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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)

**CONTINUING CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT TO PURCHASE AND SALES
FRAMEWORK AGREEMENT**

**SUPPLEMENTAL AGREEMENT TO THE PURCHASE AND SALES FRAMEWORK
AGREEMENT**

Reference is made to the announcement of the Company dated 30 December 2020 in relation to the Purchase and Sales Framework Agreement between the Company and Y2T, pursuant to which, the Group will receive system development and operation maintenance services, logistics and related services provided by Y2T Group and will provide logistics and related services to Y2T Group from 1 January 2021 to 31 December 2023.

On 24 August 2021, the Company entered into a supplemental agreement to the Purchase and Sales Framework Agreement with Y2T, pursuant to which the Company agreed to amend the annual caps for the logistics and related services between the Group and Y2T Group under the Purchase and Sales Framework Agreement.

LISTING RULES IMPLICATION

As at the date of this announcement, Y2T is an indirect subsidiary of the Company and CMII (both the general partner (executive partner) and limited partner of which are wholly-owned subsidiaries of China Merchants, the ultimate controlling shareholder of the Company) holds 10% or more voting rights of Y2T (excluding indirect interests held through the Company), therefore, Y2T is a connected subsidiary of the Company and hence a connected person of the Company under Rule 14A.16 of the Listing Rules. Accordingly, the transactions contemplated under the Purchase and Sales Framework Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Purchase and Sales Framework Agreement and the Supplemental Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Purchase and Sales Framework Agreement and the Supplemental Agreement are subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

SUPPLEMENTAL AGREEMENT TO THE PURCHASE AND SALES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2020 (the “**Announcement**”) in relation to the Purchase and Sales Framework Agreement between the Company and Y2T, pursuant to which, the Group will receive system development and operation maintenance services, logistics and related services provided by Y2T Group and will provide logistics and related services to Y2T Group from 1 January 2021 to 31 December 2023. Unless otherwise defined, terms used in this announcement shall have the same meaning in the Announcement.

On 24 August 2021, the Company entered into a supplemental agreement to the Purchase and Sales Framework Agreement with Y2T (the “**Supplemental Agreement**”), pursuant to which the Company agreed to amend the annual caps for the logistics and related services between the Group and Y2T Group under the Purchase and Sales Framework Agreement.

According to the internal management accounts of the Group, the actual transaction amounts for the logistics and related services between the Group and Y2T Group for the three financial years ended 31 December 2020 and from 1 January 2021 to 30 June 2021 are set out below:

	2018	2019	2020	1 January 2021 to 30 June 2021
Provision of logistics and related services by Y2T Group to the Group	RMB14.67 million	RMB20.24 million	RMB17.21 million	RMB12.97 million
Provision of logistics and related services by the Group to Y2T Group	RMB1.64 million	RMB3.10 million	RMB4.31 million	RMB165.51 million

The annual caps for the logistics and related services between the Group and Y2T Group for the three financial years ending 31 December 2023 under the Purchase and Sales Framework Agreement (the “**Existing Annual Caps**”) are set out below:

	2021	2022	2023
Provision of logistics and related services by Y2T Group to the Group	RMB30 million	RMB40 million	RMB50 million
Provision of logistics and related services by the Group to Y2T Group	RMB200 million	RMB400 million	RMB600 million

Pursuant to the Supplemental Agreement, the amended annual caps in relation to the logistics and related services between the Group and Y2T Group for the three financial years ending 31 December 2023 (the “**Amended Annual Caps**”) are set out below:

	2021	2022	2023
Provision of logistics and related services by Y2T Group to the Group	RMB1,000 million	RMB1,400 million	RMB1,400 million
Provision of logistics and related services by the Group to Y2T Group	RMB700 million	RMB1,200 million	RMB1,400 million

The Amended Annual Caps are determined with reference to: (i) the historical transaction amounts for the logistics and related services between the Group and Y2T Group; (ii) the expected demand and estimated growth in transaction amounts between the Group and Y2T Group given more service products of Y2T platform such as full-chain products and more public logistics provider services.

Except for the above changes, all the other existing terms and conditions under the Purchase and Sales Framework Agreement remain unchanged.

The Board further confirms that, as at the date of this announcement, the Existing Annual Caps have not yet been exceeded. The Company will continue to closely monitor the implementation of the Purchase and Sales Framework Agreement and the Supplemental Agreement and take prompt actions to make necessary disclosure and, if necessary, obtain independent shareholders’ approval in the event that any further adjustment to the annual caps under the Purchase and Sales Framework Agreement and the Supplemental Agreement becomes foreseeable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

As Y2T is a connected subsidiary of the Company, the above transactions between the Group and Y2T Group constitute continuing connected transactions of the Company. After taking into account the actual transaction amounts and the expected demand and estimated growth in transaction amounts between the Group and Y2T Group, the entering into of the Supplemental Agreement by the

Company and Y2T will be beneficial to better control and monitor the transactions between the Group and Y2T Group and ensure the full compliance of the requirements under the Listing Rules by the Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement are fair and reasonable and on normal commercial terms, and the Supplemental Agreement is conducted 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. 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.

Y2T is a company incorporated in the PRC with limited liability, and its principal businesses include logistics e-commerce (including online transactions and services of international marine, domestic marine, land transportation, customs service, railway, container consolidation, air freight forwarding and cross-border e-commerce), supply chain value-added services, logistics big data and logistics data exchange infrastructure construction. As at the date of this announcement, Y2T is an indirect subsidiary of the Company and is owned as to 40% equity interests by the Company through SIT, a wholly-owned subsidiary of the Company, while the remaining equity interests are owned as to 40% and 20% by CMII (both the general partner (executive partner) and limited partner of which are wholly-owned subsidiaries of China Merchants) and Shenzhen Bida, an employees' shareholding platform (the ultimate beneficial owners of which, namely Liu Pojun (劉珀均), Liu Haifeng (劉海峰), He Jian (何劍), Li Lifeng (李立峰) and Zhang Weifeng (張為峰), all being natural persons, are not connected persons of the Company under the Listing Rules), respectively. For details, please refer to the connected transaction announcement disclosed by the Company on 23 December 2020 in respect of the capital increase to Y2T proposed to be made by CMII and Shenzhen Bida.

LISTING RULES IMPLICATION

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Listing Rules. Accordingly, the transactions contemplated under the Purchase and Sales Framework Agreement and the Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Purchase and Sales Framework Agreement and the Supplemental Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Purchase and Sales Framework Agreement and the Supplemental Agreement are subject to the reporting, announcement and annual review 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 Supplemental Agreement and the transactions contemplated thereunder, and therefore they are not required under the Listing Rules to abstain from voting on the relevant Board resolutions. 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 resolutions in accordance with the relevant PRC laws and regulations.

By order of the Board
Sinotrans Limited
Li Shichu
Company Secretary

Beijing, 24 August 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.