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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)

## **Connected Transaction Capital Increase in Zhuangbei Finance**

On 20 May 2019, the Company entered into the Subscription Agreement with Zhuangbei Finance, pursuant to which, the Company agreed to subscribe for 7,570,000 Subscription Shares at RMB2.13 per each Subscription Share for a subscription price of RMB16,124,100. The subscription price shall be funded by the Company's internal cash surplus. As the Subscription is made on a pro rata basis, the Company will continue to own approximately 0.81% equity interests in Zhuangbei Finance as enlarged by the Subscription.

As at the date of the announcement, China Changan holds approximately 25.44% of the issued share capital of the Company and 12.46% equity interests in Zhuangbei Finance. CSG holds 100% equity interests in China Changan and 22.9% equity interests in Zhuangbei Finance. The Company holds approximately 0.81% equity interests in Zhuangbei Finance. Each of China Changan, CSG and Zhuangbei Finance is a connected person of the Company. Accordingly, the entering into the Subscription Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company.

Since the highest applicable ratios (as defined under the Listing Rules) of the subscription by the Company in Zhuangbei Finance under the Subscription Agreement as calculated under Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the entering into the Subscription Agreement (including the subscription of 7,570,000 Subscription Shares contemplated thereunder) by the Company is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **Background**

Reference is made to the announcements of the Company published on 15 October 2014 and 30 December 2014, respectively, in relation to the Company's subscription of 17,000,000 shares of Zhuangbei Finance, representing approximately 0.81% of the equity interests of Zhuangbei Finance as enlarged by the subscription. At as the date of the announcement, the Company holds 17,000,000 shares of Zhuangbei Finance, representing approximately 0.81% of the equity interests of Zhuangbei Finance.

In order to improve its capital adequacy, financing capability and risk affordability, Zhuangbei Finance proposes to further increase its registered capital from RMB2,088,000,000 to RMB3,033,000,000 by issuing a total of 945,000,000 new shares for subscription by all of its existing shareholders on a pro rata basis.

To avoid dilution of the Company's equity interests in Zhuangbei Finance, the Company agrees to subscribe for 7,570,000 Subscription Shares at RMB2.13 per each Subscription Share for a subscription price of RMB16,124,100. Based on the information available to the Company, none of the existing shareholders of Zhuangbei Finance has waived their pre-emptive rights to subscribe for the Subscription Shares of Zhuangbei Finance. Immediately following completion of the Subscription and assuming all existing shareholders of Zhuangbei Finance have provided their share of the capital contribution pursuant to the Subscription, the Company will continue to own approximately 0.81% of the equity interests in Zhuangbei Finance as enlarged by the Subscription.

As at the date of the announcement, China Changan holds approximately 25.44% of the issued share capital of the Company and 12.46% equity interests in Zhuangbei Finance. CSG holds 100% equity interests in China Changan and 22.9% equity interests in Zhuangbei Finance. The Company holds approximately 0.81% equity interests in Zhuangbei Finance. Each of China Changan, CSG and Zhuangbei Finance is a connected person of the Company under the Listing Rules. Accordingly, the entering into the Subscription Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company.

### **Subscription Agreement**

#### **Date:**

20 May 2019

#### **Parties:**

- (i) The Company; and
- (ii) Zhuangbei Finance

### **Subject Matter**

Pursuant to the Subscription Agreement, the Company agreed to subscribe for 7,570,000 Subscription Shares at RMB2.13 per Subscription Share for a subscription price of RMB16,124,100. The subscription price shall be funded by the Company's internal cash surplus.

### **Conditions Precedent**

The Subscription Agreement is effective upon the fulfilment of following conditions:

1. all necessary internal approvals, consent and/or authorization in connection with the subscription of 7,570,000 Subscription Shares having been obtained by the Company;
2. the capital increase and issue of 945,000,000 Subscription Shares having been approved by the board of directors and shareholder's meeting of Zhuangbei Finance; and
3. the issue of the 945,000,000 Subscription Shares by Zhuangbei Finance having been approved by CBIRC.

As at the date of this announcement, the above conditions have all been fulfilled.

### **Subscription Price**

The subscription price for 7,570,000 Subscription Shares to be issued by Zhuangbei Finance for subscription by the Company is RMB16,124,100, which shall be payable in cash. The subscription price shall be funded by the Company's internal cash surplus. Payment of the subscription price of RMB16,124,100 shall be paid by the Company on or before 24 May 2019.

Par value per Subscription Share is RMB1 and 945,000,000 Subscription Shares in total to be issued by Zhuangbei Finance shall represent a share capital of RMB945,000,000, thereby raising Zhuangbei Finance's registered capital from RMB2,088,000,000 to RMB3,033,000,000. After deducting RMB945,000,000, the remaining sum of RMB1,067,850,000 arising out of the Subscription shall be treated as capital surplus of Zhuangbei Finance.

