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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: 0598)

**CONNECTED TRANSACTION -
ENTERING INTO UNDERWRITING AGREEMENT WITH THE
CONNECTED PERSON IN RELATION TO THE ISSUANCE OF
RMB ASSET-BACKED NOTES**

References are made to the circular of the Company dated 17 April 2020 and the announcement of the Company dated 1 June 2020, in relation to the updated mandate of the issue of debt financing instruments.

**ENTERING INTO UNDERWRITING AGREEMENT WITH THE CONNECTED PERSON
IN RELATION TO THE ISSUANCE OF THE RMB ABN**

The Board is pleased to announce that the Company plans to register with the National Association of Financial Market Institutional Investors to issue the RMB ABN. The proposed aggregate issuance amount of the RMB ABN to be issued by the Company will not exceed RMB500 million, with an estimated term of 6 months. On 28 October 2020, the Company entered into the Underwriting Agreement with Huaneng Guicheng, BOC and China Merchants Securities, pursuant to which, China Merchants Securities conditionally agreed to perform its Standby Commitment Underwriting obligations as set out in the Underwriting Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, China Merchants Securities is a subsidiary of China Merchants, the controlling shareholder of the Company, and therefore is a connected person of the Company. Thus the transaction with China Merchants Securities contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction with China Merchants Securities contemplated under the Underwriting Agreement is more than 0.1% but less than 5%, the transaction with China Merchants Securities contemplated under the Underwriting Agreement is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Underwriting Agreement, and therefore they are not required under the Listing Rules to abstain from voting on the relevant Board resolution. Nonetheless, as Mr. Song Dexing, being the vice chairman of the Company, as well as Mr. Su Jian, Mr. Xiong Xianliang and Mr. Jiang Jian, all being the non-executive Directors of the Company, are concurrently holding positions in China Merchants, they have abstained from voting at the relevant Board resolution in accordance with the relevant PRC laws and regulations.

Completion of the transaction contemplated under the Underwriting Agreement is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent set out in the Underwriting Agreement. Accordingly, the completion of the Underwriting Agreement and the issuance of the RMB ABN may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

GENERAL INFORMATION

The Company shall make further announcement in relation to the issuance of the RMB ABN in compliance with the Listing Rules in due course.

INTRODUCTION

References are made to the circular of the Company dated 17 April 2020 and the announcement of the Company dated 1 June 2020, in relation to the updated mandate of the issue of debt financing instruments.

The Board is pleased to announce that the Company plans to register with the National Association of Financial Market Institutional Investors to issue the RMB ABN. The proposed aggregate issuance amount of the RMB ABN to be issued by the Company will not exceed RMB500 million, with an estimated term of 6 months. On 28 October 2020, the Company entered into the Underwriting Agreement with Huaneng Guicheng, BOC and China Merchants Securities, pursuant to which, China Merchants Securities conditionally agreed to perform its Standby Commitment Underwriting obligations as set out in the Underwriting Agreement.

UNDERWRITING AGREEMENT

Date

28 October 2020

Parties

- (i) the Company (as the initiating institution of the RMB ABN);
- (ii) Huaneng Guicheng (as the entrusted institution/issuance vehicle management institution of the RMB ABN);
- (iii) BOC (as the lead underwriter/bookrunner of the RMB ABN); and
- (iv) China Merchants Securities (as the joint lead underwriter of the RMB ABN)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Huaneng Guicheng, BOC and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

Total issuance amount of the RMB ABN shall be no more than RMB500 million, with an estimated term of 6 months.

Pursuant to the Underwriting Agreement, China Merchants Securities conditionally agreed to underwrite, jointly with BOC, the preferential tranche of the proposed RMB ABN to be issued by the Company by way of Standby Commitment Underwriting in accordance with the terms and conditions of the Underwriting Agreement.

Consideration and payment

Pursuant to the Underwriting Agreement, China Merchants Securities is required to perform its obligations to underwrite the preferential tranche of the RMB ABN (representing 95% of the total issuance amount of the RMB ABN) under the Underwriting Agreement by way of Standby Commitment Underwriting. The proportions of Standby Commitment Underwriting undertaken by China Merchants Securities and BOC are 30% and 70%, respectively, and thus the amount for subscription of the RMB ABN by China Merchants Securities is estimated to be no more than RMB142.5 million.

The underwriting fees to be received by China Merchants Securities are determined after arm's length negotiations by the parties with reference to the market price for similar services in the industry, and are estimated to be no more than RMB0.1 million. The final amount will be determined according to the actual sales status and the allocation of the underwriting fees, which is in line with market normal commercial terms.

