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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Changan Minsheng APLL Logistics Co., Ltd., you should at once hand this circular and the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

- (I) REVISION OF THE EXISTING ANNUAL CAP FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH CHANGAN AUTOMOBILE AND ITS ASSOCIATES FOR 2021;**
- (II) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY;**
- (III) PROPOSED APPOINTMENT IN DIRECTORS; AND**
- (IV) NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**



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A letter from the Board of Changan Minsheng APLL Logistics Co., Ltd. dated 10 November 2021 is set out on pages 4 to 18 of this circular. A letter from the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 19 to 20 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 21 to 28 of this circular.

The notice for convening the EGM to be held at 10:00 a.m. on 26 November 2021 at the Conference Room, No.1881, Jinkai Road, Yubei District, Chongqing, the PRC, is set out on pages 36 to 39 of this circular.

Whether or not you intend to attend the EGM you are requested to complete the relevant proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.1881, Jinkai Road, Yubei District, Chongqing, the PRC (Zip Code: 401122) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the relevant meeting (i.e. before 10:00 a.m. on 25 November 2021) or any adjournment thereof. Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

\* For identification purpose only

10 November 2021

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## DEFINITIONS

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

“APLL”	APL Logistics Ltd.
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Bo Yu Transportation Tongnan Branch”	Bo Yu Transportation Co., Ltd. Tongnan Branch*, a wholly-owned subsidiary of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission, consolidated from the former China Banking Regulatory Commission, and China Insurance Regulatory Commission
“CFCA”	China Financial Certification Authority (中國金融認證中心)
“Changan Automobile”	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司), a joint stock company established in China on 31 October 1996, the shares of which are listed on the A and B share markets of the Shenzhen Stock Exchange
“Changan Ford”	Changan Ford Automobile Co., Ltd. (長安福特汽車有限公司), an associate of Changan Automobile
“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“China Changan”	China Changan Automobile Group Company Limited (中國長安汽車集團有限公司)
“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at the Company’s Conference Room, No.1881, Jinkai Road, Yubei District, Chongqing, the PRC on Friday, 26 November 2021 at 10:00 a.m. for purposes of considering and approving the proposals regarding, among others, (i) revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021; (ii) proposed amendment to the Articles of Association; (iii) proposed changes in Directors

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## DEFINITIONS

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“Existing Framework Agreement with Changan Automobile”	the framework agreement entered into between the Company and Changan Automobile on 4 November 2020, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) to Changan Automobile and its associates for a term of three years from 1 January 2021 to 31 December 2023
“Gram Capital” or “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 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 revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021, 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021
“Latest Practicable Date”	4 November 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Independent Shareholders”	shareholders of the Company that in relation to the resolutions approving revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021
“PBOC”	The People’s Bank of China
“percentage ratio(s)”	has the same meaning ascribed thereto under the Listing Rules
“Revised Annual Cap”	the revision of the existing annual cap for the year ending 31 December 2021 relating to the continuing connected transactions with Changan Automobile and its associates contemplated under the Existing Framework Agreement with Changan Automobile from RMB4,100,000,000 to RMB5,000,000,000

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“SIAMC”	China South Industries Assets Management Co., Ltd, a limited liability company established in China
“Share(s)”	ordinary share(s) of the Company, with a par value of RMB1.00 each
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company
[ % ]	per cent



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)**

***Executive directors:***

Xie Shikang  
Chen Wenbo  
William K Villalon

***Registered Office:***

No. 1881  
Jinkai Road  
Yubei District  
Chongqing  
The PRC

***Non-executive directors:***

Chen Xiaodong  
Man Hin Wai Paul  
Xia Lijun

***Principal place of business  
in Hong Kong:***

16/F., 144-151  
Singa Commercial Centre  
Connaught Road West  
Hong Kong

***Independent non-executive directors:***

Chong Teck Sin  
Poon Chiu Kwok  
Jie Jing  
Zhang Yun

\* *For identification purpose only*

10 November 2021

*To the Shareholders*

Dear Sir or Madam,

- (I) REVISION OF THE EXISTING ANNUAL CAP FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH CHANGAN AUTOMOBILE AND ITS ASSOCIATES FOR 2021;**  
**(II) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY;**  
**(III) PROPOSED APPOINTMENT OF DIRECTORS; AND**  
**(IV) NOTICE OF EGM**

**A. INTRODUCTION**

Reference is made to (i) the announcement of the Company dated 29 September 2021 regarding, among other things, the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021, (ii) the announcement dated 27

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## LETTER FROM THE BOARD

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August 2021 regarding the proposed amendment to the Articles of Association, and (iii) the announcements dated 30 July 2021 and 11 October 2021 regarding the proposed appointment of Directors.

Pursuant to the requirements under the Listing Rules, the Company will (i) seek the Independent Shareholders' approval in relation to the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021; and (ii) seek the Shareholders' approval in relation to the proposed amendment to the Articles of Association and the appointment of directors at the EGM.

To comply with the requirements of the Listing Rules, the Independent Board Committee will advise the Independent Shareholders regarding the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021. The letter from the Independent Board Committee to the Independent Shareholders is included in this circular. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the transactions revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 and whether such transactions are in the interests of the Company and its Shareholders as a whole. The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders is also included in this circular.

The purposes of this circular are to provide you with:

- (i) further information in relation to the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021;
- (ii) further information in relation to the proposed amendment to the Articles of Association;
- (iii) further information in relation to the proposed appointment of Directors;
- (iv) a letter from the Independent Board Committee to the Independent Shareholders in respect of the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021; and
- (iv) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021.

Shareholders are advised to read this circular carefully for details of (i) the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021, (ii) the proposed amendment to the Articles of Association, and (iii) the proposed appointment of Directors before making their decision as regards voting at the EGM.

### **B. REVISION OF THE EXISTING ANNUAL CAP FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH CHANGAN AUTOMOBILE AND ITS ASSOCIATES FOR 2021**

#### **Background**

As disclosed in the Company's announcement dated 4 November 2020 and the circular dated 14 December 2020, although, among others, the Existing Framework Agreement with Changan

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## LETTER FROM THE BOARD

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Automobile is for a term of three years from 1 January 2021 to 31 December 2023, the Company has taken measure to assess the relevant transaction cap for the continuing connected transactions contemplated under such framework agreement every year such that the Company can provide a more appropriate level of the transaction cap for each of the three financial years ending 31 December 2023.

As approved by the Independent Shareholders at the general meeting held by the Company on 30 December 2020, the transaction cap relating to, among others, the continuing connected transactions regarding provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) by the Group to Changan Automobile and its associates under the Existing Framework Agreement with Changan Automobile for the year ending 31 December 2021 was RMB4,100,000,000.

Based on recent review by the Company, the existing annual cap of RMB4,100,000,000 on the continuing connected transactions under the Existing Framework Agreement with Changan Automobile for the year ending 31 December 2021 is estimated to be insufficient to meet the Company's business needs. Accordingly, the Board has resolved to revise the existing annual cap for the year ending 31 December 2021 to RMB5,000,000,000 and to re-comply with the requirements of Chapter 14A of the Listing Rules in relation thereto. Save for the revision of the annual cap for the year ending 31 December 2021, all terms and conditions under the Existing Framework Agreement with Changan Automobile including the pricing mechanism shall remain unchanged.

### Historical transaction amount, the existing Annual Cap and the Revised Annual Cap

<b>The revision of the annual cap for 2021 for the non-exempt continuing connected transactions with Changan Automobile and its associates</b>			
<b>Transactions</b>	<b>Actual Amount for the two years ended 31 December 2020, and eight months ended 31 August 2021, respectively</b>	<b>The original annual cap for the year ending 31 December 2021</b>	<b>The revised annual cap for the year ending 31 December 2021</b>
The Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) to Changan Automobile and its associates	RMB3,482,580,000, RMB3,622,482,000 and RMB3,014,180,000	RMB4,100,000,000	RMB5,000,000,000

### Basis of Determination of the Revised Annual Cap

The revision of the existing annual cap for the non-exempt continuing connected transactions regarding provision of logistics services by the Group to Changan Automobile and its associates for the year ending 31 December 2021 was determined having considered that (i) the sales volume of Changan Automobile, the Group's major customer, increased by a large margin, which has well exceeded the budget for the year (according to the production and sales volume for August 2021, its sales volume from January to August was about 1,543,900 units, up by 32.49% year on year); (ii) the Company's revenue from January to June 2021 soared to RMB3.162 billion from RMB1.829 billion in the same period of last year, up by 72.93%, because of a surge in connected transactions with Changan Automobile. The Company's revenue from connected transactions with Changan



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## LETTER FROM THE BOARD

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Automobile and its associates reached RMB2.234 billion from January to June 2021, up by 43.30% compared with RMB1.559 billion in the same period of last year; (iii) the Company has become a full supplier of finished vehicle logistic services of Changan Ford since May 2021, which accounts for 100% of finished vehicle logistic business of Changan Ford; (iv) the launch of the new model UNI series during the year will boost its sales expectations for the whole year.

