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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 PURCHASE AGREEMENT WITH DAOJIAHUI TECHNOLOGY COMPANY

MASTER PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 27 August 2020 in respect of the Original Master Purchase Agreement entered into between the Company and Daojiahui Technology Company, pursuant to which the Group may purchase the Office Supplies and Equipment from Daojiahui Technology Company through the Online Platform for the period from 1 April 2020 to 31 December 2022.

As the Original Master Purchase Agreement expired on 31 December 2022, in order to facilitate the internal monitor and control of the purchase and supply of the Office Supplies and Equipment between the Group and Daojiahui Technology Company, on 27 March 2023, the Company entered into the Master Purchase Agreement with Daojiahui Technology Company, pursuant to which, the Group may purchase the Office Supplies and Equipment from Daojiahui Technology Company through the Online Platform for the period from 1 January 2023 to 31 December 2025.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Daojiahui Technology Company is a wholly-owned subsidiary of China Merchants Property Operation, which is indirectly owned as to 51.16% by CMG. As CMG is the ultimate controlling shareholder of the Company holding in aggregate approximately 58.48% of the total issued share capital of the Company as at the date of this announcement, Daojiahui Technology Company is a connected person of the Company and the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the highest annual cap for the transactions contemplated under the Master Purchase Agreement is more than 0.1% but less than 5%, such transactions are 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 had any material interest in the Master Purchase Agreement, and therefore they are not required under the Listing Rules to abstain from voting on the relevant Board resolution. Nonetheless, as Mr. Feng Boming, Mr. Song Dexing, Mr. Deng Weidong, Mr. Jiang Jian and Ms. Luo Li, being the Directors, are concurrently holding positions in CMG, they have abstained from voting at the relevant Board resolution in accordance with the relevant PRC laws and regulations.

BACKGROUND

Reference is made to the announcement of the Company dated 27 August 2020 in respect of the Original Master Purchase Agreement entered into between the Company and Daojiahui Technology Company, pursuant to which the Group may purchase the Office Supplies and Equipment from Daojiahui Technology Company through the Online Platform for the period from 1 April 2020 to 31 December 2022.

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THE MASTER PURCHASE AGREEMENT

The principal terms of the Master Purchase Agreement are set out below:

Date

27 March 2023

Parties

- (1) the Company, as the purchaser;
- (2) Daojiahui Technology Company, as the vendor

Subject Matter

The Group may, during the period from 1 January 2023 to 31 December 2025, purchase the Office Supplies and Equipment, including but not limited to office stationery such as paper and pen, computers, printers and printing supplies etc., from Daojiahui Technology Company through the Online Platform.

Pricing

Goods available to the general public on the Online Platform are sold at prevailing market prices and Daojiahui Technology Company is required to ensure that the goods sold to the Group (including the after-sales services thereof) must not be at a price higher than those provided to the Independent Third Parties.

Settlement

The Group is able to make purchases through the Online Platform on credit. Settlement of purchases is to be made on a deferred basis and the Group can enjoy a credit period of up to 50 days.

GENERAL PRICING POLICY

The Group has, to the extent comparable, compared the prices and other service terms such as delivery policy with respect to the Office Supplies and Equipment available on the Online Platform with those for similar products quoted by its existing suppliers which are e-commerce online retailers in the PRC, being Independent Third Parties, and noted that the prices offered by Daojiahui Technology Company are generally within the price range offered by the independent suppliers and the terms of the Master Purchase Agreement are comparable with the prevailing market price and market terms. The Group will seek updated quotations from independent suppliers on a regular basis in order to ensure that the prices for the Office Supplies and Equipment offered on the Online Platform are comparable to the prevailing market price.

HISTORICAL TRANSACTION RECORDS

The costs on the purchases of the Office Supplies and Equipment incurred under the Original Master Purchase Agreement were as follows:

From 1 April 2020 to 31 December 2020	From 1 January 2021 to 31 December 2021	From 1 January 2022 to 31 December 2022
RMB48,169,958.65	RMB64,093,073.64	RMB51,781,845.28

Note: The historical transaction figures for the eight months from 1 April 2020 to 31 December 2020 and for the years ended 31 December 2021 and 2022, respectively, are audited figures of the Group.