After successful issuance of the RMB ABN, the underwriting fees will be paid in a lump sum by the Company to BOC and China Merchants Securities within 10 business days after the Payment Date.

Conditions precedent

The obligations undertaken by BOC and China Merchants Securities under the Underwriting Agreement are conditional upon the satisfaction or, as the case may be, waiver of each of the conditions precedent as set out in the Underwriting Agreement prior to the date of issuance of the RMB ABN. Major conditions precedent include:

- (i) Issuance of the RMB ABN under the Underwriting Agreement is in compliance with the requirements under the Administrative Measures for Debt Financing Instruments of Non-Financial Enterprises in the Inter-bank Bond Market (《銀行間債券市場非金融企業債務融資工具管理辦法》) and relevant self-regulatory normative documents of the National Association of Financial Market Institutional Investors and has received the approval, permission from, or has registered/filed with the regulatory authorities, the National Association of Financial Market Institutional Investors and other relevant institutions in accordance with laws;
- (ii) The Company and Huaneng Guicheng have disclosed all kinds of information relating to the RMB ABN under the Underwriting Agreement in a prompt, accurate and complete manner in accordance with laws such as the Rules for Information Disclosure on Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market (《銀行間債券市場非金融企業債務融資工具信息披露規則》) and relevant self-regulatory normative documents of the National Association of Financial Market Institutional Investors;
- (iii) The Company, BOC and China Merchants Securities have reached consensus on the issuance scale, term, interest rate/price range and other aspects of the RMB ABN, and have signed the letter of confirmation for interest rates/price range in writing;
- (iv) The Company and Huaneng Guicheng have not violated any of their substantive obligations and any of the representations, warranties and commitments stated in the Underwriting Agreement and the issuance documents of the RMB ABN, and no major adverse events, breach of contract, force majeure and other circumstances stipulated in the Underwriting Agreement have taken place;
- (v) The Company and Huaneng Guicheng have entered into the relevant registration, custody and payment agreements with relevant registration custody institutions;
- (vi) The professional opinions from the accounting firms, law firms, credit rating agencies and other intermediaries appointed by the Company remain legal and effective with no material adverse changes;
- (vii) Credit enhancement agreement or relevant documents (if any) remains legal and effective with no material adverse changes in the credit enhancement plan; and
- (viii) Other conditions stipulated in the supplemental agreement by the parties (if any).

The abovementioned conditions may be waived by BOC and China Merchants Securities in whole or in part upon negotiation and joint consent.

Termination

Save as termination by each of the parties based on the termination conditions stipulated in the Underwriting Agreement, the Underwriting Agreement is subject to termination on the date when the delivery of the RMB ABN under the Underwriting Agreement has been completed.

REASONS FOR AND BENEFITS OF TRANSACTION UNDER THE UNDERWRITING AGREEMENT

The Directors, after deliberate consideration, are of the view that the issuance of the RMB ABN is conducive to revitalizing the stock assets of the Company, raising asset turnover efficiency and optimizing the asset and liability structure of the Company, and does not have a material impact on the future financial conditions and results of operations of the Company. The business teams from BOC and China Merchants Securities possess abundant project experience in asset securitization area, and the provision of underwriting services by BOC and China Merchants Securities is beneficial for improving the efficiency of communication and implementation of the RMB ABN issuance project.

In light of the above, the Directors (including the independent non-executive Directors) confirm that the terms of the Underwriting Agreement are fair and reasonable, and are on normal commercial terms or better and the transaction contemplated under the Underwriting Agreement is in the interests of the Company and the Shareholders as a whole, although not conducted in the ordinary or usual course of business of the Group due to its nature.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, China Merchants Securities is a subsidiary of China Merchants, the controlling shareholder of the Company, and therefore is a connected person of the Company. Thus the transaction with China Merchants Securities contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction with China Merchants Securities contemplated under the Underwriting Agreement is more than 0.1% but less than 5%, the transaction with China Merchants Securities contemplated under the Underwriting Agreement is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Underwriting Agreement, and therefore they are not required under the Listing Rules to abstain from voting on the relevant Board resolution. Nonetheless, as Mr. Song Dexing, being the vice chairman of the Company, as well as Mr. Su Jian,

Mr. Xiong Xianliang and Mr. Jiang Jian, all being the non-executive Directors of the Company, are concurrently holding positions in China Merchants, they have abstained from voting at the relevant Board resolution in accordance with the relevant PRC laws and regulations.

