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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: 00598)

CONTINUING CONNECTED TRANSACTIONS
MASTER SERVICES AGREEMENT WITH QINGDAO JINYUN AIR

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 28 October 2020, in relation to the renewal of several master agreements of continuing connected transactions of the Company. The previous master services agreement entered into between the Company and Qingdao Jinyun Air on 10 November 2017 in relation to provision and receipt of transportation and logistics services between the Group and Qingdao Jinyun Air and its associates expired on 31 December 2020. Such master services agreement was not renewed by the Company after such expiry as the Company expected that the corresponding transaction amounts to be minimal and within the de minimis threshold under Chapter 14A of the Listing Rules.

Based on current business assessment and taking into account the future development of the parties, it is expected that the transaction amounts between the Group and Qingdao Jinyun Air and its associates for provision and receipt of transportation and logistics services will increase in the future. Therefore, on 15 June 2022, the Company entered into the Master Services Agreement with Qingdao Jinyun Air, to facilitate the internal monitor and control of the provision and receipt of the transportation and logistics services (including freight forwarding, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services) between members of the Group and Qingdao Jinyun Air and its associates for the three years ending 31 December 2024.

IMPLICATIONS UNDER THE LISTING RULES

Qingdao Jinyun Air is a connected subsidiary of the Company and hence a connected person of the Company according to the Rule 14A.16 of the Listing Rules. As such, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the provision or receipt of transportation and logistics services contemplated under the Master Services Agreement is more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors had any material interest in the abovementioned continuing connected transactions and therefore they are not required under the Listing Rules to abstain from voting on the board resolutions approving these matters. Nonetheless, as Mr. Wang Hong, Mr. Song Dexing, Mr. Liu Weiwu, Mr. Deng Weidong and Mr. Jiang Jian, all being Directors of the Company, are concurrently holding positions in China Merchants, they have abstained from voting on the board resolution in respect of the abovementioned continuing connected transactions in accordance with the relevant PRC laws and regulations.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 28 October 2020, in relation to the renewal of several master agreements of continuing connected transactions of the Company. The previous master services agreement entered into between the Company and Qingdao Jinyun Air on 10 November 2017 in relation to provision and receipt of transportation and logistics services between the Group and Qingdao Jinyun Air and its associates expired on 31 December 2020. Such master services agreement was not renewed by the Company after such expiry as the Company expected that the corresponding transaction amounts to be minimal and within the de minimis threshold under Chapter 14A of the Listing Rules.

Based on current business assessment and taking into account the future development of the parties, it is expected that the transaction amounts between the Group and Qingdao Jinyun Air and its associates for provision and receipt of transportation and logistics services will increase in the future. Therefore, on 15 June 2022, the Company entered into the Master Services Agreement with Qingdao Jinyun Air, to facilitate the internal monitor and control of the provision and receipt of the transportation and logistics services (including freight forwarding, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services) between members of the Group and Qingdao Jinyun Air and its associates for the three years ending 31 December 2024.

II. CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER SERVICES AGREEMENT WITH QINGDAO JINYUN AIR

Principal terms of the Master Services Agreement

On 15 June 2022, the Company entered into the Master Services Agreement with Qingdao Jinyun Air for the provision and receipt of the transportation and logistics services (including freight forwarding, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services) between members of the Group and Qingdao Jinyun Air and its associates. The term of the Master Services Agreement is for a period of three years commencing on 1 January 2022 and ending on 31 December 2024. Services provided under the Master Services Agreement will be at the market price charged by independent third parties and on normal commercial terms. The payment terms of the transportation and logistics services provided and received vary depending on the content of the services required and would typically be settled in full after completion of the delivery services, and may entail the payment of deposits of a size determined by the nature of services that are required to be provided.

