106.2 million in FY2022 to about HK\$1,630.5 million in FY2023. During the FY2023, the Group has completed the delivery of about 140.7 million units in international express and parcel business (FY2022: about 112.4 million). During the FY2023, the gross profit of international express and parcel services increased to about HK\$131.9 million (FY2022: about HK\$107.1 million), representing an increase of about 23.2%, which was primarily attributable to the continuing cooperation of the Group with e-commerce platforms as well as the development of new service routes.

## **Others**

Other businesses of the Group include combined shipments, trucking, general sales agency, e-commerce business, custom clearance services and hand-carry services, the latter of which involve time sensitive shipments that allow the Group to charge higher fees and consequently benefit from higher profits. During the FY2023, the other businesses recorded revenue of about HK\$117.2 million (FY2022: about HK\$116.2 million), representing a modest increase of only 1.0%, which was basically unchanged as compared to that in FY2022, and a gross profit of about HK\$19.9 million (FY2022: about HK\$13.1 million), representing an increase of 51.9% as compared to that in FY2022.

## **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 2023 was about HK\$1,174.0 million, representing an increase of about 7.5% from about HK\$1,092.4 million as at 31 December 2022. The current ratio of the Group increased from about 2.11 times as at 31 December 2022 to about 2.35 times as at 31 December 2023. As at 31 December 2023, the Group's bank balances and cash amounted to about HK\$823.0 million, representing a significant decrease of about 17.6% from about HK\$998.4 million as at 31 December 2022. For the FY2023, the Group had operating cash outflow of about HK\$245.9 million (FY2022: inflow about HK\$698.6 million). As at 31 December 2023, the Group's outstanding bank borrowings amounted to HK\$0.8 million (as at 31 December 2022: nil). The gearing ratio of the Group, calculated as total bank borrowings divided by total equity, was about 0.1% as at 31 December 2023 (as at 31 December 2022: 0%). 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, RM, SGD, THB, INR, EUR, GBP, CAD, JPY, VND, IDR, HUF, AED and TWD among which, RMB, EUR 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 used certain forward exchange contracts to hedge against part of its exposure to currency risk during the FY2022. 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 FY2023.

## **Significant Investments**

During the FY2023, the Group did not hold any material investments.

## **Capital Expenditure Commitments**

As at 31 December 2023 and 2022, the Group did not have any capital expenditure commitments.

## Charge on Assets

As at 31 December 2023, 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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Financial asset at fair value through profit or loss	<b>745</b>	708
Pledged bank deposits	<b>21,644</b>	38,943
	<b>22,389</b>	39,651

## EVENTS AFTER THE REPORTING PERIOD

There were no events causing material impact on the Group from 31 December 2023, being the end of the reporting period to the date of this announcement.

## MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the FY2023, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the FY2023.

## PROSPECTS

According to the latest World Economy Outlook published by the World Bank in January 2024, it is predicted that the world economic growth will decline from 2.7% in 2023 to 2.4% in 2024, and the economic growth is expected to recover to 2.7% in 2025. The International Monetary Fund (IMF) believes that the global economic growth rate in 2024 will decline slightly from 3% in 2023 to 2.9%. Although the global economy is exposed to the impact of many unignorable macro factors, the Group remains cautiously optimistic about the global economic development and the Group's business in the future on the following major grounds:

### **Evolution and adjustment of supply and demand structure of strategic resources alongside with steady recovery of global economy**

The negative factors leading to a significant slowdown in the global economy are subsiding. For instance, the supply chain bottleneck is alleviated after the relaxation of the pandemic prevention measures, and the chaos in the energy and food markets caused by the war is dissipating. Against the backdrop of a steady recovery of the global economy, Asian economies will jointly maintain the stability of the industrial and supply chain, and constantly promote the economic integration process in the region, which will provide important support for the stability and growth of the global economy.

