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重慶長安民生物流股份有限公司

**Changan Minsheng APLL Logistics Co., Ltd.**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code : 01292)**

**Major and Connected Transactions  
in relation to Finance Lease Arrangement**

On 20 October 2020, Changyou Supply Chain, a non-wholly owned subsidiary of the Company, entered into the Finance Lease Agreements with Industries Financing, pursuant to which Changyou Supply Chain conditionally agreed to rent and Industries Financing agreed to lease the Leased Assets. The total rent shall not exceed RMB130,280,000 and a lump sum payment of contract security deposit in the sum of RMB4,190,720 and handling fee in the sum of RMB523,840 will be required.

On the same date, Changyou Supply Chain, being the lessee under the Finance Lease Arrangement, entered into (1) a three-party sale and purchase agreement in relation to the Production Lines with Industries Financing (as the purchaser) and Shanghai Hofmann (as the vendor); and (2) a three-party sale and purchase agreement in relation to the AS/RS with Industries Financing (as the purchaser) and Lead Intelligent (as the vendor), respectively. Pursuant to them, Industries Financing will acquire the Production Line from Shanghai Hofmann and the AS/RS from Lead Intelligent at the consideration of RMB83,888,000 and RMB20,880,000, respectively, which will become the Leased Assets under the Finance Lease Arrangement.

As at the date of this announcement, China Changan holds approximately 25.44% of the issued share capital of the Company. Industries Group is the controlling shareholder of China Changan, meaning that it is an indirect substantial shareholder of the Company. Industries Financing is a subsidiary of Industries Group and hence a connected person of the Company. Since one or more applicable percentage ratios of the Finance Lease Agreements as calculated under Rule 14.07 of the Listing Rules are above 5%, the transactions contemplated under the Finance Lease Agreements will constitute non-exempted connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

Since the highest applicable ratio in relation to the Finance Lease Agreements as calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, according to Chapter 14 of the Listing Rules, the transactions contemplated under the Finance Lease Agreements also constitute major transactions of the Company and are subject to the reporting, announcement and shareholders' approval requirements.

The Independent Board Committee comprising of all the independent non-executive Directors will be formed to advise the Independent Shareholders on the transactions contemplated under the Finance Lease Agreements, and Gram Capital will be appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions contemplated under the Finance Lease Agreements, and whether such transactions are in the interests of the Company and its shareholders as a whole.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company Law, a circular containing, among other things, further information on the terms of the Finance Lease Agreements, a letter from the Independent Board Committee, an opinion from Gram Capital, together with a notice to convene an extraordinary general meeting to approve the Finance Lease Agreements, is expected to be despatched to the shareholders as soon as possible and in any event, no later than 31 December 2020 (after taking into account the time of the general meeting intended to be held and the estimated time required for the Company to prepare relevant information for inclusion in the circular).

## **MAJOR TERMS OF THE FINANCE LEASE AGREEMENTS**

### **Date**

20 October 2020

### **Parties**

Lessee: Changyou Supply Chain

Lessor: Industries Financing

### **Subject matter**

Changyou Supply Chain conditionally agreed to rent and Industries Financing agreed to lease the Leased Assets.

### **Lease term**

The lease term of both the Production Lines and the AS/RS will be 60 months at most, which shall commence on the date of Industries Financing paying the first instalment of the purchase price of each of the Production Lines and the AS/RS, respectively.

## **Lease consideration**

Changyou Supply Chain shall pay Industries Financing the total rent not exceeding RMB130,280,000 (calculated based on the interest rate of 5.3% per annum) and a lump sum payment of contract security deposit in the sum of RMB4,190,720 (being 4% of the purchase price of the Leased Assets) and handling fee in the sum of RMB523,840 (being 0.5% of the purchase price of the Leased Assets). The rent shall be paid on quarterly basis.

If Changyou Supply Chain is in breach of the terms of the Finance Lease Agreements, Industries Financing will be entitled to use the security deposit to set off directly the amount payable (including all the expenses for recovering the rent and damages, etc.), and Changyou Supply Chain shall be obliged to make up the shortfall of the security deposit within 3 days upon the request of Industries Financing, failing which Changyou Supply Chain shall pay damages to Industries Financing based on 0.1% of the overdue shortfall of the security deposit each day. If Changyou Supply Chain has fulfilled the contract duties normally, the security deposit may be used to set off the last instalment of rent, and any balance of the security deposit will be refunded by Industries Financing into the repayment account of Changyou Supply Chain.

The consideration of the Finance Lease Agreements was determined and arrived at after arm's length negotiations with reference to prevailing market cost and interest rate for finance lease of comparable equipment. The consideration of the finance lease will be paid by the internal resources of Changyou Supply Chain.

