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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) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2023
AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT
TRANSACTION WITH ZHUANGBEI FINANCE;**
- (II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
OF THE COMPANY;**
- (III) PROPOSED CHANGE IN NON-EXECUTIVE DIRECTOR; AND**
- (IV) NOTICE OF EGM**

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



A letter from the Board of Changan Minsheng APLL Logistics Co., Ltd. dated 4 January 2023 is set out on pages 5 to 35 of this circular. A letter from the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 36 to 37 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 38 to 57 of this circular.

The notice for convening the EGM to be held at 10:00 a.m. on 19 January 2023 at the Conference Room, No.1881, Jinkai Road, Yubei District, Chongqing, the PRC is set out on pages 68 to 71 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 17M 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 18 January 2023) 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.

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DEFINITIONS

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
“AS/RS”	the automated storage and retrieval system
“Board”	the board of directors 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., an associate of Changan Automobile
“Changan Group”	Changan Automobile and its associates and China Changan and its associates
“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
“CSGC”	China South Industries Group Co., Ltd. *中國兵器裝備集團有限公司, a company established in the PRC on 1 July 1999 with limited liability
“Deposit”	the deposit maintained by the Group from time to time with Zhuangbei Finance pursuant to the framework agreement between the Company and Zhuangbei Finance

DEFINITIONS

“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 19 January 2023 at 10:00 a.m for purposes of considering and approving, among others, the Non-exempt Continuing Connected Transactions for 2023 and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance (and the respective caps or the maximum daily balance for 2023)
“Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions”	the framework agreement entered into on 4 November 2020 by the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, all of such agreements are for a term of three years from 1 January 2021 to 31 December 2023, individually or collectively (as the case may be), as more particularly set out in the paragraph headed "The Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions" in this circular
“GB1589”	the national policy (as amended from time to time) stipulating, among others, the limits of dimensions, axle load and mass for motor vehicles, trailers and combined vehicles for the purpose of regulating oversized and overloading vehicles promulgated by the Ministry of Transport of the PRC
“Gram Capital” or “Independent Financial Advisor”	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 transactions under the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance (and the respective caps or the maximum daily balance for 2023), 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 transactions contemplated under the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance (and the respective caps or the maximum daily balance for 2023)

DEFINITIONS

“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Independent Shareholders”	shareholders of the Company that, in relation to the resolutions approving each of the Non-exempt Continuing Connected Transactions for 2023 contemplated under each of the framework agreements with China Changan, Changan Automobile and Zhuangbei Finance and their respective associates, excludes China Changan and its associates; and in relation to the resolution approving the Non-exempt Continuing Connected Transactions for 2023 contemplated under the framework agreement with Minsheng Industrial and its associates, excludes Minsheng Industrial, Ming Sung (HK) and their respective associates
“Industries Financing”	Binqi Zhuangbei Group Finance Lease Limited Liability Company*, 中國兵器裝備集團融資租賃有限公司, a limited company incorporated in the PRC
“Latest Practicable Date”	3 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lead Intelligent”	Wuxi Lead Intelligent Equipment Co., Ltd.* 無錫先導知道裝備股份有限公司, a limited company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Minsheng Industrial”	Minsheng Industrial (Group) Co., Ltd.* 民生實業（集團）有限公司, a limited liability company established in China on 10 October 1996
“Ming Sung (HK)”	Ming Sung Industrial Company (Hong Kong) Limited, a company established in Hong Kong with limited liability on 31 May 1949
“Non-Exempt Continuing Connected Transactions”	the non-exempt continuing connected transactions contemplated under each of framework agreements as set out in the paragraph headed “Non-Exempt Continuing Connected Transactions” in this circular
“Non-Exempt Continuing Connected Transactions for 2023”	the continuing connected transactions to be conducted in 2023, as set out under the paragraph headed “Non-Exempt Continuing Connected Transactions for 2023 and Major Transaction regarding the deposit transaction with Zhuangbei Finance” in this circular, individually or collectively (as the case may be)
“PBOC”	The People’s Bank of China

DEFINITIONS

“percentage ratio(s)”	has the same meaning ascribed thereto under the Listing Rules
“Production Line”	the automatic tyre and rim assembly production line, the tyre assembly sorting and dispatching production line, and the tyre and rim feeding and sorting production line
“Proposed Cap(s)”	the proposed annual maximum limitation or the maximum daily balance of the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the deposit transaction with Zhuangbei Finance, individually or collectively (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“SIAMC”	China South Industries Assets Management Co., Ltd., a limited liability company established in China
“Shanghai Hofmann”	Shanghai Hofmann Machinery Equipment Co., Ltd.* 上海霍夫邁機械設備有限公司, a limited company incorporated in the PRC
“Share(s)”	ordinary share(s) of the Company, with a par value of RMB1.00 each
“Shareholder(s)”	shareholder(s) of the Company
“Shenyang Changyou”	Shenyang Changyou Supply Chain Co., Ltd.* 沈陽長友供應鏈有限公司
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company
“Zhuangbei Finance”	China South Industries Group Finance Co., Ltd.* (formerly Binqi Zhuangbei Group Financial Limited Liability Company*) 兵器裝備集團財務有限責任公司
“%”	per cent

* For identification purpose only



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
Wan Nianyong

Registered Office:

No. 1881
Jinkai Road
Yubei District
Chongqing
The PRC

Non-executive directors:

Che Dexi
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*

4 January 2023

To the Shareholders

Dear Sir or Madam,

- (I) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2023
AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT
TRANSACTION WITH ZHUANGBEI FINANCE;
(II) PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION OF
THE COMPANY;
(III) PROPOSED CHANGE IN NON-EXECUTIVE DIRECTOR; AND
(IV) NOTICE OF EGM**

A. INTRODUCTION

Reference is made to (i) the announcement dated 21 October 2022 in relation to, among other things, the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions for 2023 in relation to the deposit transaction with Zhuangbei Finance, (ii) the announcement dated 7 November 2022 regarding the proposed amendment to the Articles of Association; (iii) the announcement dated 25 November 2022 regarding the proposed change in non-executive director; and (iv) the announcement dated 2 December 2022 regarding the logistic services provided by China Changan and its associates to the group for the year ending 31 December 2023.

Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance at the EGM.

To comply with the requirements of the Listing Rules, the Independent Board Committee will advise the Independent Shareholders regarding the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance. 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 Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance 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 Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance;
- (ii) further information in relation to the proposed amendment to the Articles of Association;
- (iii) further information in relation to the proposed change in non-executive director;
- (iv) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance; and
- (v) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance.

Shareholders are advised to read this circular carefully for details of (i) the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance (including the Proposed Cap for the Non-Exempt Continuing Connected Transactions for 2023 and the maximum outstanding daily balance on the Deposit for 2023); (ii) the proposed amendment to the Articles of Association; and (iii) the proposed change in non-executive director.

B. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2023 AND THE MAJOR TRANSACTION REGARDING THE DEPOSIT TRANSACTION WITH ZHUANGBEI FINANCE

1. Background

Reference is made to the announcement dated 4 November 2020 and the circular dated 14 December 2020 in relation to, among other things, the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions entered into by the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, each for a term of three years commencing on 1 January 2021 and expiring on 31 December 2023 (both days inclusive).

Since the Company would like to provide a more appropriate level of the annual cap for each Non-Exempt Continuing Connected Transactions for each of the three years ending 31 December 2023, the Company would set the annual cap for each Non-Exempt Continuing Connected Transactions for each year. The Company will re-comply with the relevant Listing Rules requirements (including setting the annual caps, issuing announcement(s) and obtaining Independent Shareholders' approval) for the relevant cap in relation to each of the Non-Exempt Continuing Connected Transactions contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions.

Against such background, the entering into the Framework Agreements for the Non-Exempt Continuing Connected Transactions and the annual cap for 2021 for each of the Non-Exempt Continuing Connected Transactions contemplated thereunder were approved by the Shareholders of the Company at the general meeting held on 30 December 2020, whilst the entering into the Framework Agreements for the Non-Exempt Continuing Connected Transactions and the annual cap for 2022 for each of the Non-Exempt Continuing Connected Transactions contemplated thereunder were approved by the Shareholders of the Company at the general meeting held on 23 December 2021.

The cap(s) for 2022 (including the maximum outstanding daily balance on the Deposit for 2022) for the Non-Exempt Continuing Connected Transactions under the each of the Framework Agreements for the Non-exempt Continuing Connected Transactions with each of Changan Automobile, China Changan, Minsheng Industrial and their respective associates and Zhuangbei Finance will expire on 31 December 2022. As such, the Company has estimated and will seek for approval by Independent Shareholders at the EGM for the annual cap(s) (including the maximum outstanding daily balance on the Deposit) for the year ending 31 December 2023 in relation to the Non-Exempt Continuing Connected Transactions contemplated under the each of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions. With respect to the Non-Exempt Continuing Connected Transactions for the year ending 31 December 2023 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company will re-comply with the relevant Listing Rules requirements (including setting the annual cap, issuing announcement(s) and obtaining Independent Shareholders' approval).

Apart from setting the cap for 2023 for each Non-Exempt Continuing Connected Transactions in manner as disclosed in this circular, and the purchase of logistics services from China Changan and

its associates is categorized as the Non-Exempt Continuing Connected Transaction, the Company confirms that there have been no changes to the terms of the Framework Agreements for the Non-Exempt Continuing Connected Transactions nor the categories of the Non-Exempt Continuing Connected Transactions contemplated thereunder.

As at the Latest Practicable Date, China Changan holds approximately 25.44% of the total issued share capital of the Company and 17.97% equity interest in Changan Automobile. In addition, CSGC holds 100% equity interest in China Changan and 14.22% equity interest in Changan Automobile. SIAMC, a wholly-owned subsidiary of CSGC, holds 5.10% equity interest in Changan Automobile. The ultimate shareholder of SIAMC is CSGC. The ultimate beneficial owner of CSGC is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

Zhuangbei Finance is a member company of CSGC in that CSGC holds a 22.90% equity interest and China Changan holds 13.27% equity interest in Zhuangbei Finance. The ultimate beneficial owner of Zhuangbei Finance is CSGC.

As at the Latest Practicable Date, the Company holds approximately 0.81% equity interest in Zhuangbei Finance. Therefore, according to the Listing Rules, the transactions between the Group and each of China Changan, Changan Automobile, Zhuangbei Finance and their respective associates become connected transactions of the Company.

In addition, Minsheng Industrial is a substantial shareholder of the Company, holding approximately 15.90% of the total issued share capital of the Company, thus Minsheng Industrial and its associates are also connected persons of the Company. The ultimate shareholder of Minsheng Industrial is Chongqing State-owned Assets Supervision and Administration Commission of the PRC.

2. Transactions with Changan Automobile, China Changan, Minsheng Industrial and Independent Third Parties

Historically, China Changan and its associates have been the Group's major customers. The Non-exempt Continuing Connected Transactions with Changan Group (the "**Changan Group CCT**") include:

- (i) 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) to Changan Automobile and its associates. The logistics services provided to Changan Automobile and its associates are in relation to the whole automobile industrial chain with a main focus on finished vehicle transportation;
- (ii) provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates. The logistics services provided to China Changan and its associates are primarily automobile parts transportation.

With respect to the Changan Group CCT, the Group mainly provides inbound logistics, outbound logistics, after-sales logistics, international logistics and distribution processing (mainly tire assembly) to Changan Group.

For logistics industry, the alliance between automobile manufacturers and logistics services providers are common in the PRC market. It is typical that a substantial part of the logistics services will be provided by related entity(ies) within the group of companies. The Group is no exception and

LETTER FROM THE BOARD

Changan Group has been the Group's long-term client. As the Group is primarily engaged in automobile logistics and relies on the automobile production and sales of Changan Group, the fluctuation of Changan Group's automobile production and sales would undoubtedly impact on the business performance of the Group. The Company is fully aware that if Changan Group ceases to use or substantially reduces the use of the Group's logistics services and if the Group is not able to secure new customers with similar sales volume on terms acceptable to the Group, the business scale of the Group will be substantially reduced and the financial performance of the Group will be adversely affected. To mitigate potential risk that may cause to the Group, the Group has adopted the following measures:

- maintain the flexibility in switching the use of distribution centres and/or storage facilities for other independent customers;
- explore full range automobile industry chain businesses by developing wider after-sales logistics and automobile aftermarket logistics. The after-sales logistics and automobile aftermarket logistics services can be provided independently and will not be affected by the business fluctuation of Changan Group; and
- explore emerging businesses in new energy vehicles and used cars in order to reduce the reliance on the business from Changan Group.

In addition, for the past few years, the Group has adopted the general development strategy of "beyond Changan Group and beyond Automobile Industry" which in brief indicates that the Group shall:

- (i) consolidate traditional businesses:

In the fast-developing domestic automobile market, the Group has stepped up efforts to grow traditional business to ensure primary sources of business and revenue to stabilize the business foundation. The Group aimed to further cover its warehousing network nationwide by increasing the coverage rate and integrating social data to provide customers with vehicle warehousing services, value-added services, station sharing services and delivery services under the new retail model of automobiles. The Group also aims to build the "last mile" distribution and warehousing capacity of vehicle logistics, and provide next-day delivery of commodity vehicles, dealers' allocation and transportation and bulk single-line transportation services.