According to the World Bank's forecast, developed economies are expected to grow by 1.2% in 2024 and 1.6% in 2025. Emerging markets and developing economies are expected to grow by 3.9% in 2024 and 4.0% in 2025. World Bank believes that under the current situation, global cooperation is needed to provide debt relief and promote trade integration. For emerging markets and developing economies, appropriate macroeconomic policies and good institutional systems are essential to promote investment growth and long-term development. Based on the above forecast, the Group believes that even though the overall momentum of the global macro economy is insufficient, with the changes in the supply and demand structure of global strategic resources, as well as the reshaping of the global industrial and supply chain in various countries, the international trade recovery is expected to boost the global economy.

### **Accelerating the development of quality productivity and facilitating core industries in high-quality export**

According to the statistics of the China Customs, the total value of China's imports and exports of trade in goods was RMB41.76 trillion in 2023, representing a year-on-year increase of 0.2%. In particular, the total value of exports was RMB23.77 trillion, representing a year-on-year increase of 0.6%, and the total value of imports was RMB17.99 trillion, representing a decrease of 0.3%. In general, the imports and exports of trade in goods were better than expected and have achieved the goal of promoting stability and quality improvement. Although the complexity, severity and uncertainty of the external environment have increased, the trend of China's economic recovery has not changed, and the elements and conditions supporting high-quality development are still increasing.

In view of the above, the Group believes that China's foreign trade exports are still positive in the long term, and as an international logistics and supply chain industry player, there is still a large market space. As the Chinese government continues to drive the improvement of foreign trade quality and stability, increase the efforts in attracting foreign investment, promote the in-depth and practical implementation of high-quality co-construction of the "Belt and Road", and deepen the bilateral and regional economic cooperation such as RCEP, it is believed that the cultivation of new momentum for China's trade development will be accelerated, and the foundation for stable growth, quality improvement and efficiency in imports and exports will be further consolidated. Accordingly, the Group will further implement key strategic measures, actively serve the core industrial chain and fully integrate with the upstream and downstream supply chain enterprises and e-commerce platforms. By fully capitalising the Group's supply chain, aviation and parent group's resource advantages, it will help the "Made in China" brand go global, and assist in building a technology-based, digital and integrated international industrial cluster. In view of the above, the Group will focus on the following aspects such as network, quality control and technology:

### **Orderly expanding international service network and overall planning of network operation layout**

The Company will adhere to the principle of "network first" (網絡為先) and "one network at home and abroad, international development first, network operation should be synchronised" ("國內國際一張網, 國際發展先修路, 網路營運要同步"). With the vision and goal of "The World is Within Your Reach" ("世界因我們觸手可得"), "China Connects the World and the World Connects the World" ("中國聯世界、世界聯世界"), the Company will build an international and domestic integrated one-stop service and network operation system, and build a global integrated logistics network with a global vision and layout.

The global network layout will take the “one main and nine centres, 3 + 3” (“一主九從、3+3”) as the key nodes; with Jiaxing’s “東方天地港” as the global aviation core hub and multimodal transport centre, Macau (Hengqin), Hefei, Yiwu, Guangzhou, Kunming, Nanning, Haikou, Suifen River and Horgos as the domestic comprehensive hubs; Los Angeles, Rio, Sydney, Bangkok, Dubai and Budapest as the international core nodes; and the air-sea multimodal transport system as the international trunk line to build a “backbone + network” (“骨幹+網狀”) network structure radiating the world. The construction of the “東方天地港” project in Jiaxing was in full swing, which will be completed in 2024, and put into full operation in 2025. It will fully bear fruit from 2026 and will be a world-connected infrastructure within 3 to 5 years to achieve global connectivity.

In 2024, the Company will build a “Superior and Premium Line” (“優勢精品專線”), including Taiwan, Japan, Australia, the United States, Southeast Asia, Central Asia (Kazakhstan), etc., to promote express delivery, freight, and supply chain businesses catering to local needs. At the same time, the Company will accelerate the expansion of international network. Through various modes such as strategic cooperation, franchise licensing, investment and merge and acquisition, the Company will attract more high-quality partners in the region to join its network, so as to enhance the Company’s global service capabilities. Last but not least, the Company will continue to increase resource investment in the above strategic direction, accomplish resource sharing and capability exchange with partners, and achieve in-depth cooperation in international express and small parcel business, air charter, warehousing and logistics, international supply chain and other aspects. It is expected that in the next three to five years, the Company will acquire the infrastructure and operation capabilities covering major countries and overseas subsidiaries in the world.

