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

**ANNOUNCEMENT
BUSINESS UPDATE**

Sinotrans Limited (the “**Company**”) has been informed by Sinotrans Air Transportation Development Company Limited (“**Sinoair**”) that it has received a notice on 2 January 2018 from China Merchants Group Limited that it is planning and discussing a major proposal. On the basis of that notice, Sinoair has applied for the suspension of trading in its shares on the Shanghai Stock Exchange pending the issue of an appropriate announcement, after it has considered over the next ten working days whether or not there is expected to be a major asset reorganisation and the status of any such proposal (if any).

Sinoair is a 60.95% owned subsidiary of the Company listed in Shanghai Stock Exchange and China Merchants Group Limited is a controlling shareholder of the Company interested in an aggregate of 66.31% of the total issued share capital of the Company.

Further announcement will be made by the Company as and when appropriate, after the Company has received further information in order to make an informed assessment of the implications. **Shareholders of, and potential investors in, the Company should exercise caution when dealing in the shares of the Company.**

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

Beijing, 2 January 2018

As at the date of this announcement, the board of directors of the Company comprises Zhao Huxiang (Chairman), Song Dexing (executive director), Li Guanpeng (executive director), Wang Lin (executive director), Yu Jianmin (executive director), Wu Xueming (executive director), Jerry Hsu (non-executive

director), and four independent non-executive directors, namely Guo Minjie, Lu Zhengfei, Liu Junhai and Wang Taiwen.