- (ii) develop automobile logistics business from non-connected parties:

In addition to consolidating the traditional business, the Group explores the automobile logistics business from non-connected parties, i.e. Panchun Industrial (Shanghai) Co., Ltd.* ("**Panchun Industrial**"), Taizhou Valeo Wenling Automotive Systems Co., Ltd. ("**Taizhou Valeo**"), Shanghai GKN HUAYU Driveline Systems Co., Ltd. ("**SDS**"), Shanghai Automotive Brake Systems Co., Ltd.* ("**SABS**"), and Shanghai Autocraft Co. Ltd.* ("**Autocraft**"), Zhejiang Leapmotor Automobile Sales Service Co., Ltd ("**Leapmotor Automobile Sales Service**"), and BYD Auto Sales Co., Ltd* ("**BYD Auto Sales**"), etc. Pursuant to the business contract entered into between the Company and Panchun Industrial, the Company shall provide Panchun Industrial with MAHLE nationwide transportation services commencing on 1 January 2022 and expiring on 31 December 2023 with starting points in Shanghai and Wuhan. The service fee is consisted of minimum charge, charge per kilometer and charge per cubic meter varied according to specific conditions in different places. Pursuant to the business contract entered into between the Group and Taizhou Valeo, the one-way service rate varies from RMB1,150 to RMB4,000 for FTL (Full Track Load). Pursuant to the business contract entered into between the Group and SDS, the Company shall provide SDS with

transportation services from Shanghai to Wuhan/ Chongqing/Hangzhou and etc. commencing on 1 January 2022 and expiring on 31 December 2022. The Group provides rail, road, and air transport to meet SDS's demand, in which the service fee of rail transport is charge per kilogram, the service fee of road transport is RMB630 per ton or charge for FTL, and the service fee of air transport charge per kilogram charge per kilogram and delivery fees. Pursuant to the business contract entered between the Group and SABS, the Group shall provide SABS with southwestern transportation services for automobile brake assemblies and electronically controlled anti-lock braking systems commencing on 1 January 2022 and expiring on 31 December. In addition, the Group explored transport routes covering southern, central and eastern parts of China during the pandemic period from April to June, laying a solid foundation for route exploration in the future. Pursuant to the business contract entered between the Group and Autocraft, the Group shall provide Autocraft with parts and components inbound logistics service from Shanghai to Chongqing by road transport and air transport. In addition, the Group explored other air transport routes from Shanghai to the whole country in the case of flight deduction and cancellation due to the pandemic. The service fee is consisted of air freight and charge for tailored vehicle service after landing. Pursuant to the business contract entered between the Group and Leapmotor Automobile Sales Service, the Group shall provide Leapmotor Automobile Sales Service with vehicle logistics services from Jinhua to the whole country, commencing on 1 March 2022 and expiring on 28 February 2023. Pursuant to the business contract entered between the Group and BYD Auto Sales, the Group shall provide BYD Auto Sales with vehicle logistics services from Hefei, Shenzhen, Changsha and Xi'an to the whole country, commencing on 1 July 2022 and expiring on 30 June 2023.

Each of Panchun Industrial, Taizhou Valeo, SDS, SABS, Autocraft, Leapmotor Automobile Sales Service, and BYD Auto Sales is an Independent Third Party.

(iii) develop non-automobile logistics businesses:

Based on the automobile logistics business, the Group gradually tapped into the non-automobile aspects of the logistics market. In 2022, the Group continued to provide camera storage for Hangzhou Hikvision Digital Technology Co., Ltd (“**Hikvision**”) and air-conditioner inbound logistics for Qingdao Hisense Hitachi Air-conditioning Systems Co., Ltd.* (“**Hisense Hitachi**”), and the Group started to provide Hikvision with digital security products transportation services from Shanghai to Ningbo. Besides, the Group explores the non-automobile logistics business from i.e. Haier Group (“**Haier**”), Festo (China) Ltd. (“**Festo**”), and Golmud North Economic and Trade Co., Ltd* (“**Golmud North**”), etc. In 2022, the Group started to provide Haier with in-plant logistics services in its Chongqing park. Pursuant to the business contract entered into between the Group and Festo, the Group shall provide Festo with parts and components (including pneumatic and electronic components, etc.) logistics services, commencing on 1 April 2022 and expiring on 31 March 2025. The business is in the trial operation stage. Pursuant to the business contract entered into between the Group and Golmud North, the Group shall provide Golmud North with industrial salt transportation services from Xining, Golmud to Wuhai, Daqi and etc., commencing on 1 August 2022 and expiring on 31 July 2023.

Each of Hikvision, Hisense Hitachi, Haier, Festo, and Golmud North is an Independent Third Party.

Additionally, to maintain a balanced customer portfolio and to mobilize employee enthusiasm in market expansion, the Company has set up a special fund to incentivize and reward those market development personnel. The reward will vary in percentage based on the nature and profit of the developed business with Independent Third Parties. The Company shall from time to time evaluate the achievement of the special working group and the effectiveness of the reward scheme.

With all the efforts, for the years ended 31 December 2019, 31 December 2020 and 31 December 2021, the transaction amount with business partners who are Independent Third Parties amounted to approximately RMB768 million, RMB974.54 million and RMB1,809.94 million, representing approximately 17.69%, 20.80% and 30.06% of the total revenue of the Group for the years ended 31 December 2019, 31 December 2020 and 31 December 2021, respectively. As shown by those figures, the Group has been making progress in reducing heavy reliance on the business transactions with Changan Group during the past few years.

For the financial year ended 31 December 2021 and the eight months ended 31 August 2022, the transaction amount with business partners who are Independent Third Parties amounted to approximately RMB1,809.94 million (audited) and RMB1,446.02 million (unaudited) respectively, representing approximately 30.06% and 30.04% of the Group's revenue for the financial year ended 31 December 2022 and the eight months ended 31 August 2022.

The Group will remain committed to the “beyond Changan Group and beyond Automobile Industry” development strategy to continue to explore automobile business with non-connected parties and non-automobile business to reduce reliance on Changan Group.

3. The Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions

As mentioned in the announcement dated 4 November 2020 and the circular dated 14 December 2020, the Company entered into the following framework agreements for the Non-Exempt Continuing Connected Transactions:

- (1) the framework agreement entered into between the Company and Changan Automobile on 4 November 2020, pursuant to which the Group shall provide outsourced 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 commencing on 1 January 2021 and expiring on 31 December 2023;
- (2) the framework agreement entered into between the Company and China Changan 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, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates for a term of three years commencing on 1 January 2021 and expiring on 31 December 2023;
- (3) the framework agreement entered into between the Company and Minsheng Industrial on 4 November 2020, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023; and
- (4) the framework agreement entered into between the Company and Zhuangbei Finance on 4 November 2020, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023.

The Framework Agreements for the Non-Exempt Continuing Connected Transactions are not inter-conditional with each other. The transactions contemplated under each of the Framework

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Agreements for the Non-Exempt Continuing Connected Transactions shall be conducted on a non-exclusive basis. Separate written agreement(s) setting out the detailed terms shall be, if required, entered into between the relevant parties for each Non-Exempt Continuing Connected Transaction. Payment of each Non-Exempt Continuing Connected Transaction will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contract(s) to be entered into pursuant to the relevant framework agreements.

4. Internal Control Measures to regulate the conduct of the 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.
- (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:

Role	Responsibility	Participants
Bidding representative of the quotation unit (at all levels)	<p>Bidding representative of the quotation unit (at all levels) shall be responsible for:</p> <ol style="list-style-type: none"> (1) clarifying any further information regarding bidding requirements in the process of quotation by maintaining communication with the customer; (2) 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; (3) initiating the quotation process, truthfully filling in the project operation analysis list (including but not limited to output value, profit, contract period, payment period and method to suppliers and customers, etc.) according to the quotation process requirements, and finally checking whether the project wins the bid; If it is, confirming the final quotation, cost, and supplier information, and if it is not, drawing up and uploading an analysis report; (4) selecting cooperative suppliers for the market collaborative development project and checking whether the supplier is a supplier in the library, if the business is developed with advantageous suppliers. 	Business development managers/commercial attaches/ marketing specialists/ marketing officers

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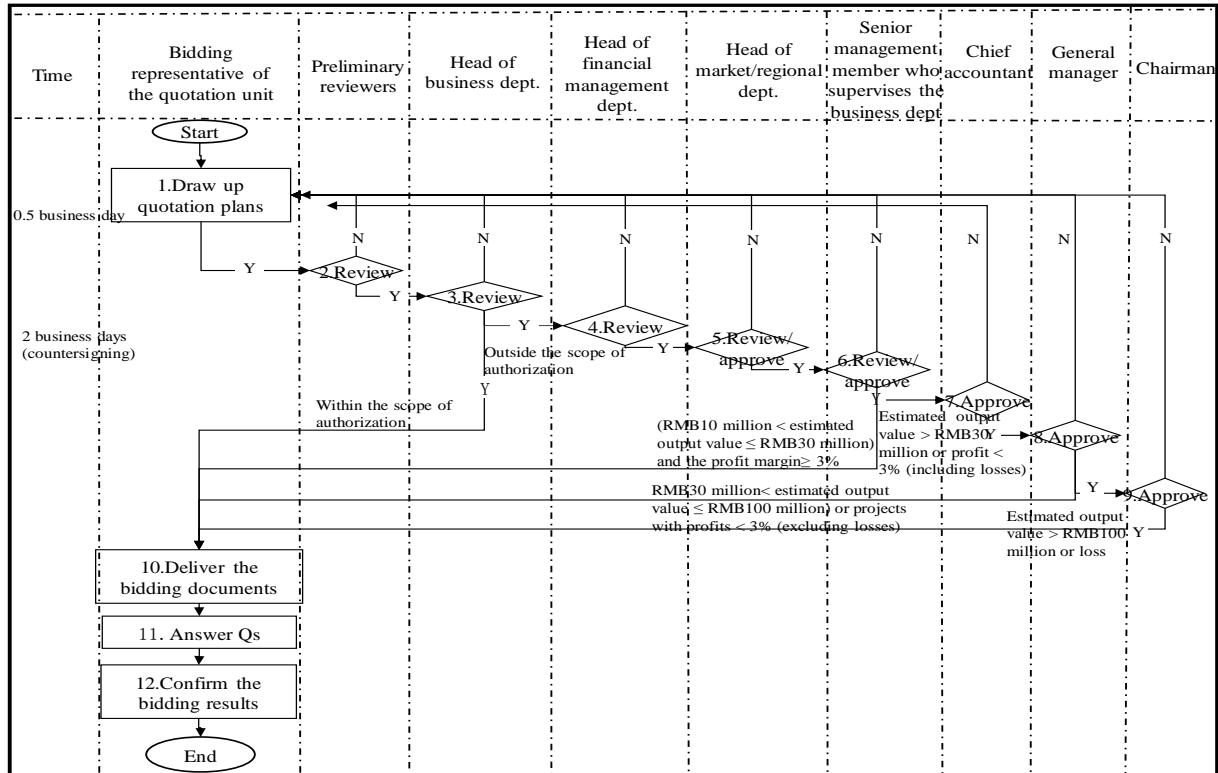
<p>Preliminary Reviewers</p>	<p>Marketing manager/commercial manager shall be responsible for conducting the review of business plan and operational risk assessment, etc. within the scope of authorization and compliance and legal assessment of market collaborative development project and evaluation of suppliers out of the library.</p> <p>Head of business department (at all levels) shall be responsible for reviewing project cost and capital occupation risk within the scope of authorization.</p>	<p>Marketing manager, commercial manager, head of business department (at all levels)</p>
<p>Head of business department (at all levels)</p>	<p>Head of the business unit shall be responsible for:</p> <p>(1) reviewing and approving operating conditions, financial settlement risks, capital occupation, profit, etc. of projects with estimated contract output value \leq RMB10 million and profit margin \geq 3%;</p> <p>(2) reviewing the feasibility of business and technical plans of projects with estimated contract output value > RMB10 million or profit margin < 3% (including losses);</p> <p>(3) reviewing and approving the selection of supplier, if it is a collaborative development project.</p>	<p>Head of the business department, deputy head of the department, commercial manager</p>
<p>Head of financial management department</p>	<p>Head of financial management department is responsible for reviewing the operating conditions, financial settlement risks, capital occupation, profit, etc. of projects with estimated contract output value > RMB10 million or profit margin < 3% (including losses);</p>	<p>Head of financial management department</p>
<p>Head of the market/regional management department (at all levels)</p>	<p>Head of market management department is responsible for reviewing market risks and feasibility of projects with estimated contract output value > RMB10 million or profit margin < 3% (including losses) in the six major business lines (i.e., auto—finished vehicles logistics, auto—parts and components logistics, auto—spare parts logistics, auto—international logistics, non-automobile logistics and new ecology)</p> <p>Head of the regional management department is responsible for reviewing risks and feasibility of projects with estimated contract output value > RMB10 million or profit margin < 3% (including losses) in three business lines (i.e., auto—parts and components logistics, non-automobile logistics and new ecology)</p>	<p>Head of the market/regional management department (at all levels)</p>

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<p>Senior management member who supervises the business department</p>	<p>Senior management member who supervises the business department is responsible for:</p> <p>(1) approving overall risks and feasibility of the project with (10 million yuan < estimated contract output value ≤ RMB30 million) and the profit margin ≥ 3%;</p> <p>(2) reviewing overall risks and feasibility of projects with estimated contract output value > RMB30 million or profit margin < 3% (including losses);</p>	<p>Senior management member</p>
<p>Chief accountant</p>	<p>Chief accountant is responsible for reviewing the investment budget, capital occupation, cost control, operating efficiency, etc. of projects with estimated contract output value > RMB30 million or profit margin < 3% (including losses) that needed to be reported to the general manager and chairman.</p>	<p>Chief accountant</p>
<p>General Manager</p>	<p>General manager is responsible for</p> <p>(1) approving the overall feasibility of projects (RMB30 million < estimated contract output value ≤ RMB100 million) or projects with profit margin < 3% (excluding losses);</p> <p>(2) reviewing the overall feasibility of estimated contract output value > RMB100 million or loss.</p>	<p>General Manager</p>
<p>Chairman</p>	<p>Chairman is responsible for approving the overall feasibility of projects with estimated contract output value > RMB100 million or losses</p>	<p>Chairman</p>

(ii) *Work flowchart regarding the bidding*

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- (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 (ranging from 3% to 12%) 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 preceding financial year and confirm on the transactional amounts and terms of the transactions in the annual report of the Company.

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- (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 the *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 a fair and reasonable manner and in all respect in the best interests of the Company and its Shareholders as a whole. For the pricing mechanism for the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Non-Exempt Continuing Connected Transactions for 2023 and deposit transaction with Zhuangbei Finance, please refer to the disclosure set out in paragraph headed "5. Pricing Policy, Historical Figures, Historical Caps, Proposed Caps for each of the Non-Exempt Continuing Connected Transactions for 2022 and Rationale" of this circular.