In arriving at the Revised Annual Cap, the Company has also taken into account the following:

1. Based on the publicly available information, the sales volume of Changan Automobile from January to August 2021 increased by approximately 32.49% compared to the same period last year. The transaction amount between the Group and Changan Automobile for the year ended 31 December 2020 was RMB3,622,492,000. The Company expects that the transaction amount will be in the region of RMB4.8 billion, if the transactions between the Group and Changan Automobile and its associates would increase in tandem with the same growth rate of Changan Automobile.
2. Since May 2021, the Company has taken an additional 20% of the finished vehicle logistic business from Changan Ford to become a full supplier of finished vehicle logistic services of Changan Ford. The Company expects that the transportation volume between the Group and Changan Ford will be increased and therefore an additional transaction amount of RMB200 million is expected to be generated from the transportation of finished vehicle logistic services of Changan Ford for the year.

Shareholders should note that as the Revised Annual Cap relates to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2021, and they do not represent forecasts of revenue or income to be generated from the transactions with Changan Automobile and its associates. Consequently, the Company expresses no opinion as to how closely the actual revenue or income to be generated from the continuing connected transactions with Changan Automobile and its associates will correspond with the Revised Annual Cap.

### **Reasons for and Benefits of the Revision of the Existing Annual Cap**

Since the establishment of the Company, the Group has been conducting business and maintaining a good relationship with Changan Automobile. The Group is a major logistics service provider for Changan Automobile and its associates and is highly recognized among them. The provision of logistics services provided by the Group to Changan Automobile and its associates still accounts for a major part of the Group's business and contributes significantly to the Group's revenue. Therefore, the Company believes that the provision of logistics services by the Group to Changan Automobile and its associates is an essential revenue source for the Group. The Board is of the view that it is in the interests of the Company and its shareholders as a whole that the Group seizes the momentum and that the Revised Annual Cap can enable the Group to maximize the revenue to be generated from providing logistics services for Changan Automobile and its associates.

### **Internal Control Measures to regulate the conduct of Continuing Connected Transactions with connected persons of the Company**

The Company has established a series of internal control measures in order to ensure that the pricing mechanism and terms of the transactions are fair and reasonable and no less favorable than the terms provided by any independent third party so as to ensure that they serve the interest of the Company and the Shareholders as a whole. Such internal control measures mainly include:

- (1) The pricing in relation to the provision of logistics services to our customers is largely market driven. The price for outsourced logistics business is primarily determined by internal comparison method, whereas the price for newly outsourced business is primarily determined by bidding process.

**LETTER FROM THE BOARD**

(2) If the pricing in relation to the provision of logistic services to our customers is to be determined by bidding, the Company will adhere to the following key procedures under the Company's Bidding Quotation Process and Bidding Quote Management Procedure:

(i) *Parties responsible for preparing the bidding documents:*

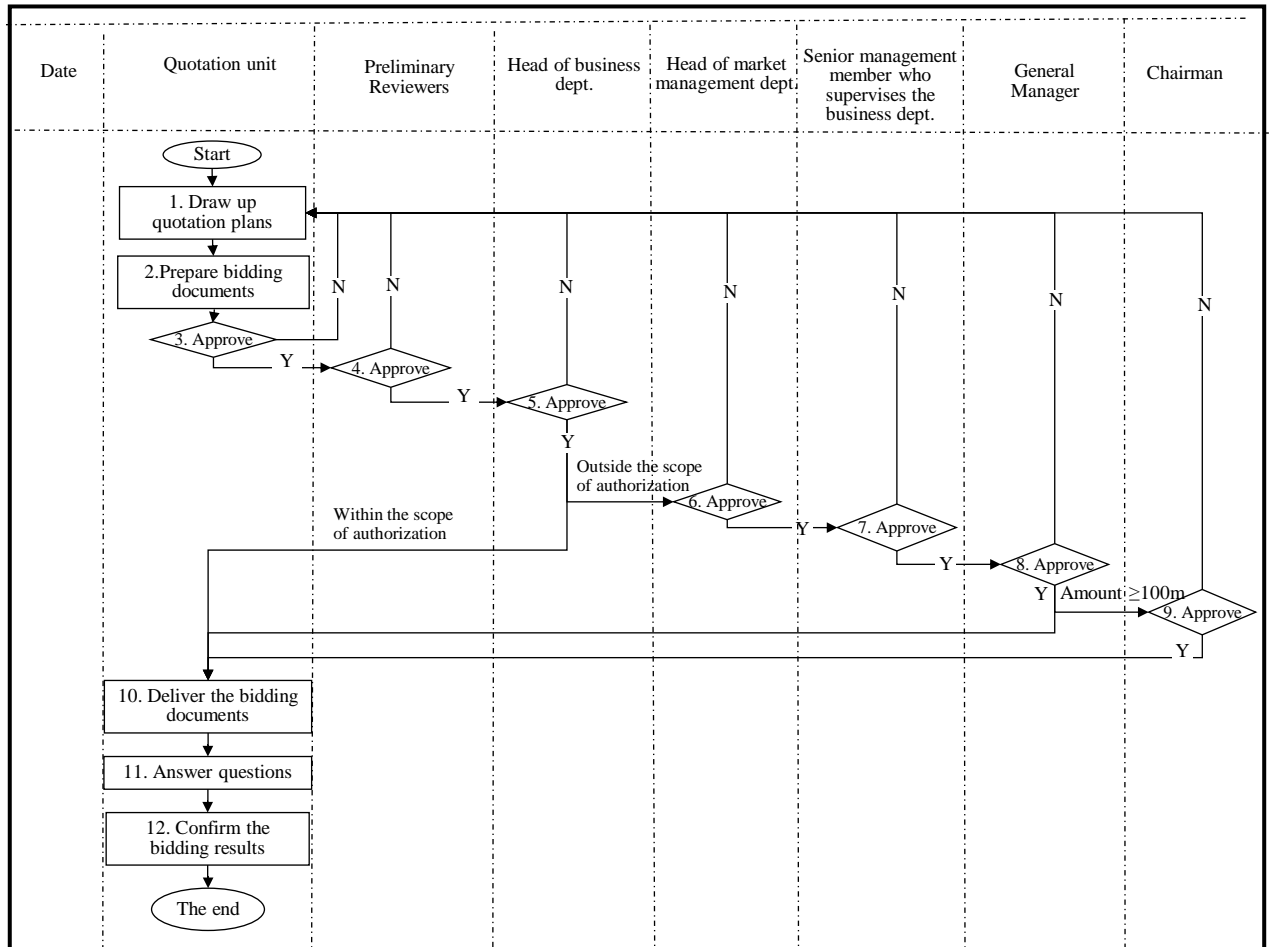
<b>Role</b>	<b>Responsibility</b>	<b>Participants</b>
Bidding representative of the quotation unit (at all levels)	<p>Upon obtaining the solicitation documents or expressions of interest by a customer, bidding representative shall be responsible for:</p> <p>(a) attributing the project to a specific business unit according to customer classification principle (significant customers will be handled by the marketing and customer service department of the Company; others will be handled by relevant business unit) and clarifying any further information regarding bidding requirements in the process of quotation by maintaining communication with the customer;</p> <p>(b) gathering up the technical and operation plans and business plan as reviewed and approved, submit those documents in the manner as required by the customer, follows up the bidding process and responds to any inquiries may be proposed by the customer.</p>	Business development managers/commercial attaches/ marketing specialists/ marketing officers
Preliminary Reviewers	The reviewers shall be responsible for reviewing business plan as part of the quotation documents to be submitted to the customer and assessing relevant operational risk and cost control.	Marketing Managers, commercial managers
Head of business department (at all levels)	<p>Head of the business operation unit shall be responsible for</p> <p>(a) drafting and reviewing the operational plan and responding to customer's enquiries regarding the proposed operation of the project;</p> <p>(b) if any, approving bidding quotation within authorization and report relevant bidding process to the marketing and customer service department of the Company.</p>	Head of the business department, deputy head of the department, commercial manager
Head of the market management department (at all levels)	<p>Head of the market department shall be responsible for reviewing,</p> <p>(a) projects with potential profit margin of less than 5%;</p> <p>(b) finished vehicle related projects with an estimated revenue of over RMB50 million; and</p> <p>(c) reports on potential market risks and feasibility assessment of other projects with an estimated revenue of over RMB30 million.</p>	Head of the marketing department

