

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**重慶長安民生物流股份有限公司**  
**Changan Minsheng APLL Logistics Co., Ltd. \***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 01292)**

**CONNECTED TRANSACTION IN RELATION TO  
FINANCE LEASING AND LEASEBACK TRANSACTIONS**

The Board of the Company hereby announces that

- (I) on 31 December 2017, Harbin Branch, a branch company of the Company, entered into a sales contract and a leaseback contract with United Prosperity to engage in finance leasing and leaseback business (the “**Harbin Branch Finance Leasing and Leaseback Transaction**”);
- (II) on 31 December 2017, Hangzhou Changan Minsheng, a subsidiary of the Company, entered into a sales contract and a leaseback contract with United Prosperity to engage in finance leasing and leaseback business (the “**Hangzhou Changan Minsheng Finance Leasing and Leaseback Transaction**”).

The transactions between United Prosperity and each of Harbin Branch and Hangzhou Changan Minsheng are collectively referred to as Finance Leasing and Leaseback Transactions.

As at the date of the announcement, China Changan holds 25.44% equity interests of the Company and 5% equity interests in United Prosperity respectively. In addition, China Changan indirectly holds 85% equity interests in United Prosperity through (its wholly-owned subsidiary) United Prosperity Investment Co., Ltd. Therefore, United Prosperity is a connected person of the Company and the above Finance Leasing and Leaseback Transactions constitute connected transactions of the Company under the Listing Rules.

Since one or more of the applicable percentage ratio of the aggregated amount of Finance Leasing and Leaseback Transactions as calculated under Rule 14.07 of the Listing Rules exceeds 0.1% but all are less than 5%, the Finance Leasing and Leaseback Transactions are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders’ approval requirements.

**Background**

The Board of the Company hereby announces that

- (I) on 31 December 2017, Harbin Branch, a branch company of the Company, entered into a sales contract and a leaseback contract with United Prosperity to engage in finance leasing and leaseback business (the “**Harbin Branch Finance Leasing and Leaseback Transaction**”);
- (II) on 31 December 2017, Hangzhou Changan Minsheng, a subsidiary of the Company, entered into a sales contract and a leaseback contract with United Prosperity to engage in finance leasing and leaseback business (the “**Hangzhou Changan Minsheng Finance Leasing and Leaseback Transaction**”).

The transactions between United Prosperity and each of Harbin Branch and Hangzhou Changan Minsheng are collectively referred to as Finance Leasing and Leaseback Transactions.

As at the date of the announcement, China Changan holds 25.44% equity interests of the Company and 5% equity interests in United Prosperity respectively. In addition, China Changan indirectly holds 85% equity interests in United Prosperity through (its wholly-owned subsidiary) United Prosperity Investment Co., Ltd. Therefore, United Prosperity is a connected person of the Company and the above Finance Leasing and Leaseback Transactions constitute connected transactions of the Company under the Listing Rules.

### **Details of the Finance Leasing and Leaseback Transactions**

#### **(I) Harbin Branch Finance Leasing and Leaseback Transaction**

##### *Sales Contract*

The major terms of the sales contract entered into between Harbin Branch and United Prosperity are as follows:

Date:	31 December 2017
Parties:	(1) Seller: Harbin Branch (2) Purchaser: United Prosperity
Equipment for sale:	A set of automatic tire assembly line
Sale price:	RMB12,435,897.44
Transfer of the ownership:	Upon full payment of sale price by the Purchaser, the ownership of the equipment shall be transferred to the Purchaser
Basis upon which the sale price is determined:	The automatic tire assembly line was acquired in July 2015. Its net carrying amount is RMB12,406,351.00 and appraised net value is RMB12,435,897.44. After arm's length negotiation between the parties, it is determined that the sale price to be the appraised net value (i.e. RMB12,435,897.44)
Payment of sale price:	The Purchaser agrees to pay the sale price in cash within 3 business days subject to the following conditions:  (1) The sales contract and leaseback contract having been entered into and taking effect, and certified copies of other legal document(s) relevant to the said sale contract and leaseback contract having been received by the Purchaser;  (2) Copy of necessary documents verifying the Seller's proprietorship of the equipment such as title certificate, original invoice having been provided by the Seller to the Purchaser;  (3) Official invoice(s) or legitimate receipt(s), and payment notice including necessary information pertaining to payment details such as account and bank information having been provided by the Seller to the Purchaser.

The terms of the sales contract are arrived at after arm's length negotiation between Harbin Branch and United Prosperity.