### **Basis of Determination of the Subscription Price per Subscription Share**

In accordance with the appraisal report (Zhong Qi Hua Ping Bao Zi (2018) No. 1237-02) issued by China Enterprise Appraisals Co., Ltd., with 31 December 2017 being the base date, the valuer used both asset-based approach and the market approach for an overall valuation of Zhuangbei Finance. The result of the valuation (based on the asset-based approach) is as follows:

	Carrying amount of the net assets (RMB)	Appraised value of net assets (RMB)	Difference (RMB)	Appreciation rate (%)	proposed distributable amount for dividends for the year of 2017 (RMB)
Zhuangbei Finance	5,130,183,200	5,170,198,400	40,015,200	0.78	705,179,368.18

The subscription price of RMB2.13 per Subscription Share was determined based on arm's length negotiation between the parties, having taken into consideration a number of factors including the past business performance and the overall asset base of Zhuangbei Finance, as well as the appraised net asset value per share of Zhuangbei Finance as at 31 December 2017 after deducting the 2017 final dividend per share.

### **Completion**

After the payment of the subscription price for the 7,570,000 Subscription Shares, the parties shall complete as soon as possible the relevant procedures such as capital verification, obtaining relevant regulatory approvals, registrations of changes.

Immediately following completion of the Subscription and assuming all existing shareholders of Zhuangbei Finance have provided their capital contribution pursuant to the Subscription, the Company will continue to own approximately 0.81% of the enlarged equity interests in Zhuangbei Finance and enjoy the rights and assume the liabilities to the extent of the Company's total capital contribution in Zhuangbei Finance. Zhuangbei Finance remains to be a connected person of the Company and the transaction(s) between the Group and Zhuangbei Finance shall be subject to compliance with the Listing Rules.

As the Subscription is made on a pro rata basis and according to the information available to the Company, none of the existing shareholders has decided to waive their subscription right, the shareholding structure of Zhuangbei Finance immediately following completion of the Subscription shall remain unchanged.

### **Selected Financial Information of Zhuangbei Finance**

The following sets out certain financial information of Zhuangbei Finance as at 31 December 2017 and 31 December 2018 and for the year/period then ended, prepared in accordance with the PRC Accounting Standards:

	As at 31 December 2017	As at 31 December 2018
	(Audited)	(Audited)
	RMB	RMB
Operating revenue	2,238,451,602.28	1,652,778,932.18
Operating profit	1,512,447,461.57	1,334,885,946.57
Profit before tax	1,514,343,516.26	1,337,701,300.06
Net Profit	1,153,754,785.41	986,457,471.07
Total assets	50,513,576,872.29	41,686,520,772.22
Net assets	5,130,183,158.56	5,391,690,825.10

### **Reasons for and Benefits to the Company to participate in the Subscription**

For the three years ended 31 December 2018, the net assets of Zhuangbei Finance are RMB4,509,963,909.30, RMB5,130,183,158.56, and RMB5,391,690,825.10, respectively. These have indicated a relatively substantial growth of Zhuangbei Finance during the past few years. The Company is of the view that Zhuangbei Finance has great growth potential. It is conducive for the Group to negotiate for better terms in relation to its financial transactions with Zhuangbei Finance in the future. In addition, after the completion of the Subscription, Zhuangbei Finance will have a considerable increase in share capital, its capital adequacy and risk endurance will be further enhanced. The Directors believe that investment in Zhuangbei Finance will provide a steady investment return to the Company and its Shareholders as a whole.

### **Board of Directors' View**

The terms of the Subscription Agreement were negotiated on an arm's length basis among the parties. Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Subscription Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

Mr. Xie Shikang, Mr. Shi Jinggang and Mr. Li Xin, who being related Directors due to the fact that they were all nominated by China Changan, have abstained from voting in the resolution in respect of the entering into the Subscription Agreement and the transaction contemplated thereunder.

## Implications under the Listing Rules

Since the highest applicable ratios (as defined under the Listing Rules) of the subscription by the Company in Zhuangbei Finance under the Subscription Agreement as calculated under Rule 14.07 of the Listing Rules is more than 0.1% but less than 5%, the entering into the Subscription Agreement (including the subscription of 7,570,000 Subscription Shares contemplated thereunder) by the Company is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## Information on the 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.

Zhuangbei Finance is a company incorporated in the PRC. The principal businesses of Zhuangbei Finance are to accept enterprises deposits, process financial activities such as enterprise loan and fund raising as approved by CBIRC. Zhuangbei Finance is a non-bank financial institution regulated by CBIRC.

## Definitions

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Subscription Agreement”	the capital increase and shareholders' subscription agreement entered into between the Company and Zhuangbei Finance on 20 May 2019 in relation to the subscription of 7,570,000 new shares to be issued by Zhuangbei Finance
“CBIRC”	China Banking and Insurance Regulatory Commission, consolidated from the former China Banking Regulatory Commission and China Insurance Regulatory Commission
“China Changan”	a substantial shareholder of the Company, known as China Changan Automobile Group Company Limited (中國長安汽車集團有限公司)
“China” or “PRC”	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“CSG”	China South Industries Group Corporation (中國南方工業集團公司), renamed to China South Industries Group Corporation Co., Ltd. (中國兵器裝備集團有限公司), a company established in the PRC on 1 July 1999 with limited liability
“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
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Subscription”	the subscription of the Subscription Shares by all the existing shareholders of Zhuangbei Finance
“Subscription Share(s)”	new share(s) of Zhuangbei Finance to be issued by Zhuangbei Finance pursuant to the Subscription
“Zhuangbei Finance”	Binqi Zhuangbei Group Financial Limited Liability Company (兵器裝備集團財務有限責任公司)
“%”	Per cent

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

Chongqing, the PRC  
20 May 2019

*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. 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*