**LETTER FROM THE BOARD**

<p>Senior management member who supervises the business department</p>	<p>Senior management member who supervises the business department shall be responsible for further reviewing,</p> <p>(a) projects with potential profit margin of less than 5%;</p> <p>(b) finished vehicle related projects with an estimated revenue of over RMB50 million; and</p> <p>(c) reports on potential market risks and feasibility assessment of other projects with an estimated revenue of over RMB30 million.</p>	<p>Senior management member</p>
<p>General Manager</p>	<p>General manager of the Company will be responsible for approving,</p> <p>(a) projects with potential profit margin of less than 5%;</p> <p>(b) finished vehicle related projects with an estimated revenue of over RMB50 million; and</p> <p>(c) reports on potential market risks and feasibility assessment of other projects with an estimated revenue of over RMB30 million.</p>	<p>General Manager</p>
<p>Chairman</p>	<p>Chairman of the Company will be responsible for approving all projects with an estimated revenue of over RMB100 million.</p>	<p>Chairman</p>

*(ii) Work flowchart regarding the bidding*

**LETTER FROM THE BOARD**



- (3) In respect of purchasing logistics services by the Group, the Group has to adhere to the process of procurement set out in the Group's Procurement Management Procedure of Bidding and Compared Pricing. The Company will sign the implementation contract(s) governed by the relevant framework agreement(s).
- (4) When bidding or compared pricing method is adopted, all the specification documents will be made public to potential bidders, with all primary terms of relevant contracts clearly set out therein, so as to ensure that the terms obtained are no less favourable than the terms offered to or by independent third parties.
- (5) When adopting the cost-plus approach to arrive at the price for provision of logistic services, the Group will initially gather necessary information including the technical specification and operational requirements, etc. regarding the logistic services from potential customers. Based on the customers' requirements, the Group will devise the prices after having taken into account all the direct fixed and variable costs (cost of materials, labour cost and other overhead expenses) associated with the services, with a mark-up to the cost. The mark-up represents the gross profit of the Group. Please refer to paragraph (2)(i) above regarding the parties responsible for reviewing the pricing using the cost-plus approach.
- (6) The external auditors of the Company will conduct an interim review and year-end audit for each financial year, and will issue their opinion and letter to the Board in relation to the pricing policies and annual caps of the continuing connected transactions of the Company conducted during the preceding financial year pursuant to the Listing Rules. In addition, according to the Listing Rules, the independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company throughout the

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## LETTER FROM THE BOARD

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preceding financial year and confirm on the transactional amounts and terms of the transactions in the annual report of the Company.

- (7) The Supervisory Committee are also responsible for, among others, supervising on the continuing connected transactions of the Company and reviewing the fairness of the transactions and whether the pricing of the transactions is fair and reasonable.
- (8) The Company's Audit and Legal Affairs Center established protocols including *Internal Control Assessment Workflow* and *Internal Control Assessment Manual*, assessing and monitoring the internal control work of the Group from the top down. All units of the Group shall update their internal control manual on a regular basis to ensure its effectiveness, and to identify and remedy the deficiencies in a prompt manner.
- (9) The Company's Audit and Legal Affairs Center established *Regulation on Connected Transactions of Changan Minsheng APLL Logistics Co., Ltd.*, joining efforts of relevant departments to control connected transactions of the Group collectively. Primary measures include (i) the Audit and Legal Affairs Center, operational units and Financial Operation Center shall pay extra attention to and conduct prudent review of the separate written agreements governed by relevant framework agreements entered into by the Group and connected persons to ensure the terms of the agreements conform to the corresponding framework agreement and are on normal commercial terms; (ii) the Financial Operation Center updates the aggregated amount of each of the connected transactions under the framework agreements based on the monthly financial data and submits a report on the connected transactions of the Group to the Audit and Legal Affairs Center; (iii) the Audit and Legal Affairs Center compares the report(s) with the approved annual caps of the connected transactions under each of the framework agreements and report to or warn the officers of the Company and relevant departments and advise the management of the Company to consider whether or not to re-adjust the relevant annual caps according to the Listing Rules.
- (10) The Company's Audit and Legal Affairs Center, the Audit Committee of the Company and the Supervisory Committee shall each conduct random internal assessments on the internal control measures and the financial information of the Company, in order to ensure that the internal control measures in respect of the connected transactions remain complete and effective. Furthermore, they convene meetings at least twice a year to discuss and assess the implementation status of connected transactions. Meanwhile, the Audit and Legal Affairs Center shall conduct prudent review and appraisal of the contracts entered into by the Company, the operational departments shall monitor the transactional amounts in a timely manner and manage the compliance during the process of business operations.

The Company shall strictly follow the relevant protocols of internal control to ensure the pricing mechanism is transparent and the implementation of such pricing mechanism is subject to strict scrutiny by the Group and that connected transactions are conducted in fair and reasonable manner and in all respect in the best interests of the Company and its shareholders as a whole.

### **Internal Control Measures relevant to the Continuing Connected Transactions with Changan Automobile and its associates under the Existing Framework Agreement for Changan Automobile**

The logistics services to be provided by the Group to Changan Automobile cover the entire automotive industry chain, mainly finished vehicle logistics. The logistics services to be provided by the Group to Changan Automobile and its associates are outsourced business.

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## LETTER FROM THE BOARD

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Generally, the pricing of the logistics services to be provided by the Group is market driven. As the transactions contemplated under the Existing Framework Agreement for Changan Automobile shall be conducted on a non-exclusive basis, the Group has specified marketing and client servicing teams to liaise with and ascertain whether any particular logistic service will be conducted by public tender. The pricing of the services to be provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the following principles and order:

- (1) *Bidding Price*: the price will be arrived at by bidding process in principle. The bidding price shall be a price which shall primarily be based on a cost-plus basis but in any event shall be no less favourable than the price offered by the Group to independent third parties for similar transaction. The bidding shall be conducted after a bidding procedure according to the PRC Bidding Law. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company's enterprise technical department will draw up the technical and operation plans whereas the marketing and customer service department will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in the response to the bidding before the bidding representative will finally be informed of the bidding results.
- (2) *Internal Compared Price*: in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company's knowledge through market channel and historical transaction amounts on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.
- (3) *Cost-plus Price*: to be determined with reference to a reasonable cost plus a reasonable profit margin ranging from 3% to 12%. The Company will consider the labor cost, equipment operation cost, material inputs, etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.

If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).

### **Board of Directors' Views**

The Board has approved the proposal of the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021. Except for Mr. Xie Shikang and Mr. Xia Lijun, who being the directors nominated by China Changan and are therefore treated as the related Directors under relevant PRC laws and are deemed to be interested in the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021, none of the other Directors has abstained from voting on the relevant resolution approving the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021.

### **Implication under the Listing Rules**

Since the applicable percentage ratios in respect of the Revised Annual Cap as calculated under Rule 14.07 of the Listing Rules are above 5%, the Revised Annual Cap is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

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## LETTER FROM THE BOARD

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The revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for the year ending 31 December 2021 is subject to approval by the Independent Shareholders in accordance with the Listing Rules. China Changan (which controls 41,225,600 ordinary Shares (domestic Shares) with voting rights in the Company, representing approximately 25.44% of the total issued Shares of the Company as at the Latest Practicable Date) will abstain from voting in relation to the resolution approving the revision of the existing annual cap for the non-exempt continuing connected transactions the Company with Changan Automobile and its associates for the year ending 31 December 2021. The voting at the EGM will be taken by a poll and the Company will make an announcement of the poll results.

