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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 THE PARTNERSHIP AGREEMENT REGARDING  
ESTABLISHMENT OF THE FUND**

The Board of the Company is pleased to announce that, on 11 June 2021, the Company entered into the Partnership Agreement with CMVC and CMVCGP in relation to the establishment of the Fund, pursuant to which, the total capital contribution of the Fund shall be RMB300.1 million, and CMVC (as a limited partner), the Company (as a limited partner) and CMVCGP (as the general partner) shall make cash contribution in the amount of RMB150 million, RMB150 million and RMB0.1 million, respectively. The Fund will not be considered as a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Company.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, both the general partner (executive partner), being CMVCGP, and limited partner of CMVC are subsidiaries of China Merchants, the ultimate controlling shareholder of the Company, CMVCGP and CMVC are therefore connected persons of the Company.

Therefore, the entering into of the Partnership Agreement and the transaction contemplated thereunder constitute a connected transaction 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 entering into of the Partnership Agreement and the transaction contemplated thereunder is more than 0.1% but less than 5%, such transaction 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 Partnership Agreement and the transaction contemplated thereunder, and therefore they are not required under the Listing Rules to abstain from voting on the relevant Board resolution. Nonetheless, as Mr. Song Dexing, Mr. Liu Weiwu, Mr. Xiong Xianliang and Mr. Jiang Jian, all being Directors of the Company, are concurrently holding positions in China Merchants, they have abstained from voting on the relevant Board resolution in accordance with the relevant PRC laws and regulations.

## **I. BACKGROUND**

The Board of the Company is pleased to announce that, on 11 June 2021, the Company entered into the Partnership Agreement with CMVC and CMVCGP in relation to the establishment of the Fund, pursuant to which, the total capital contribution of the Fund shall be RMB300.1 million, and CMVC (as a limited partner), the Company (as a limited partner) and CMVCGP (as the general partner) will contribute in cash in the amount of RMB150 million, RMB150 million and RMB0.1 million, respectively. The Fund will not be considered as a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Company.

## **II. PARTNERSHIP AGREEMENT**

Major terms of the Partnership Agreement are summarized as follows:

### **Date**

11 June 2021

### **Parties**

- (1) CMVC (as a limited partner);
- (2) the Company (as a limited partner); and
- (3) CMVCGP (as the general partner)

### **General Information of the Fund**

#### ***(1) Investment Strategy and Investment Method of the Fund***

The Fund shall primarily focus on investment in projects at preliminary stage related to logistics innovation business. The investment method of the Fund mainly includes the participation in the investment of sub-funds projects, the equity investment of unlisted enterprises and listed enterprises.

## **(2) *Duration of the Fund***

The duration of the Fund shall be eight years from the establishment date of the Fund; the investment period of the Fund shall be earlier of (i) the fourth anniversary of the business registration date of the Fund, or (ii) the date when all capital contribution of the Fund has been paid up in full and used as agreed; and the payback period of the Fund is the remaining duration of the Fund commencing from the date immediately after the expiration of the investment period. The investment period or the payback period of the Fund may be extended by resolution of the partners.

CMVCGP may extend the duration of the Fund, if so, CMVCGP shall notify all partners in writing, and be authorized to sign the relevant legal documents on its own and/or on behalf of the limited partners and be responsible for the industrial and commercial change procedures (if involved).

## **Capital Contribution and Payment**

The total capital contribution of the Fund shall be RMB300.1 million, and CMVC (as a limited partner), the Company (as a limited partner) and CMVCGP (as the general partner) will contribute in cash in the amount of RMB150 million, RMB150 million and RMB0.1 million, respectively; representing approximately 49.983%, 49.983% and 0.033% of the interest in the Fund, respectively.

The respective capital contribution to the Fund was determined after arm's length negotiation among the partners with reference to the capital needs of the Fund and the partners' proportionate interests therein. The Company will finance its contribution with self-owned capital.

The capital contribution shall be paid in instalments to the bank account of the Fund by the partners in accordance with requirements as specified in the written notice issued by CMVCGP based on the actual needs of project investments.

## **Management of the Fund**

### **(1) *Investment decision-making committee***

An investment decision-making committee shall be established to be responsible for the final decision-making of all investment businesses of the Fund. The investment decision-making committee shall be comprised of six members, among which the Company shall be entitled to appoint three members and CMVCGP shall be entitled to appoint three members. For the investment projects to be considered, each member of the investment decision-making committee shall have one vote, and the resolution shall be duly passed with the consent of more than two-thirds of the members of the investment decision-making committee.

## **(2) *Executive partner***

As agreed by all partners, the general partner, CMVCGP shall be entrusted as the executive partner of the Fund to represent the Fund externally and perform the partnership affairs. Furthermore, all partners unanimously agreed that CMVCGP shall act as the manager of the Fund.