Based on the above and having considered that (i) separate written agreements were and will continue to be under prudent review by the Audit and Legal Affairs team to ensure that the terms of such agreements will be in accordance with the relevant framework agreements; (ii) regular review of the aggregate transaction amount for each of the non-exempt continuing connected transactions under the relevant framework agreements by the management team to ensure that it will not exceed the relevant caps; and (iii) the conduct of the transactions under the relevant framework agreements were and will be supervised by the management team and reviewed by the Independent non-

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executive Directors and the auditors of the Company on a regular basis, the Directors are of the view that there are effective internal control measure in place to regulate and monitor the Non-exempt continuing connected transactions of the Company.

5. Pricing Policy, Historical Figures, Historical Caps, Proposed Caps for each of the Non-Exempt Continuing Connected Transactions for 2023 and Rationale

The caps in respect of each of the Non-Exempt Continuing Connected Transactions for 2023 are set out as follows:

1. 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) provided by the Group to Changan Automobile and its associates				
Pricing policy	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. As the transactions contemplated under the framework agreement 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 provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the principles and order of this section:</p> <p>(1) Bidding Price: the price will be arrived at by bidding process in principle. The bidding price shall be a price 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.</p> <p>(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 on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>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).</p>			
	Proposed cap and basis	Historical figures	Historical caps (for 2020~2022)	Proposed Cap for 2023
	For the two years ended 31 December 2021, and eight months ended 31 August 2022, RMB3,622,492,000, RMB4,115,105,000 and RMB3,260,980,000 respectively	For the three years ended 31 December 2022, RMB4,060,000,000, RMB5,000,000,000 and RMB6,000,000,000 respectively	For the year ending 31 December 2023, RMB7,000,000,000	In 2021, the automobile production volume and sales volume in the PRC were approximately 26,082,000 vehicles and 26,275,000 vehicles respectively, up by 3.4% and 3.8% year on year respectively, indicating the decline in three consecutive years since 2018 to an end. The sales volume of new energy vehicles reached

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				<p>3,521,000 units, up by 157% year on year, playing a major role in automobile production volume and sales volume. According to the statistics of China Association of Automobile Manufacturers, Changan Automobile, the Group's major customer, saw a faster sales growth compared with last year among Top 10 Best Selling Cars. Its CS75 and CS55 ranked Top 10 Best Selling Cars in China, and particularly, the sales growth rate of CS55 was over 30% in the first half of 2022. Currently, Deep Blue, a new energy vehicle brand of Changan Automobile, and Avatr, a high-end intelligent EV brand, gain good response. Directors are of the view that Changan Automobile would maintain a high-speed growth momentum. The Group expects to seize the opportunity and continue to provide logistics services for Changan Automobile and its associates in 2023 to maximize revenue of the Group. The proposed annual cap for the year ending 31 December 2023 for provision of logistics services by the Group to Changan Automobile and its associates was determined having considered: (1) the projected level of transaction amount with Changan Automobile and its associates for the year ending 31 December 2022, i.e. RMB5.3 billion; (2) the projected level of the incremental transaction amount with Changan Automobile and its associates for the year ending 31 December 2023, i.e. RMB0.9 billion (comprising (a) RMB0.41 billion comes from the mass-production Deep Blue, Avatr and A158; (b) RMB0.07 billion comes from a new export KD business; (c) RMB0.084 billion comes from the mass production of Changan</p>
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			<p>Raeton CC by Jiangling Motors Co., Ltd.; (d) RMB0.11 billion comes from Changan's export international shipping as its compound growth rate is over 30% in last three years and hits a record high in the first half of 2022; (e) RMB0.08 billion the estimated incremental transaction amount with Chongqing Changan Automobile Co., Ltd., Hebei Changan Automobile Co., Ltd., Hefei Changan Automobile Co., Ltd.(the ultimate beneficial owner of the above three entities is CSGC)); and (3) a moderate buffer added to respond to the inherent volatility of the automobile market and to accommodate any potential momentum increase in the launch of new models of Changan Automobile and its associates in 2023. With reference to the above factors, the Board is of the view that the proposed annual cap for the year ending 31 December 2023 is fair and reasonable.</p>
<p>2. Logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) provided by the Group to China Changan and its associates</p>			
<p>Pricing policy</p>	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. As the transactions contemplated under the framework agreement 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 provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the principles and order of this section:</p> <ol style="list-style-type: none"> (1) Bidding Price: the price will be arrived at by bidding process in principle. The bidding price shall be a price 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 on at least two competing third parties to ascertain whether and at what price the Group should participate in the project. 		

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	<p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>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).</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2020~2022)	Proposed Cap for 2023	Basis of determination of the Proposed Cap for 2023
	<p>For the two years ended 31 December 2021, and eight months ended 31 August 2022, RMB76,237,000, RMB89,002,000 and RMB101,600,000 respectively</p>	<p>For the three years ended 31 December 2022, RMB95,000,000, RMB120,000,000 and RMB210,000,000 respectively</p>	<p>For the year ending 31 December 2023, RMB210,000,000</p>	<p>The Company has established steady business contact with China Changan and its associates. Member companies of China Changan are mainly engaged in automobile parts production. Having considered the recovering domestic automobile market, the Company expects to continue to conduct business with China Changan and its associates for the upcoming year to maximize the revenue of the Group. The proposed annual cap for the year ending 31 December 2023 for the continuing connected transactions with China Changan and its associates is derived with reference to (i) the projected level of transaction amount with the China Changan and its associates for the year ending 31 December 2022 (i.e. approximately RMB161.93 million); (ii) the estimated level of the incremental transaction amount expected to be generated in 2023 (i.e. approximately RMB40 million) from the business with Chongqing Tsingshan Industry Limited Liability Company* (“Tsingshan Industry”), and Sichuan Jian’an Industrial Co., Ltd.* (“Jian’an Industrial”), associate of China Changan; (iii) estimated transaction amount for the provision of disposable packaging service to Chengdu Huachuan Electric Parts Co., Ltd.* (“Huachuan Electric Parts”) and trunk transport and inbound logistics services to Jian’an Industrial. The Company expects the transaction amount for provision of such services to</p>

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				be approximately RMB8 million. Having considered the above factors, the Board is of the view that the proposed annual cap for 2023 for the provision of logistics services by the Group to China Changan and its associates in 2023 is fair and reasonable.
3. Logistics services provided to the Group by Minsheng Industrial and its associates				
Pricing policy	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(1) Bidding Price: the price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law. According to the Bidding Quote Management Procedures, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.</p> <p>(2) Internal Compared Price: the price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by Minsheng Industrial or its associate (as the case may be) and the quote offered by at least two independent third parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two independent third parties.</p> <p>At present, there are only a few suppliers who have the qualification and capability to provide Yangtze River automobile related transportation services. To increase procurement efficiency and ensure the reasonableness of prices, the Company usually adopts the internal compared pricing policy for selection of its water transportation supplier.</p>			
	Proposed cap and basis	<p>Historical figures</p> <p>For the two years ended 31 December 2021, and eight months ended 31 August 2022, RMB192,799,000 RMB175,103,000 and RMB194,950,000 respectively</p>	<p>Historical caps (for 2020-2022)</p> <p>For the three years ended 31 December 2022, RMB265,000,000, RMB250,000,000 and RMB250,000,000 respectively</p>	<p>Proposed Cap for 2023</p> <p>For the year ending 31 December 2023, RMB450,000,000</p>

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				<p>having regard to (i) the projected transaction amount with Minsheng Industrial and its associates for the year ending 31 December 2022; (ii) an estimated 1.26% growth in the water transport business with Changan Ford and an estimated 22% growth in Hebei Changan Automobile Co., Ltd.; (iii) increased water transport cost due to a rise in oil prices and other factors and (iv) the estimated incremental purchase amount due to the potential increase in logistics demand from Changan Automobile. With reference to the above factors, the Board is of the view that the proposed annual cap for the year ending 31 December 2023 is fair and reasonable.</p>
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4. Settlement, deposits and loans, note discounting services to be provided by Zhuangbei Finance to the Group

Pricing policy	<p>The fees and charges payable by the Group to Zhuangbei Finance under the framework agreement will be on terms not less favourable than the benchmark rates set by PBOC (if applicable) as well as those available from other independent commercial banks in the PRC and are determined on the following bases:</p> <ul style="list-style-type: none"> ● Settlement services – the fees charged for the settlement services must not be higher than (i) the relevant benchmark charging rates set by PBOC (if applicable); and (ii) the fees charged by other independent commercial banks in the PRC for providing services of similar nature. ● Deposit services – the interest rates for Deposits placed by the Group must not be lower than (i) the relevant benchmark interest set by PBOC; and (ii) the interest rates provided by other independent commercial banks in the PRC for deposits of similar nature and under similar terms. ● Provision of loans – the interest rates for borrowings by the Group must not be higher than (i) the relevant benchmark interest rates set by PBOC; and (ii) the interest rates charged by other independent commercial banks in the PRC for borrowings of similar nature and under similar terms. ● Note discounting services – the fees charged for the services and the interest rates for the note discounting services must not be higher than (i) the relevant benchmark charging rates (if applicable) and interest rates set by PBOC; and (ii) the fees and interest rates charged by other independent commercial banks in the PRC for providing note discounting services of similar nature and under similar terms. <p>The Company will adopt a series of measures to maintain the independence of the Company's decision-making and the fairness of transaction prices. Relevant measures include, but are not limited to, the Company's right to make independent decisions on transaction prices, and to understand and grasp market information through various means. In addition, when hen Zhuangbei Finance provides note discounting and loan services to the Group, the conditions for providing such services by Zhuangbei Finance to the Group shall be on normal commercial terms and no less favorable than at least five quotes to be provided by independent third parties, including Industrial and Commercial Bank of China Limited, China Construction Bank Limited, Bank of China Limited, China Merchants Bank Co., Ltd. and Shanghai Pudong Development Bank Limited, where no security over assets of the Group is granted in respect of such services.</p>
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	Historical figures	Historical caps (for 2020-2022)	Proposed Cap for 2023	Basis of determination of the Proposed Cap for 2023
The maximum amount of Deposit (including interests) on a daily basis	For the two years ended 31 December 2021, and eight months ended 31 August 2022, RMB198,530,000, RMB189,724,000 and RMB198,340,000 respectively	For the three years ended 31 December 2022, RMB200,000,000, RMB190,000,000 and RMB200,000,000 respectively	For the year ending 31 December 2023, RMB190,000,000	Zhuangbei Finance is a non-banking financial company with a sound capital base and renowned credibility among the member companies of CSGC. As Zhuangbei Finance provides the Group with free settling services, the Group maintains a deposits account in Zhuangbei Finance to settle transaction fees with major suppliers. The proposed annual cap for the year ended 31 December 2023 are determined after considering (i) the historical maximum daily outstanding balance of deposits placed by the Group with Zhuangbei Finance for the eight months ended 31 August 2022 and the utilization rate of the 2022 annual cap; and (ii) As at 31 August 2022, the Group had a total deposit of approximately RMB1,175 million. The proposed annual cap of the deposit (on a daily basis) with Zhuangbei Finance represents less than 20% of the total deposits of the Group as at 31 August 2022. The Company is of the view that by allocating the Group's cash among Zhuangbei Finance and other licensed banking institutions in the PRC such as China Merchants Bank, China Construction Bank and Industrial and Commercial Bank of China, the Group is able to reasonably reduce the financial risks of capital overconcentration while retaining the benefit of financial settlement through Zhuangbei Finance. As such, the Directors are of the view that the proposed annual cap for the year ended 31 December 2023 for the deposit transaction with Zhuangbei Finance is fair and reasonable.

6. Reasons for and Benefits of the Non-Exempt Continuing Connected Transactions for 2023 and Major Transaction

With respect to the logistics services provided by the Group to Changan Automobile and its associates

Since the establishment of the Company, the Group has had business and maintained a good relationship with Changan Automobile. The Group is a major logistics services supplier of Changan Automobile and its associates. The Group's logistics services have been highly recognized by Changan Automobile and its associates. Provision of logistics services to Changan Automobile and its associates by the Group continues to occupy a major portion of the Group's business, thus contributing significantly to the revenue of the Group. As such, the Company believes that it is essential to maintain the provision of logistics services by the Group to Changan Automobile and its associates to ensure source of revenue. In addition, according to the China Association of Automobile Manufacturers, the year-on-year growth rate of China passenger car sales was 11.7% from January to August in 2022 which shows that the domestic automobile market is showing a momentum of fast growth. Furthermore, Changan CS75 and CS55 ranked Top 10 Best Selling Cars in China and Deep Blue, a new energy vehicle brand of Changan Automobile, and Avatr, a high-end intelligent EV brand, gain good response in the first half of 2022. Therefore, 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 maximize the revenue to be generated from providing logistics services for Changan Automobile and its associates.

With respect to the logistic services provided by the Group to China Changan and its associates

The principal businesses of the Group are supply chain management services for the automobiles and automobile raw materials, components and parts. Such services include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tires assembly and after-sales logistics service. The Group's development strategies included: (i) take root in automobile logistics: automobile logistics is the foundation of the Group. The logistics demand of Changan Group is substantial and is the traditional business of the Group. The Group will continuously consolidate the existing traditional business and further explore the rest of the logistics demand of Changan Group by improving our logistics technology, service quality and logistics network; (ii) take advantage of the comparatively strong service capacity of the Group in the domestic automobile logistics market to explore automobile logistics business with non-related parties; (iii) explore non-automobile logistics business: on top of the automobile logistics business, the Group will gradually explore non-automobile logistics business to diversify the revenue portfolio of the Group.