The Board has further confirmed that the actual transaction amount in relation to logistics services provided by the Group to Changan Automobile and its associates from 1 January 2021 and up to the Latest Practicable Date has not exceeded the existing annual cap for the year ending 31 December 2021.

Prior to the obtaining of the approval of the Independent Shareholders at the EGM to approve the Revised Annual Cap, the Company will through its internal control to ensure that the continuing connected transactions regarding provision of logistics services by the Group to Changan Automobile and its associates will not exceed the existing annual cap amount for the year ending 31 December 2021 (i.e. RMB41,000,000,000).

### 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.

Changan Automobile produces and sells automobiles and is the major customer of the Group.

### C. PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company proposes to amend paragraph 2 of Article 13 of the Articles of Association of the Company. The purpose of amending the Articles of Association is to reflect the changes in scope of business operation of the Company.

The amendment of the Articles of Association is subject to approval by the Shareholders at the EGM by way of special resolution and the approval from the relevant PRC government authorities.

Details of the proposed amendments to the Articles of Association are set out below:

No.	Provisions of the Articles of Association before amendments	Provisions of the Articles of Association after amendments	Note
1.	Paragraph 2 of Article 13  Scope of business is subject to items approved by the Company registration authorities.  The Company's scope of business covers: general freight transport; road transport of dangerous goods;	Paragraph 2 of Article 13  Scope of business is subject to items approved by the Company registration authorities.  The Company's scope of business covers: general freight transport; road transport of dangerous goods;	Amendments made according to the circumstances of the Company.

**LETTER FROM THE BOARD**

<p>road transport of large-sized objects; container road transport; refrigerated truck road transport; multimodal transport; city distribution; cargo transport agent; international freight forwarding service; non-vessel carrier business; import and export of goods and technology; storage service (excluding hazardous chemicals and hazardous waste), distribution, packing, sub-packaging; station operation. It also engages in packing, assembling and selling auto raw materials and parts as well as manufacturing, selling, leasing and maintaining packaging for auto parts; maintenance of automobiles and parts and components (operational with relevant administrative license or approval); auto sales; Internet-based cars and accessories retail; car charging service; automobile leasing; machinery equipment leasing; used automobiles brokerage; services relating to Internet of Things technology, computer software and hardware development and services; logistics planning, management and consulting service; property management; house leasing services; recycling of renewable resources (excluding articles subject to approval from relevant authorities such as solid waste, dangerous waste and scrapped vehicles).</p>	<p>road transport of large-sized objects; container road transport; refrigerated truck road transport; multimodal transport; city distribution; cargo transport agent; international freight forwarding service; non-vessel carrier business; import and export of goods and technology; storage service (excluding hazardous chemicals and hazardous waste), distribution, packing, sub-packaging; station operation. It also engages in packing, assembling and selling auto raw materials and parts as well as manufacturing, selling, leasing and maintaining packaging for auto parts; maintenance of automobiles and parts and components (operational with relevant administrative license or approval); auto sales; Internet-based cars and accessories retail; car charging service; automobile leasing; machinery equipment leasing; used automobiles brokerage; services relating to Internet of Things technology, computer software and hardware development and services; logistics planning, management and consulting service; property management; house leasing services; recycling of renewable resources (excluding articles subject to approval from relevant authorities such as solid waste, dangerous waste and scrapped vehicles); <u>agency bookkeeping, tax services; financial consulting; business training.</u></p>	
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The amendment to the Articles of Association is subject to the consideration and approval at the EGM. No shareholders are required to abstain from voting on the resolution regarding the amendment to Articles of Association.

The Company has received a written confirmation from its Hong Kong legal adviser, confirming that the proposed amendments to the Articles of Association comply with the applicable provisions under the Listing Rules. The Company has also received a written confirmation from its PRC legal adviser, confirming that the proposed amendments to the Articles of Association comply with the applicable laws and regulations in the PRC.



**D. PROPOSED APPOINTMENT OF DIRECTORS**

The Board announces that Mr. Chen Xiaodong shall resign as the non-executive Director of the fifth session of the Board and one of the authorized representatives of the Company. The resignation of Mr. Chen Xiaodong shall become effective from the date on which a new non-executive Director as Mr. Chen's successor is approved by the Shareholders at the EGM. According to the nomination from Minsheng Industrial, the Board proposes to elect Mr. Che Dexi as a non-executive Director of the Company to fulfill the vacancy of Mr. Chen Xiaodong.

In addition, the Board proposes to appoint Mr. Wan Nianyong as an executive Director of the Company. The proposed appointment of Mr. Wan Nianyong as the executive Director of the Company is subject to approval by Shareholders by way of ordinary resolution at the EGM.

The election of each of Mr. Che Dexi as a non-executive Director of the Company and Mr. Wan Nianyong as the executive Director of the Company is subject to approval by Shareholders by way of ordinary resolution at the EGM. No Shareholders are required to abstain from voting on the resolution regarding the appointment of Directors.

***Biographical details of Mr. Wan Nianyong (candidate for the executive Director) are as follows:***

Mr. Wan Nianyong, aged 45, senior engineer, currently the deputy secretary of the CPC Committee of the Company and the chairman of the Labor Union of the Company. Mr. Wan Nianyong graduated from Shenyang Ligong University majoring in machinery electronic engineering and then obtained a master degree in project management from Chongqing University. Mr. Wan Nianyong joined Changan Automobile in July 2000 and served in various positions including deputy head of the manufacture logistics department of Changan Automobile, general manager, secretary of the CPC Committee and project supervisor of Hebei Changan Automobile Co., Ltd., a subsidiary of Changan Automobile. Mr. Wan Nianyong joined the Company in August 2018 and served as the deputy general manager of the Company. Mr. Wan Nianyong is currently in charge of Party-Masses Work Department (Corporate Culture Center)/ Publicity Department of Party Committee, Organization and Human Resources Center, and Intelligent Logistics College of the Company. Mr. Wan Nianyong also serves as the director and chairman of the Board of Chongqing Changzu Feiyue Technology Co., Ltd., the director and chairman of the Board of Wuhan Changsheng Gangtong Supply Chain Management Co., Ltd., the executive director of Fulu International Logistics Co., Ltd. the executive director of Chongqing Changan Minsheng Fuyong Logistics Co., Ltd., the director of Chongqing Changxiang Supply Chain Technology Co., Ltd. Mr. Wan Nianyong has extensive experiences in enterprise production and operation and project management.

Save as disclosed above, Mr. Wan Nianyong has not held any directorship in any other public companies in the last three years. Save as disclosed above, Mr. Wan Nianyong does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company, nor had he any interests in the Shares within the meaning of Part XV of the SFO.

If Mr. Wan Nianyong is elected as an executive director of the fifth session of the Board of the Company at the EGM, the Company will enter into a service agreement with him in relation to his appointment. Mr. Wan Nianyong will be entitled to director's emoluments of RMB600,000 per annum, which are determined with reference to his duties and responsibilities with the Company and the market benchmark. Mr. Wan Nianyong's term of service will commence from the date on which approval is obtained from the EGM until the expiry of the term of the fifth session of the Board.

Save as disclosed above, Mr. Wan Nianyong is not aware of any other matters in relation to his

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## LETTER FROM THE BOARD

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proposed appointment that need to be brought to the attention of the holders of the securities of the Company, nor any information needed to be disclosed under Rules 13.51(2)(h) to (v) of the Listing Rules.

***Biographical details of Mr. Che Dexi (candidate for the non-executive director) are as follows:***

**Mr. Che Dexi**, aged 68, was born in October 1953. Mr. Che Dexi graduated from Chongqing University in 1977, with a major in ironmaking. From 1977 to 1986, Mr. Che Dexi worked in Ngawa Tibetan Autonomous Prefecture Qipangou Ironmaking Plant\* (阿壩藏族自治州七盤溝煉鐵廠) and Science and Technology Commission of Ngawa Prefecture\* (阿壩州科學技術委員會). From 1986 to 1993, Mr. Che Dexi served as the director of Ngawa Prefecture Ironmaking Plant\* (阿壩州煉鐵廠廠長), the director of Ngawa Prefecture Industry and Light Industry Bureau\* (阿壩州工業工輕局), and the director of Ngawa Prefecture Planned Economy Committee\* (阿壩州計劃經濟委員). From 1993 to 2003, Mr. Che Dexi served as the deputy general manager of Chengdu Branch of Sinotrans Changhang (Group), the general manager of its Chongqing Branch and Sichuan Branch. Mr. Che Dexi joined Minsheng Shipping Co., Ltd. in December 2003, and since then he has been in many important positions in Mingsheng Industrial (Group) Co., Ltd. and its subsidiaries, including the president assistant of Mingsheng Industrial (Group) Co., Ltd., the deputy general manager of Minsheng Shipping Co., Ltd., and the general manager of Sichuan Minsheng International Freight Forwarding Co., Ltd., etc. Mr. Che Dexi is currently the executive deputy general manager (in charge of work) in Minsheng Shipping Co., Ltd. Mr. Che Dexi has extensive experience in the logistics industry and corporate management.

