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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)**

## **Discloseable Transaction Capital Increase and Shareholders Agreement**

On 5 December 2018, the Company, Port Group, Anji Logistics and Ro-Ro Company entered into the Capital Increase and Shareholders Agreement, pursuant to which, the Company, Port Group, Anji Logistics agreed to contribute to the capital increase of Ro-Ro Company (which will then be restructured into a joint venture company), and to regulate their respective rights and obligations of the parties in the management and operation of Ro-Ro Company.

After completion of the capital contribution, the Company shall hold 31% of the equity interests in the Ro-Ro Company and the financial results of the Ro-Ro Company will not be consolidated into the financial statements of the Group. Ro-Ro Company will be accounted as an associate of the Company.

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Company's capital contribution contemplated under the Capital Increase and Shareholders Agreement exceeds 5% but is less than 25%, the transaction constitutes a notifiable and discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

### **CAPITAL INCREASE AND SHAREHOLDERS AGREEMENT**

On 5 December 2018, the Company, Port Group, Anji Logistics and Ro-Ro Company entered into the Capital Increase and Shareholders Agreement, pursuant to which, the Company, Port Group, Anji Logistics agreed to contribute to the capital increase of Ro-Ro Company (which will then be restructured into a joint venture company), and to regulate their respective rights and obligations of the parties in the management and operation of Ro-Ro Company.

Principal terms of the Capital Increase and Shareholders Agreement are set out below:

**Date**

5 December 2018

**Parties**

- (a) the Company;
- (b) Port Group;
- (c) Anji Logistics; and
- (d) Ro-Ro Company

To the best knowledge, information and belief of the Directors, Anji Logistics, Port Group, Ro-Ro Company and their ultimate beneficial owners are independent third parties of and not connected with the Company and its connected person(s) (as defined in the Listing Rules).

**Purpose of the Ro-Ro Company**

Ro-Ro Company, after the restructuring, will be engaged in port operation, freight forwarding, shipping agency, storage (other than dangerous goods), logistics management consultation, automobile selling and cleaning, which is subject to approval of and adjustment from relevant competent authorities.

**Capital contribution**

Pursuant to the Capital Increase and Shareholders Agreement, the total investment and the revised registered capital of the Ro-Ro Company will be RMB274,425,932.13 and RMB200,000,000, respectively. The Company will contribute RMB85,072,038.96 of the capital contribution, while Port Group will contribute RMB107,026,113.53 of the capital contribution and Anji Logistics will contribute RMB82,327,779.64 of the capital contribution, respectively. Immediately after completion of the capital increase and the restructuring, Ro-Ro Company will be owned as to 31% by the Company, as to 39% by Port Group and as to the remaining 30% by Anji Logistics.

The capital contribution to the Ro-Ro Company by the Company and Anji Logistics shall be paid in cash within 10 working days from the date of the signing of the Capital Increase and Shareholders Agreement (i.e. on or before 19 December 2018). The capital contribution of the Company will be funded by the internal resources and/or bank financing of the Group.

If the Company or Anji Logistics shall fail to make the capital contribution within the required timeframe, it shall be deemed as a default and the defaulting party shall be liable to pay a late interest calculated on a daily basis at 0.03% on the total amount of the capital contribution payable to Port Group. If the amount of the capital contribution is not paid within 30 working days from the date of the signing of the Capital Increase and Shareholders Agreement, it will be treated automatically as a repudiation of the contract on the part of the defaulting party.

Port Group shall fulfil its obligation in respect of its capital contribution by way of making the Assets Injection into the Ro-Ro Company. The Assets Injection, comprising 3 ro-ro terminals, and 195,220.98m<sup>2</sup> (approximately 292.83 mu) of land and the structures and facilities erected on the land, with a valuation based on an asset appraisal report prepared by Chongqing Tianjian Assets Appraisal of Land and Property Valuation Co., Ltd. using asset based approach (base date being 31 December 2017) at RMB107,026,113.53 had already been transferred at nil consideration to the Ro-Ro Company by Port Group on 30 September 2018. The precise site area of the land transferred into the Ro-Ro Company shall be subject to the final measurement by competent land management authorities, calculated based on the unit price set out in the appraisal report. As such, if the precise site area measured by relevant land management authorities is larger than the appraised area, the difference shall be compensated in cash by the Ro-Ro Company to Port Group. If the precise site area measured by relevant land management authorities is less than the appraised area, then Port Group shall compensate the difference in cash to the Ro-Ro Company.