China Changan is essentially a large enterprise with businesses mainly ranging from parts and components to automobile retail. It has roughly 18 member companies engaging in parts production such as automobile engines, transmissions, power components, chassis, shock absorbers, supercharges, pistons and so on. The Group stepped up efforts in exploring the parts business of China Changan and its associates ever since China Changan became one of the substantial shareholders of the Company. Currently, the Group has established steady business contact with several member companies of China Changan. The Group anticipates that by leveraging on the current business relationship, the Group can establish more business contact with Changan Group and can tap into the market potentials presented by China Changan and its associates, thereby increasing business sources and maximizing revenue of the Group.

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With respect to the logistic services provided to the Group by Minsheng Industrial and its associates

The Group is a third-party automobile logistics service provider for providing comprehensive logistics solution for our customers. However, the Group currently does not have any vessel or enough freight carriers to ensure an independent operation of business. Therefore, the Group needs to purchase logistics services from suppliers with sufficient transportation capacity and logistics facilities and equipment. Minsheng Industrial is fully equipped with ro-ro ships of various volumes and car transporters that is compliant with the current regulation of GB1589 and has extensive, well-established logistics network across the country. Therefore, Minsheng Industrial and its associates are competent in providing logistics services to the Group. In addition, Minsheng Industrial and its associates have been a credible and reliable business partner of the Group, and have been providing various logistics services such as waterway transportation of car components and parts, finished vehicles transportation by road, customs clearance, container transportation, etc. for many years. As such, the Directors are of the view that the Group should continue to purchase logistics services from Minsheng Industrial and its associates to support the smooth running of the Group's primary business and tap on the strength of Minsheng Industrial's various resources to our advantage and provide our customers with quality services and maximize the revenue of the Group. The Directors are of the view that the transaction is in the interest of the Company and its Shareholders as a whole.

With respect to the deposit transaction between the Group and Zhuangbei Finance

Zhuangbei Finance is a non-banking financial institution in the PRC as approved by CBIRC and is established with capital contribution from member companies of CSGC for purpose of centralizing capital management and optimizing capital efficiency within the CSGC. Zhuangbei Finance has been providing financial services for member companies of CSGC for years and is highly recognized for its financial management services. In addition, the major customers of the Group are member companies within CSGC and they all have maintained accounts with Zhuangbei Finance. It would reduce the time costs and finance cost if the Company deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance. Moreover, Zhuangbei Finance offers more favourable terms and comparatively less finance fees and charges than those payable to external banks in the PRC.

In addition, the Board has taken into consideration the following factors with respect to the deposit transaction under the framework agreement:

- (i) As a non-banking financial institution, Zhuangbei Finance is regulated by the PBOC and the CBIRC and provides its services in accordance with and in compliance of the rules and operational requirements of these regulatory authorities including capital risk guidelines and requisite capital adequacy ratios. The regulations imposed on non-banking institutions regarding the capital adequacy ratios is more stringent than those imposed on commercial banks in the PRC;
- (ii) The pricing policies of Zhuangbei Finance are subject to guidelines set by PBOC. The interest rates for Deposit of similar nature and under similar terms will be at least be equal to or more favorable than (i) the relevant benchmark interest rate set by PBOC and (ii) the three quotations from major independent commercial banks in the PRC. Moreover, currently, the fees payable to normal commercial banks for settlement services, including account management, online banking system management, confirmation, etc. are free of charge to Zhuangbei Finance, which would reduce the finance costs of the Group;
- (iii) The risk of the Deposit transaction with Zhuangbei Finance is further reduced by (1) the undertakings provided by Zhuangbei Finance, (2) various internal control and risk management awareness of and measures took by Zhuangbei Finance in respect of credit risk, liquidity risk, market risk, operational risk, information technology risk and etc;

- (iv) Zhuangbei Finance has advanced information security protection system, the security protection of which is no less than the protection level of head office of commercial banks and Zhuangbei Finance established data security backup center in Chongqing and was granted technical security certification by CFCA, all of which proves that Zhuangbei Finance was competent enough to protect the information and the fund security of the Group; and
- (v) In addition, as a fellow member of the CSGC, Zhuangbei Finance has a better understanding of the operations and financial requirements of the Group which give Zhuangbei Finance a built-in advantage to allow it to provide the Group with more expedient and efficient services.

In arriving at the above proposed caps, the Directors have considered, in addition to specific factors mentioned above, the market condition of logistics industry as well as the current and projected level of the relevant transactions.

The Directors (including the independent non-executive Directors) are of the view that the Non-exempt Continuing Connected Transactions for 2023 and major transaction will be conducted on normal commercial terms or on terms no less favorable than those available from independent third parties under prevailing local market conditions, and that the Non-exempt Continuing Connected Transactions for 2023 and major transaction were entered in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

7. Financial Effects of the Deposit Transaction on the Group

As at 31 August 2022, the total deposit amount of the Group was approximately RMB1,174,670,000 and the deposit amount with Zhuangbei Finance was approximately RMB198,340,000, representing approximately 16.88% of the total deposit amount of the Group.

For the eight months period ended 31 August 2022, the deposit interest income from Zhuangbei Finance was approximately RMB1,992,000, representing approximately 20.14% total deposit interest income of the Group and approximately 4.82% Group's unaudited revenue during the corresponding period.

Therefore, the Company anticipates that the deposit interest income to be earned from Zhuangbei Finance for the year ending 31 December 2023 will not have any material impact to the Group's revenue, assets and liabilities.

8. Risks Control Relating to the Deposits Transaction under the Framework Agreement with Zhuangbei Finance

In order to control the potential risks relating to the Deposits transactions, ensure the safety of the Deposit and protect the interests of the Company and its shareholders regarding the Deposit placed or to be placed from time to time, Zhuangbei Finance provided an undertaking as a part of the framework agreement to the Company. Pursuant to the framework agreement, Zhuangbei Finance undertakes to the Company that it will:

- (i) provide to the Company, at any time, financial services with terms which are no less favourable than for comparable financial services provided to members of the CSG Group; and those of the comparable financial services the Company may obtain from other financial institutions;

LETTER FROM THE BOARD

- (ii) ensure that the Financial Operation Licence (金融許可證) and other business permits, approvals and filings, etc. have been lawfully obtained by Zhuangbei Finance and will remain valid and effective;
- (iii) ensure the safe operations of its fund settlement and clearance network, assure the safety of funds, control the risk exposure and safety of the Deposit and will satisfy the requirements for the payment of the Deposit;
- (iv) ensure the strict compliance with the risk monitoring indicators for financial institutions promulgated by the CBIRC and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBIRC and other relevant laws and regulations;
- (v) report its business and financial positions to the Company regularly, co-ordinate with the auditors of the Company in the course of their audit work to enable the Company to fulfill the requirements of the Listing Rules; and
- (vi) on happening of new, or special event that may possibly affect the Company, Zhuangbei Finance shall proactively inform the Company on a timely basis.

In order to further safeguard the interests of the Shareholders, the Group will adopt certain guidelines and principles in monitoring, amongst other things, the Deposit arrangements. These include an assessment of the fund operation and control of risk exposure of Zhuangbei Finance and evaluation of its services provided through its reports to be obtained regularly as mentioned above. In particular, the Company will (i) conduct stricter monitoring on the deposit transactions with Zhuangbei Finance than with other independent banks/financial institutions by assigning designated employee(s) to conduct weekly special checking on the maximum amount of Deposit (including interests) on a daily basis to ensure that the amount deposited is within the approved annual cap; and (ii) obtain the credit rating report of Zhuangbei Finance from time to time to check its long-term credit standing and default risk.

Given the undertakings provided by Zhuangbei Finance on risk control of the financial services (including the Deposit) to be provided to the Group and given that the Deposit will be subject to annual review conducted by the independent non-executive Directors, the auditors of the Company and strict compliance with the risk monitoring by the CBIRC on Zhuangbei Finance, the Directors (including the independent non-executive Directors) are of the view that the arrangements for, amongst other things, the Deposit are in the interests of the Company and the Shareholders as a whole.

9. Board of Directors' Views

The Board has approved the proposals of Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and their respective associates and the Non-Exempt Continuing Connected Transactions for 2023 and the Major Transaction regarding the deposit transaction with Zhuangbei Finance. Except for Mr. Xie Shikang, Mr. Xia Lijun and Wan Nianyong, who being the directors nominated by China Changan and are therefore treated as the related Directors under relevant PRC laws, are deemed to be interested in the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and their respective associates and the Non-Exempt Continuing Connected Transactions for 2023 and the Major Transaction regarding the deposit transaction with Zhuangbei Finance, none of the other Directors has abstained from voting on the relevant resolutions approving the Framework Agreements for Non-Exempt Continuing Connected Transactions with each of Changan Automobile, China Changan and Zhuangbei Finance and the Non-Exempt Continuing Connected Transactions for

2023 and the Major Transaction (including the Proposed Caps for 2023 and the maximum outstanding daily balance on the Deposit for 2023) thereby contemplated.

The Board has approved the proposal of Non-Exempt Continuing Connected Transactions for 2023 with Minsheng Industrial and its associates. Except for Mr. Chen Wenbo and Mr. Che Dexi, who being nominated by Minsheng Industrial and are therefore treated as the related Directors under the relevant PRC laws, who are deemed to be interested in the Non-Exempt Continuing Connected Transactions for 2023 with Minsheng Industrial and its associates, none of the other Directors has abstained from voting on the relevant resolution approving the Framework Agreement for Non-Exempt Continuing Connected Transactions with Minsheng Industrial and the transactions (including the Proposed Cap for 2023) thereby contemplated.

10. Implication under the Listing Rules

Since one or more of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions for 2023 contemplated under each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions with Changan Automobile and China Changan and their respective associates (notwithstanding the fact that the annual caps for the continuing connected transactions under the framework agreement with Changan Automobile and the framework agreement with China Changan are subject to aggregation for purpose of Rule 14A.82 of the Listing Rules) as calculated under Rule 14.07 of the Listing Rules are above 5%, each of the Non-Exempt Continuing Connected Transactions for 2023 with Changan Automobile and China Changan and their respective associates are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

Since one or more of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions for 2023 contemplated under the Framework Agreement for the Non-Exempt Continuing Connected Transactions with Minsheng Industrial and its associates as calculated under Rule 14.07 of the Listing Rules are above 5%, the Non-Exempt Continuing Connected Transactions for 2023 with Minsheng Industrial and its associates are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

Since the highest applicable percentage ratio in relation to the maximum outstanding daily balance on the Deposit for 2023 under the framework agreement with Zhuangbei Finance in relation to the deposit as calculated under Rule 14.07 of the Listing Rules exceeds 25% but less than 75%, the deposit transaction contemplated under such framework agreement with Zhuangbei Finance also constitutes a Major Transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, annual review, announcement, and Independent Shareholders' approval requirements.

Under Rule 14A.90 of the Listing Rules, the transactions relating to the provision of loans and note discounting services to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance are exempted from the reporting, annual review, announcement and Independent Shareholders' approval requirement as these financial assistance provided by a connected person for the benefit of the Group are conducted on normal commercial terms where no security over the assets of the Group will be granted in respect of the financial services.

Under the Listing Rules, the transactions relating to the provision of settlement service to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements as the annual amount for the settlement services is expected to be less than HK\$3,000,000.

11. 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.

China Changan is a 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.

Minsheng Industrial engages in transportation via rivers and by sea.

Zhuangbei Finance is a company incorporated in the PRC on 21 October 2005. The principal businesses of Zhuangbei Finance are to accept enterprises deposit, process financial activities such as enterprise loan and fund raising as approved by CBIRC. Zhuangbei Finance is a non-bank financial institution regulated by CBIRC.

C. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council that the implementation of the general counsel system in a company should be embodied in articles of association and taking into account the changes in scope of business operation of the Company, the Board proposed to amend the relevant articles of the Articles of Association based on the actual situations of the Company and on the principles of prudence, appropriateness and necessity

The amendments of the Articles of Association are 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 The Company's scope of business covers: general freight transport; road transport of dangerous goods; 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	Paragraph 2 of Article 13 The Company's scope of business covers: <u>Licensed items:</u> road transport of goods (excluding dangerous goods); road transport of dangerous goods; road transport of fresh goods and milk; agency bookkeeping; retail of refined oil (excluding dangerous chemicals) (for items subject to approval according to law, business activities can only be carried out after	Amendments made according to the circumstances of the Company.

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<p>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); agency bookkeeping, tax services; financial consulting; business training.</p>	<p>approval by relevant departments, and the specific business projects shall be subject to approval documents or licenses of relevant departments).</p> <p>General items: road cargo transport station operation; domestic freight forwarding agent; general goods storage services (excluding dangerous chemicals and other items operational with relevant administrative license or approval); packaging services; loading, unloading and handling; international freight forwarding agent; import and export of goods; non-vessel carrier business; warehousing services for goods under customs supervision (excluding hazardous chemicals and hazardous waste); car sales; auto parts retail; auto parts wholesale; motor vehicle repair and maintenance; transport equipment rental services; machinery equipment leasing; used car brokerage; information consulting services (excluding licensed information consulting services); property management; non-residential real estate leasing; housing rental; renewable resources recovery (excluding scrapped metal from production lines); motor vehicle charging sales; charging pile sales; new energy vehicle electric accessories sales; new energy vehicle waste power battery recovery and echelon utilization (excluding hazardous waste); services relating to Internet of Things technology; software development; technology import and export; computer hardware and software and peripheral equipment manufacturing; tax services; business training (excluding education training, vocational skill training and other training operational with relevant administrative license or approval); wholesale of refined oil (excluding dangerous chemicals); special equipment rental; special equipment installation, transformation and repair;</p>	
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		<p><u>machinery equipment sales; electric vehicle charging infrastructure operation; smart vehicle equipment sales; automotive decoration supplies sales; business agency services; insurance agency business within the scope authorized by an insurance company (operating under authorization); software sales (excluding items subject to approval according to law, and business activities registered in the business license shall be independently carried out according to law).</u></p>	
2.	<p>Article 63 (5) when the accounting firm the Company appointed calls an extraordinary general meeting pursuant to Article 179 of the Articles of Association of the Company;</p>	<p>Article 63 (5) when the accounting firm the Company appointed calls an extraordinary general meeting pursuant to Article 180 of the Articles of Association of the Company;</p>	<p>Due to the addition of a new article of the Articles of Association, the serial number of referred in this article shall be adjusted accordingly.</p>
3.	<p>Article 104 (9) to appoint or remove the Company's General Manager and secretary to the Board of Directors, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department and other senior management according to the nomination of the General Manager, and to decide on their remuneration and payment method;</p>	<p>Article 104 (9) to appoint or remove the Company's General Manager, and secretary to the Board of Directors <u>and General Counsel</u>, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department and other senior management according to the nomination of the General Manager, and to decide on their remuneration and payment method;</p>	<p>Updating the provision regarding the requirements of State-owned Assets Supervision and Administration Commission of the State Council</p>
4.		<p>One article is added after Article 149</p> <p>Article 150</p> <p><u>The Company has implemented the general counsel system. The General Counsel is a member of the senior management of the Company and is subject to the appointment or dismissal by the Board. The General Counsel comprehensively guides corporate legal management, coordinates legal affairs in operation and management, fully involves in business management and major decision-making activities and leads the Company's legal departments to carry out related</u></p>	<p>Adding the provision regarding the requirements of State-owned Assets Supervision and Administration Commission of the State Council</p>

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		<u>work, so as to promote the legal operation and compliance management of the Company.</u>	
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Due to the addition of Article 150 of the Articles of Association, the article number of the Articles of Association shall be adjusted accordingly.

