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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 TRANSACTION FOR THE SUPPLY OF OFFICE EQUIPMENT SERVICES**

### **THE AGREEMENT**

On 28 September 2018, the Company entered into the Agreement with the CMG Connected Person in respect of the Services.

### **LISTING RULES IMPLICATIONS**

CMG is the controlling shareholder of the Company, and has interests in approximately 68.70% of all the issued shares of the Company as at the date of the Agreement and therefore a connected person of the Company under Chapter 14A of the Listing Rules. The CMG Connected Person is a subsidiary of CMG, and is therefore an associate of a connected person of the Company. Accordingly, the transaction contemplated under the Agreement constitutes a continuing connected transaction 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 Agreement when aggregated with the Other Services exceed 0.1% but all of them are less than 5%, the Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **THE AGREEMENT**

On 28 September 2018, the Company entered into the Agreement with the CMG Connected Person in respect of the Services for a term commencing on 1 July 2018 and expiring on 31 December 2018.

#### *Payment Terms*

Payment of the relevant services provided will be made in accordance with the payment terms as set out in the relevant agreements. According to the past practices, most transactions of which were usually one-off settlement in cash within 3 months after receipt of the relevant invoices.

#### *Proposed Annual Cap*

It is expected that the proposed annual cap for the year ending 31 December 2018 in respect of the provision of the Services under the Agreement will be RMB1,632,000. Such proposed annual cap was determined based on the estimated demand of office equipment required by the Group in the coming months.

## **GENERAL PRICING PRINCIPLES**

In respect of the services provided under the Agreement to the Group by the CMG Connected Person, the service teams of the Group have obtained at least two quotes of fees from the Independent Third Parties offering similar services to determine if the fees and terms offered by the CMG Connected Person are fair and reasonable and around the ranges of those quotes offered by the Independent Third Parties. The service teams of the Group have also taken into consideration some independent market data for similar services to ensure that the service fees of these services are at the prevailing market rate. It is the responsibility of the service teams of the Group to ensure that the terms of the Agreement are no less favourable than those terms offered by the CMG Connected Person to the Independent Third Parties. After all the foregoing analyses, the service teams of the Group submitted the proposed service fees and terms of the Agreement to the management of the Company for approval.

The finance department of the Company monitors the actual transaction amount against any excess of the approved annual caps, and the Company engages its auditors to conduct an annual review of the continuing connected transactions of the Company to assess whether such transactions have been carried out in accordance with the relevant terms of the agreement entered into by the Company. The independent non-executive Directors conduct an annual review of the implementation and enforcement of the continuing connected transactions.

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## **INFORMATION ON THE COMPANY**

The Company is incorporated in Hong Kong with limited liability. It is principally engaged in dry bulk shipping, container shipping, liquefied natural gas shipping, vessel technical management and other shipping related business.

## **INFORMATION ON THE CMG CONNECTED PERSON**

The CMG Connected Person is principally engaged in providing services of property management and consultation, including but not limited to retail of electronic business, daily necessities, books, audio and video products and domestic electronic facilities.

## **REASONS AND BENEFITS OF THE AGREEMENT**

The CMG Connected Person operates a platform for the supply of office equipment such as stationaries, furniture and products of information technology at prices which are no less favourable to the Group than those prices offered by the Independent Third Parties. The Directors are of the view that the CMG

Connected Person provides services of promising quality and completed delivery, which would be more reliable for the Group to source the supply of office equipment from the CMG Connected Person in its usual and ordinary course of business.

Taking into account that the services provided to the Group are under normal commercial terms and are reached after arm's length negotiations and are being carried out in the usual and ordinary course of business of each of the parties, the Board (excluding all the executive Directors and the non-executive Directors who are considered to be interested in the transactions contemplated under the Agreement) are of the view that the terms of the Agreement (including the proposed annual caps) are entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **DEFINITIONS**

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

“Agreement”	the agreement dated 28 September 2018 entered into between the Company and the CMG Connected Person in relation to the supply of materials and components services
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of the Company
“CMG”	China Merchants Group Limited, a state wholly-owned enterprise established under the laws of the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council, which indirectly owns approximately 68.70% of all the issued shares of the Company
“Company”	Sinotrans Shipping Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed on the Hong Kong Stock Exchange (stock code: 368)
“CMG Connected Person”	China Merchants Property Management (Shenzhen) Co., Limited (深圳招商物业管理有限公司), a limited liability company established in the PRC and is a subsidiary of CMG
“connected person”	has the meaning ascribed to this term 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 People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Services”	the supply of office equipment services by the CMG Connected Person to the Group
“Other Services”	the Refueling Services and the Shipping Agency Services as defined in the announcement of the Company dated 11 April 2017 and the container terminal and tug services under the Agreements as defined in the announcement of the Company dated 4 May 2018
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 28 September 2018.

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