The amount of capital contribution was determined after arm's length negotiation between the parties having considered, among other things, the appraised net asset of the Ro-Ro Company prior to the capital contribution and restructuring and the expected growth potentials of the Ro-Ro Company.

### **Rights and Obligations of the Parties following the capital contribution**

Upon the completion of the capital contribution, Port Group, Anji Logistics and the Company shall become the new shareholders of Ro-Ro Company which will then be restructured into a joint venture. All shareholders of the Ro-Ro Company shall be entitled to requisite for a general meeting to, among other things, elect its directors, supervisors and amend the articles of association.

The Company and Anji Logistics shall be considered as the shareholders of the Ro-Ro Company from the date on which full payment of respective contribution amounts payable by both parties has been paid into the designated account(s) and shall enjoy the shareholder's rights and assume the liabilities in proportion to their capital contribution in the Ro-Ro Company.

Following completion of restructuring, Port Group shall change the ownership of Guoyuan finished vehicle ro-ro project from itself to the Ro-Ro Company. All outstanding contract(s) in respect of the Guoyuan finished vehicle ro-ro project shall be transferred to the Ro-Ro Company and the transactions contemplated under those contracts shall continue to be processed by the original contractor(s) pursuant to the contract(s) to ensure a smooth transition.

Relevant construction payments which become due after the base date for the capital increase but before the signing of the Capital Increase and Shareholders Agreement shall be paid by Port Group and the Ro-Ro Company shall refund the payments to the Port Group after the Capital Increase and Shareholders Agreement is signed.

### **Governance of the Ro-Ro Company**

#### ***Board composition***

The board of directors of the Ro-Ro Company shall consist of 7 members, of whom three shall be nominated by Port Group, two from each of the Company and Anji Logistics. The chairman of the board of the directors of the Ro-Ro Company shall be nominated by Port Group who will also serve as the legal representative of the Ro-Ro Company.

***Matters requiring unanimous approval from shareholders***

The following matters shall require unanimous approval from shareholders at general meeting:

- (a) to decide on the Ro-Ro Company's operational policies and its investment plans for mid-to-long term;
- (b) to elect and replace director(s) and supervisor(s) who is/are not employee representatives of the Ro-Ro Company and to decide on the matters relating to their remuneration;
- (c) to review and approve reports of the board of directors;
- (d) to review and approve reports of the supervisory committee;
- (e) to review and approve the Ro-Ro Company's proposed annual preliminary and final financial report;
- (f) to review and approve the Ro-Ro Company's annual profit distribution and loss recovery plans;
- (g) to decide on the increase or reduction of the Ro-Ro Company's registered capital;
- (h) to decide on the issuance of debentures by the Ro-Ro Company;
- (i) to decide on matters as merger, division, dissolution, liquidation and conversion of the Ro-Ro Company;
- (j) to amend the articles of association; and
- (k) to decide on providing guarantee for other enterprises or individual.

***Matters requiring unanimous approval from the board of directors***

The following matters shall require unanimous approval from the board of directors of the Ro-Ro Company:

- (a) to convene general meeting(s) and to report to the shareholders;
- (b) to implement the resolutions passed by shareholders at general meeting(s);
- (c) to listen to the report of and examine the work of the general manager of the Ro-Ro Company;
- (d) to approve the annual business plan and investment plan submitted by the general manager in accordance with the annual operational policies and investment plan for mid-to-long term approved at the shareholders' meeting;
- (e) to formulate the Ro-Ro Company's proposed annual preliminary and final financial report;
- (f) to formulate the Ro-Ro Company's profit distribution and loss recovery plans;

- (g) to formulate plans for the increase or decrease in the registered capital of the Ro-Ro Company and on matters regarding the issuing of debentures;
- (h) to formulate plans for the Ro-Ro Company's merger, division, dissolution, liquidation and conversion; and
- (i) to formulate proposals for any amendment to the Ro-Ro Company's articles of association.

### ***Supervisory Committee and its composition***

The supervisory committee of the Ro-Ro Company shall consist of 3 members, of whom two shall be nominated by each of the Company and Anji Logistics, elected and appointed by the general meeting of the Ro-Ro Company. The other member of the supervisory committee shall be nominated by Port Group and elected by the employee representative meeting or the general staff meeting of the Ro-Ro Company or otherwise democratically. The chairman of the supervisory committee shall be nominated by Port Group and appointed by over half of the members of the supervisory committee.