Save as disclosed above, Mr. Che Dexi has not held any directorship in any other public companies in the last three years. Save as disclosed above, Mr. Che Dexi does not hold any other positions within the Company or other members of the Group and does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company, nor had he any interests in the Shares within the meaning of Part XV of the SFO.

If Mr. Che Dexi is elected as a non-executive Director of the fifth session of the Board of the Company at the EGM, the Company will enter into a service agreement with him in relation to his appointment. Mr. Che Dexi will not be entitled to any Director's emoluments. Mr. Che Dexi's term of service will commence from the date on which approval is obtained at the EGM until the expiry of the term of the fifth session of the Board.

Save as disclosed above, Mr. Che Dexi is not aware of any other matters in relation to his proposed appointment that need to be brought to the attention of the holders of the securities of the Company, nor any information needed to be disclosed under Rules 13.51(2)(h) to (v) of the Listing Rules.

### **E. EGM**

The EGM will be held for considering and approving, among others, (i) the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021, (ii) the proposed amendments to the Articles of Association; and (iii) the proposed appointment in directors.

China Changan (which controls 41,225,600 Shares with voting rights or approximately 25.44% of the issued Shares in the Company as at the Latest Practicable Date) who are involved in, or interested in the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021, will abstain from voting in the relevant resolution approving the revision of the existing annual cap for the non-exempt continuing connected

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## LETTER FROM THE BOARD

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transactions with Changan Automobile and its associates for 2021.

Save as disclosed above and according to the information available to the Company, none of the Shareholders shall be required to abstain from voting in the resolution regarding the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 proposed at the EGM.

The notice of the EGM is set out on page 36 to 39 of this circular. Whether or not you intend to attend the EGM you are requested to complete the relevant proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.1881, Jinkai Road, Yubei District, Chongqing, the PRC (Zip Code: 401122) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM.

Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

The resolutions regarding the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 and the proposed appointment in Directors will be passed by way of ordinary resolutions and voting will be taken by way of a poll in accordance with the requirements of the Listing Rules.

The resolution regarding the proposed amendment to the Articles of Association will be passed by way of special resolution and voting will be taken by way of a poll in accordance with the requirements of the Listing Rules.

### **F. RECOMMENDATIONS**

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, which is set out on pages 19 to 20 of this circular, and which contains their recommendation in respect of the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021. The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 and whether such transactions are in the interests of the Company and its Shareholders as a whole is set out on pages 19 to 20 of this circular.

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 is of normal commercial terms and in the ordinary and usual course of the business of the Company, is fair and reasonable insofar as the Independent Shareholders are concerned and that such transactions are in the interests of the Company and its Shareholders as a whole. Accordingly, it is recommended that the Independent Shareholders vote in favor of the relevant resolution to approve the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors) consider that the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 is of normal commercial terms and in the ordinary and usual course of business of the Company, is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Independent Shareholders vote in favor of the ordinary resolution at EGM, thereby approving the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021.

The Directors consider that the Proposed Amendment to the Articles of Association by way of a special resolution, and the appointment of Directors by way of ordinary resolutions are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favor of the special resolution regarding the Proposed Amendments to the Articles of Association and the ordinary resolutions for appointment of Directors at the EGM.

### **G. OTHER INFORMATION**

Your attention is drawn to the general information set out in Appendix I of this circular.

*On behalf of the Board*  
**Changan Minsheng APLL Logistics Co., Ltd.**  
**Xie Shikang**  
*Chairman*



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)

10 November 2021

**REVISION OF THE EXISTING ANNUAL CAP FOR THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH CHANGAN AUTOMOBILE AND ITS ASSOCIATES FOR 2021**

*To the Independent Shareholders*

Dear Sirs or Madam,

We, the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd., are advising the Independent Shareholders in connection with the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021, details of which are set out in the letter from the Board contained in the circular (“**Circular**”) of the Company to the Shareholders dated 10 November 2021, of which this letter forms a part. Terms defined in this circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the conduct of the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 requires the approval of the Independent Shareholders at the EGM.

We wish to draw your attention to the letter of advice from Gram Capital set out on pages 21 to 28 of this circular. We have discussed the letter and the opinion contained therein with Gram Capital.

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Having considered, among others, the factors and reasons considered by, and the opinion of, Gram Capital, as stated in its aforementioned letter, we are of the view that the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021 is of normal commercial terms and in the ordinary and usual course of business of the Company, is fair and reasonable insofar as the Independent Shareholders are concerned and that such transactions are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolution in the notice of the EGM to be proposed at the EGM to be held on and thereby approve the revision of the existing annual cap for the non-exempt continuing connected transactions with Changan Automobile and its associates for 2021.

Yours faithfully,

**Mr. Chong Teck Sin**

*Independent Non-executive Director*

**Mr. Poon Chiu Kwok**

*Independent Non-executive Director*

**Mr. Jie Jing**

*Independent Non-executive Director*

**Ms. Zhang Yun**

*Independent Non-executive Director*

*\* For identification purpose only*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central  
173 Des Voeux Road Central  
Hong Kong

10 November 2021

*To: The independent board committee and the independent shareholders  
of Changan Minsheng APLL Logistics Co., Ltd.\**

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION REVISION OF EXISTING ANNUAL CAP**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of existing annual cap on the continuing connected transactions under the Existing Framework Agreement with Changan Automobile (“**Changan Automobile CCT**”) for the year ending 31 December 2021 (“**FY2021**”) (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 10 November 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, the Board has resolved to revise the existing annual cap on the Changan Automobile CCT for the year ended 31 December 2021 from RMB4,100,000,000 to RMB5,000,000,000. The Transaction is subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

## INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in relation to the Company's (i) major and connected transactions, major and continuing connected transactions, details of which are set out in the Company's circular dated 14 December 2020; and (ii) major and continuing connected transactions, details of which are set out in the Company's circular dated 4 December 2019. Notwithstanding the aforesaid engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

## BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors or management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors/Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors/Management in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers the Management and/or the Directors, which have been provided to us. Our opinion is based on the Directors' and Management's representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Changan Automobile or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.



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## LETTER FROM GRAM CAPITAL

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Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

#### Information on the Group

With reference to the Board Letter, 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 the PRC.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2020 and the six months ended 30 June 2021 (“1H2021”) as extracted from the Company’s annual report for the year ended 31 December 2020 (“2020 Annual Report”) and the Company’s interim report for 1H2021 (“2021 Interim Report”):

	For the six months ended 30 June 2021 <i>RMB'000</i> <i>(unaudited)</i>	For the year ended 31 December 2020 <i>RMB'000</i> <i>(audited)</i>	For the year ended 31 December 2019 <i>RMB'000</i> <i>(audited)</i>	Change from 2019 to 2020 %
Revenue	3,162,044	4,685,655	4,341,585	7.92
Gross profit	162,369	237,221	182,665	29.87
Profit attributable to owners of the Company	4,372	421	(55,967)	N/A

The Group recorded revenue of approximately RMB4.69 billion for the year ended 31 December 2020 (“FY2020”), representing an increase of approximately 7.92% as compared to that for the year ended 31 December 2019 (“FY2019”). With reference to the 2020 Annual Report and the 2021 Interim Report, the Group’s operating activities are related to a single operating segment, which engages in the transportation and supply chain management for vehicle commodities, transportation of non-vehicle commodities, processing of tyres and others.

