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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)**

**Further Announcement on the Share Appreciation Rights Scheme**

Reference is made to the announcement of Changan Minsheng APLL Logistics Co., Ltd. (the “**Company**”) dated 28 August 2020 (the “**Announcement**”) in relation to the proposed adoption of Share Appreciation Rights Scheme (the “**Scheme**”). Unless otherwise required by the context, the capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

The board of directors (the “**Board**”) of the Company is pleased to announce that the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the “**SASAC**”) has approved the Scheme with minor amendments to Articles 14, 20, 25 and 26 of draft Scheme, the full text of which was previously disclosed in the Appendix of the Announcement.

Details of the amendments to the draft Scheme are set out in the appendix to this announcement.

The proposed adoption of the Scheme as amended by SASAC is subject to approval by the Shareholders at the Company’s general meeting by way of special resolution.

A circular containing, among other things, further details regarding the proposed adoption of the Scheme (including the amendments thereof and the grant of the Share Appreciation Rights to the Incentive Recipients) and the notice of general meeting will be despatched to Shareholders of the Company as soon as practicable.

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

Chongqing, the PRC  
1 March 2021

*As at the date of this announcement, the board of directors of the Company comprises: (1) Mr. Xie Shikang, Mr. Chen Wenbo, Mr. William K Villalon and Mr. Shi Jinggang as the executive directors; (2) Mr. Chen Xiaodong, Mr. Man Hin Wai Paul (also known as Paul Man) and Mr. Xia Lijun as the non-executive directors; (3) Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun as independent non-executive directors.*

*\* For identification purpose only*

## APPENDIX

(Details of the amendments to the draft Scheme)

### “Article 14 Distribution of the Share Appreciation Rights among the Incentive Recipients

Subject to obtaining the approval from the SASAC and the Shareholders at the general meeting and the determination on the date of grant by the Board, the Share Appreciation Rights to be granted under the Scheme are to be allocated among the Incentive Recipients in the following table:

Name	Position	Number of Share Appreciation Rights to be granted under the Scheme (shares)	Approximate Percentage to the total number of Share Appreciation Rights to be granted under the Scheme	Approximate percentage of underlying shares to the total number of shares in issue
Xie Shikang	Party Secretary, Chairman of the Board, and Executive Director	378,400	7.78%	0.23%
Shi Jinggong	Deputy Party Secretary, Executive Director, and General Manager	378,400	7.78%	0.23%
Ren Fei	Chief Accountant, and Board Secretary	283,800	5.84%	0.18%
Ren Honglian	Secretary of the Discipline Inspection Committee	283,800	5.84%	0.18%
Wan Nianyong	Deputy Party Secretary and Labor Union President	283,800	5.84%	0.18%
Middle managements ranking M4A or above, and heads supervising Party affairs of tier-2 units ranking M4B or above (subtotaling 24 persons)		3,253,200	66.92%	2.00%
Total (29)		4,861,400	100.00%	3.00%

Notes:

- (1) Incentive Recipient shall not be a substantial shareholder or de facto controller holding over 5% of the Shares, or parents, spouses or children thereof;
- (2) The number of underlying Shares of the Share Appreciation Rights to be granted to any single Incentive Recipient as listed in the above table is no more than one percent (1%) of the total issued share capital of the Company;

- (3) The maximum gains from the Share Appreciation Rights to be granted to any Director or member of Senior Managements under the Scheme shall not exceed 40% of their total annual remuneration (including expected benefits from Share Appreciation Rights) as at the grant of the Share Appreciation Rights hereunder.
- (4) During the Effective Period, the actual gains to be received by each Incentive Recipient from the Share Appreciation Rights shall not exceed his or her total remuneration (equivalent to an aggregate of two-year remuneration and benefits from Share Appreciation Rights) as at the grant of the Share Appreciation Rights hereunder. Any excess shall be turned over to the discretion of the Company.
- (5) The list of Incentive Recipients shall be subject to review of the Remuneration Committee and the approval of the Board from time to time according to the terms of the Scheme.”

