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中外運航運有限公司
SINOTRANS SHIPPING LTD.

(Incorporated in Hong Kong with limited liability)
(Stock Code: 368)

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

The First Lease Agreement and the First Management Agreement

On 4 May 2018, the First Subsidiary entered into (1) the First Lease Agreement with the First Connected Person in connection with the leasing of the First Property; and (2) the First Management Agreement with the Second Connected Person in respect of the property management services for the First Property.

The Second Lease Agreement and the Second Management Agreement

On 4 May 2018, the Second Subsidiary entered into (1) the Second Lease Agreement with the Third Connected Person in connection with the leasing of the Second Property; and (2) the Second Management Agreement with the Third Connected Person in respect of the property management services for the Second Property.

Listing Rules Implications

The Parent Company is the controlling shareholder of the Company interested in approximately 68.25% of all the issued shares of the Company as at the date of the agreements and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Each of the First Connected Person, the Second Connected Person and the Third Connected Person is a wholly-owned subsidiary of the Parent Company, and is therefore an associate of a connected person of the Company. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps under the Agreements when aggregated with the relevant annual caps under the Master Agreement exceed 0.1% but all of them are less than 5%, the Agreements are subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE FIRST LEASE AGREEMENT

On 4 May 2018, the First Subsidiary entered into the First Lease Agreement with the First Connected Person. The principle terms of the First Lease Agreement are set out below.

Subject matter

The First Subsidiary will lease the First Property from the First Connected Person for a term commencing on 1 January 2018 and expiring on 31 December 2018. The First Property will be used as the offices of the First Subsidiary.

Rent

The monthly rent payable by the First Subsidiary is RMB99,681.50 (equivalent to approximately US\$15,870) (equivalent to a daily rent of approximately RMB6 (equivalent to approximately US\$1) per square meter), which was determined after arm's length negotiations with reference to the prevailing market rent of comparable properties in Shanghai.

THE FIRST MANAGEMENT AGREEMENT

On 4 May 2018, the First Subsidiary entered into the First Management Agreement with the Second Connected Person. The principal terms of the First Management Agreement are set out below.

Subject matter

The Second Connected Person will provide property management services for the First Property to the First Subsidiary for a term commencing on 1 January 2018 and expiring on 31 December 2018.

Fee

The monthly fee payable by the First Subsidiary is RMB16,386 (equivalent to approximately US\$2,609) or approximately RMB30 (equivalent to approximately US\$5) per square meter. The fee was determined after arm's length negotiations with reference to the management fee charged for properties with a similar standard in Shanghai, and is similar to the property management fee payable by other tenants of the same building.

THE SECOND LEASE AGREEMENT

On 4 May 2018, the Second Subsidiary entered into the Second Lease Agreement with the Third Connected Person. The principle terms of the Second Lease Agreement are set out below.

Subject matter

The Second Subsidiary leases the Second Property from the Third Connected Person for a term from 20 September 2017 to 31 December 2018. The Second Property is used as the offices of the Second Subsidiary.

Rent

The monthly rent payable by the Second Subsidiary for (i) the period commencing from 20 September 2017 to 31 August 2018 is RMB6,238 (equivalent to approximately US\$994) (equivalent to a daily rent of approximately RMB4 (equivalent to approximately US\$1) per square meter; (ii) the period from 1 September 2018 to 30 September 2018 is RMB6,274 (equivalent to approximately US\$999) (equivalent to a daily rent of approximately RMB4 (equivalent to approximately US\$1) per square meter; and (iii) the period from 1 October 2018 to 31 December 2018 is RMB6,566 (equivalent to approximately US\$1,046) (equivalent to a daily rent of approximately RMB4 (equivalent to approximately US\$1)

per square meter. The rent was determined after arm's length negotiations with reference to the prevailing market rent and the expected increase in the monthly rentals of comparable properties in Shanghai in the coming months.

THE SECOND MANAGEMENT AGREEMENT

On 4 May 2018, the Second Subsidiary entered into the Second Management Agreement with the Third Connected Person. The principal terms of the Second Management Agreement are set out below.

Subject matter

The Third Connected Person will provide property management services for the Second Property to the Second Subsidiary for a term from 20 September 2017 to 31 December 2018.

Fee

The monthly fee payable by the Second Subsidiary is RMB1,970 (equivalent to approximately US\$314) or approximately RMB37 (equivalent to approximately US\$6) per square meter, which was determined after arm's length negotiations with reference to the management fee charged for properties with a similar standard in Shanghai, and is similar to the property management fee payable by other tenants of the same building.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in dry bulk shipping, container shipping, LNG shipping, vessel time chartering and cargo voyage chartering businesses. The First Subsidiary was established in the PRC, and is principally engaged in ship management business. The Second Subsidiary was established in the PRC, and is principally engaged in providing international container liner services.

Connected persons

The Parent Company was established in the PRC and is the biggest comprehensive logistics service supplier in the PRC with logistics as its core business, followed by shipping and shipbuilding.

The First Connected Person is principally engaged in the logistics and self-owned property leasing business.

The Second Connected Person is principally engaged in property management and fitting-out business.

The Third Connected Person is principally engaged in property management business.