## *Leaseback Contract*

The major terms of the leaseback contract entered into between Harbin Branch and United Prosperity are as follows:

Date:	31 December 2017
Parties:	(1) Lessor: United Prosperity (2) Lessee: Harbin Branch
Leased object:	The automatic tire assembly line sold under the sales contract
Ownership:	The Lessor will have the lawful ownership of the object under the leaseback contract within the lease term. The Lessee only have the right to use the leased object within the lease term
Rental fee and its payment:	RMB13,416,560.88, including lease principal of RMB12,435,897.44 (i.e. the sale price) and total interest of RMB980,663.44 accrued during the lease term  The rental fee shall be payable by the Lessee on a quarterly basis, 12 instalments in total
Interest rate:	The interest rate under the leaseback contract is 4.75% (tax inclusive) per annum, which is the current benchmark loan rate for the term less than 5 years as quoted by the People's Bank of China. If there is any adjustment to the above benchmark loan rate during the lease term, the interest rate under the leaseback contract shall be subject to appropriate proportional adjustment upon the first value date of the next year. The Lessor shall issue the rental fee variation notice to notify Lessee of the adjustment
Handling fee:	RMB62,179.49, payable by the Lessee within 3 business days from the date of the leaseback contract
Lease term:	3 years or 36 months from the lease commencement date
Deposit:	RMB1,243,589.74, payable within 3 business days from the date of the leaseback contract. Upon the expiry of the lease term, the full amount of deposit (interest free) shall be refunded to the Lessee, or set off against the full or part of the last installment of the rental fee, provided there is no breach by the Lessee under the leaseback contract
Repurchase price:	Upon the expiry of the lease term and subject to the due performance of its obligations under the leaseback contract, the Lessee shall be entitled to repurchase the leased object under the leaseback contract at a nominal price of RMB100

The terms of the leaseback contract are arrived at after arm's length negotiation between Harbin Branch and United Prosperity.

## (II) Hangzhou Changan Minsheng Finance Leasing and Leaseback Transaction

### *Sales Contract*

The major terms of the sales contract entered into between Hangzhou Changan Minsheng and United Prosperity are as follows:

Date:	31 December 2017
Parties:	(1) Seller: Hangzhou Changan Minsheng (2) Purchaser: United Prosperity
Equipment for sale:	A set of tire assembly line
Sale price:	RMB14,953,846.15
Transfer of the ownership:	Upon full payment of sale price by the Purchaser, the ownership of the equipment shall be transferred to the purchaser
Basis upon which the sale price is determined:	The tire assembly line was acquired in June 2013. Its net carrying amount is RMB13,900,827.59 and appraised net value is RMB14,953,846.15. After arm's length negotiation between the parties, it is determined that the sale price to be the appraised net value (i.e. RMB14,953,846.15)
Payment of sale price:	The Purchaser agrees to pay the sale price in cash within 3 business days subject to the following conditions:  (1) The sales contract and leaseback contract having been entered into and taking effect, and certified copies of other legal document(s) relevant to the said sales contract and leaseback contract having been received by the Purchaser;  (2) Copy of necessary documents verifying the Seller's proprietorship of the equipment such as title certificate, original invoice having been provided by the Seller to the Purchaser;  (3) Official invoice(s) or legitimate receipt(s), and payment notice including necessary information pertaining to payment details such as account and bank information having been provided by the Seller to the Purchaser.

The terms of the sales contract are arrived at after arm's length negotiation between Hangzhou Changan Minsheng and United Prosperity.

### *Leaseback Contract*

The major terms of the leaseback contract entered into between Hangzhou Changan Minsheng and United Prosperity are as follows:

Date:	31 December 2017
Parties:	(1) Lessor: United Prosperity (2) Lessee: Hangzhou Changan Minsheng
Leased object:	The tire assembly line sold under the sales contract
Ownership:	The Lessor will have the lawful ownership of the object under the leaseback contract within the lease term. The Lessee only have the right to use the leased object within the lease term
Rental fee and its payment:	RMB16,133,068.68, including lease principal of RMB14,953,846.15 (i.e. the sale price) and total interest of RMB1,179,222.53 accrued during the lease term  The rental fee shall be payable by the Lessee on a quarterly basis, 12 instalments in total
Interest rate:	The interest rate under the leaseback contract is 4.75% (tax inclusive) per annum, which is the current benchmark loan rate for the term less than 5 years as quoted by the People's Bank of China. If there is any adjustment to the above benchmark loan rate during the lease term, the interest rate under the leaseback contract shall be subject to appropriate proportional adjustment upon the first value date of the next year. The Lessor shall issue the rental fee variation notice to notify Lessee of the adjustment
Handling fee:	RMB74,769.23, payable by the Lessee within 3 business days from the date of the leaseback contract
Lease term:	3 years or 36 months from the lease commencement date
Deposit:	RMB1,495,384.62, payable within 3 business days from the date of the leaseback contract. Upon the expiry of the lease term, the full amount of deposit (interest free) shall be refunded to the Lessee, or set off against the full or part of the last installment of the rental fee, provided there is no breach by the Lessee under leaseback contract
Repurchase price:	Upon the expiry of the lease term and subject to the due performance of its obligations under the leaseback contract, the Lessee shall be entitled to repurchase the leased object under the leaseback contract at a nominal price of RMB100

The terms of the leaseback contract are arrived at after arm's length negotiation between Hangzhou Changan Minsheng and United Prosperity.