### ***Responsibilities of supervisor(s)/Supervisory Committee***

- (a) to examine the financial affairs of the Ro-Ro Company;
- (b) to supervise the conduct of the directors and senior executives in their discharge of their duties and propose to remove the director(s) and/or senior executive(s) who is/are in violation of laws, regulations, or articles of association and resolution(s) of the general meeting of the Ro-Ro Company;
- (c) to ratify the actions of the directors and senior executives if they had acted against the interests of the Ro-Ro Company;
- (d) to propose for extraordinary shareholders' meeting and call and preside over shareholders' meetings if the board of directors of the Ro-Ro Company fails to convene and preside over such meeting;
- (e) to submit motions to the shareholders' meeting;
- (f) to institute legal proceedings against directors and senior executives; and
- (g) to exercise other functions and powers conferred upon by laws, regulations, the articles of association and shareholders' meeting.

The supervisors may attend meeting(s) of the board of directors and make inquiries or suggestions at such meeting(s).

### ***Management team***

The general manager of the Ro-Ro Company shall be nominated by Port Group, responsible for the overall business operation. In addition, if required, the Ro-Ro Company shall have two deputy general managers (one in charge of production, equipment and safety, to be nominated by Port Group, and the other in charge of business affairs, to be nominated by the Company for the first term and then rotated by Anji Logistics) and one chief financial officer (to be nominated by Anji Logistics for the first term and then rotated by the Company).

The manager of the finance department of the Ro-Ro Company shall be served concurrently by the chief financial officer while the deputy manager shall be nominated by Port Group.

The general manager, deputy general managers, chief financial officers, managers and deputy managers of the finance department shall be appointed and removed by the board of directors of the Ro-Ro Company.

### ***Transfer restriction***

If any of the shareholders to the Ro-Ro Company proposes to transfer all or any part of its equity interest in the Ro-Ro Company to any person other than the other shareholder(s), the consent of the other shareholders will be required.

Each of the shareholders of the Ro-Ro Company shall have:

- (a) a right to transfer all or any part of the equity interest held by a shareholder in the Ro-Ro Company to its associated company(ies), the other shareholder(s) shall have to renounce the right of first refusal and provide full assistance in relevant procedures of such transfer; and
- (b) a right of first refusal on any transfer of all or any part of the equity interest held by a shareholder of the Ro-Ro Company to any person other than its associated company(ies), on such terms offered by a bona fide purchaser to the relevant shareholder proposing the transfer.

### ***Proposed transactions between the parties with the Ro-Ro Company***

All shareholders of the Ro-Ro Company should extend full support for the development of the Ro-Ro Company. Subject to relevant customers' consent and to the extent possible, shareholders of the Company should conduct their finished vehicle waterway transportation business through the terminals of the Ro-Ro Company. If the terminals of the Ro-Ro Company are saturated or otherwise unavailable, the Ro-Ro Company shall be the one to invest in the construction of new ro-ro terminal(s) in Chongqing or coordinate relevant transshipment through other terminal(s). In the meantime, the Ro-Ro Company shall endeavor to act in the best interests of its shareholders.

## **INFORMATION OF RO-RO COMPANY**

Prior to the restructuring, Ro-Ro Company is a wholly-owned subsidiary of Port Group. It was incorporated in the PRC with limited liability in July 2015 and its registered capital was RMB78,000,000. Prior to the restructuring, Ro-Ro Company is mainly engaged in port operation, freight forwarding, shipping agency, storage (other than dangerous goods), logistics management consultation, automobile selling and cleaning.

In accordance with the audit report (Xin Kuai Shi Yu Bao Zi [2018] No.20469) issued by Chongqing Office of BDO China Shu Lun Pan Certified Public Accountants LLP, for the year ended 31 December 2017, Ro-Ro Company has a total asset of RMB416,132,203.04 and total liabilities of RMB338,132,203.04 and net asset of RMB78,000,000.

In accordance with the appraisal report (Chongqing Tian Jian Ping [2018] No.66) with the appraisal base date of 31 December 2017 issued by Chongqing Tianjian Assets Appraisal of Land and Property Valuation Co., Ltd. on 15 June 2018, for the year ended 31 December 2017, Ro-Ro Company has a total asset of RMB445,158,316.57 and total liabilities of RMB338,132,203.04 and net asset of RMB107,026,113.53. The difference between the appraised total asset and the audited total asset is mainly due to the appreciation in the value of construction project in progress.