The amendments to the Articles of Association are subject to the consideration and approval at the EGM. No shareholders are required to abstain from voting on the resolution regarding the amendments 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 CHANGE IN NON-EXECUTIVE DIRECTOR

The Board announces that Mr. Xia Lijun shall resign as non-executive director of the Company due to job changes. Mr. Xia's resignation from non-executive director of the Company shall become effective from the date on which a new non-executive director as Mr. Xia's successor is approved by the shareholders at the EGM. According to the nomination from CSGC, the ultimate controller of China Changan, holding approximately 25.44% of the interest of the Company as at the date of Latest Practicable Date, and having considered by the Nomination Committee of the Company, the Board proposes to nominate Mr. Dong Shaojie to be non-executive director of the Company to fulfill the vacancy of Mr. Xia Lijun.

The proposed election of Mr. Dong Shaojie as non-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 proposed change in non-executive director.

Biographical details of Mr. Dong Shaojie (candidate for the non-executive director) are as follows:

Mr. Dong Shaojie, aged 58, professor-level senior engineer. Mr. Dong Shaojie graduated from Beijing Institute of Technology (former name: Beijing Engineering College) in 1986, with a major in metal materials and heat treatment. From July 1986 to November 2022, Mr. Dong Shaojie worked at Yunnan Xiyi Industrial Co., Ltd (a company listed on Shenzhen Stock Exchange), as chairman of the board, secretary of the party committee, chief engineer, deputy general manager, secretary of the discipline inspection committee, chairman of the labor union, and etc. Mr. Dong Shaojie has extensive experience in corporate management.

Save as disclosed above, Mr. Dong Shaojie has not held any directorship in any other public companies the securities of which are listed on the securities market in Hong Kong or overseas in the last three years. Save as disclosed above, Mr. Dong Shaojie does not hold any other positions with 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.

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If Mr. Dong Shaojie 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. Dong Shaojie will be entitled to director's emoluments which are determined by the Board from time to time with reference to his duties and responsibilities with the Company, the market benchmark and performance of the Group. Mr. Dong Shaojie'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. Dong Shaojie has confirmed that there is no other matter in relation to his proposed appointment that needs to be brought to the attention of the holders of the securities of the Company, nor any information that needs 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 Non-Exempt Continuing Connected Transactions for 2023 and the Major and Non-Exempt Continuing Connected Transactions regarding the deposit transaction with Zhuangbei Finance; (ii) the proposed amendment to the Articles of Association; and (iii) the proposed change in non-executive director.

China Changan (which controls 41,225,600 Shares with voting rights in the Company or approximately 25.44% of the equity interests in the Company as at the Latest Practicable Date) who are involved in, or interested in the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and their respective associates, and the Non-Exempt Continuing Connected Transactions for 2023 and Major and Non-Exempt Continuing Connected Transaction regarding the deposit transaction with Zhuangbei Finance, will abstain from voting on the relevant resolutions approving relevant Framework Agreement for Non-Exempt Continuing Connected Transactions with each of Changan Automobile, China Changan and Zhuangbei Finance and the transactions (including the relevant Proposed Caps and the maximum outstanding daily balance on the Deposits for 2023) thereby contemplated.

Minsheng Industrial (which controls 25,774,720 Shares with voting rights in the Company or approximately 15.90% of the equity interests in the Company as at the Latest Practicable Date), Ming Sung (HK) (which controls 6,444,480 Shares with voting rights in the Company or approximately 3.98% of the equity interests in the Company as at the Latest Practicable Date), who are involved in, or interested in the Non-Exempt Continuing Connected Transactions for 2023 with Minsheng Industrial and its associates, will abstain from voting on the relevant resolution approving the Framework Agreement for Non-Exempt Continuing Connected Transactions with Minsheng Industrial and the transactions (including the Proposed Cap for 2023) thereby contemplated.

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 any of the resolutions regarding the transactions under the Non-Exempt Continuing Connected Transactions for 2023 and the major transaction proposed at the EGM.

The notice of the EGM is set out on pages 68 to 71 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 17M 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

LETTER FROM THE BOARD

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 each of the transactions under the Non-Exempt Continuing Connected Transactions for 2023 and the Major Transaction (including the proposed cap for 2023 for each of Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023) 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. CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders of H Shares who will be entitled to attend the EGM, the Company has suspended registration of transfer of shares from Monday, 16 January 2023 to Thursday, 19 January 2023, 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 13 January 2023. Holders of H Shares whose names are recorded in the register of members of the Company on Thursday, 19 January 2023 are entitled to attend and vote at the EGM.

G. 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 36 to 37 of this circular, and which contains their recommendation in respect of the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023). 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 Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023) and whether such transactions are in the interests of the Company and its Shareholders as a whole is set out on pages 36 to 37 of this circular.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (and the respective caps for 2023) are 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 resolutions to approve each of the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023).

The Directors (including the independent non-executive Directors) consider that the transactions under the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023) are of normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favor of the ordinary resolutions thereby approving each of the transactions under the Non-Exempt Continuing Connected Transactions for 2023 and the Major Transaction (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023) to be proposed at the EGM as set out in the notice of the EGM.

H. OTHER INFORMATION

Your attention is also drawn to (i) the financial information of the Group and (ii) the general information set out in Appendices I and II, respectively, 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)

4 January 2023

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2023
AND MAJOR TRANSACTION REGARDING THE DEPOSIT TRANSACTION
WITH ZHUANGBEI FINANCE**

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 Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Non-Exempt Continuing Connected Transactions for 2023 and the Major Transaction regarding the deposit transaction with Zhuangbei Finance, details of which are set out in the letter from the Board contained in the circular (“**Circular**”) of the Company to the Shareholders dated 4 January 2023, 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 Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Non-Exempt Continuing Connected Transactions for 2023 and the Major Transaction regarding the deposit transaction with Zhuangbei Finance 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 38 to 56 of this circular. We have discussed the letter and the opinion contained therein with Gram Capital.

LETTER FROM INDEPENDENT BOARD COMMITTEE

Having considered, among others, the factors and reasons considered by, and the opinion of, Gram Capital, as stated in its aforementioned letter, we consider each of transactions under the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on Deposit for 2023) to be fair and reasonable insofar as the Independent Shareholders are concerned. We are of the view that each of transactions the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023) are of normal commercial terms and in the ordinary and usual course of business of the Company, are fair and reasonable and 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 resolutions in the notice of the EGM to be proposed at the EGM to be held on 19 January 2023 and thereby approve each of transactions under the Non-Exempt Continuing Connected Transactions for 2023 with each of Changan Automobile, China Changan and Minsheng Industrial and their respective associates and the Major Transaction regarding the deposit transaction with Zhuangbei Finance (including the proposed cap for 2023 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2023).

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*

LETTER FROM GRAM CAPITAL

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

4 January 2023

*To: The Independent Board Committee and the Independent Shareholders
of Changan Minsheng APLL Logistics Co., Ltd.**

Dear Sirs,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of Non-Exempt Continuing Connected Transactions for 2023, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 4 January 2023 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.

On 4 November 2020, the Company entered into the Framework Agreements for the Non-Exempt Continuing Connected Transactions with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, each for a term of three years commencing on 1 January 2021 and expiring on 31 December 2023 (both days inclusive).

The existing caps for the Non-Exempt Continuing Connected Transactions will expire on 31 December 2022. As such, the Company estimated and is seeking for approval by Independent Shareholders at the EGM for the annual caps for the year ending 31 December 2023 (“**FY2023**”) in relation to the Non-Exempt Continuing Connected Transactions for 2023.

With reference to the Board Letter, the Non-Exempt Continuing Connected Transactions for 2023 constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under the Listing Rules. In addition, the deposit transaction contemplated under the framework agreement with Zhuangbei Finance (the “**Deposits CCT**”) also constitutes a major transaction of the Company.

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 Non-Exempt Continuing Connected Transactions for 2023 are on normal commercial terms and are fair and reasonable; (ii) whether the Non-Exempt Continuing Connected Transactions for 2023 are 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 resolutions to approve the Non-Exempt Continuing Connected Transactions for 2023 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) revision of existing annual cap on the continuing connected transaction as set out in the Company's circular dated 10 November 2021; and (ii) major and continuing connected transactions as set out in the Company's circular dated 7 December 2021. 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 Non-Exempt Continuing Connected Transactions for 2023.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagement and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

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/the Company's management (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors/the 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 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' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Non-Exempt Continuing Connected Transactions. 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, China Changan, Minsheng Industrial, Zhuangbei Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Non-Exempt Continuing Connected Transactions for 2023. 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.

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 Non-Exempt Continuing Connected Transactions for 2023, we have taken into consideration the following principal factors and reasons:

Background of the Non-Exempt Continuing Connected Transactions for 2023

On 4 November 2020, the Company entered into the following Framework Agreements for the Non-Exempt Continuing Connected Transactions:

- (1) the framework agreement entered into between the Company and Changan Automobile, 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 commencing on 1 January 2021 and expiring on 31 December 2023 (the “**Changan Automobile CCT**”);
- (2) the framework agreement entered into between the Company and China Changan, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates for a term of three years commencing on 1 January 2021 and expiring on 31 December 2023 (the “**China Changan Sales CCT**”);
- (3) the framework agreement entered into between the Company and Minsheng Industrial, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023 (the “**Minsheng Industrial CCT**”); and

LETTER FROM GRAM CAPITAL

(4) the framework agreement entered into between the Company and Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023.

With reference to the Board Letter, the Framework Agreements for the Non-Exempt Continuing Connected Transactions are not inter-conditional with each other. The transactions contemplated under each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions shall be conducted on a non-exclusive basis. Separate written agreement(s) setting out the detailed terms shall be, if required, entered into between the relevant parties for each of the Non-Exempt Continuing Connected Transactions for 2023.

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 2021 and the six months ended 30 June 2022 (“1H2022”) as extracted from the Company’s annual report for the year ended 31 December 2021 (“2021 Annual Report”) and the Company’s interim report for 1H2022 (“2022 Interim Report”):

	For the six months ended 30 June 2022	For the year ended 31 December 2021	For the year ended 31 December 2020	Change from 2020 to 2021
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	%
Revenue	3,439,961	6,020,899	4,685,655	28.50
Gross profit	172,820	324,922	237,221	36.97
Profit attributable to owners of the Company	19,266	29,148	421	6,823.52
	As at 30 June 2022	As at 31 December 2021	As at 31 December 2020	Change from 2020 to 2021
	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	%
Cash and cash equivalents	1,110,205	992,314	894,340	10.95
Net assets	2,111,640	2,096,073	2,040,499	2.72

As depicted from the above table, the Group’s revenue was approximately RMB6.02 billion for the year ended 31 December 2021 (“FY2021”), represented a substantial increase of approximately 28.50% as compared to that for the year ended 31 December 2020 (“FY2020”). With reference to the 2021 Annual Report and the 2022 Interim Report, the Group’s operating activities are related to a single operating segment, which is the rendering of transportation services for finished vehicles, supply chain management services for automobile raw materials, components and parts, transportation services for non-automobile commodities, the sale of packaging materials and the processing of tyres.

As depicted from the above table, the profit attributable to owners of the Company was approximately RMB29.15 million for FY2021, represented a significant increase of approximately 6,823.52% (or approximately RMB28.73 million) as compared to that for FY2020. With reference to the 2021 Annual Report, such increase was mainly due to increase in gross profit (by approximately RMB87.70 million) as partially offset by increase in administrative expenses (by approximately RMB55.05 million).

With reference to the 2022 Interim Report, the Group's revenue, gross profit and profit attributable to owners of the Company for 1H2022 also increased as compared to those for the corresponding period in 2021.

As depicted in above table, the Group's cash and cash equivalents and net assets amounted to approximately RMB1.11 billion and RMB2.11 billion respectively as at 30 June 2022.

With reference to the 2022 Interim Report, in the second half of 2022, the Company will press ahead with a sense of urgency to achieve its goal by turning crisis into opportunities and being proactive. In the third quarter of 2022, the whole Company is sprinting towards success of the second half of 2022 by quickly being involved in the battle of "ensuring stable growth, preventing risk, promoting reforms and strengthening Party building". The Company will focus on being "strategy-oriented, goal-directed, problem-based and result-oriented" and be guided by the principles of "all for customers, all for market, all for frontline, and all for growth". The Company will forge ahead and strive to achieve its annual operation goal so as 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. Changan Automobile is a connected person of the Company.

Information on China Changan

With reference to the Board Letter, China Changan is a joint stock limited liability company incorporated in the PRC on 26 December 2005. It is one of the substantial Shareholders. 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. China Changan is a connected person of the Company.

