

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTION
THE MASTER PURCHASE AGREEMENT

THE MASTER PURCHASE AGREEMENT

On 29 October 2018, the Company entered into the Master Purchase Agreement with China Merchants Property pursuant to which the Group may purchase the Office Supplies and Equipment from China Merchants Property through an online shopping platform operated by China Merchants Property.

LISTING RULES IMPLICATIONS

China Merchants Property is a wholly-owned subsidiary of China Merchants Shekou, which is owned as to 71.28% by China Merchant. 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, the transaction under the Master Purchase 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 transaction contemplated under the Master Purchase Agreement is more than 0.1% but less than 5%, such transaction 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.

INTRODUCTION

China Merchants Property, a wholly-owned subsidiary of China Merchants Shekou, which is owned as to 71.28% by China Merchants, operated an online shopping platform “招商到家汇” which carries primarily general office supplies and equipment and certain household appliances and food and beverage goods. Since July 2018, the Group has been making purchases of Office Supplies and Equipment on such platform from time to time. In order to ensure compliance with Chapter 14A of the Listing Rules, on 29 October 2018, the Company entered into the Master Purchase Agreement with China Merchants Property pursuant to which the Group may purchase the Office Supplies and Equipment from China Merchants Property through such platform up to the annual caps set out in the Master Purchase Agreement.

THE MASTER PURCHASE AGREEMENT

Date:	29 October 2018		
Parties:	(i) the Company, as purchaser; (ii) China Merchants Property, as vendor		
Subject matter:	The Group may, during the period from 1 July 2018 to 31 December 2020, 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 China Merchants Property through the Online Platform.		
Pricing:	Goods available on the Online Platform are sold at prevailing market prices and China Merchants Property is required to ensure that the goods sold to the Group must not be at a price higher than that available to the general public.		
Annual caps:	From 1 July 2018 to 31 December 2018	From 1 January 2019 to 31 December 2019	From 1 January 2020 to 31 December 2020
	RMB121,108,600	RMB212,484,000	RMB254,980,800

The above annual caps are determined by the parties taking into account of (i) the Group's costs on the purchases of the Office Supplies and Equipment incurred for the years 2016 and 2017 and for the six months ended 30 June 2018 of RMB133,419,800, RMB152,171,373 and RMB55,961,395, respectively; (ii) the Group's budget for the purchase of Office Supplies and Equipment earmarked for 2018 of RMB177,069,995; and (iii) an estimated increment of 20% applied to the annual caps for 2019 and 2020 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.

Settlement: Each subsidiary of the Company is able to make purchases on the Online Platform on credit (up to a prescribed amount subject to review and/or adjustment by China Merchants Property from time to time). 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 Company understands from China Merchants Property that it primarily sources the goods from two channels, namely manufacturers of the goods and another large e-commerce online retailer in the PRC. 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 two of its existing suppliers which are other e-commerce online retailers in the PRC, being Independent Third Parties, and noted that the prices offered by China Merchants Property 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.

INFORMATION ON THE COMPANY AND CHINA MERCHANTS PROPERTY AND REASONS AND BENEFITS OF THE MASTER PURCHASE AGREEMENT

The Group is a leading integrated logistics service provider in China whose principal businesses include freight forwarding, logistics, storage and terminal services, logistics equipment leasing and other services including shipping, trucking and express services.

China Merchants Property is principally engaged in the provision of property management and consultation services, including but not limited to retail of electronic business, daily necessities, books, audio and video products and domestic electronic facilities.

The Master Purchase Agreement added benefit of deferred settlement within the credit limit and allows the Group to source its Office Supplies and Equipment through the Online Platform at market price and terms, with the convenience of effecting and managing its procurement process on the internet. Accordingly, this additional sourcing channel can contribute 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 Services Agreement are fair and reasonable and on normal commercial terms, and the transactions contemplated thereunder 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.

LISTING RULES IMPLICATIONS

China Merchants Property is a wholly-owned subsidiary of China Merchants Shekou, which is owned as to 71.28% by 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, the transaction under the Master Purchase 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 transaction contemplated under the Master Purchase Agreement is more than 0.1% but less than 5%, such transaction 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.

DEFINITIONS

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

“Board”	the board of the Company
“CMG”	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
“China Merchants Shekou”	招商局蛇口工業區控股股份有限公司 (China Merchants Shekou Industrial Zone Holdings Co., Ltd), a joint stock limited company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange (stock code: SZ01979)

“China Merchants Property”	China Merchants Property Management Co., Ltd.* (深圳招商物業管理有限公司), a company established in the PRC and a wholly-owned subsidiary of China Merchants Shekou
“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
“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)”	party(ies) which are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Purchase Agreement”	the agreement dated 29 October 2018 entered into between the Company and China Merchants Property in relation to the purchase and supply of Office Supplies and Equipment through an online shopping platform operated by China Merchants Property
“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 “招商到家匯” operated by China Merchants Property
“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 of
Sinotrans Limited
Li Shichu
Joint Company Secretary

Beijing, 29 October 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.