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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 Joint Venture Agreement

On 6 November 2019, the Company and Shenyang Changyou entered into the Joint Venture Agreement, pursuant to which, the parties have agreed to establish the JV Company and regulate their respective rights and obligations of the parties in the management and operation of the JV Company.

Pursuant to the Joint Venture Agreement, the registered capital of the JV Company will be RMB90,000,000. Each of the Company and Shenyang Changyou shall contribute in cash respectively in the amount of RMB45,900,000 and RMB44,100,000, representing 51% and 49% of the equity of the JV Company.

Following completion of capital contribution to the JV Company by all parties, the JV Company will be owned as to 51% by the Company and 49% by Shenyang Changanyou. The financial results of the JV Company will be consolidated into the financial statements of the Group.

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 total capital commitment contemplated under the Joint Venture 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.

JOINT VENTURE AGREEMENT

On 6 November 2019, the Company and Shenyang Changyou entered into the Joint Venture Agreement, pursuant to which the parties have agreed to establish the JV Company.

Principal terms of the Joint Venture Agreement are set out below:

Date

6 November 2019

Parties

- (a) the Company; and
- (b) Shenyang Changyou

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenyang Changyou and its ultimate beneficial owner are Independent Third Parties.

Business scope, purpose and duration of the JV Company

The JV Company is to be established as a limited liability company under the laws of the PRC. Each of the Company and Shenyang Changyou shall be liable for the payment obligations of the JV Company to extent of their respective capital commitment and shall share the risks and losses of the JV Company in proportion to their capital contribution.

The JV Company will primarily be engaged in production of automobile components and modules; storage (other than dangerous chemicals), distribution, packaging, 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, international freight forwarding by sea, air and land (subject to review and approval by relevant authorities).

The JV Company is to be established mainly for the purpose of exploring tyre assembly business and other logistics business to be awarded from time to time by a specific customer, which is an Independent Third Party.

The proposed duration of the JV Company is 50 years commencing from the date on which the business licence of the JV Company is obtained and can be extended with the approval of the shareholders at the shareholder's meeting and the approval of relevant government authorities.

Capital contribution

Pursuant to the Joint Venture Agreement, the registered capital of the JV Company will be RMB90,000,000. Each of the Company and Shenyang Changyou shall contribute in cash in the amount of RMB45,900,000 and RMB44,100,000, respectively, which shall be paid up in time and manner as determined by the shareholders' meeting of the JV Company upon the date on which the JV Company receives the Nomination Letter. The JV Company shall issue a capital contribution certificate to each of the parties within 5 working days upon the completion of capital contribution by each of the Company and Shenyang Changyou.

Governance of the JV Company

Shareholders' meeting

Shareholders' meeting shall serve as the supreme authority of the JV Company, deciding all significant matters of the JV Company.

The shareholder's meeting of the JV Company shall:

- (1) decide on the operational policies and investment plans of the JV Company;
- (2) elect and replace director(s) and supervisor(s) who is/are not employee representatives of the JV Company and to decide on the matters relating to their remuneration;
- (3) review and approve reports of the board of directors of the JV Company;
- (4) review and approve reports of the supervisors of the JV Company;
- (5) review and approve the proposed annual preliminary and final financial report of the JV Company;
- (6) review and approve the annual profit distribution and loss recovery plans of the JV Company;
- (7) decide on the increase or reduction of the registered capital of the JV Company;
- (8) decide on the issuance of debentures by the JV Company;
- (9) decide on matters as merger, division, dissolution, liquidation and conversion of the JV Company;
- (10) amend the articles of association; and
- (11) exercise other rights conferred upon by the articles of association of the JV Company.

Issues set out in (7), (9) and (10) have to be approved unanimously by all shareholders. The rest of the above issues have to be approved by votes representing more than half of the voting rights of the shareholders.

Board of directors

The board of directors of the JV Company shall comprise five members in total. Each of the Company and Shenyang Changyou shall be entitled to nominate two members, and the remaining member is for an employee to be recommended by the JV Company and be democratically elected at general meeting of employee or employee representatives. The chairman of the board of directors of the JV Company shall be recommended by the Company, vice chairman by Shenyang Changyou. The chairman shall also serve as the legal representative of the JV Company.