Information on Minsheng Industrial

With reference to the Board Letter, Minsheng Industrial engages in transportation via rivers and by sea. Minsheng Industrial is a connected person of the Company.

Information on Zhuangbei Finance

With reference to the Board letter, Zhuangbei Finance is a company incorporated in the PRC on 21 October 2005. The principal businesses of Zhuangbei Finance are to accept enterprises deposit, process financial

activities such as enterprise loan and fund raising as approved by CBIRC. Zhuangbei Finance is a non-bank financial institution regulated by CBIRC. Zhuangbei Finance is a connected person of the Company.

I. CHANGAN AUTOMOBILE CCT

Reasons for and benefits of the Changan Automobile CCT

With reference to the Board Letter, since the establishment of the Company, the Group has had business and maintained a good relationship with Changan Automobile. The Group is a major logistics services supplier of Changan Automobile and its associates. The Group's logistics services have been highly recognized by Changan Automobile and its associates. Provision of logistics services to Changan Automobile and its associates by the Group continues to occupy a major portion of the Group's business, thus contributing significantly to the revenue of the Group. As such, the Company believes that it is essential to maintain the provision of logistics services by the Group to Changan Automobile and its associates to ensure source of revenue. In addition, according to the China Association of Automobile Manufacturers, the year-on-year growth rate of China passenger car sales was 11.7% from January to August in 2022 which shows that the domestic automobile market is showing a momentum of fast growth. Furthermore, Changan CS75 and CS55 ranked Top 10 Best Selling Cars in China and Deep Blue, a new energy vehicle brand of Changan Automobile, and Avatr, a high-end intelligent EV brand, gain good response in the first half of 2022. Therefore, 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 maximize the revenue to be generated from providing logistics services for Changan Automobile and its associates.

As advised by the Management, the Group had provided various logistics services to Changan Automobile for over ten years. We noted that the historical transaction amounts for the Changan Automobile CCT were approximately RMB3,483 million, RMB3,622 million and RMB4,115 million for the year ended 31 December 2019 (“FY2019”), FY2020 and FY2021 respectively, accounted for approximately 80.21%, 77.31% and 68.35% of the Group's revenue for the year ended 31 December 2019, FY2020 and FY2021 respectively. Although the aforesaid historical transaction amounts for the Changan Automobile CCT represented significant portions of the Group's revenue, such portions were on a decreasing trend and decreased from approximately 80.21% for FY2019 to approximately 68.35% for FY2021. The Group also intends to continuously reduce such portion. Therefore, the Management considers that there is no reliance issue in respect of the Changan Automobile CCT.

Having considered the above and the Changan Automobile CCT's significant contribution to the Group's revenue, we are of the view that the Changan Automobile CCT 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.

Pricing policy of the Changan Automobile CCT

Generally, the pricing of the logistics services to be provided by the Group is market driven. As the transactions contemplated under the framework agreement 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 provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the principles and order of this section:

(1) Bidding Price: the price will be arrived at by bidding process in principle. The bidding price shall be a price 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 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 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. The Company will consider the labour cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.

As advised by the Management, the Group will also consider (i) market condition (including the profit margin of the industry); (ii) the Group's overall profit margin; and (iii) contract amount together with estimated profit margin. Currently, the Group set specific thresholds on contract amount and a specific profit margin (the "**Margin Threshold**") which is less than the Group's gross profit margin of approximately 5% for FY2021 and 1H2022). The Group's various departments will be involved in contract approval according to contract amount and estimated margin (based on the aforesaid thresholds) in order to ensure reasonable pricing. More departments/senior management will be involved in approval for contracts with higher amount and/or estimated margin lower than the Margin Threshold. In general, the Group intends to maintain/improve its overall profit margin. Nevertheless, the Group may also undertake transaction(s) with lower profit margin after considering market competition and its own capacity. We consider such basis to be commercially rational.

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).

For our due diligence purpose, the Company provided us the following documents on a random basis regarding individual contracts for Changan Automobile CCT in 2022: (i) one set of bidding documents in relation to the bidding process for the provision of logistics services which indicated the Group's participation in the bidding process of the customer and the pricing was based on bidding price basis; (ii) one set of quotation documents in relation to provision of logistic services on "internal compared price" basis which indicated the Group's participation in the quotations seeking process of the customer and the pricing was based on internal compared price basis; and (iii) one set of cost-plus pricing documents which demonstrated the cost-plus pricing with gross profit margin higher than the overall gross profit margin of the Group during FY2021 and 1H2022. 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.

In respect of the Company's random sampling basis as aforementioned, we (i) obtained confirmation from the Company; and (ii) discussed with the staff of the Company who provided the sampling documents and understood that, save for the year of individual contracts (i.e. 2022), the staff did not set any criteria in its sampling process. Therefore, we do not doubt the Company's random sampling basis. As we obtained a set of supporting documents for each of the pricing basis, we consider the number of samples to be sufficient from an independent financial adviser's perspective.

With reference to the 2021 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 FY2021 (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 (the "**INED Confirmation**").

With reference to the 2021 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 FY2021, 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 FY2021: (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 (the "**Auditor Confirmation**"). For avoidance of doubt, the above disclosure is quoted from the 2021 Annual Report and we did not rely on the Auditor Confirmation to form our opinion.

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 the Company and the Shareholders as a whole. Details of the aforesaid internal control measures are set out under the sub-section headed "4. Internal Control Measures to regulate the conduct of the Continuing Connected Transactions with Connected Persons of the Company" in the Board Letter.

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

Basis of the proposed annual cap

The table below demonstrates the historical transaction amounts, historical/existing annual caps and the proposed annual cap for the Changan Automobile CCT for FY2023:

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	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Historical transaction amounts	3,622,492,000	4,115,105,000	3,260,980,000 ^(Note)
Historical/Existing annual caps	4,060,000,000	5,000,000,000	6,000,000,000
Utilization rate	89.22%	82.30%	Undetermined
			For the year ending 31 December 2023
			<i>RMB</i>
Proposed annual cap			7,000,000,000

Note: The figure is for the eight months ended 31 August 2022.

With reference to the Board Letter, the proposed annual cap for FY2023 was determined, having considered (i) the projected level of transaction amount with Changan Automobile and its associates for the year ending 31 December 2022 (“**FY2022**”), i.e. RMB5.3 billion; (ii) the projected level of the incremental transaction amount with Changan Automobile and its associates for FY2023, i.e. RMB0.9 billion; and (iii) a moderate buffer added to respond to the inherent volatility of the automobile market and to accommodate any potential momentum increase in the launch of new models of Changan Automobile and its associates in FY2023.

To assess the fairness and reasonableness of the proposed annual cap for FY2023, we discussed with the Management regarding the basis and assumptions underlying the projections of the proposed annual cap for FY2023.

Based on our discussion and data provided by the Management:

(i) The historical transaction amount for the eight months ended 31 August 2022 increased by approximately 20% (the “**Changan Automobile CCT 2022 Growth**”) as compared to that for the corresponding period in 2021.

(ii) Based on the Changan Automobile CCT 2022 Growth and historical transaction amount of approximately RMB4.1 billion for FY2021, the projected transaction amount for FY2022 will be approximately RMB4.9 billion (the “**Base Estimated Changan Automobile CCT 2022 Amount**”). Having taken into account recovery from business disruption caused by COVID-19 precautionary measures imposed in the first half of 2022, additional transaction amount was incorporated to derive the aforesaid projected transaction amount of RMB5.3 billion for FY2022.

(iii) Based on the Changan Automobile CCT 2022 Growth of 20% and the Base Estimated Changan Automobile CCT 2022 Amount, the projected transaction amount for FY2023 will be approximately RMB5.9 billion. With the inclusion of the aforesaid projected level of the incremental transaction amount of RMB0.9 billion for FY2023, the projected transaction amount for FY2023 would be approximately RMB6.8 billion.

(iv) The incremental transaction amount of RMB0.9 billion for FY2023 will be attributable to various businesses as set out in the Board Letter.

(v) The proposed annual cap of Changan Automobile CCT for FY2023 of RMB7 billion was derived from the above after incorporating a moderate buffer of approximately RMB0.2 billion to cover unforeseeable circumstances which may occur in FY2023. We consider such buffer to be moderate and reasonable.

In light of the above, we consider the proposed annual cap of Changan Automobile CCT for FY2023 is fair and reasonable.

Shareholders should note that as the proposed annual cap for FY2023 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 2023, and it does not represent forecasts of revenue to be generated from the Changan Automobile CCT. Consequently, we express no opinion as to how closely the actual revenue to be generated from the Changan Automobile CCT will correspond with the proposed annual cap for FY2023.

Having considered the pricing and the proposed annual cap of Changan Automobile CCT as mentioned above, we are of the view that the terms of the Changan Automobile CCT are on normal commercial terms and are fair and reasonable.

II. CHINA CHANGAN SALES CCT

Reasons for and benefits of the China Changan Sales CCT

With reference to the Board Letter, the principal businesses of the Group are supply chain management services for the automobiles and automobile raw materials, components and parts. Such services include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tires assembly and after-sales logistics service. The Group's development strategies included: (i) take root in automobile logistics: automobile logistics is the foundation of the Group. The logistics demand of Changan Group is substantial and is the traditional business of the Group. The Group will continuously consolidate the existing traditional business and further explore the rest of the logistics demand of Changan Group by improving the Group's logistics technology, service quality and logistics network; (ii) take advantage of the comparatively strong service capacity of the Group in the domestic automobile logistics market to explore automobile logistics business with non-related parties; (iii) explore non-automobile logistics business: on top of the automobile logistics business, the Group will gradually explore non-automobile logistics business to diversify the revenue portfolio of the Group.

China Changan is essentially a large enterprise with businesses mainly ranging from parts and components to automobile retail. It has roughly 18 member companies engaging in parts production such as automobile engines, transmissions, power components, chassis, shock absorbers, supercharges, pistons and so on. The Group stepped up efforts in exploring the parts business of China Changan and its associates ever since China Changan became one of the substantial shareholders of the Company. Currently, the Group has established steady business contact with several member companies of China Changan. The Group anticipates that by leveraging on the current business relationship, the Group can establish more business contact with Changan Group and can tap into the market potentials presented by China Changan and its associates, thereby increasing business sources and maximizing revenue of the Group.

Having also taken into account that the China Changan Sales CCT is contributing revenue to the Group (i.e. approximately RMB101,600,000 million for the eight months ended 31 August 2022), we are of the view that the China Changan Sales CCT 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.

Pricing policy of the China Changan Sales CCT

Generally, the pricing of the logistics services to be provided by the Group is market driven. As the transactions contemplated under the framework agreement 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 provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, the principles and order of this section:

(1) **Bidding Price:** the price will be arrived at by bidding process in principle. The bidding price shall be a price 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 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 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. The Company will consider the labor cost, equipment operation cost, material inputs and 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).

We understood from the Management that no transaction under the China Changan Sales CCT was conducted on "bidding price" or "internal compared price" basis in 2022. For our due diligence purpose, the Company provided us one set of cost-plus pricing documents on a random basis regarding an individual contract for China Changan Sales CCT in 2022, which demonstrated the cost-plus pricing with gross profit margin higher than the overall gross profit margin of the Group during the FY2021 and 1H2022. Nothing came to our attention that caused us to believe that the pricing under the aforementioned documents was not complied with the pricing policy.

In respect of the Company's random sampling basis as aforementioned, we (i) obtained confirmation from the Company; and (ii) discussed with the staff of the Company who provided the sampling documents and understood that, save for the year of individual contracts (i.e. 2022), the staff did not set any criteria in its

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sampling process. Therefore, we do not doubt the Company's random sampling basis. As we obtained a set of supporting documents for each of the pricing basis, we consider the number of samples to be sufficient from an independent financial adviser's perspective.

As aforementioned, (i) the independent non-executive Directors had conducted the INED Review and provided the INED Confirmation regarding the Group's continuing connected transactions (including the China Changan Sales CCT) for FY2021; and (ii) the auditor of the Company had conducted the review of the Group's continuing connected transactions and provided the Auditor Confirmation regarding the Group's continuing connected transactions (including the China Changan Sales CCT) for FY2021; and (iii) 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 favourable 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.

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

Basis of the proposed annual cap

The table below demonstrates the historical transaction amounts, historical/existing annual caps and the proposed annual cap for the China Changan Sales CCT for FY2023:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Historical transaction amounts	76,237,000	89,002,000	101,600,000 <i>(Note)</i>
Historical/Existing annual caps	95,000,000	120,000,000	210,000,000
Utilization rate	80.25%	74.17%	Undetermined
			For the year ending 31 December 2023
			<i>RMB</i>
Proposed annual cap			210,000,000

Note: The figure is for the eight months ended 31 August 2022.

With reference to the Board Letter, the proposed annual cap for FY2023 was determined, having considered (i) the projected level of transaction amount with the China Changan and its associates for FY2022 (i.e. approximately RMB161.93 million); (ii) the estimated level of the incremental transaction amount expected to be generated in FY2023 (i.e. approximately RMB40 million) from the business with Chongqing Tsingshan Industry Limited Liability Company*, and Jian'an Industrial (both of them are associates of China Changan) (the "**Tsingshan & Jian'an Incremental Amount**"); and (iii) estimated transaction amount in FY2023 (i.e. approximately RMB8 million) for the provision of disposable packaging service to Chengdu Huachuan Electric Parts Co., Ltd.* (an associate of China Changan) and trunk transport and inbound logistics services to Jian'an Industrial (the "**Huachuan & Jian'an Incremental Amount**").

To assess the fairness and reasonableness of the proposed annual cap for FY2023, we discussed with the Management regarding the basis and assumptions underlying the projections of the proposed annual cap for FY2023.

Based on our discussion and data provided by the Management:

(i) The historical transaction amount for the eight months ended 31 August 2022 increased by approximately 60% (the “**China Changan Sales CCT 2022 Growth**”) as compared to that for the corresponding period in 2021.