As depicted from the above table, the Group recorded profit attributable to owners of the Company of approximately RMB0.42 million for FY2020 as compared to the loss of approximately RMB55.97 million for FY2019. With reference to the 2020 Annual Report, such turnaround from loss position to profit position was mainly due to (i) increase in gross profit and gross profit margin; and (ii) decrease in other expenses, which were partially set off by decrease in other income and gains.

With reference to the Board Letter, in the second half of 2021, the Company takes the business plan of having the courage to innovate and create as its overarching principle, and is committed to building itself with “high technology, high vitality, high efficiency, big brand, and high quality”. Guided by the principles of “all for customers, all for market, all for frontline, and all for growth”, and taking “grasping key points, focusing on high-end, preventing risks and working hard” as its key, the Company strives to implement its “service-

oriented strategy”, makes self-improvements and expands the market to push itself towards a first-class green intelligent logistics and supply chain provider.

### **Information on Changan Automobile**

With reference to the Board Letter, Changan Automobile produces and sells automobiles and is a major customer of the Group.

### **Reasons for the Transaction**

With reference to the Board Letter, based on recent review by the Company, the existing annual cap of RMB4,100,000,000 on the continuing connected transactions under the Existing Framework Agreement with Changan Automobile for FY2021 is estimated to be insufficient to meet the Company’s business needs. Accordingly, the Board has resolved to revise the existing annual cap for FY2021 to RMB5,000,000,000 (the “**Revised Annual Cap**”) and to re-comply with the requirements of Chapter 14A of the Listing Rules in relation thereto.

The revision of the existing annual cap of Changan Automobile CCT for FY2021 was determined having considered (i) the significant increase in the sales volume of automobiles of Changan Automobile, the Group’s major customer, which has well exceeded the budget for FY2021; and (ii) the significant increase in the Group’s revenue for 1H2021 as compared to the corresponding period in 2020, because of a surge in connected transactions with Changan Automobile; (iii) the Company has become a full supplier of finished vehicle logistic services of Changan Ford since May 2021, which accounts for 100% of finished vehicle logistic business of Changan Ford; and (iv) the launch of the new model UNI series during the year, which will boost its sales expectations for FY2021.

Since the establishment of the Company, the Group has been conducting business and maintaining a good relationship with Changan Automobile. The Group is a major logistics service provider for Changan Automobile and its associates and is highly recognized among them. The logistics services provided by the Group to Changan Automobile and its associates still accounts for a major part of the Group’s business and contributes significantly to the Group’s revenue. Therefore, the Company believes that the provision of logistics services by the Group to Changan Automobile and its associates is an essential revenue source for the Group. The Board is of the view that it is in the interests of the Company and its shareholders as a whole to enable the Group to seize the momentum and maximize the revenue to be generated from providing logistics services for Changan Automobile and its associates for FY2021.

As advised by the Company, the Group had provided various logistics services to Changan Automobile for over ten years. We noted that the historical transaction amounts of the Group’s continuing connected transaction with Changan Automobile were approximately RMB3,483 million, RMB3,622 million and RMB2,234 million for FY2019, FY2020 and 1H2021 respectively, accounted for approximately 80.21% 77.31% and 70.66% of the Group’s total revenue for FY2019, FY2020 and 1H2021 respectively. We also noted that the historical transaction amount of approximately RMB3,014 million for the eight months ended 2021 accounted for approximately 73.52% of the existing annual cap for FY2021.

We noted from the Changan Automobile’s announcement dated 9 September 2021 that the sales volume of Changan Automobile during January 2021 to August 2021 reached approximately 1.54 million units, representing a year-on-year increase of approximately 32.49%. We also noted that the Group recorded revenue of approximately RMB3.16 billion during 1H2021, representing an increase of approximately 72.93% as compared to the corresponding period in 2020. As aforementioned, the significant increase in the Group’s revenue during 1H2021 was primarily attributed from the Changan Automobile CCT.

Having taken into account the above and the Changan Automobile CCT's significant contribution to the Group's revenue, we concur with the Directors that the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Changan Automobile CCT**

With reference to the Board Letter, save for the revision of the annual cap for FY2021, all terms and conditions under the Changan Automobile CCT including the pricing mechanism shall remain unchanged.

For our due diligence purpose, we obtained a list of individual contracts for Changan Automobile CCT in 2021 and randomly selected from the list (i) a set of bidding documents (including solicitation document, transaction assessment form and the corresponding confirmation on selection of the Company for the provision of logistics services) in relation to the bidding process for the provision of logistics services; (ii) the quotation requests issued by associate of Changan Automobile, the corresponding quotation lists submitted and the corresponding confirmation on selection of the Company for the provision of logistics services, which indicated the participation of the Group in the bidding process for the provision of logistics services to Changan Automobile and its associates and that the Group had provided quotation for them to compare with other services providers; and (iii) the cost-plus pricing documents of certain transactions under the Changan Automobile CCT, which demonstrated the cost-plus pricing with gross profit margin higher than the overall gross profit margin of the Group during FY2020 and the six months ended 30 June 2021. Nothing came to our attention that caused us to believe that the pricing under the aforementioned documents was not complied with the Changan Automobile CCT's pricing policy.

With reference to the 2020 Annual Report and as confirmed by the Management, the independent non-executive Directors have reviewed the Group's continuing connected transactions (including the Changan Automobile CCT) for FY2020 (the "**INED Review**") and confirmed that the Group's continuing connected transactions (including the Changan Automobile CCT) were: (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

Furthermore, with reference to the 2020 Annual Report and as confirmed by the Management, the Company has engaged its external auditor to report on the Group's continuing connected transactions (including the Changan Automobile CCT) for FY2020, in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the auditor of the Company confirmed to the Board that in respect of the Group's continuing connected transactions (including the Changan Automobile CCT) for FY2020: (i) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board; (ii) for transactions involving the provisions of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the agreements governing the transactions; and (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

With reference to the Board Letter, the Company has established a series of internal control measures in order to ensure that the pricing mechanism and terms of the transactions are fair and reasonable and no less favorable than the terms provided by any independent third party so as to ensure that they serve the interest of

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**LETTER FROM GRAM CAPITAL**

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the Company and the Shareholders as a whole. Details of the aforesaid internal control measures are set out under the sub-section headed “Internal Control Measures to regulate the conduct of Continuing Connected Transactions with connected persons of the Company” in the Board Letter.

We consider that the effective implementation of the internal control measures had/would help to ensure fair pricing of the Changan Automobile CCT in compliance with its pricing policy.

**Basis of the Revised Annual Cap**

The table below demonstrates the actual amounts, historical/existing annual caps and the Revised Annual Cap for the Changan Automobile CCT:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the year ending 31 December 2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Actual amounts	3,482,580,000	3,622,482,000	3,014,180,000 <i>(Note)</i>
Historical/Existing annual caps	7,500,000,000	4,060,000,000	4,100,000,000
Utilization rate (%)	46.43%	89.22%	N/A
			<b>For the year ending 31 December 2021</b>
			<i>RMB</i>
Revised Annual Cap			5,000,000,000

*Note: The figure is for the eight months ended 31 August 2021.*

As aforementioned, the revision of the existing annual cap of Changan Automobile CCT for FY2021 was determined having considered (i) the significant increase in the sales volume of automobiles of Changan Automobile, the Group’s major customer, which has well exceeded the budget for FY2021; and (ii) the significant increase in the Group’s revenue for 1H2021 as compared to the corresponding period in 2020, because of a surge in connected transactions with Changan Automobile; (iii) the Company has become a full supplier of finished vehicle logistic services of Changan Ford since May 2021, which accounts for 100% of finished vehicle logistic business of Changan Ford; and (iv) the launch of the new model UNI series during the year, which will boost its sales expectations for FY2021.

To assess the fairness and reasonableness of the Revised Annual Cap, we discussed with the Management regarding the basis and assumptions underlying the projections of the Revised Annual Cap:

As illustrated above, the actual amount of Changan Automobile CCT was approximately RMB3,014 million for the eight months ended 31 August 2021, accounting for (i) approximately 73.52% of the existing annual cap for FY2021; and (ii) approximately 83.21% of the actual amount of Changan Automobile CCT for FY2020. With reference to the Board Letter, the PRC auto sales recorded year-on-year growth rate of 13.7% from January to August in 2021, which showed that the domestic automobile market is experiencing a momentum of fast growth. Furthermore, Changan Automobile recorded year-on-year growth rate of 32.49% in terms of cumulative sales volume, representing 2.37 times of the industrial average.