The board of directors shall be accountable to the shareholders of the JV Company, be responsible for, among other things, the following matters:

- (1) convene general meeting(s) and report to the shareholders;
- (2) implement the resolutions passed by shareholders at general meeting(s);
- (3) decide on the annual business plan and investment plan of the JV Company;
- (4) formulate the JV Company's annual preliminary and final financial report;
- (5) formulate the JV Company's profit distribution and loss recovery plans;
- (6) formulate plans for the increase or decrease in the registered capital of the JV Company and on matters regarding the issuing of debentures;
- (7) formulate plans for the JV Company's merger, division, dissolution, liquidation and conversion;
- (8) decide on the internal managerial organization of the JV Company;
- (9) decide on the appointment or removal of the JV Company's general manager and the engagement or removal of the JV Company's deputy general manager, financial manager based on the nomination of the general manager and their remuneration;
- (10) formulate fundamental rules of regulation of the JV Company; and
- (11) exercise other rights conferred upon by the articles of association of the JV Company.

Matters set out in (6), (7) have to be approved unanimously by all directors. The rest of the above matters have to be approved by more than half the directors.

Supervisors

The JV Company shall have two supervisors, one from each of the Company and Shenyang Changyou.

The supervisors shall have the following functions and rights:

- (1) review the financial statements of the JV Company
- (2) supervise the conduct of directors and senior management personnel in performing their duties in the JV Company, and to put forward suggestions for removal of directors and senior management personnel who violate laws, administrative regulations, the articles of association of the company or resolutions of the shareholders' meeting;
- (3) take corrective action for any misconduct which is prejudicial to the interests of the JV Company committed by director(s) and/or senior management;
- (4) propose the convening of an interim shareholders' meeting, and convene and preside over the shareholders' meeting when the board of directors fails to perform its duties of convening and presiding over the shareholders' meeting as stipulated in the Company Law;
- (5) put forward proposals to the shareholders' meeting;
- (6) institute legal proceedings against the director(s) and senior management in accordance with the provisions of the Company Law; and

(7) exercise other rights conferred upon by the articles of association of the JV Company.

Transfer restriction

If any of the shareholders of the JV Company proposes to transfer all or any part of its equity interest in the JV Company, each of the shareholders of the JV Company shall have:

- (a) a right to transfer all or any part of the equity held by a shareholder in the JV Company to any person other than the other shareholder subject to the consent of the said other shareholder;
- (b) a right of first refusal on any transfer of all or any part of the equity interest held by a shareholder of the JV Company to any person other than the shareholder, on such terms offered by a bona purchaser to the relevant shareholder proposing the transfer.

FINANCIAL EFFECT OF THE TRANSACTION TO THE COMPANY

The entering into the Joint Venture Agreement and the transaction contemplated 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 51% of the equity interests in the JV Company and the JV Company shall become a non-wholly owned subsidiary of the Company. The financial results of the JV Company will be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company endeavors to leverage on the Group's strength in provision of integrated logistics service along the automotive supply chain to expand logistics business with non-related parties. The JV Company is to be established mainly for the purpose of exploring tyre assembly business and other logistics business to be awarded from time to time by a specific customer. The Company envisages that by investing in the JV Company, the Group could cut into the fierce competition among logistics suppliers of a specific customer and thereby further mitigating the uncertainties and risks of limited sources of business under the grim domestic automobile market and maximizing the revenue of the Group.

In view of the above, the Directors (including the independent non-executive Directors of the Company) consider that the terms of the Joint Venture 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 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.

Shenyang Changyou principally engages in production of automobile parts and modules, provision of logistics services, finished vehicle transportation, ordinary freight, production, sale, leasing and

maintenance of containers and provision of consulting service on business information.

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 total capital commitment contemplated under the Joint Venture 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.

DEFINITIONS

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

“a specific customer”	substantial customer(s) mutually recognised by the Company and Shenyang Changyou under the Joint Venture Agreement
“Company”	Changan Minsheng APLL Logistics Co., Ltd.* (重慶長安民生物流股份有限公司)
“Company Law”	The Company Law of the PRC
“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
“Director (s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Joint Venture Agreement”	the agreement entered into between the Company and Shenyang Changyou on 6 November 2019, pursuant to which the parties agree to establish the JV Company
“JV Company”	a company to be formed and known as Shenyang Changyou Supply Chain Co., Ltd. * (沈陽長友供應鏈有限公司), subject to the approval of relevant governmental authorities
“Nomination Letter”	letter which may be issued to supplier(s) by a specific customer, confirming their eligibility to undertake the contracts with a specific customer

“Shenyang Changyou”	Shenyang Changyou Automobile Supply Chain Co., Ltd. * (沈陽長友汽車供應鏈有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC

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

Chongqing, the PRC
6 November 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 Jinggang 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 the independent non-executive directors.

** For identification purpose only*