INFORMATION OF THE PARTIES

The Group

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. China Merchants is the ultimate controlling shareholder of the Company, and 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. China Merchants is a large-scale conglomerate with diversified businesses. At present, China Merchants mainly focuses on three core industries: comprehensive transportation, featured finance, and holistic development and operation of residential communities and industrial parks. It has also been engaging in the transformation from these three primary industries to the three platforms of industrial management, financial services, and investment and capital operation.

Huaneng Guicheng

Huaneng Guicheng is a company incorporated in the PRC with limited liability. It mainly engages in businesses such as fund trust, chattel trust, real estate trust and marketable securities trust. Huaneng Guicheng is owned as to 67.92% and 31.48% by Huaneng Capital Services Co., Ltd.* (華能資本服務有限公司) and Guizhou Wujiang Energy Investment Co., Ltd.* (貴州烏江能源投資有限公司), respectively. Save for the above, no shareholder of Huaneng Guicheng holds more than 10% equity interests. Huaneng Capital Services Co., Ltd. is controlled by China Huaneng Group Co., Ltd.* (中國華能集團有限公司) which is wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council. Guizhou Wujiang Energy Investment Co., Ltd. is wholly owned by Guizhou Wujiang Energy Group Co., Ltd.* (貴州烏江能源集團有限責任公司), the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of Guizhou Province.

BOC

BOC is a joint stock limited company incorporated in the PRC with limited liability. It mainly engages in businesses such as RMB deposit absorption, money lending and settlement. BOC is owned as to 64.02% and 27.82% by Central Huijin Investment Ltd.* (中央匯金投資有限責任公司) and HKSCC NOMINEES LIMITED. Save for the above, no shareholder of BOC holds more than 10% equity interests. Central Huijin Investment Ltd. is a wholly-owned subsidiary of China Investment Corporation* (中國投資有限責任公司), which is wholly owned by the State Council of the PRC. HKSCC NOMINEES LIMITED is wholly owned by HONG KONG SECURITIES CLEARING COMPANY LIMITED, the ultimate beneficial owner of which is Hong Kong Exchanges and Clearing Limited.

China Merchants Securities

China Merchants Securities is a joint stock limited company incorporated in the PRC with limited liability. It mainly engages in securities brokerage, securities investment consultancy, underwriting and sponsorship businesses. As at the date of this announcement, China Merchants Securities is a subsidiary of China Merchants, and therefore is a connected person of the Company.

Completion of the transaction contemplated under the Underwriting Agreement is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent set out in the Underwriting Agreement. Accordingly, the completion of the Underwriting Agreement and the issuance of the RMB ABN may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

GENERAL INFORMATION

The Company shall make further announcement in relation to the issuance of the RMB ABN in compliance with the Listing Rules in due course.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“BOC”	Bank of China Limited* (中國銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
“China Merchants”	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
“China Merchants Securities”	China Merchants Securities Co., Ltd.* (招商證券股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, and a subsidiary of China Merchants as at the date of this announcement
“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(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	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
“Huaneng Guicheng”	Huaneng Guicheng Trust Co., Ltd.* (華能貴誠信託有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Payment Date”	the date on which BOC fully transferred the proceeds of the RMB ABN to the designated bank account of Huaneng Guicheng, subject to the date determined in the prospectus
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“RMB ABN”	the proposed first tranche of 2020 RMB receivables asset-backed notes to be issued by the Company pursuant to the updated mandate approved by the Company’s annual general meeting convened on 1 June 2020, with a proposed aggregate issuance amount not exceeding RMB500 million and an estimated term of 6 months
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Standby Commitment Underwriting”	the underwriting method in which BOC and China Merchants Securities fully subscribe at the issuance interest rate/price for all unsold preferential tranche of the proposed RMB ABN on the Payment Date according to their respective underwriting proportions

“Underwriting Agreement” the underwriting agreement entered into among the Company, Huaneng Guicheng, BOC and China Merchants Securities on 28 October 2020, pursuant to which, China Merchants Securities conditionally agreed to underwrite, jointly with BOC, the preferential tranche of the proposed RMB ABN to be issued by the Company by way of Standby Commitment Underwriting in accordance with the terms and conditions under the underwriting agreement

* *for identification purpose only*

By order of the Board
Sinotrans Limited
Li Shichu
Company Secretary

Beijing, 28 October 2020

As at the date of this announcement, the board of directors of the Company comprises Li Guanpeng (Chairman), Song Dexing (Vice Chairman), Song Rong (executive director), Su Jian (non-executive director), Xiong Xianliang (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.