For our due diligence purpose, we obtained the calculation of the Revised Annual Cap (which is the same as the projected transaction amount of Changan Automobile CCT for FY2021) (the “**Cap Calculation**”) from the Management. We noted that such transaction amount is projected to be approximately RMB5,000 million, which the existing annual cap is insufficient and hence the necessity to revise the existing annual cap to cater for such demand in logistic services provided by the Group.

Under the Cap Calculation, a portion of the projected transaction amount (i.e. RMB4,800 million) was calculated based on (i) the actual amount of transaction for FY2020 of approximately RMB3,622 million; and (ii) the above-mentioned year-on-year growth rate of 32.49% (the “**Growth Rate**”) in terms of cumulative sales volume by Changan Automobile. Absence of any unforeseen factors, the Company anticipated that the Changan Automobile CCT will increase at the same Growth Rate for FY2021.

As advised by the Company, the Changan Automobile CCT amounted to approximately RMB3,014 million for the eight months ended 31 August 2021, representing an increase of approximately 32.66% as compared to the corresponding period in 2020. Having considered (i) the amount of Changan Automobile CCT depends on Changan Automobile’s demand for the logistics services by the Group; (ii) Changan Automobile’s growth in sales volume recorded during January 2021 to August 2021 as illustrated above; and (iii) increase in Changan Automobile CCT during 1H2021 also corresponded with Changan Automobile’s growth in sales volume during January 2021 to August 2021, we are of the view that the projected growth of 32.49% of the Changan Automobile CCT for FY2021 to be reasonable.

Furthermore, the Cap Calculation included an additional amount of RMB200 million. We understood from the Company that, since May 2021, the Company had taken up an additional 20% of finished vehicle logistic business from Changan Ford (an associate of Changan Automobile) to become a full supplier of finished vehicle logistic services of Changan Ford. Absence of any unforeseen factors, the Company anticipated that such additional business shall contribute additional RMB200 million to the Changan Automobile CCT, based on the Changan Ford’s expected vehicle sales volume from May 2021 to December 2021 and the expected average logistics service fee charged per vehicle.

In light of the above, we concur with the Directors that the Revised Annual Cap is fair and reasonable.

Shareholders should note that as the Revised Annual Cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2021, and they do not represent forecasts of revenue or income to be generated from Changan Automobile CCT. Consequently, we express no opinion as to how closely the actual revenue or income to be generated from the Changan Automobile CCT will correspond with the Revised Annual Cap.

In light of the above, we consider that the terms of the Transaction (including the Revised Annual Cap) are on normal commercial terms and are fair and reasonable.

### **Listing Rules implications**

The Management confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Changan Automobile CCT must be restricted by Revised Annual Cap; (ii) the terms of the Existing Framework Agreement with Changan Automobile (together with the Revised Annual Cap) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the Existing Framework Agreement with Changan Automobile (together with the Revised Annual Cap) must be included in the Company’s subsequent published annual reports and financial accounts.

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## LETTER FROM GRAM CAPITAL

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Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Changan Automobile CCT (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions (in respect of services provision only); and (iv) have exceeded the Revised Annual Cap. In the event that the total amounts of the Changan Automobile CCT are anticipated to exceed the Revised Annual Cap, or that there is any proposed material amendment to the terms of the Existing Framework Agreement with Changan Automobile, as confirmed by the Management, the Company shall re-comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Changan Automobile CCT and thus the interest of the Independent Shareholders would be safeguarded.

### **RECOMMENDATION**

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms the Transaction (including the Revised Annual Cap) are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Transaction (including the Revised Annual Cap) and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

*\* for identification purposes only*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this circular misleading.

## 2. DISCLOSURE OF INTEREST

### (a) Directors and Supervisors of the Company

As at the Latest Practicable Date, none of the Directors, chief executive and the Supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position in which they would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### (b) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons, other than a Director, chief executive, or Supervisor of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of Shares	Percentage of Domestic Shares (non-H Foreign Shares Included)	Percentage of H Shares	Percentage of Total Registered Share Capital
China South Industries Group Co., Ltd.	Interest of a controlled corporation	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%
China Changan Automobile Group Company Limited ("China Changan")	Beneficial owner	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%

## APPENDIX I

## GENERAL INFORMATION

Kintetsu World Express, Inc.	Interest of a controlled corporation	33,619,200(L) (Non-H Foreign Shares)	31.40%	-	20.74%
APL Logistics Ltd. ("APL Logistics")	Beneficial owner	33,619,200(L) (Non-H Foreign Shares)	31.40%	-	20.74%
重慶盧作孚股權基金 管理有限公司	Interest of a controlled corporation	32,219,200(L) (Domestic Shares and Non-H Foreign Shares)	30.09%	-	19.88%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial") (note 1)	Beneficial owner	25,774,720(L) (Domestic Shares)	24.07%	-	15.90%
Minsheng Industrial	Interest of a controlled corporation	6,444,480(L) (Non-H Foreign Shares)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") (note 1)	Beneficial owner	6,444,480(L) (Non-H Foreign Shares)	6.02%	-	3.98%

Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

Note 2: (L) – long position, (S) – short position, (P) - Lending Pool.



Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the Shares and underlying shares of the Company as at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no director or supervisor is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Division 2 and 3 of Part XV of the SFO:

#### *Directors*

- a. Chen Wenbo Deputy General Manager of Minsheng Shipping Co., Ltd.
- b. William K Villalon President of APL Logistics Ltd.
- c. Chen Xiaodong Retired, the Former Board Secretary & the Head of Corporate Planning Department of Minsheng Shipping Co., Ltd.
- d. Man Hin Wai Paul Regional Vice President, North Asia of APL Logistics Ltd.
- e. Xia Lijun Head of the General Office of China Changan

#### *Supervisors*

- f. Wang Huaicheng Supervisor of member companies of CSG
- g. Jin Jie Corporate Finance Director of APL Logistics Ltd.
- h. Yang Gang Deputy Director of Financial Department of Minsheng Shipping Co., Ltd.

### **3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2020, being the date to which the latest published audited accounts of the Company and its subsidiaries were made up to.

### **4. MATERIAL LITIGATION**

On 27 August 2021, CMAL Bo Yu Transportation Co., Ltd. Tongnan Branch\* (Bo Yu Transportation Tongnan Branch), a wholly-owned subsidiary of the Company, filed civil lawsuits as claimant with Shenzhen Longhua District People's Court ("Longhua District Court") for an order that Shenzhen LingDao Car Life Service Co., Ltd. Zhongshan Branch\*, Shenzhen LingDao Car Life Service Co., Ltd. Zhuhai Branch\*, Shenzhen LingDao Car Life Service Co., Ltd. Foshan Branch\*,

Huhhot LingDao Car Service Co., Ltd.\*, Lanzhou LingMai Car Service Co., Ltd.\* and Yinchuan LingDao Car Service Co., Ltd.\* (the aforesaid six companies are collectively referred to as the “Defendants”) shall settle the balance, service charge, storage fee and attorney fee, which were paid by Bo Yu Transportation Tongnan Branch, liquidated damages and other costs owing to Bo Yu Transportation Tongnan Branch in a total amount of RMB96,106,933.36, and for an order that Shenzhen LingDao Car Life Service Co., Ltd.\* and Shenzhen Baoneng Investment Group Co., Ltd. shall assume joint and several guarantee liabilities for paying the outstanding amount owing to Bo Yu Transportation Tongnan Branch.

On 8 September 2021, Longhua District Court has accepted the cases on file. The amounts of the frozen bank accounts can cover the Company’s initial litigation request (as of 31 August 2021). Please refer to the announcement of the Company dated 10 September 2021.

## 5. CONSENT OF EXPERT

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name and logo in the form and context in which they are included:

<b>Name</b>	<b>Qualification</b>
Gram Capital	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO.

As at the Latest Practicable Date, Gram Capital was not beneficially interested in the share capital of the Company and its subsidiaries nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interest in any assets which had been since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

## 6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had entered into any service contract with the Company or its subsidiaries which does not expire or is not terminable by the Company and its subsidiaries within one year without payment of compensation, other than statutory compensation.