(ii) Based on the China Changan Sales CCT 2022 Growth and historical transaction amount of approximately RMB89 million for FY2021, the projected transaction amount for FY2022 would be approximately RMB142 million (the “**Base Estimated China Changan Sales CCT 2022 Amount**”). Having taken into account recovery from business disruption caused by COVID-19 precautionary measures imposed in the first half of 2022, additional transaction amount was incorporated to derive the aforesaid projected transaction amount of approximately RMB161.93 million for FY2022. The Management further advised us that the historical transaction amount of China Changan Sales CCT reached approximately RMB157 million for the 11 months ended 30 November 2022, which indicated that the aforesaid projected transaction amount for FY2022 is achievable.

(iii) The proposed annual cap of China Changan Sales CCT for FY2023 of RMB210 million was derived by the sum of (a) the aforesaid projected transaction amount of approximately RMB161.93 million for FY2022; (b) the Tsingshan & Jian’an Incremental Amount of RMB40 million; and (c) Huachuan & Jian’an Incremental Amount of RMB8 million, with a round-up buffer of approximately RMB0.07 million which we consider to be minimal and reasonable.

In light of the above, we concur with the Directors that the proposed annual cap for FY2023 is fair and reasonable.

Shareholders should note that as the proposed annual cap for FY2023 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 2023, and it does not represent forecasts of revenue to be generated from China Changan Sales CCT. Consequently, we express no opinion as to how closely the actual revenue to be generated from the China Changan Sales CCT will correspond with the proposed annual cap for FY2023.

Having considered the pricing and the proposed annual cap of China Changan Sales CCT as mentioned above, we are of the view that the terms of the China Changan Sales CCT are on normal commercial terms and are fair and reasonable.

III. MINSHENG INDUSTRIAL CCT

Reasons for and benefits of the Minsheng Industrial CCT

With reference to the Board Letter, the Group is a third-party automobile logistics service provider for providing comprehensive logistics solution for customers. However, the Group currently does not have any vessel or enough freight carriers to ensure an independent operation of business. Therefore, the Group needs

to purchase logistics services from suppliers with sufficient transportation capacity and logistics facilities and equipment. Minsheng Industrial is fully equipped with ro-ro ships of various volumes and car transporters that is compliant with the current regulation of GB1589 (a national policy (as amended from time to time) stipulating, among others, the limits of dimensions, axle load and mass for motor vehicles, trailers and combined vehicles for the purpose of regulating oversized and overloading vehicles promulgated by the Ministry of Transport of the PRC) and has extensive, well-established logistics network across the country. Therefore, Minsheng Industrial and its associates are competent in providing logistics services to the Group. In addition, Minsheng Industrial and its associates have been a credible and reliable business partner of the Group, and have been providing various logistics services such as waterway transportation of car components and parts, finished vehicles transportation by road, customs clearance, container transportation, etc. for many years. As such, the Directors are of the view that the Group should continue to purchase logistics services from Minsheng Industrial and its associates to support the smooth running of the Group's primary business and tap on the strength of Minsheng Industrial's various resources to the Group's advantage and provide customers with quality services and maximize the revenue of the Group.

In light of the above and that the Minsheng Industrial CCT is demanded by the Group for its normal business operations, we are of the view that the Minsheng Industrial CCT is conducted in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.

Pricing policy of the Minsheng Industrial CCT

The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:

(1) **Bidding Price:** the price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law. According to the Bidding Quote Management Procedures, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.

(2) **Internal Compared Price:** the price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by Minsheng Industrial or its associate (as the case may be) and the quote offered by at least two independent third parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two independent third parties.

At present, there are only a few suppliers who have the qualification and capability to provide Yangtze River automobile related transportation services. To increase procurement efficiency and ensure the reasonableness of prices, the Company usually adopts the internal compared pricing policy for selection of its water transportation supplier.

We understood from the Management that no transaction under the Minsheng Industrial CCT was conducted on "bidding price" basis so far. For our due diligence purpose, the Company provided us one set of price comparison documents on a random basis for certain logistics services provided by Minsheng Industrial to the Group in 2022. We noted from the reviewed documents that the prices charged by Minsheng Industrial or its associate are less than those offered by independent third party to the Group for the same services.

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In respect of the Company's random sampling basis as aforementioned, we (i) obtained confirmation from the Company; and (ii) discussed with the staff of the Company who provided the sampling documents and understood that, save for the year of individual contracts (i.e. 2022), the staff did not set any criteria in its sampling process. Therefore, we do not doubt the Company's random sampling basis. As we obtained a set of supporting documents for each of the pricing basis, we consider the number of samples to be sufficient from an independent financial adviser's perspective.

As aforementioned, (i) the independent non-executive Directors had conducted the INED Review and provided the INED Confirmation regarding the Group's continuing connected transactions (including the Minsheng Industrial CCT); (ii) the auditor of the Company had conducted the Auditor Review and provided the Auditor Confirmation regarding the Group's continuing connected transactions (including the Minsheng Industrial CCT); and (iii) 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.

We also consider that the effective implementation of the internal control measures would help to ensure fair pricing of the Minsheng Industrial CCT in compliance with its pricing policy.

Basis of the proposed annual cap

The table below demonstrates the historical transaction amounts, historical/existing annual caps and the proposed annual cap for the Minsheng Industrial CCT for FY2023:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Historical transaction amounts	192,799,000	175,103,000	194,950,000 <i>(Note)</i>
Historical/Existing annual caps	265,000,000	250,000,000	250,000,000
Utilization rate	72.75%	70.04%	Undetermined
			For the year ending 31 December 2023
			<i>RMB</i>
Proposed annual cap			450,000,000

Note: The figure is for the eight months ended 31 August 2022.

With reference to the Board Letter, the proposed annual cap for FY2023 was determined, having considered (i) the projected transaction amount with Minsheng Industrial and its associates for FY2022; (ii) an estimated 1.26% growth in the water transport business with Changan Ford and an estimated 22% growth in Hebei Changan Automobile Co., Ltd.; (iii) increased water transport cost due to a rise in oil prices and other factors; and (iv) the estimated incremental purchase amount due to the potential increase in logistics demand from Changan Automobile.

To assess the fairness and reasonableness of the proposed annual cap for FY2023, we discussed with the

Management regarding the basis and assumptions underlying the projections of the proposed annual cap for FY2023.

As illustrated above, historical transaction amount of the Minsheng Industrial CCT for the eight months ended 31 August 2022 was approximately RMB195 million, represented approximately 78% of the existing annual cap for FY2022 (based on the data provided by the Management, such amount also represented an increase of approximately 74% as compared to that for the corresponding period in 2021 (the “**Minsheng Industrial CCT 2022 Growth**”). As advised by the Management, based on the Group’s business trend, the Group’s demand for the Minsheng Industrial CCT for FY2022 is expected to exceed its existing annual cap for FY2022. Nevertheless, as limited by the existing annual cap for FY2022, transaction amount of the Minsheng Industrial CCT for FY2022 is expected to be close to its existing annual cap for FY2022 (the “**Expected Minsheng Industrial CCT 2022 Amount**”).

The Company proposes an annual cap of RMB450 million for FY2023 after taking into account the followings:

- (i) the Expected Minsheng Industrial CCT 2022 Amount of approximately RMB250 million with an increase of 74% based on the Minsheng Industrial CCT 2022 Growth (i.e. RMB435 million); and
- (ii) a moderate buffer of approximately RMB15 million to cover unforeseeable circumstances which may occur in FY2023. We consider such buffer to be moderate and reasonable.

Having considered the above, we are of the view that the proposed annual cap for FY2023 is fair and reasonable.

Shareholders should note that as the proposed annual cap for FY2023 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 2023, and it does not represent forecasts of costs or expenses to be incurred from the Minsheng Industrial CCT. Consequently, we express no opinion as to how closely the actual costs or expenses to be incurred from the Minsheng Industrial CCT will correspond with the proposed annual cap for FY2023.

Having considered the pricing and the proposed annual cap of Minsheng Industrial CCT as mentioned above, we are of the view that the terms of the Minsheng Industrial CCT are on normal commercial terms and are fair and reasonable.

IV. DEPOSITS CCT

Reasons for and benefits of the Deposits CCT

With reference to the Board Letter, Zhuangbei Finance is a non-banking financial institution in the PRC as approved by CBIRC and is established with capital contribution from member companies of CSGC for purpose of centralizing capital management and optimizing capital efficiency within the CSGC. Zhuangbei Finance has been providing financial services for member companies of CSGC for years and is highly recognized for its financial management services. In addition, the major customers of the Group are member companies within CSGC and they all have maintained accounts with Zhuangbei Finance. It would reduce the time costs and finance cost if the Company deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance. Moreover, Zhuangbei Finance offers more favourable terms and comparatively less finance fees and charges than those payable to external banks in the PRC.

In addition, the Board has taken into consideration the following factors with respect to the Deposits CCT under the framework agreement:

- (i) As a non-banking financial institution, Zhuangbei Finance is regulated by the PBOC and the CBIRC and provides its services in accordance with and in compliance of the rules and operational requirements of these regulatory authorities including capital risk guidelines and requisite capital adequacy ratios. The regulations imposed on non-banking institutions regarding the capital adequacy ratios is more stringent than those imposed on commercial banks in the PRC;
- (ii) The pricing policies of Zhuangbei Finance are subject to guidelines set by PBOC. The interest rates for Deposit of similar nature and under similar terms will be at least be equal to or more favorable than those available from other independent commercial banks in the PRC. Moreover, currently, the fees payable to normal commercial banks for settlement services, including account management, online banking system management, confirmation, etc. are free of charge to Zhuangbei Finance, which would reduce the finance costs of the Group;
- (iii) The risk of the Deposits CCT with Zhuangbei Finance is further reduced by (1) the undertakings provided by Zhuangbei Finance; and (2) various internal control and risk management awareness of and measures took by Zhuangbei Finance in respect of credit risk, liquidity risk, market risk, operational risk, information technology risk, etc.;
- (iv) Zhuangbei Finance has advanced information security protection system, the security protection of which is no less than the protection level of head office of commercial banks and Zhuangbei Finance established data security backup center in Chongqing and was granted technical security certification by CFCA, all of which proves that Zhuangbei Finance was competent enough to protect the information and the fund security of the Group; and
- (v) In addition, as a fellow member of the CSGC, Zhuangbei Finance has a better understanding of the operations and financial requirements of the Group which give Zhuangbei Finance a built-in advantage to allow it to provide the Group with more expedient and efficient services.

As advised by the Management, Zhuangbei Finance is required to operate in compliance Measures for Administration of the Finance Companies of Enterprise Groups (the “Measures”) promulgated by the CBIRC to regulate the operation of group finance companies and reduce the possible financial risk. We noted that the Measures set out certain compliance and risk control requirements/measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times, reporting to the CBIRC, etc. As also advised by the Management, Zhuangbei Finance did not breach any of the regulatory requirements as promulgated by the Measures.

In 2019, Zhuangbei Finance was rated as “AAA Credit Rating” by China Lianhe Credit Rating Co. Ltd. (聯合資信評估有限公司), which evidenced that Zhuangbei Finance has healthy cash flow and strong capability to repay its debt.

In light of the above, we are of the view that the Deposits CCT 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.

Pricing policy of the Deposits CCT

The interest rates for Deposits placed by the Group must not be lower than (i) the relevant benchmark interest set by PBOC; and (ii) the interest rates provided by other independent commercial banks in the PRC for deposits of similar nature and under similar terms.

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For our due diligence purpose, the Company randomly provided us (i) three sets of historical deposits documents that the Company placed in other independent commercial banks in the PRC in 2022, being the latest financial period that reflects the prevailing interest rates offered by such independent commercial banks in the PRC; and (ii) a set of deposit documents that the Company placed in Zhuangbei Finance in 2022. We noted from the reviewed documents that the interest rates for deposits placed by the Group with Zhuangbei Finance are higher than those placed with independent commercial banks in the PRC.

In respect of the Company's random sampling basis as aforementioned, we (i) obtained confirmation from the Company; and (ii) discussed with the staff of the Company who provided the sampling documents and understood that, save for the year of individual contracts (i.e. 2022), the staff did not set any criteria in its sampling process. Therefore, we do not doubt the Company's random sampling basis. As we obtained a set of supporting documents for each of the pricing basis, we consider the number of samples to be sufficient from an independent financial adviser's perspective.

As aforementioned, (i) the independent non-executive Directors had conducted the INED Review and provided the INED Confirmation regarding the Group's continuing connected transactions (including the Deposits CCT) for FY2021; and (ii) the auditor of the Company had conducted the Auditor Review and provided the Auditor Confirmation regarding the Group's continuing connected transactions (including the Deposits CCT) for FY2021; and (iii) 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.

We also consider that the effective implementation of the internal control measures would help to ensure fair interest rate determination of the Deposits CCT in compliance with its pricing policy.

Basis of the proposed annual cap

The table below demonstrates the historical maximum amounts of deposits (including interests) on a daily basis, historical/existing annual caps and the proposed annual cap for the Deposits CCT for FY2023:

	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Historical maximum amounts of deposits (including interests) on a daily basis	198,530,000	189,724,000	198,340,000 ^(Note)
Historical/Existing annual caps	200,000,000	190,000,000	200,000,000
Utilization rate	99.27%	99.85%	N/A
			For the year ending 31 December 2023
			<i>RMB</i>
Proposed annual cap			190,000,000

Note: The figure is for the eight months ended 31 August 2022.

With reference to the Board Letter, the proposed annual cap for FY2023 is determined after considering (i) the historical maximum daily outstanding balance of deposits placed by the Group with Zhuangbei Finance for the eight months ended 31 August 2022 and the utilization rate of the existing annual cap for FY2022; and (ii) as at 31 August 2022, the Group had a total deposit of approximately RMB1,175 million.

To assess the fairness and reasonableness of the proposed annual cap for FY2023, we discussed with the Management regarding the basis and assumptions underlying the projections of the proposed annual cap for FY2023.