### **Improving the quality control standard system process and formulating the whole life cycle of quality control system**

The Company will adhere to quality first and maintain the policy of “safety, quick, convenience, reliability and technology” as the core. The quality management system of international logistics is established to make international logistics as an important link connecting the global supply chain and it becomes crucial to the quality management of products. The Company will formulate an information-based quality control system for the whole life cycle of public rail, sea and air freight + warehouse and trunk customs distribution. The Company will establish a complete management standard, system process and performance appraisal system.

Firstly, the Group will make clear the product quality standards and requirements, follow international quality standards, and ensure that product packaging, transportation and other sessions are complied with their respective quality standards. Secondly, a sound supplier management mechanism will be established. There are many suppliers involved in international logistics, and strict quality control and evaluation are required for each supplier. High-quality suppliers are strictly screened to ensure stable and reliable product quality. Thirdly, a standardized logistics operation process will be established. The logistics process involves multiple links, and it is necessary to establish a standardized operation process, including warehousing management, loading and unloading operations, and transportation route selection, to ensure that the links in the logistics process are under control. Finally, the Group will optimize and improve the information technology, organizational structure, facilities and equipment and other systems and processes, realize more efficient resource allocation and management, and promote the “collaborative action” of each segment.



## **Comprehensively upgrade core business systems and strengthen the application of technology systems**

Continuously increasing investment in science and technology is the key starting point for the Company to promote business development. The Company's constant strategy to improve operational efficiency and service quality through digital transformation remains unchanged. With the promotion and deployment of the Company's core business systems such as International King Kong (國際金剛) and global freight forwarding, the Company will continue to accelerate the construction of the international data middle platform, upgrade and create user-end software for international business, which in turn will further improve the business efficiency and service quality of the Company as well as provide strong support for new business expansion. Based on the existing scientific and technological research and development advantages and rich industrial practices, the Company will build a logistics cloud platform to promote the interconnection of logistics elements and information. Through the connection of air, rail and sea freights, domestic and international and other logistics elements, the Company will break the information island, promote the smooth flow of information, increase the proportion of multimodal transport, and achieve the goal of "Connecting the World (聯全球、通全球)" eventually.

Looking forward, the Company believes that the international logistics and supply chain industry is a technology-intensive industry. How to provide enterprises and consumers with safe, convenient, efficient and intelligent logistics services will be one of the important factors for the Company's future core competitiveness. The Company hopes to further increase investment in technology, consolidate existing businesses, promote the development of new businesses, and multiply the value of the Company. The Company will invest in information technology and cloud platform to achieve technology output, technology empowerment and technology realization, and drive the transformation of the Company from a traditional international logistics supply chain enterprise into a logistics technology enterprise.

## **International passenger and cargo flights steadily increase with air freight market further picking up**

According to the World Tourism Barometer newly published by the World Tourism Organization, the tourism industry contributed approximately US\$3.3 trillion to the global gross domestic products ("GDP") in 2023, accounting for 3% of the total global GDP. Revenue from international travel was approximately US\$1.4 trillion, approximately 93% of that of 2019 before the COVID-19 pandemic. Total export revenue from tourism (including passenger transport) is expected to be US\$1.6 trillion, approximately 95% of that of 2019 before the COVID-19 pandemic. As of 2023, international tourism has returned to 88% of the pre-pandemic level, and the number of international tourists is expected to reach 1.3 billion.

