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中國外運股份有限公司 **SINOTRANS LIMITED**

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 0598)

CONNECTED TRANSACTION DISPOSAL OF ASSETS

CONNECTED TRANSACTION

On 24 August 2018, China Merchants Logistics, a wholly-owned subsidiary of the Company, entered into the Assets Transfer Agreement with CSC Bulk Shipping pursuant to which China Merchants Logistics agreed to sell and CSC Bulk Shipping agreed to buy the Disposal Assets for a total consideration of RMB52,747,090.

LISTING RULES IMPLICATIONS

CSC Bulk Shipping is a wholly-owned subsidiary of China Changjiang National Shipping (Group) Corporation, which is in turn a wholly-owned subsidiary of China Merchants. As China Merchants is the indirect controlling Shareholder of the Company holding in aggregate approximately 66.31% of the issued Shares in the Company through its other wholly-owned subsidiary, SINOTRANS & CSC, the transaction under the Assets Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

ASSETS TRANSFER AGREEMENT

On 24 August 2018, China Merchants Logistics, a wholly-owned subsidiary of the Company, entered into the Assets Transfer Agreement with CSC Bulk Shipping pursuant to which China Merchants Logistics agreed to sell and CSC Bulk Shipping agreed to buy the Disposal Assets. The principal terms of the Assets Transfer Agreement are set out below:

Date	24 August 2018
Parties	(i) China Merchants Logistics, as vendor (ii) CSC Bulk Shipping, as purchaser
Subject matter of sale and purchase	The Disposal Assets, being all non-current assets of the Qichun Branch Office of China Merchants Logistics as at 30 June 2018, comprising equipment and vehicles, construction in progress, and the land use rights as specified in the list attached to the Assets Transfer Agreement
Consideration	RMB52,747,090, which is determined based on the fair value of the Disposal Assets as at 30 June 2018 of RMB52,786,600 by an independent valuer engaged by China Merchants Logistics using cost method for construction in progress, equipment and vehicles, and market approach for the land use rights, minus the estimated depreciation of RMB39,510 attributable to the equipment and vehicles for the period between 1 July 2018 and the Handover Day (inclusive). The consideration is payable by CSC Bulk Shipping in the following manner: (i) RMB47,507,940 is payable within 10 business days after the date of the Assets Transfer Agreement; (ii) the remainder of the consideration (i.e. RMB5,239,150) is payable on the date of Completion.

Handover method of the
Disposal Assets

The control, management and operation of the Disposal Assets, together with the income, expenses and liabilities in connection therewith, will be handed over by the Qichun Branch Office of China Merchants Logistics to CSC Bulk Shipping and its authorised entity with effect from the Handover Day, being the business day next following the day when the following conditions are satisfied which day is expected to fall in the end of August or early September 2018:

- (i) all necessary approval and consent with respect to the Disposal, including the internal approval of China Merchants Logistics and CSC Bulk Shipping, as required by the applicable PRC laws and regulations having been obtained; and
- (ii) the Qichun Branch Office of China Merchants Logistics having obtained the relevant permit for commencing trial operation of a dock currently under construction by the Qichun Branch Office of China Merchants Logistics at the Qichun port in Hubei Province. Based on current progress, construction of the dock is expected to complete by the end of 2018.

Completion

Completion will take place on the business day next following the day when:

- (i) all conditions to handover as set out above have been satisfied by the Handover Day;
- (ii) the vehicles, land use rights and the structures constructed on top of such land and the port trial operation licence become registered in the name of CSC Bulk Shipping and CSC Bulk Shipping becomes party to the local government's contract with respect to operation of Qichun port.

Termination

If any of the conditions to handover or Completion is not satisfied within 12 months after the date of the Assets Transfer Agreement, either China Merchants Logistics or CSC Bulk Shipping may terminate the agreement after the first anniversary of the date of the Assets Transfer Agreement.