The Board further confirms that, as at the date of this announcement, the actual transaction amount on the purchases of the Office Supplies and Equipment by the Group from Daojiahui Technology Company since 1 January 2023 still falls within the de minimis threshold under Chapter 14A of the Listing Rules.

PROPOSED ANNUAL CAPS UNDER THE MASTER PURCHASE AGREEMENT

The proposed annual caps under the Master Purchase Agreement in respect of the costs on the purchases of the Office Supplies and Equipment payable by the Group to Daojiahui Technology Company are as follows:

From 1 January 2023 to 31 December 2023	From 1 January 2024 to 31 December 2024	From 1 January 2025 to 31 December 2025
RMB120,000,000	RMB144,000,000	RMB172,800,000

The above annual caps are determined by the parties after arm's length negotiations, taking into account of (i) the Group's historical costs on the purchases of the Office Supplies and Equipment through the Online Platform and the actual demand of the Office Supplies and Equipment; and (ii) an estimated increment of 20% applied to the annual caps for 2024 and 2025 to provide buffer for the increase in transaction amount due to, among other things, inflation, possible business expansion and equipment upgrade and replacement from time to time.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER PURCHASE AGREEMENT

The Master Purchase Agreement provides benefit of deferred settlement and allows the Group to source its Office Supplies and Equipment through the Online Platform at market price and terms, contributing towards the Group's efforts in cost control and improving efficiency.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Master Purchase Agreement are fair and reasonable and on normal commercial terms, and the transactions contemplated thereunder (including the proposed annual caps) are in the ordinary and usual course of business of the Group and in the interests of the shareholders of the Company as a whole.

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.

Daojiahui Technology Company is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of China Merchants Property Operation, which is indirectly owned as to 51.16% by CMG, as at the date of this announcement. Daojiahui Technology Company is

principally engaged in centralised procurement of office supplies, corporate welfare and office services and so on. CMG, the ultimate controlling shareholder of the Company, 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. CMG is an integrated enterprise with diversified businesses. At present, the CMG'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.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Daojiahui Technology Company is a wholly-owned subsidiary of China Merchants Property Operation, which is indirectly owned as to 51.16% by CMG. As CMG is the ultimate controlling shareholder of the Company holding in aggregate approximately 58.48% of the total issued share capital of the Company as at the date of this announcement, Daojiahui Technology Company is a connected person of the Company and the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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None of the Directors had any material interest in the Master Purchase Agreement, and therefore they are not required under the Listing Rules to abstain from voting on the relevant Board resolution. Nonetheless, as Mr. Feng Boming, Mr. Song Dexing, Mr. Deng Weidong, Mr. Jiang Jian and Ms. Luo Li, being the Directors, are concurrently holding positions in CMG, they have abstained from voting at the relevant Board resolution in accordance with the relevant PRC laws and regulations.

DEFINITIONS

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

“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
“Board”	the board of directors of the Company

“China Merchants Property Operation”	China Merchants Property Operation & Service Co., Ltd.* (招商積餘產業運營服務股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (stock code: 001914.SZ)
“CMG”	China Merchants Group Limited* (招商局集團有限公司), the ultimate controlling shareholder of the Company, and 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
“Company”	Sinotrans Limited (中國外運股份有限公司), 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”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Daojiahui Technology Company”	China Merchants (Shenzhen) Daojiahui Technology Co., Ltd.* (深圳招商到家匯科技有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of China Merchants Property Operation as at the date of this announcement
“Director(s)”	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
“Independent Third Parties”	parties which are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Master Purchase Agreement”	the agreement dated 27 March 2023 entered into between the Company and Daojiahui Technology Company in relation to the purchase and supply of Office Supplies and Equipment through the Online Platform for the period from 1 January 2023 to 31 December 2025
“Office Supplies and Equipment”	the general office supplies and equipment which may be purchased by the Group from time to time, including but not limited to paper and pen, computers, printers and printing supplies etc.
“Online Platform”	an online shopping platform “招商到家滙” operated by Daojiahui Technology Company
“Original Master Purchase Agreement”	the agreement dated 27 August 2020 entered into between the Company and Daojiahui Technology Company in relation to the purchase and supply of Office Supplies and Equipment through the Online Platform for the period from 1 April 2020 to 31 December 2022
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	H Share(s) and A Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“%”	per cent

* *For identification purpose only*

By order of the Board
Sinotrans Limited
Li Shichu
Company Secretary

Beijing, 27 March 2023

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