According to the statistics of the International Air Transport Association (IATA), the total air passenger volume (in terms of revenue passenger kilometers or RPKs) in 2023 increased by 36.9% compared with 2022, and the global air passenger volume recovered to 94.1% of that in 2019 before the pandemic. In 2023, the international passenger transportation volume increased by 41.6% compared with 2022, reaching 88.6% of the level in 2019. Regular data from the global air cargo market shows that air cargo demand picked up in 2023, particularly in the fourth quarter, despite economic uncertainties. Global air cargo demand in December 2023 increased by 10.8% compared to 2022 (up 11.5% in international demand), the strongest annual growth in the past two years, indicating that the air cargo market is stabilizing and the demand is becoming more normalized.

The Company is of the opinion that with the recovery of international tourism, the recovery of international trade and the vigorous development of cross-border e-commerce, the demand for air freight will exceed the growth of trade and production. YTO Cargo Airlines Co., Ltd. (“**YTO Airlines**”), a wholly owned subsidiary of the parent company, will continue to be a prominent advantage of the Company in the air freight business. The Company is also willing to further consolidate its competitive advantage in the international air transportation sector by strengthening the linkage with the resources of the parent company. The Company will continue to deepen its cooperation with YTO Airlines, and achieve new breakthroughs in the field of air freight by introducing wide-body cargo freighters to build more intercontinental aviation routes.

### **Create shared strategic infrastructure and build global supply chain service capabilities**

Supply chain is an organisational form that is oriented to customer demand, aims to improve quality and efficiency, and integrates logistics, capital flow and information flow as a means to achieve efficient synergy in the whole process of product design, procurement, production, sales and service. It is of great significance to improve efficiency, reduce costs and accelerate the construction of a new development pattern, which is related to the stability and safety of the national economy. The express logistics industry is an important support for extending the industrial chain, enhancing the value chain and building the supply chain, and is a basic and strategic facility to ensure the stability of the industrial chain and supply chain.

Through business investment and transformation and construction in recent years, the Company has gradually formed three major business segments, namely international freight forwarding, international express delivery and small parcels, and international supply chain. While achieving the operation of three business segments in parallel, the Company also expects the three major business segments to achieve endogenous synergy and achieve new upgrading of the Company’s capabilities and business. The Company will accelerate the construction of supply chain capabilities around the world through capital investment and business partner cooperation, and accelerate investment in local transportation, warehousing and logistics in key regions such as Central Asia, Europe, America, the Middle East and Southeast Asia, so as to promote the Company’s end-to-end international supply chain solutions and form a new business development segment of the Company to achieve further growth in revenue and profit.

## **HUMAN RESOURCES**

As at 31 December 2023, the Group employed about 978 employees (as at 31 December 2022: about 867 employees). During the FY2023, employee costs, including Directors’ remuneration, was about HK\$276,285,000 (2022: about HK\$302,478,000). 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 during the FY2023.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK2.3 cents (2022: HK3.3 cents) per ordinary share of the Company (the “**Share(s)**”), absorbing a total amount of about HK\$9,664,000 (2022: HK\$13,866,000), in respect of the FY2023, which is subject to the approval of the shareholders of the Company (“**Shareholders**”) at the AGM to be held on Friday, 7 June 2024. The proposed final dividend is expected to be paid on Monday, 8 July 2024 to all Shareholders whose names to be appeared on the register of members of the Company on Thursday, 20 June 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (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 Monday, 3 June 2024.

Conditional on the passing of the resolution approving the declaration of the proposed final dividend at the forthcoming AGM, the register of members of the Company will also be closed from Tuesday, 18 June 2024 to Thursday, 20 June 2024 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend in respect of the FY2023. In order to be qualified for the proposed final dividend (subject to the approval of the Shareholders 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 the address stated above for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 17 June 2024.

## **SCOPE OF WORK OF KPMG**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**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 FY2023.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a 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 FY2023.

## **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 FY2023, 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 websites of the Stock Exchange and the Company. The annual report for the FY2023 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, 28 March 2024

*As at the date of this announcement, the Board comprises two executive directors, namely, Mr. Yang Xinwei and Mr. Sun 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.*