In view of the above and taking into account the terms of the Disposal under which the Disposal Assets are being sold at the independent valuation (after deducting the depreciation) and the expected gain from the Disposal, the Directors (including the independent non-executive Directors) consider that the terms of the Assets Transfer Agreement are fair and reasonable and on normal commercial terms and the Disposal, although not conducted by the Group in its ordinary and usual course of business, is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

CSC Bulk Shipping is a wholly-owned subsidiary of China Changjiang National Shipping (Group) Corporation* (中国长江航运(集团)总公司), which is in turn a wholly-owned subsidiary of China Merchants. It is primarily engaged in the general cargo ship transportation and provision of related services along Yangtze River and in the coastal areas in the PRC; its other non-core businesses also include the provision of ship management, ship leasing, freight forwarding, shipping agency, shipping management and technical consulting services. As China Merchants is the indirect controlling Shareholder of the Company holding in aggregate approximately 66.31% of the issued Shares in the Company through its other wholly-owned subsidiary, SINOTRANS & CSC, the transaction under the Assets Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 0.1% but less than 5%, the Disposal is subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Assets Transfer Agreement, and therefore they are not required under the Listing Rules to abstain from voting on the Board resolutions approving the Assets Transfer Agreement. Nonetheless, as Mr. Wang Hong, the Chairman of the Company and Mr. Song Dexing, the Vice Chairman of the Company, are concurrently holding positions in China Merchants, they have abstained from voting at the board meeting of the Company in respect of the proposed resolution(s) to approve the Assets Transfer Agreement and transactions contemplated thereunder in accordance with the relevant PRC laws and regulations.

DEFINITIONS

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

“Assets Transfer Agreement” the agreement dated 24 August 2018 entered into between China Merchants Logistics as vendor and CSC Bulk Shipping as purchaser with respect to the sale and purchase of the Disposal Assets

“associates”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“CSC Bulk Shipping”	長航貨運有限公司(CSC Bulk Shipping Co., Ltd.*), a company incorporated in the PRC and an indirectly wholly-owned subsidiary of China Merchants
“China Merchants Logistics”	招商局物流集團有限公司(China Merchants Logistics Holdings Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“China Merchants”	招商局集團有限公司(China Merchants Group Limited*), a state wholly-owned enterprise established under the laws of the PRC under direct control of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“CML Acquisition”	the major acquisition by the Company to acquire the entire issued share capital in China Merchants Logistics from China Merchants, which is the subject of the circulars of the Company dated 6 September 2017 and 26 September 2017
“Company”	中國外運股份有限公司(Sinotrans Limited), a joint stock limited company incorporated in the People’s Republic of China with limited liability, whose H shares are listed on the Hong Kong Stock Exchange
“Completion”	the completion of the transactions contemplated under the Assets Transfer Agreement
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the Disposal Assets under the Assets Transfer Agreement
“Disposal Assets”	all non-current assets of the Qichun Branch Office of China Merchants Logistics as at 30 June 2018, comprising equipment and vehicles, construction in progress and land use rights as specified in the list attached to the Assets Transfer Agreement which are the subject of the Disposal
“Group”	the Company, its subsidiaries and its jointly controlled entities

“Handover Day”	the day when the control, management and operation of the Disposal Assets are handed over to the Qichun Branch Office of CSC Bulk Shipping in accordance with the terms of the Assets Transfer Agreement
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	H Share(s) and Domestic Share(s)
“Shareholder(s)”	holder(s) of the Shares
“SINOTRANS & CSC”	Sinotrans & CSC Holdings Co., Ltd., the controlling shareholder of the Company which holds approximately 42.46% of the issued Share capital of the Company

By order of the Board of
Sinotrans Limited
Li Shichu
Joint Company Secretary

Beijing, 24 August 2018

As at the date of this announcement, the board of directors of the Company comprises Wang Hong (Chairman), Song Dexing (Vice Chairman), Li Guanpeng (executive director), Song Rong (executive director), Wang Lin (executive director), Wu Xueming (executive director), Jerry Hsu (non-executive director), and four independent non-executive directors, namely Wang Taiwen, Meng Yan, Song Haiqing and Li Qian.