As illustrated above, the historical maximum daily outstanding balance of deposits placed by the Group with Zhuangbei Finance for each of FY2020 and FY2021 had accounted for approximately 99.27% and 99.85% of the historical annual caps respectively. We also noted the maximum daily outstanding balance of deposits placed with Zhuangbei Finance for the eight months ended 31 August 2022, being approximately RMB198 million, also accounted for approximately 99% of the existing annual cap for FY2022. Having also considered the Group's total deposit of approximately RMB1,175 million as at 31 August 2022, it is reasonable for the Company to set the proposed annual cap for FY2023 at similar level to that of FY2022 to cater for the Group's needs in deposit services with Zhuangbei Finance.

In light of the above, we are of the view that the proposed annual cap for FY2023 is fair and reasonable.

Shareholders should note that as the proposed annual cap for FY2023 is relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2023, and it does not represent forecasts of deposit amount under the Deposits CCT. Consequently, we express no opinion as to how closely the actual deposit amount under the Deposits CCT will correspond with the proposed annual cap for FY2023.

Having considered the interest rate determination and the proposed annual cap of Deposits CCT as mentioned above, we are of the view that the terms of the Deposits CCT 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 Non-Exempt Continuing Connected Transactions for 2023 must be restricted by their respective annual cap; (ii) the terms of the Non-Exempt Continuing Connected Transactions for 2023 (together with their respective 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 Non-Exempt Continuing Connected Transactions for 2023 (together with their respective annual cap) must be included in the Company's subsequent published annual reports and financial accounts. 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 Non-Exempt Continuing Connected Transactions for 2023 (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 their respective annual cap. In the event that the total amounts of the Non-Exempt Continuing Connected Transactions for 2023 are anticipated to exceed their respective annual cap, or that there is any proposed material amendment to the terms of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions, as confirmed by the Management, the Company shall re-comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

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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 Non-Exempt Continuing Connected Transactions for 2023 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 of the Non-Exempt Continuing Connected Transactions for 2023 (including their respective proposed annual cap) are on normal commercial terms and are fair and reasonable; and (ii) the Non-Exempt Continuing Connected Transactions for 2023 are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Non-Exempt Continuing Connected Transactions for 2023 (including their respective proposed 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. Three-Year Financial Information of the Group

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes to the annual accounts for the last financial year of the Group.

The audited consolidated financial statements of the Group for the years ended 31 December 2019, 2020 and 2021 have been disclosed in the following documents:

- Annual report of the Company for the year ended 31 December 2019 published on 21 April 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0421/2020042100685.pdf>), please refer to pages 60 to 148.
- Annual report of the Company for the year ended 31 December 2020 published on 20 April 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000732.pdf>), please refer to pages 59 to 148.
- Annual report of the Company for the year ended 31 December 2021 published on 28 April 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800866.pdf>), please refer to pages 59 to 150.

2. Working Capital

The Directors, after due and careful consideration and having taking into account the currently available internal resources of the Group, are of the opinion that the working capital available to the Group is sufficient for the Group's requirements for at least twelve months from the date of publication of this circular.

3. Indebtedness

As at the close of business on 30 November 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness as follows:

- (i) lease liabilities represent payment for right of using underlying assets, of which approximately RMB65,773,000 of the lease liabilities were unsecured, unguaranteed, and repayable within more than one year and approximately RMB21,203,000 were unsecured, unguaranteed and repayable within one year;
- (ii) long-term payables of approximately RMB129,513,000, of which approximately RMB92,291,000 were financial lease liabilities of Shenyang Changyou, a non-wholly owned subsidiary of the Company, which was secured by the payables of the Group and not guaranteed, and loan balances of approximately RMB37,222,000, in which RMB12,800,000 were unsecured and unguaranteed and RMB24,422,000 were secured; and
- (iii) bills payable with an aggregate amount of approximately RMB130,660,000 were secured by the pledged deposits of RMB142,000,000 and not guaranteed.

Save as disclosed above, as at the close of business on 30 November 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, apart from intra-group liabilities and normal trade payables in the normal course of business, the Group did not have any secured or guaranteed debts, debt securities (issued and outstanding, or authorised or otherwise created but unissued), term loans, borrowings or similar indebtedness, including bank overdrafts, liabilities under acceptance (other than normal trade bills), acceptance credits, obligation under a hire-purchase contract, mortgages, charges, guarantee or other material contingent liabilities.

4. Financial and Trading Prospects

As disclosed in the 2022 Interim Report of the Company, for the six months ended 30 June 2022, affected by decline in production and sales of automobiles by customers, the Group recorded a total revenue of approximately RMB3,439,961,000, representing an increase of approximately 8.79% as compared with the corresponding period of last year. For the six months ended 30 June 2022, though with fiercer competition in the domestic automotive market, lower logistics service prices, higher operating costs and human resources costs and other unfavorable factors, the auto industry has enjoyed the increase in its sales volume. With the bigger sales volume of the Group's major customer, Changan Automobile, and the implementation of the cost-effectiveness programme and market expansion, the Company has made sound fruits. The Group's gross profit margin, basically the same as last year, was 5.02% (for six months ended 30 June 2021: 5.13%) and net profit margin doubled to 0.73% (for six months ended 30 June 2021: negative 0.36%). The profit attributable to the equity holders of the Company for the six months ended 30 June 2022 increased to approximately RMB14,894,000 from approximately RMB4,372,000 in the corresponding period of last year.

From a global perspective, the combined effect of the protracted pandemic, Russia-Ukraine conflict and tightened monetary policy in the US has held back economic growth in terms economic recovery, market liquidity, but at same time has significantly increased the commodity prices. From a domestic perspective, the targets of ensuring stable growth and operation in the automobile industry is still hard to attain, while with effectively coordinated epidemic prevention and control, economic growth, and measures of stabilizing the economy, China's economy is expected to recover continuously and be maintained within a reasonable range.

The automobile industry in the first half of 2022 shows that vehicle production and supply has been impacted by chip shortages, the increase in prices of raw material for power batteries and other factors. Particularly, COVID-19 has seriously disrupted the automobile industrial supply chain with its rapid spread in many parts of Jilin, Shanghai and other regions in mid-to-late March 2022. From mid-March to April 2022, vehicle production and sales have plummeted, which posed severe challenges to the industry. While with such great difficulties in the whole auto industry, the production and sales of new energy vehicles continued to present a high growth and the production and market share of Chinese passenger car brand increased significantly. Auto exports continued to grow rapidly, showing a rising international competitiveness of Chinese brand. In the second half of 2022, the production and sales of new energy vehicles are expected to maintain a highspeed growth momentum as consumer confidence will recover and policy of halved tax rate on car purchase will continue to come into effect when measures regarding promoting consumption in policy package to stabilize economy issued by the Chinese government are put into place. Meanwhile, chip shortages, the high prices of raw material for power batteries and high energy prices caused by Russia-Ukraine conflict are still problematic. With uncertainties in international community and complex and changing domestic and international situations, the prospect of the auto industry needs to be viewed with caution.

In the second half of 2022, the Company will press ahead with a sense of urgency to achieve its goal by turning crisis into opportunities and being proactive. In the third quarter of 2022, the whole Company is sprinting towards success of the second half of 2022 by quickly being involved in the battle of “ensuring stable growth, preventing risk, promoting reforms and strengthening Party building”. The Company will focus on being “strategy-oriented, goal-directed, problem-based and result-oriented” and be guided by the principles of “all for customers, all for market, all for frontline, and all for growth”. The Company will forge ahead and strive to achieve its annual operation goal so as to push itself towards a first-class green intelligent logistics and supply chain provider.

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) (H Shares)	38.51%	-	25.44%
China Changan Automobile Group Company Limited (“China Changan”)	Beneficial owner	41,225,600(L) (H Shares)	38.51%	-	25.44%

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
Kintetsu World Express, Inc.	Interest of a controlled corporation	33,619,200(L) (H Shares)	31.40%	-	20.74%
APL Logistics Ltd. ("APL Logistics")	Beneficial owner	33,619,200(L) (H 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 Company (Hong Kong), 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. Che Dexi Standing Deputy General Manager of Minsheng Shipping Co., Ltd.
- c. Man Hin Wai Paul Regional Vice President, North Asia of APL Logistics Ltd.
- d. Xia Lijun Head of the General Office of China Changan

Supervisors

- e. Wang Huaicheng Supervisor of member companies of CSG
- f. Jin Jie Corporate Finance Director of APL Logistics Ltd.
- g. Yang Gang 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 2021, being the date to which the latest published audited accounts of the Company and its subsidiaries were made up to.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any material litigation or arbitration and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company and its subsidiaries.

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:

Name	Qualification
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 2021 (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 2021 (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 March 2022 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 17M 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. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular, the following contracts, not being contracts entered into the ordinary course of business, were entered into by the Group which are or may be material:

- (a) the sale and purchase agreement entered into between Industries Financing (as the purchaser), Shenyang Changyou, a non-wholly owned subsidiary of the Company, (as the purchaser) and Shanghai Hofmann (as the vendor) on 20 October 2020, pursuant to which Industries Financing would acquire the Production Line from Shanghai Hofmann at the consideration of RMB83,888,000 and Shenyang Changyou would be the lessee of the Production Line;
- (b) the sale and purchase agreement entered into between Industries Financing (as the purchaser), Shenyang Changyou (as the purchaser) and Lead Intelligent (as the vendor) on 20 October 2020, pursuant to which Industries Financing would acquire the AS/RS from Lead Intelligent at the consideration of RMB20,880,000 and Shenyang Changyou would be the lessee of the AS/RS;
- (c) the finance lease agreement entered into between Shenyang Changyou and Industries Financing on 20 October 2020, pursuant to which Shenyang Changyou agreed to rent and Industries

Financing agreed to lease the Production Line and the AS/RS from Industries Financing at the total rent which should not exceed RMB130,280,000 and a lump sum payment of contract security deposit in the sum of RMB4,190,720 and handling fee in the sum of RMB523,840;

- (d) the joint venture agreement entered into between the Company and FAW Logistics Co.,Ltd. (“FAW Logistics”) on 1 March 2021, pursuant to which the parties established a joint venture by the name of Chongqing Changxiang Supply Chain Technology Co., Ltd. (“Changxiang Supply Chain”) with a capital contribution of RMB14,000,000. Pursuant to the terms of the joint venture agreement, the Company shall own 70% equity interest of Changxiang Supply Chain, and FAW Logistics shall own 30% equity of Changxiang Supply Chain;
- (e) the capital increase and shareholders agreement entered into between the Company and Hubei Port Group Co., Ltd., Wuhan Changjiang Zhilian Port Development Co., Ltd.* (“Changjiang Zhilian”) and, Wuhan Changxin Hengyuan Group Co., Ltd.*(Changxin Hengyuan) on 23 July 2021, pursuant to which the Company acquired part of the equity of Wuhan Changjiang Zhilian Port Development Co., Ltd.* (“Changjiang Zhilian”) by investing RMB14.1 million. Hubei Port Group Co., Ltd., Changxin Hengyuan and the Company hold 34%, 19% and 47% of the equity of Changjiang Zhilian respectively; and
- (f) the Real Estate Purchase and Sale Agreement entered between Shenyang Changyou Supply Chain Co., Ltd. (“Shenyang Changyou”), a non-wholly owned subsidiary of the Company, and Shenyang Changyou Auto Parts Co., Ltd. on 29 July 2022 for the acquisition of certain land and property located in Dadong District, Shenyang, the PRC at a consideration of RMB 68,522,400.

** For identification purpose only*

11. DOCUMENTS ON DISPLAY

Copies of the following documents 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) the Framework Agreements for the Non-Exempt Continuing Connected Transactions for 2021~2023;
- b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- c) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular; and
- d) the material contracts referred to in item 10 of this Appendix II.

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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 on Thursday, 19 January 2023 at 10:00 a.m., to consider and approve (if thought fit) the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the proposed cap of RMB7,000,000,000 for the year ending 31 December 2023 in relation to the 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. * 重慶長安汽車股份有限公司 (“**Changan Automobile**”) and its associates contemplated 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 proposed cap of RMB210,000,000 for the year ending 31 December 2023 in relation to the provision of logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) by the Company and its subsidiaries to China Changan Automobile Group Company Limited* 中國長安汽車集團有限公司 (“**China Changan**”) and its associates contemplated under the framework agreement entered into between the Company and China Changan on 4 November 2020 and that the said framework agreement is hereby confirmed and ratified (note 6);

3. To consider and approve the proposed cap of RMB450,000,000 for the year ending 31 December 2023 in relation to the purchase of logistics services from Minsheng Industrial (Group) Co., Ltd.* 民生實業（集團）有限公司 (“**Minsheng Industrial**”) and its associates by the Company and its subsidiaries contemplated under the framework agreement entered into between the Company and Minsheng Industrial on 4 November 2020 for the purpose of purchasing logistics services from Minsheng Industrial and its associates and that the said framework agreement is hereby confirmed and ratified (note 6);
4. To consider and approve proposed maximum daily balance on the deposits (i.e. RMB190,000,000) for the year ending 31 December 2022 in relation to the provision of deposit services by China South Industries Group Finance Co., Ltd. (formerly China South Industries Group Finance Co., Ltd.)* 兵器裝備集團財務有限責任公司 (“**Zhuangbei Finance**”) to the Company and its subsidiaries contemplated under the framework agreement entered into between the Company and Zhuangbei Finance on 4 November 2020 and that the said framework agreement is hereby confirmed and ratified (note 6); and
5. To consider and approve the election of Mr. Dong Shaojie as 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. Dong Shaojie 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

6. 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
4 January 2023

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 Monday, 16 January 2023 to Thursday, 19 January 2023, 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, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 13 January 2023. Holders of H shares whose names are recorded in the register of members of the Company on Thursday, 19 January 2023 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 Wednesday, 18 January 2023).

(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 21 October 2022 and the circular of the Company dated 4 January 2023.

(7) For details, please refer to the announcement of the Company dated 25 November 2022 and the circular of the Company dated 4 January 2023.

(8) For details, please refer to the announcement of the Company dated 7 November 2022 the circular of the Company dated 4 January 2023.

(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. Wan Nianyong as the executive directors; (2) Mr. Che Dexi, 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*