Basis of pricing

As the Group is a key market player in transportation and logistics services in the PRC, during its ordinary course of business it gathers information on the market rates of various services offered by its competitors from time to time. For some standard services, various service providers may issue price lists from time to time. When entering into any particular transaction with a connected person, the relevant member of the Group would consider a number of factors including, among other things, the combination of services provided, the geographical coverage of services provided and the terms offered by the local competitors, with a view to ensuring that the terms offered to the Group are at market prices as defined above. If a transaction involves customized combination of services for which the terms offered by service providers could substantially differ, the relevant member of the Group will in accordance with the Group's internal control manual requirements obtain quotes and terms of services from at least two independent third parties (to the extent such alternative service providers are available) and the connected person. The Company has established a business contracts review system in which the supervisory departments and offices of the Group will review the terms of services (including the price of services) and compare the same against those offered by independent third parties, to ensure that those terms are at market prices as defined above. In the event that there are less than two alternative independent third parties service providers in the relevant market for a particular type of services, such departments and offices will review the terms of such services (including the price of the services) with reference to the terms of similar services provided or received by the Group previously and consider whether the terms being offered are commercially beneficial to the Group having regard to such comparables. The transportation and logistics services provided under the Master Services Agreement by the Group to Qingdao Jinyun Air will be at the market prices charged by the Group to independent third parties for the

same or comparable type of services, and vice versa. The Directors consider that the procedures described above can ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

Historical transaction records

The historical transaction amounts of transportation and logistics services provided and received between the Group and Qingdao Jinyun Air and its associates for the two years ended 31 December 2021 and for the five months ended 31 May 2022 were as follows:

*Unit: ten thousand
Currency: RMB*

	From 1 January to 31 December 2020	From 1 January to 31 December 2021	From 1 January to 31 May 2022
Provision of transportation and logistics services by the Group	51	994	296
Receipt of transportation and logistics services by the Group	103	732	1,007

Note: The historical transaction figures for the two years ended 31 December 2021 are audited figures of the Group and the figure for the five months ended 31 May 2022 is derived from the internal management accounts of the Group.

The Board further confirms that, as at the date of this announcement, the actual transaction amounts for provision and receipt of transportation and logistics services by the Group with Qingdao Jinyun Air and its associates since 1 January 2022 still falls within the de minimis threshold under Chapter 14A of the Listing Rules.

Annual caps under the Master Services Agreement

The table below sets out the proposed annual caps for the value of transportation and logistics services to be provided and received between the Group and Qingdao Jinyun Air and its associates for the three years ending 31 December 2024:

*Unit: ten thousand
Currency: RMB*

	For the year ending 31 December 2022 Cap ¹	For the year ending 31 December 2023 Cap ¹	For the year ending 31 December 2024 Cap ¹
Provision of transportation and logistics services by the Group	6,000	7,200	8,640
Receipt of transportation and logistics services by the Group	8,000	9,600	11,520

Notes:

1. These figures represent the maximum aggregate annual transaction amount in respect of the transactions of the relevant type which the Group will undertake under the Master Services Agreement during the financial year specified. The actual transaction amount may be different.
2. In determining the relevant caps for transactions under the Master Services Agreement, the Company took into account the following factors:
 - (i) the historical transaction amounts in respect of the transportation and logistics services between the Group and Qingdao Jinyun Air and its associates for the two years ended 31 December 2021 and for the five months ended 31 May 2022;
 - (ii) Qingdao Jinyun Air, as the sole air freight forwarding platform of Sinotrans Central China Co., Ltd.* (中國外運華中有限公司, a wholly-owned subsidiary of the Company) in Qingdao port, continued to expand channels and enhance internal collaboration since 2022. Except for its original businesses, it has expanded to new businesses like whole process operation for door-to-door air transportation from Qingdao to France and the surrounding areas, whole process air freight forwarding service from Chicago to Lianyungang, air freight forwarding service for export to Almaty. Thus, the cooperation between the Group and Qingdao Jinyun Air increased and is expected to expand in a larger scale; and
 - (iii) an estimated increment of 20% applied to the annual caps for 2023 and 2024 to provide buffer for the increase in transaction amount due to, among other things, inflation and potential increase in opportunities for collaboration between the Group and Qingdao Jinyun Air in respect of the transaction contemplated under the Master Services Agreement arising from the reasonable business expansion of the parties.

The Directors (including all the independent non-executive Directors) are of the view that the terms (including the proposed annual caps) of the Master Services Agreement are fair and reasonable, on normal commercial terms, and are entered into in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

III. REASONS FOR AND BENEFITS OF CONTINUING CONNECTED TRANSACTIONS

The entering into of the Master Services Agreement by the Company and Qingdao Jinyun Air will be beneficial to better monitor and control of the above transactions between the Group and Qingdao Jinyun Air and ensure that the Company fully complies with the requirements under

the Listing Rules. In addition, the Master Services Agreement provides flexibility to the Group in working with Qingdao Jinyun Air and its associates, including sourcing specific type of services at competitive prices when necessary. Accordingly, the Directors consider that it is in the interest of and beneficial to the Company and its shareholders as a whole to allow continuing connected transactions on normal commercial terms as contemplated under the Master Services Agreement.