**“Article 20 Conditions for exercising Share Appreciation Rights**

- (1) In the years where performance assessment is required under the Scheme, none of the following is applicable to the Company:
  - (a) the Company has failed to meet the annual business performance related conditions set forth herein;
  - (b) the annual financial statements have been issued with an adverse opinion or a disclaimer of opinion by certified public accountant(s) of the Company;
  - (c) the Supervisory Committee or the audit department has raised material objections to the Company’s business performance or annual financial statements;
  - (d) the Company has been subjected to any administrative penalty by the securities regulatory authorities for any material non-compliance; or
  - (e) occurrence of any other circumstances which, in the opinion of any securities regulatory authorities, competent government authorities or judicial authorities, would render the implementation of the Scheme infeasible.
- (2) In the years where performance assessment is required under the Scheme, the Incentive Recipient has not committed any of the following:
  - (a) failure to pass performance assessment in accordance with the performance assessment measure of the Company;
  - (b) being publicly reprimanded or announced as ineligible by the Stock Exchange in the past three years;
  - (c) being imposed of any administrative penalty by any securities regulatory authorities for any material non-compliance in the past three years; or
  - (d) being prohibited from acting as an equity incentive recipient by any regulatory authorities.

(3) Requirements on business performance of the Company

The exercise of the Share Appreciation Rights granted under the Scheme shall be subject to, among others, the assessment results of the business performance of the Company for each fiscal year from 2021 to 2023. The assessment shall be conducted on an annual basis, the result of which shall be one of the factors to determine whether the Company satisfies the conditions for exercising Share Appreciation Rights. The business performance requirements for each of the three years from 2021 to 2023 as set out in the following table:

Exercise Periods	Performance Indicators
The First Exercise Period	<ul style="list-style-type: none"> <li>● Return on equity for 2021 shall equal to or be more than 1% <del>with a growth rate</del> and no lower than 75 percentile of benchmarking enterprises or industry average;</li> <li>● <u>The net profit (referring to the net profit after extraordinary items, same hereinafter) for 2020 shall exceed or equal to RMB5,000,000, and Average compound growth rate of net profit in 2021 over 2019 2020 shall equal to or be more than 20% and no lower than the 75th percentile of the benchmark enterprises or the industry average; and</u></li> <li>● The percentage of revenue derived from non-connected transactions in 2021 shall equal to or be more than 28%.</li> </ul>
The Second Exercise Period	<ul style="list-style-type: none"> <li>● Return on equity for 2022 shall equal to or be more than 1.2% with a growth rate not lower than the 75 percentile of the benchmark enterprises or the industry average;</li> <li>● <u>The net profit for 2020 shall exceed or equal to RMB5,000,000, and Average compound growth rate of net profit in 2022 over 2019 2020 shall equal to or be more than 20% and no lower than the 75 percentile of the benchmark enterprises or the industry average; and</u></li> <li>● The percentage of revenue derived from non-connected transactions in 2022 shall equal to or be more than 30%.</li> </ul>
The Third Exercise Period	<ul style="list-style-type: none"> <li>● Return on equity for 2023 shall equal to or be more than 1.7% with a growth rate not lower than the 75 percentile of the benchmark enterprises or the industry average;</li> <li>● <u>The net profit for 2020 shall exceed or equal to RMB5,000,000, and Average compound growth rate of net profit in 2023 over 2019 2020 shall equal to or be more than 20% and no lower than the 75 percentile of the benchmark enterprises or the industry average; and</u></li> <li>● The percentage of revenue derived from non-connected transactions in 2023 shall equal to or be more than 31%.</li> </ul>

Notes:

a) The above financial indicators of a specific year are subject to the Company's published audited financial reports of that year. ~~Net profit values shall refer to the net profit attributable to the owners of the parent after irregular items for the purpose of performance assessment.~~

b) ~~ROE growth rate =  $(ROE_2 - ROE_1) / ABS(ROE_1) * 100\%$~~   
~~where ROE<sub>2</sub> represents the net return on equity of the year under assessment; ROE<sub>1</sub> represents the net return on equity of the year prior to the year under assessment.~~

e) ~~Average growth rate of net profit =  $\left[ \frac{NP}{NP_0} \right]^{1/n} * 100\%$~~

~~Where NP represents the net profit for the year under assessment; NP<sub>0</sub> represents the net profit of 2019 and n represents the numbers of years.~~

b) Compound growth rate of net profit =  $\left( \frac{NP}{NP_0} \right)^{1/n} * 100\% - 1$

Where NP represents the net profit for the year under assessment; NP<sub>0</sub> represents the net profit of 2020 and n represents the numbers of years.