LISTING RULES IMPLICATIONS

The Parent Company is the controlling shareholder of the Company interested in approximately 68.25% of all the issued shares of the Company as at the date of the agreements and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Each of the First Connected Person, the Second Connected Person and the Third Connected Person is a wholly-owned subsidiary of the Parent Company, and is therefore an associate of a connected person of the Company. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company.

The transaction amounts for the leasing of the First Property and the provision of property management services for the First Property for the year ended 31 December 2017 were RMB1,196,178 (equivalent to approximately US\$191,000) and RMB196,632 (equivalent to approximately US\$32,000), respectively. The annual caps for the leasing of the First Property and the provision of property

management services for the First Property for the year ending 31 December 2018 would be RMB1,196,178 (equivalent to approximately US\$191,000) and RMB196,632 (equivalent to approximately US\$32,000), respectively.

There was no historical transaction amount for the leasing of the Second Property and the provision of property management services for the Second Property as the actual lease of the Second Property has not been formally commenced subject to the entry into the Second Lease Agreement and the Second Management Agreement. The annual caps for the leasing of the Second Property and the provision of property management services for the Second Property for the year ending 31 December 2018 would be RMB100,828 (equivalent to approximately US\$17,000) and RMB31,520 (equivalent to approximately US\$6,000), respectively.

As all of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the annual caps under the Agreements when aggregated with the relevant annual caps under the Master Agreement exceed 0.1% but all of them are less than 5%, the Agreements are subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Agreements and the transactions contemplated thereunder. Under the articles of association of the Company, all the executive Directors and the non-executive Directors were required to abstain from voting on the relevant resolutions of the Board in relation to the transactions contemplated under the Agreements. The Directors (excluding all the executive Directors and the non-executive Directors who are required to abstain from voting pursuant to the articles of association of the Company) are of the view that the terms of the Agreements were normal commercial terms, the Agreements were entered in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“Agreements”	the First Lease Agreement, the First Management Agreement, the Second Lease Agreement and the Second Management Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Company
“Company”	Sinotrans Shipping Limited (中外運航運有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“First Connected Person”	中外運上海（集團）有限公司 (Sinotrans Shanghai (Group) Co., Ltd.*), a company established in the PRC and is a wholly-owned subsidiary of the Parent Company
“First Lease Agreement”	the agreement dated 4 May 2018 entered into between the First Subsidiary and the First Connected Person in respect of the

	leasing of the First Property
“First Management Agreement”	the agreement dated 4 May 2018 entered into between the Second Connected Person and the First Subsidiary in respect of the provision of property management services for the First Property
“First Property”	Units 01-03, 8th Floor, Sinotrans Shanghai Building (中外運上海大廈), No. 777 Guozhan Road, the trial Shanghai Free Trade Zone, Shanghai, the PRC (with an aggregate gross floor area of 546.2 square meters)
“First Subsidiary”	中外運天澤輪船有限公司 (Sinotrans Navigation co., Ltd*), a company established in the PRC and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement dated 13 June 2016 entered into between the Company and the Parent Company in respect of the provision of the tenancy and property management services by the Parent Group to the Group
“Parent Company”	中國外運長航集團有限公司 (Sinotrans & CSC Holdings Corporation Limited*), a PRC state-owned enterprise which indirectly owns approximately 68.25% of the Company as at the date of the agreements
“Parent Group”	the Parent Company and its subsidiaries
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second Connected Person”	中外運上海集團物業發展有限公司 (Sinotrans Shanghai (Group) Property Development Co., Ltd.*), a company established in the PRC and is a wholly-owned subsidiary of the Parent Company
“Second Lease Agreement”	the agreement dated 4 May 2018 entered into between the Second Subsidiary and the Third Connected Person in respect of the leasing of the Second Property
“Second Management	the agreement dated 4 May 2018 entered into between the Second Subsidiary and the Third Connected Person in respect of

Agreement”	the provision of property management services for the Second Property
“Second Property”	Unit 605, Changhang Building, 800 Zhangyang Road, Shanghai, the PRC (with an aggregate gross floor area of 54 square meters)
“Second Subsidiary”	中外運集裝箱運輸有限公司 (Sinotrans Container Lines Co., Ltd.*), a limited liability company established in the PRC and is a non wholly-owned subsidiary of the Company
“Shareholders”	holders of the issued Shares
“Share(s)”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Connected Person”	上海江海建設開發有限公司 (Shanghai Jianghai Construction Development Limited Company*), a company established in the PRC and is a wholly-owned subsidiary of the Parent Company
“US\$”	United States dollar, the lawful currency of the United States of America

By Order of the Board
Sinotrans Shipping Limited
KOO Ching Fan
Company Secretary

Hong Kong, 4 May 2018.

As at the date of this announcement, the Executive Director is Mr. Li Hua; the Non-Executive Directors are Mr. Su Xingang (Chairman), Mr. Liu Weiwu and Mr. Li Zhen; and the Independent Non-Executive Directors are Mr. Lee Peter Yip Wah, Mr. Zhou Qifang, Mr. Xu Zhengjun and Mr. Wu Tak Lung.

In this announcement, unless otherwise indicated, amounts in RMB have been converted into US\$ at the rate of US\$1 = RMB6.2813 for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted.

**For identification purpose only*