## 7. DIRECTORS' OR SUPERVISORS' INTERESTS IN THE COMPANY AND ITS SUBSIDIARIES' ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had any interest in any assets which have been since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

## 8. COMPETING INTERESTS

Before the listing of the H shares on the GEM of the Stock Exchange, the Company's Shareholders, Changan Industry Company, APLL, Minsheng Industrial and Ming Sung (HK), had all entered into non-competition undertakings with the Company in favor of the Company. Please further refer to the Prospectus issued by the Company on 16 February 2006 for such undertakings.

Pursuant to the non-competition undertakings given by each of Changan Industry Company (previously known as Changan Co.), and Minsheng Industrial and Ming Sung (HK), each of Changan Industry Company, and Minsheng Industrial and Ming Sung (HK) undertook and guaranteed to the Company, among other things, that so long as the shareholding interest in the Company held by Changan Industry Company and its associates (in the case the undertakings provided by Changan Industry Company) and by Minsheng Industrial and Ming Sung (HK) (in the case of the undertakings provided by Minsheng Industrial and Ming Sung (HK)) did not fall below 20% and the Company remained listed on the Stock Exchange,

1. each of them should not and should procure their associates not to, within China,
  - (a) whether individually or with other persons, directly or indirectly engage or participate in any form of businesses (including but not limited to investments, joint venture or cooperation) that constitute or may constitute competitions with the businesses that the Company were carrying on; and
  - (b) provide support in any form to persons other than the Company to engage in businesses that constitute or might constitute with the business that the Company were carrying on.
2. where direct or potential competition arose in the course of developing business between Changan Industry Company or, as the case may be, Minsheng Industrial or Ming Sung (HK) and the Company, they should give the Company the priority to choose except:
  - (a) the Company had expressly indicated to give up the business opportunity;
  - (b) the Company did not possess the ability to obtain the business opportunity independently;

- (c) the Company's business contract may not be continued and was abandoned by the client;  
or
  - (d) the business opportunity fell outside the Company's scope of business.
3. Where the Company requested assistance from Changan Industry Company or, as the case may be, Minsheng Industrial or Ming Sung (HK), priority would be given to the Company under the same terms by utilizing its resources to support the Company in securing business.
  4. Where the Company obtained the business independently, the Company should give the priority to cooperate with Changan Industry Company or, as the case may be, Minsheng Industrial or Ming Sung (HK) under the same terms.

Pursuant to the non-competition undertakings given by APLL, for so long as, among other things, APLL held not less than 20% of the total issued Shares in the Company and the Company remained listed on the Stock Exchange, APLL would not offer automotive logistics services which constituted the Company's Core Business (i.e. in-plant logistics, finished product logistics and after-market logistics services in respect of finished automotive manufacturing or assembly plants which were provided by the Company as of 15 January 2005 directly to the Company's customers in China) to the Company's then existing customers, who, as of 15 January 2005, were receiving automotive logistics services from the Company in China. APLL also agreed not to solicit the Company's business with Changan Group or the Company's other then existing customers as of 15 January 2005 unless those customers ceased to be the Company's customers.

Up to the Latest Practicable Date, the non-competition undertaking given by each of Changan Industry Company and APLL is still effective. As of the end of 2011, since the aggregate shareholding in the Company held by Minsheng Industrial and Ming Sung (HK) (together with their respective associates) fell below 20%, the non-competition undertaking signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective.

The Company received the confirmation in February 2021 regarding the above-mentioned non-competition undertakings from each of APL Logistics and China Changan.

Save for the disclosure stated above, none of the director(s) or substantial shareholder(s) of the Company had any interest in any business that competes or may compete with the Group.

## 9. MISCELLANEOUS

- a. Mr. Huang Xuesong is the company secretary of the Company.
- b. The legal address of the Company is No.1881, Jinkai Road, Yubei District, Chongqing, the PRC. The H Share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- c. In the case of any discrepancy, the English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS ON DISPLAY**

Copies of the following document are available on the Stock Exchange's website and the Company's own website for a period of 14 days from the date of this circular:

- (a) Existing Framework Agreement with Changan Automobile; and
- (b) Resolution of the Board in relation to the Revised Annual Cap passed on 29 September 2021.

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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)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (“**EGM**”) of Changan Minsheng APLL Logistics Co., Ltd. (the “**Company**”) will be held at the Company’s Conference Room, No.1881, Jinkai Road, Yubei District, Chongqing, the People’s Republic of China, at 10:00 a.m. on Friday, 26 November 2021, to consider and approve (if thought fit) the following resolutions:

### ORDINARY RESOLUTIONS

1. To consider and approve the revision of the existing annual cap for the non-exempt continuing connected transactions regarding provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) by the Company and its subsidiaries to Chongqing Changan Automobile Co., Ltd. (“**Changan Automobile**”) and its associates for the year ending 31 December 2021 to RMB5,000,000,000 under the framework agreement entered into between the Company and Changan Automobile on 4 November 2020 and that the said framework agreement is hereby confirmed and ratified (note 6).
2. To consider and approve the election of Mr. Wan Nianyong as an executive director of the Company for a term commencing from the conclusion of the EGM until the expiry of the term of the fifth session of the board of directors of the Company and to authorize the board of directors of the Company to fix the remuneration and to enter into the service contract with Mr. Wan Nianyong on and subject to such terms and conditions as the board of directors of the Company shall think fit and to do all such acts and things to give effect to such matters (note 7).

3. To consider and approve the election of Mr. Che Dexi as a non-executive director of the Company for a term commencing from the conclusion of the EGM until the expiry of the term of the fifth session of the board of directors of the Company and to authorize the board of directors of the Company to fix the remuneration and to enter into the service contract with Mr. Che Dexi on and subject to such terms and conditions as the board of directors of the Company shall think fit and to do all such acts and things to give effect to such matters (note 7).

#### **SPECIAL RESOLUTION**

4. To consider and approve the amendment to the Articles of Association of the Company (note 8).

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

Chongqing, the PRC  
10 November 2021

**Notes:**

(1) In order to determine the shareholders of H shares who will be entitled to attend the EGM, the Company will suspend registration of transfer of shares from Tuesday, 23 November 2021 to Friday, 26 November 2021, both days inclusive. In order to qualify to attend the EGM and to vote thereat, non-registered holders of H shares of the Company whose transfer documents have not been registered must deposit the transfer documents accompanied by relevant share certificates with the Company's H share registrar's transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, 22 November 2021. Holders of H shares whose names are recorded in the register of members of the Company on Friday, 26 November 2021 are entitled to attend and vote at the EGM.

(2) A shareholder who has the right to attend and vote at the EGM is entitled to appoint a proxy or proxies (whether or not a member) in writing to attend and vote on his behalf. In the event more than one proxy is appointed, the instruments of appointment should indicate the class and number of Shares the proxies are representing.

The instrument appointing a proxy must be made in writing under the hand of the appointor or his attorney duly notarized in writing. If the appointor is a legal person, the relevant instrument must bear the chop of the legal person, or submitted in person by a director or duly authorized person.

The instrument of appointment must be delivered to the Company's H share registrar Computershare Hong Kong Investor Services Limited (in respect of H shares) or the office of the board of directors of the Company (in respect of domestic Shares, including non-H foreign Shares) 24 hours before the commencement of the EGM (i.e. before 10:00 a.m. on Thursday, 25 November 2021).

(3) Shareholders and their proxies should show their documents of identity when attending the EGM.

(4) After the completion and delivery of the form of proxy, a shareholder may still attend and vote at the EGM.

(5) Shareholders attending the EGM will be responsible for their own travelling and accommodation expenses.

(6) For details, please refer to the announcement of the Company dated 29 September 2021 and the circular of the Company which is expected to be despatched to shareholders on or before Wednesday, 10 November 2021.

(7) For details, please refer to the announcements of the Company 30 July 2021 and 11 October 2021 and the circular of the Company which is expected to be despatched to shareholders on or before Wednesday, 10 November 2021.

(8) For details, please refer to the announcement of the Company dated 27 August 2021 and the circular of the Company which is expected to be despatched to shareholders on or before Wednesday, 10 November 2021.

(9) Time and dates in this notice are Hong Kong time and dates.



*As at the date of this notice, the board of directors of the Company comprises: (1) Mr. Xie Shikang, Mr. Chen Wenbo and Mr. William K Villalon 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 the independent non-executive directors.*

*\* For identification purpose only*