(c) The Company shall be benchmarked against listed companies with similar total equity, capitalization, headcount and steady business performance selected in accordance with Global Industry Classification Standard (GICS). In the event of a significant change in the primary business of the benchmark companies, or extreme outliers showing excessive deviation, the corresponding samples will be removed or replaced by Board in the year-end assessment.

#### (4) Individual performance assessment requirements

Pursuant to the Performance Assessment Method for the Implementation of the Share Appreciation Rights Scheme of Changan Minsheng APLL Logistics Co., Ltd., percentage of Share Appreciation Rights in effect that may be exercised by Incentive Recipients within a specific Exercise Period depends on performance assessment results subject to satisfaction of performance assessment requirements in the ~~preceding~~ year under assessment ( 2021 to 2023). Incentive Recipients rating D or above in performance assessment for previous year may exercise Share Appreciation Rights in effect proportionally as per the provisions hereof. Incentive Recipients rating E in performance assessment for previous year shall be revoked of the right to exercise Share Appreciation Rights in effect during a specific Exercise Period and the corresponding outstanding Share Appreciation Rights shall be canceled. Performance ratings and corresponding exercisable percentage are set out in the table below.

Rating	A	B	C	D	E
Exercisable percentage	100%	100%	80%	50%	0%

\* The number of exercisable Share Appreciation Rights by an Incentive Recipient within an Exercise Period is the total sum by multiplying corresponding exercisable percentage by the total number of Share Appreciation Rights of the same period granted to that Incentive Recipient.”

#### “Article 25 Determination of the fair value of Share Appreciation Rights

The Company selects the internationally accepted Black-Scholes option pricing model to estimate the fair value of the 4,861,400 Share Appreciation Rights granted under the Scheme. The value estimate herein is only a simulated valuation and will not serve as the basis for accounting treatment. The expected value of the Share Appreciation Rights will be re-evaluated based on such data as the actual share price as at the Date of Grant determined by the Board and the volatility of the share price. Based on the current market and data of the Company, the assumed values of relevant data used in the valuation of Share Appreciation Rights are as follows:

- (1) Price of the underlying share: HKD 1.78 (being the assumed closing price at the Date of Grant)
- (2) Expected duration: ~~3.5~~ 4 years
- (3) Historical volatility: ~~33.60~~ 33.57 % (being the historical volatility of the Company's Shares over the past ~~4~~ 3.5 years)
- (4) Risk-free yield: 2.4256% (being the yield of Treasury bond with a maturity term of four ~~three~~ years).
- (5) Dividend yield: 0

According to the above data, the expected value of each Share Appreciation Right granted under the Scheme is estimated to be ~~HKD0.49~~ HKD0.52, and the total expected value of the 4,861,400 Share Appreciation Rights granted under the Scheme is ~~HKD2,382,100~~ HKD2,527,900.”

**“Article 26 Expected impact of share-based payment expenses on the Company's performance**

The total expected value is not the actual costs arising from the grant of Share Appreciation Rights hereunder, but may be considered the best estimate of the costs of the grant of share incentives at the current stage. Assuming the Date of Grant falls within ~~December 2020~~ June 2021 and the number of exercisable Share Appreciation Rights remains unchanged, the amortisation of the expenses of Share Appreciation Rights over the next few years is as follows:

Number of Share Appreciations (shares)	Total cost (HKD)	2020 (HKD)	2021 (HKD)	2022 (HKD)	2023 (HKD)	2024 (HKD)
4,861,400	2,382,100	71,700	860,200	827,100	441,100	182,000

Number of Share Appreciations (shares)	Total cost (HKD)	2021 (HKD)	2022 (HKD)	2023 (HKD)	2024 (HKD)	2025 (HKD)
<u>4,861,400</u>	<u>2,527,900</u>	<u>456,400</u>	<u>912,900</u>	<u>702,200</u>	<u>351,100</u>	<u>105,300</u>

The Company shall disclose in the annual report the audited total cost of the Share Appreciation Rights and amortized expenses recognised each year after the Share Appreciation Rights were granted.”