## **Ownership of the Leased Assets**

Subject to Changyou Supply Chain having duly and satisfactorily performed all its obligations under the Finance Lease Agreement, upon the expiration of the Finance Lease Agreements, Changyou Supply Chain has an option to purchase the Productions Lines and the AS/RS from Industries Financing at the nominal consideration of RMB1 each.

## **Security**

During the lease term, when Changyou Supply Chain has commenced cooperation with BMW Brilliance Automotive Co., Ltd. and has generated accounts receivable from that company, Changyou Supply Chain agreed to charge the accounts receivable not exceeding 1.2 times of the rental balance in favour of Industries Financing and register the charge of the accounts receivable at the account receivable financing service platform at the credit investigation center of the People's Bank of China. If the charge amount exceeds 1.2 times of the rental balance, Industries Financing shall complete the discharge procedures for the surplus within 30 days after the request of Changyou Supply Chain.

## **Condition precedent**

The performance of the Finance Lease Agreements shall be subject to the approval of the transactions under the Finance Lease Agreements to be obtained by the Company at its general meeting in accordance with the

Listing Rules.

### **Three-party sale and purchase agreements**

On 20 October 2020, Changyou Supply Chain, being the lessee under the Finance Lease Arrangement, entered into (1) a three-party sale and purchase agreement in relation to the Production Lines with Industries Financing (as the purchaser) and Shanghai Hofmann (as the vendor); and (2) a three-party sale and purchase agreement in relation to the AS/RS with Industries Financing (as the purchaser) and Lead Intelligent (as the vendor), respectively. Pursuant to them, Industries Financing will acquire the Production Line from Shanghai Hofmann and the AS/RS from Lead Intelligent at the consideration of RMB83,888,000 and RMB20,880,000, respectively, which will become the Leased Assets under the Finance Lease Arrangement.

Changyou Supply Chain, being the lessee of the Leased Assets under the said three-party sale and purchase agreements, will be directly delivered the Production Lines and the AS/RS from Shanghai Hofmann and Lead Intelligent, respectively, but will not assume the responsibility of paying the purchase price of the Leased Assets.

### **GENERAL INFORMATION**

The Company is a foreign-invested limited liability company incorporated in the PRC and provides a variety of logistics services mainly for car manufacturers and car component and parts suppliers in China.

Changyou Supply Chain is mainly engaged in supply chain management; production of automobile components and modules; storage (other than dangerous chemicals), distribution, packaging and assembly; transport of finished vehicles and ordinary freight; production, sale, leasing and maintenance of containers; provision of business information consulting services; logistics planning, management and consulting services; logistics equipment and facilities leasing; import and export of goods, and import and export of technology.

Industries Financing is mainly engaged in supply chain management; investment consulting (excluding restricted items); domestic trade (excluding franchise, monopoly, and special control products); business information consulting, corporate image planning, marketing planning, exhibition planning, cultural event planning, real estate information consulting, real estate brokerage, financial management consulting, brokerage information consulting (all of the above do not include restricted items); translation services; import and export business (except for items prohibited by laws, administrative regulations, and decisions of the State Council, restricted items must be licensed before operation); international freight forwarding services; logistics management and services; sales of automobiles and auto parts; information consulting, trade consulting, enterprise management consulting and consulting services related to the above-mentioned business (operating with a license if the scope of the licensed business is involved). (projects subject to approval in accordance with the law can only be carried out after approval by relevant departments). The permitted operating projects are: printing and copying; financial leasing business; leasing business; purchasing leased assets domestically and abroad; residual value treatment and maintenance of leased assets; leasing transaction consulting and guarantee; concurrently engaged in commercial poly business related to the main business (non-bank financing).

## **REASONS AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENTS**

The Finance Lease Agreements and the transactions contemplated thereunder are agreed on normal commercial terms after arm's length negotiations. The Leased Assets are required for the production of the Group, and the Finance Lease Arrangement allows the Group to obtain financial resources to obtain the Lease Assets, which is conducive to the Group development in tyre assembly business and other logistics business.

Having considered the above factors, the Board (excluding members of the Independent Board Committee whose views can only be formed after having been advised by Gram Capital) considers that the terms of the Finance Lease Agreements are on normal commercial terms, fair and reasonable and are in the interest of the Company and its shareholders as a whole.