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

The Company considers the Finance Leasing and Leaseback Transactions are beneficial to the Group as the Group could revitalize and activate its fixed assets to obtain additional unsecured working capital on reasonable terms to support its business and operational activities while at the same time maintain the appropriate rights over the leased objects, which the Company considers will strengthen the cash flow and accelerate the turnover of the capital of the Group.

The terms of the relevant sales contracts and leaseback contracts were arrived at after arm's length negotiation between the parties with reference to the appraised value of the relevant leased object and the prevailing terms for comparable financing leases. The Directors (including the independent non-executive Directors) consider that the terms of the relevant sales contract and leaseback contracts are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **THE VIEWS OF THE BOARD OF DIRECTORS**

The Board has resolved to approve the Finance Leasing and Leaseback Transactions with Untied Prosperity and the Directors (including the independent non-executive Directors) consider the Finance Leasing and Leaseback Transactions are on normal commercial terms or better terms and the terms of the relevant sales contracts and leaseback contracts are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

According to Rule 14A.68(8) of the Listing Rules, Mr. Xie Shikang, Mr. Shi Jinggang, and Mr. Li Xin, who being the related directors and regarded as having a material interest in the transactions with United Prosperity, have abstained from voting with respect to the resolution regarding the Finance leasing and Leaseback Transactions. The resolution was voted for by directors who are not connected to such transactions.

## **FINANCIAL IMPACT ON, AND BENEFITS TO THE COMPANY AND INTENDED APPLICATION OF SALE PROCEEDS**

According to the basis of the sale price as disclosed above, the Directors expect that the sale of the leased objects will not have any significant impact on the gain or loss of the Company.

It is technically not viable to determine the net profit attributable to the leased objects for the two financial years prior to the Finance Leasing and Leaseback Transactions, however, as the Group will continue to use the leased objects, there will be no change in relation to the net profit attributable to the leased objects as a result of the Finance Leasing and Leaseback Transactions.

The Directors expect no significant financial effect to the Company from the Finance Leasing and Leaseback Transactions. Such transaction may improve the allocation and use of the Company's fixed assets, revitalize and activate its fixed assets and accelerate the turnover of capital. In addition, the Directors expect that the Finance Leasing and Leaseback Transactions will not affect the equity-debt ratio or the continuous operating capabilities of the Company. The Board intends to use the proceeds from the Finance Leasing and Leaseback Transactions for general corporate purposes.

## **IMPLICATION UNDER THE LISTING RULES**

Since one or more of the applicable percentage ratio of the aggregated amount of Finance Leasing and Leaseback Transactions as calculated under Rule 14.07 of the Listing Rules exceeds 0.1% but all are less than 5%, the Finance Leasing and Leaseback Transactions are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval requirements.

## 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.

China Changan is a joint stock limited company established in the PRC on 26 December 2005. It is one of the substantial shareholders of the Company. China Changan is primarily engaged in automobile and motorcycle production; automobile and motorcycle engines production; the design, development, production and sale of automobile and motorcycle components and parts; sale of optical devices electronic optoelectronic devices, night vision devices information and communication devices; and the relevant technical development, technical transfer, technical consultation, technical services and import and export business and consultation on assets merger and asset restructuring.

Untied Prosperity is limited liability company incorporated in the PRC on 19 June 2015, and is primarily engaged in supply chain management, investment consultancy, finance lease, leasing services, etc.

Hangzhou Changan Minsheng is a wholly-owned subsidiary of the Company and principal business of which include ordinary freight, freight forwarding, international freight forwarding, and warehousing services.

Harbin Branch is mainly engaged in storage, distribution, packaging, assembly, processing and sale of automobile parts and finished vehicle; logistics software development and logistics information consultancy and services; and logistics planning and management services.

## DEFINITION

“Board”	the board of directors of the Company
“China Changan”	China Changan Automobile Group Co., Ltd. (中國長安汽車集團股份有限公司), a joint stock limited company established in the PRC on 26 December 2005, former name was China South Industries Automobile Corporation (中國南方工業汽車股份有限公司)
“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director (s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Harbin Branch”	Harbin Branch of Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司哈爾濱分公司)
“Hangzhou Changan Minsheng”	Hangzhou Changan Minsheng APLL Logistics Co., Ltd. (杭州長安民生物流有限公司), one of the wholly-owned subsidiaries of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	Shareholders of the Company
“United Prosperity”	United Prosperity Investment (Shenzhen) Co., Ltd. (中匯富通融資租賃(深圳)有限責任公司)
“%”	Percent

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

Chongqing, the PRC  
1 January 2018

*As at the date of this announcement, the board of directors of the Company comprises: (1) Mr. Xie Shikang, Mr. Lu Xiaozhong, Mr. William K Villalon and Mr. Shi Jinggang as the executive directors; (2) Mr. Tan Hongbin, Mr. Danny Goh Yan Nan and Mr. Li Xin as the non-executive directors; (3) Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun as independent non-executive directors.*

*\* For identification purpose only*