IV. INFORMATION OF THE PARTIES

The Group is a leading integrated logistics service provider and integrator in the PRC, and its principal businesses include logistics, forwarding and related business and e-commerce business.

Qingdao Jinyun Air is a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of the Company. As at the date of this announcement, Qingdao Jinyun Air is owned as to 75% by Sinotrans Central China Co., Ltd.* (中國外運華中有限公司, a wholly-owned subsidiary of the Company) and 25% by LAILON Enterprises Limited (遠升有限公司). LAILON Enterprises Limited is directly held as to 75% by Shandong Sinotrans Co., Ltd.*(山東外運有限公司) which is a wholly-owned subsidiary of SINOTRANS & CSC and SINOTRANS & CSC is a wholly-owned subsidiary of China Merchants, the ultimate controlling shareholder of the Company. China Merchants is a wholly state-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. China Merchants Group is an integrated enterprise with diversified businesses. At present, China Merchants Group's business is not only focused on three core industries, namely integrated transportation, specialty finance, and integrated urban and industrial park development and operation, but also on some new industries such as cruise ship, healthcare and testing technology. Qingdao Jinyun Air is a connected subsidiary of the Company and hence a connected person of the Company according to the Rule 14A.16 of the Listing Rules.

V. IMPLICATIONS UNDER THE LISTING RULES

Qingdao Jinyun Air is a connected subsidiary of the Company and hence a connected person of the Company under Rule 14A.16 of the Listing Rules. As such, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the provision or receipt of transportation and logistics services contemplated under the Master Services Agreement is more than 0.1% but less than 5%, such transactions are subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors had any material interest in the abovementioned continuing connected transactions and therefore they are not required under the Listing Rules to abstain from voting on the board resolutions approving these matters. Nonetheless, as Mr. Wang Hong, Mr. Song Dexing, Mr. Liu Weiwu, Mr. Deng Weidong and Mr. Jiang Jian, all being Directors of the Company, are concurrently holding positions in China Merchants, they have abstained from voting on the board resolution in respect of the abovementioned continuing connected transactions in accordance with the relevant PRC laws and regulations.

VI. DEFINITIONS

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

“A Share(s)”	the domestic share(s) of the Company with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“China Merchants”	招商局集團有限公司 (China Merchants Group Limited*), a wholly state-owned enterprise established under the laws of the PRC under direct control of the the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the ultimate controlling shareholder of the Company, which directly and indirectly holds approximately 57.64% of the issued share capital of the Company as at the date of this announcement
“China Merchants Group”	China Merchants and its subsidiaries
“Company”	中國外運股份有限公司 (Sinotrans Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed on the Hong Kong Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign invested share(s) of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Services Agreement”	the master services agreement entered into between the Company and Qingdao Jinyun Air on 15 June 2022 in relation to the provision and receipt of transportation and logistics services between the Group and Qingdao Jinyun Air
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Qingdao Jinyun Air”	青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co., Ltd.*), a non wholly-owned subsidiary of the Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	H Share(s) and A Share(s)
“Shareholder(s)”	holder(s) of the Shares
“SINOTRANS & CSC”	Sinotrans & CSC Holdings Co., Ltd., a wholly-owned subsidiary of China Merchants established under the laws of the PRC, and the controlling shareholder of the Company which directly and indirectly holds approximately 34.85% of the issued share capital of the Company as at the date of this announcement
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

* *For the purpose of identification only*

By Order of the Board
Sinotrans Limited
Li Shichu
Company Secretary

Beijing, 15 June 2022

As at the date of this announcement, the board of directors of the Company comprises Wang Hong(Chairman), Song Dexing (Vice Chairman), Song Rong (executive director), Liu Weiwu (non-executive director), Deng Weidong (non-executive director), Jiang Jian (non-executive director), Jerry Hsu (non-executive director), and four independent non-executive directors, namely Wang Taiwen, Meng Yan, Song Haiqing and Li Qian.