## **VIEW OF THE BOARD**

The Board has resolved to approve the proposal of the connected transactions regarding the Finance Lease Agreements between Changyou Supply Chain and Industries Financing. Except for Mr. Xie Shikang, Mr. Shi Jinggang and Mr. Xia Lijun, being the related Directors, who are deemed to be interested in the Finance Lease Agreements. Save as disclosed, none of the other Directors has abstained from voting on the relevant resolutions approving the transactions contemplated under the Finance Lease Agreements.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, China Changan holds approximately 25.44% of the issued share capital of the Company. Industries Group is the controlling shareholder of China Changan, meaning that it is an indirect substantial shareholder of the Company. Industries Financing is a subsidiary of Industries Group and hence a connected person of the Company. Since one or more applicable percentage ratios of the Finance Lease Agreements as calculated under Rule 14.07 of the Listing Rules are above 5%, the transactions contemplated under the Finance Lease Agreements will constitute non-exempted connected transactions of the Company and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements.

Since the highest applicable ratio in relation to the Finance Lease Agreements as calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, according to Chapter 14 of the Listing Rules, the transactions contemplated under the Finance Lease Agreements also constitute major transactions of the Company and are subject to the reporting, announcement and shareholders' approval requirements.

The Independent Board Committee comprising of all the independent non-executive Directors will be formed to advise the Independent Shareholders on the transactions contemplated under the Finance Lease Agreements, and Gram Capital will be appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions contemplated under the Finance Lease Agreements, and whether such transactions are in the interests of the Company and its shareholders as a whole.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company

Law, a circular containing, among other things, further information on the terms of the Finance Lease Agreements, a letter from the Independent Board Committee, an opinion from Gram Capital, together with a notice to convene an extraordinary general meeting to approve the Finance Lease Agreements, is expected to be despatched to the shareholders as soon as possible and in any event, no later than 31 December 2020 (after taking into account the time of the general meeting intended to be held and the estimated time required for the Company to prepare relevant information for inclusion in the circular).

## **DEFINITIONS**

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

“AS/RS”	the automated storage and retrieval system that Industries Financing intends to purchase from Lead Intelligent
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Changyou Spplly Chain”	Shenyang Changyou Supply Chain Co., Ltd. * (沈陽長友供應鏈有限公司), a limited company incorporated in the PRC
“China Changan”	China Changan Automobile Group Company Limited (中國長安汽車集團有限公司), a company established in the PRC on 26 December 2005, formerly known as China South Industries Automobile Corporation (中國南方工業汽車股份有限公司)
“Company”	Changan Minsheng APLL Logistics Co., Ltd.* (重慶長安民生物流股份有限公司), a limited company incorporated in the PRC
“Director(s)”	member(s) of the Board of the Company
“Finance Lease Agreements”	the “Finance Lease Cooperation Agreement”, the “Finance Lease Contract” in relation to the Production Lines and the “Finance Lease Contract” in relation to the AS/RS entered into by Changyou Supply Chain and Industries Financing on 20

October 2020

“Finance Lease Arrangement”	the intended finance lease arrangement under the Finance Lease Agreements
“Gram Capital” and “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), and to be appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions under the Finance Lease Agreements, and whether such transactions are in the interests of the Company and its shareholders as a whole
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	a committee comprised of Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun, all of whom are independent non-executive Directors of the Company, formed to advise the Independent Shareholders in connection with the transactions contemplated under the Finance Lease Agreements
“Independent Shareholders”	shareholders of the Company that, in relation to the resolutions approving each of the transactions contemplated under the Finance Lease Agreements, excluding Industries Financing and its associates
“Industries Financing”	Binqi Zhuangbei Group Finance Lease Limited Liability Company* (中國兵器裝備集團融資租賃有限責任公司), a limited company incorporated in the PRC
“Industries Group”	China South Industries Group Co., Ltd.* (中國兵器裝備集團

有限公司), a limited company incorporated in the PRC and a state-owned corporation whose capital is contributed by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC

“Lead Intelligent”	Wuxi Lead Intelligent Equipment Co., Ltd.* (無錫先導智能裝備股份有限公司), a limited company incorporated in the PRC
“Leased Assets”	the Production Lines and the AS/RS
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Production Lines”	the automatic tyre and rim assembly production line, the tyre assembly sorting and dispatching production line, and the tyre and rim feeding and sorting production line that Industries Financing intends to purchase from Shanghai Hofmann
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Hofmann”	Shanghai Hofmann Machinery Equipment Co., Ltd.* (上海霍夫邁機械設備有限公司), a limited company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
「%」	per cent

*By the Order of the Board*  
**Changan Minsheng APLL Logistics Co., Ltd.**  
**Xie Shikang**  
*Chairman*



Chongqing, the PRC  
20 October 2020

*As at the date of this announcement, the board of directors of the Company comprises: (1) Mr. Xie Shikang, Mr. Chen Wenbo, Mr. William K Villalon and Mr. Shi Jingtang as the executive directors; (2) Mr. Chen Xiaodong, Mr. Man Hin Wai Paul (also known as Paul Man) and Mr. Xia Lijun as the non-executive directors; (3) Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun as independent non-executive directors.*

*\* For identification purpose only*