Set out below is certain key financial information of Ro-Ro Company for the two financial years ended 31 December 2016 and 2017, and for the 11 months ended 30 November 2018, prepared in accordance with the PRC Accounting Standards:

<i>RMB</i>	<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2017</b>	<b>For the 11 months ended 30 November 2018</b>
	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
Turnover	RMB9,478,283.80	RMB16,180,636.80	RMB20,522,353.04
Net profit/(loss) before tax	RMB3,553,077.07	RMB8,441,502.98	RMB11,860,448.09
Net profit (loss) after tax	RMB3,007,733.91	RMB7,163,317.00	RMB10,441,416.07

## **FINANCIAL EFFECT OF THE TRANSACTION TO THE COMPANY**

The entering into the Capital Increase and Shareholders Agreement and the transaction completed under it are not expected to have a material impact on the Group's asset/liabilities ratio and liquidity.

After completion of capital contribution, the Company shall hold 31% of the equity interests in the Ro-Ro Company and the financial results of the Ro-Ro Company will not be consolidated into the financial statements of the Group. Ro-Ro Company will be accounted as an associate of the Company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Under the current city planning of Chongqing municipal government, several local ports the Company is currently using for finished vehicle transportation could be cancelled or transformed in the future. By investing in Ro-Ro Company, the Company will control and have access to ro-ro terminals in the city that are dedicated for finished vehicles transportation and in line with the city planning, thereby reducing the potential risks that could be caused by the possible cancellation and transformation of certain local river transportation ports. In addition, the ro-ro terminals have a designed handling capacity of a million finished vehicles, which is more favorable than other local river transportation ro-ro terminals in respect of operation capacity, and being the biggest ro-ro terminals that is dedicated finished vehicle transportation in the city could give the Company certain leverage and a better position in negotiation with customers besides having great appreciation potential in the future due to the scarcity and uniqueness. Furthermore, the ro-ro terminals are close to the local production base of the Company's major customer and is connected to railway departure and arrival track and is geographically convenient for the Company to conduct multi-model transportation business as well as improving the Company's logistics network.

The Directors (including the independent non-executive Directors of the Company) consider that the terms of the Capital Increase and Shareholders Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON PARTIES**

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.

Port Group is a limited liability company incorporated in July 2006 with a registered capital of RMB4,035,259,075.51 and is principally engaged in docks and other port facilities operation, provisions of port transportation services for passengers, loading and unloading of cargos, lightering, storage, and towing around the port area.

Anji Logistics is a joint-stock limited company incorporated in September 2000 with a registered capital of RMB600,000,000 and is principally engaged in general cargo transportation, ordinary cargo transport along the domestic coast and middle and lower reaches of Yangtze river, non-vessel operating common carrier business and etc.

## **LISTING RULES IMPLICATIONS**

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Company's capital increase contemplated under the Capital Increase and Shareholders Agreement exceeds 5% but is less than 25%, the transaction constitutes a notifiable and discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Anji Logistics”	SAIC Anji Logistics Co., Ltd.* (上汽安吉物流股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Assets Injection”	the injection of assets by Port Group to the Ro-Ro Company, comprising 3 ro-ro terminals and 195,220.98m <sup>2</sup> (approximately 292.83mu) of land within Guoyuan Port, Liangjiang District, Chongqing, the PRC and the structures and facilities erected on the land
“Board”	the board of directors of the Company
“China” or “PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong Special Administration Region, Macau Special Administration Region and Taiwan
“Company”	Changan Minsheng APLL Logistics Co., Ltd.(重慶長安民生物流股份有限公司)
“Director (s)”	the director(s) of the Company

“Capital Increase and Shareholders Agreement”	the capital increase and shareholders agreement dated 5 December 2018 entered into between the Company, Port Group, Anji Logistics and Ro-Ro Company, pursuant to which the Company, Port Group, Anji Logistics agreed to contribute to the capital increase of Ro-Ro Company (which will then be restructured into a joint venture company), and to regulate their respective rights and obligations of the parties in the management and operation of Ro-Ro Company
“Group”	the Company and its subsidiaries from time to time
“Guoyuan Port”	the key inland river port of Chongqing and the biggest hub in the country of combined transportation through inland river, railway and road
“Ro-Ro Company”	Chongqing Guoyuan Ro-Ro Terminal Company Limited* (重庆果园滚装码头有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
Port Group	Chongqing Port Logistics Group Co., Ltd.* (重庆港务物流集团有限公司), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

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

Chongqing, the PRC  
5 December 2018

*As at the date of this announcement, the board of directors of the Company comprises: (1) Mr. Xie Shikang, Mr. Lu Xiaozhong, Mr. William K Villalon and Mr. Shi Jinggang as the executive directors; (2) Mr. Tan Hongbin, Mr. Man Hin Wai Paul (also known as Paul Man) and Mr. Li Xin 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*