The annual management fee paid by the Fund to CMVCGP for the management services is calculated as 1% of the total actual capital contribution of the Fund during the investment period; while during the payback period, the annual management fee is calculated as 1% of the book value of the capital contribution of the projects that have not been withdrawn from the Fund.

## **(3) *Investment advisers***

All partners unanimously agreed that qualified industrial investment advisers can be engaged to provide industrial investment advisory services for the Fund according to its project investment needs. 中外運創新科技有限公司 (Sinotrans Innovation Technology Co., Ltd.\*), a wholly-owned subsidiary of the Company, was invited to act as the investment adviser of the Fund on 11 June 2021. For the industrial investment advisory services provided by Sinotrans Innovation Technology Co., Ltd. to the Fund, the Company will comply with relevant applicable requirements under Chapter 14 and/or Chapter 14A of the Listing Rules and fulfill its information disclosure obligations (if required).

## **Profit Distribution and Loss Sharing**

Unless otherwise agreed by the partners, income from investment projects of the Fund shall be independently accounted for each investment project. Under circumstances where an investment project of the Fund makes profits, income from the investment project shall be distributed to each partner according to the proportion of their actual paid-in capital after deduction of investment principal and other payments relating to the investment project (such as agency fees and performance bonus to be paid to the general partner and investment advisers) in accordance with the terms of the Partnership Agreement and the definitive investment agreement(s) relating to the investment project. Under circumstances where the investment project of the Fund incurs loss, all partners shall bear the losses according to the proportion of their actual paid-in capital.

## **Transfer of Partnership Interest**

CMVCGP shall not transfer or pledge its interest in the Fund. Unless upon unanimous written consent of all partners, no partner may transfer or pledge its interest in the Fund, nor may it entrust a third party to manage its interest in the Fund in any form. If a party other than a partner legally obtains the interest of any partner in the Fund, it will become a partner of the

Fund upon amendment of the Partnership Agreement and shall be entitled to the rights and assume obligations in accordance with the Partnership Law of the PRC and the revised partnership agreement(s).

### **III. REASONS FOR AND BENEFITS OF ESTABLISHMENT OF THE FUND AND ENTERING INTO THE PARTNERSHIP AGREEMENT**

The participation in the establishment of such Fund can serve as a supplement to the investment channel of the Company and will also lead to more potential investment targets in logistics innovation.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the establishment of the Fund and the terms of the Partnership Agreement are fair and reasonable and on normal commercial terms, and the establishment of the Fund and the terms of the Partnership Agreement are 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 the nature.

### **IV. 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 of the PRC. 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.

#### **CMVCGP and CMVC**

CMVCGP is a company incorporated in the PRC with limited liability, and its principal businesses are entrusted management of equity investment funds, equity investment; investment consulting, investment management, investment advisory, corporate management consulting. CMVC is a limited partnership incorporated in the PRC, and its principal businesses are equity investment, venture capital investment, investment management and investment advisory. CMVC is owned as to 0.1% by CMVCGP, which is its general partner (executive partner), and 99.9% by Shenzhen China Merchants Holding Investment Co., Ltd.\* (深圳市招控投資有限責任公司), which is its limited partner, respectively. Both CMVCGP and Shenzhen China

Merchants Holding Investment Co., Ltd. are wholly-owned subsidiaries of China Merchants, and their ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

## **V. IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, both the general partner (executive partner), being CMVCGP, and limited partner of CMVC are subsidiaries of China Merchants, the ultimate controlling shareholder of the Company, CMVCGP and CMVC are therefore connected persons of the Company.

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None of the Directors has any material interest in the Partnership Agreement and the transaction contemplated thereunder, and therefore they are not required under the Listing Rules to abstain from voting on the relevant Board resolution. Nonetheless, as Mr. Song Dexing, Mr. Liu Weiwu, Mr. Xiong Xianliang and Mr. Jiang Jian, all being Directors of the Company, are concurrently holding positions in China Merchants, they have abstained from voting on the relevant Board resolution 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
“Board”	the board of Directors of the Company
“China Merchants”	招商局集團有限公司 (China Merchants Group Limited*), the ultimate controlling shareholder of the Company, 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

“CMVC”	深圳市招商局創新投資基金中心(有限合夥) (China Merchants Venture Capital Fund (Shenzhen) L.P.*), a limited partnership incorporated in the PRC
“CMVCGP”	招商局創新投資管理有限責任公司 (China Merchants Venture Capital Management Co., Ltd.*), a company incorporated in the PRC with limited liability
“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
“Fund”	招商局中外運產業創新私募股權投資基金合夥企業(有限合夥) (China Merchants Sinotrans Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)*) (subject to business registration), a limited partnership to be established and registered under the laws of the PRC pursuant to the Partnership Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed share(s) of RMB1.00 each in the issued 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
“Partnership Agreement”	the partnership agreement in relation to the establishment of the Fund jointly entered into by the Company, CMVC and CMVCGP on 11 June 2021

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“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 the purpose of identification only*

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

Beijing, 11 June 2021

*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), Liu Weiwu (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.*