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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
2015~2017 AND MAJOR TRANSACTION**

(II) DISCLOSEABLE AND CONNECTED TRANSACTION

**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 12 December 2014 is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 22 to 23 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 24 to 39 of this circular.

The original and supplemental notices, convening the EGM to be held at 10:00 a.m. on 30 December 2014 at the meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC together with the relevant reply slip and original and revised proxy forms, have been issued to Shareholders on 14 November 2014 and 12 December 2014 separately.

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.561, Hongjin Road, Yubei District, Chongqing, the PRC (Zip Code:401121) (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 or any adjournment thereof. Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

** For identification purpose only*

12 December 2014

DEFINITIONS

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DEFINITIONS

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

“APLL”	APL Logistics Ltd.
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“CBRC”	China Banking Regulatory Commission
“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.
“Changan Industry Company”	Chongqing Changan Industry (Group) Co., Ltd., a limited liability company established in China on 28 October 1996, formerly known as Changan Automobile Company (Group) Limited (長安汽車(集團)有限責任公司)
“China Changan”	China Changan Automobile Group Co., Ltd. (中國長安汽車集團股份有限公司), a joint stock limited company established in the PRC on 26 December 2005, former name was China South Industries Automobile Corporation (中國南方工業汽車股份有限公司).
“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“CSG”	China South Industries Group Corporation (中國南方工業集團公司), a company established in the PRC on 1 July 1999 with limited liability
“Deposits”	the deposits maintained by the Group from time to time with Zhuangbei Finance pursuant to the framework agreement between the Company and Zhuangbei Finance
“Directors”	directors of the Company

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“EGM” or “2014 Second EGM”	the 2014 second extraordinary general meeting to be held by the Company at 10:00 a.m. on 30 December 2014 at the meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC to consider, inter alia, the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction (including the Proposed Caps and the maximum outstanding daily balance on the Deposits) and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance, where the original and supplemental notices of the meeting have been issued to the Shareholders on 14 November 2014 and 12 December 2014 separately
“GEM”	the growth enterprise market
“Gram Capital” or “Independent Financial Advisor”	Gram Capital Limited, a corporation licensed 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 the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction (including the Proposed Caps and the maximum outstanding daily balance on the Deposits) and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance
“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 Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction (including the Proposed Caps and the maximum outstanding daily balance on the Deposits) and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance
“Independent Shareholders”	shareholders of the Company that, in relation to the resolutions approving the Non-Exempt Continuing Connected Transactions for 2015~2017 with Changan Automobile and its associates, the resolution approving the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance and its associates, and the resolution approving the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance, exclude Changan Industry Company and its associates; and in relation to the

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	resolution approving the Non-Exempt Continuing Connected Transactions for 2015~2017 with Minsheng Industrial and its associates, exclude Minsheng Industrial, Ming Sung (HK) and their respective associates
“Latest Practicable Date”	8 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“Minsheng Group”	Minsheng Industrial and its associates
“Ming Sung (HK)”	Ming Sung Industrial Co., (HK) Limited, a company established in Hong Kong with limited liability on 31 May 1949
“Non-Exempt Continuing Connected Transactions”	the on-going connected transactions to be conducted from 2015 to 2017, as set out under the paragraph headed “Non-Exempt Continuing Connected Transactions for 2015~2017 and Major Transaction” in this circular, individually or collectively (as the case may be)
“Non-Exempt Continuing Connected Transactions Framework Agreement(s)”	the framework agreement entered into on 14 November 2014 by the Company with each of Changan Automobile, Minsheng Industrial and Zhuangbei Finance, all of such agreements shall be valid from 1 January 2015 to 31 December 2017, individually or collectively (as the case may be)
“Non-Participating Existing Shareholders”	existing shareholders of Zhuangbei Finance who will not participate in Subscription and who have waived their pre-emptive rights to subscribe for the Subscription Shares of Zhuangbei Finance, being CSG, China Changan Automobile Group Co., Ltd., Chongqing Changan Automobile Co., Ltd, South Industry Assets Management Co., Ltd., Zhongyuan Special Steel Co., Ltd., CDGM Glass Co., Ltd., Sichuan Jian’an Industry Co., Ltd., Chengdu Jinlin Industrial Manufacturing Co., Ltd., Hunan Jiangbin Machinery (Group) Co., Ltd., and Henan Costar Group Co., Ltd.

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“Participating Parties”	<p>the existing shareholders and incoming shareholders who will participate in the Subscription, being</p> <p>the Company, Chongqing Hongyu Precision Industry Co., Ltd., Chengdu Lingchuan Special Industrial Co., Ltd., Sichuan Huaqing Machinery Co., Ltd., Hubei Huazhong Photoelectric Science and Technology Ltd., Chongqing Changan Industry Company (Group) Co., Ltd., Chongqing Dajiang Industry Co., Ltd., Chongqing Wangjiang Industry Co., Ltd., Southwest Ordnance Industry Corporation, Wuhan Binhu Electronic Limited Liability Company, Xi’an Kunlun Industry (Group) Co., Ltd., Chongqing Jianshe Industry (Group) Co., Ltd., Chongqing Jialing Special Equipment Co., Ltd., Luoyang North Enterprises Group Co., Ltd., Heilongjiang North Tool Co., Ltd., Hunan Vanguard Group Co., Ltd., Motorcycle Test Technology Institute of China South Industries Group Corporation, Shanghai Electronic Control Institute, Chongqing Changjiang Electrical Appliances Industries Group Co., Ltd., Hubei Huaqiang High-Tech Co., Ltd., Hunan Huanan Opto-Electro-Sci-Tech Co., Ltd., Hunan Tyen Machinery Co., Ltd., and The 59th Research Institute of China North Industries</p>
“PBOC”	The People’s Bank of China
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“Proposed Cap(s)”	the proposed annual maximum limitation of the Non-Exempt Continuing Connected Transactions for 2015~2017, individually or collectively (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	shareholders of the Company

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“Shares”	ordinary shares of the Company, with a par value of RMB1.00 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Subscription Shares by way of cash pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Participating Parties (including the Company), and the Non-Participating Existing Shareholders on 15 October 2014 relating to the Subscription by way of cash for the new registered capital of Zhuangbei Finance
“Subscription Shares”	588,000,000 new shares of Zhuangbei Finance to be issued by Zhuangbei Finance pursuant to the Subscription Agreement
“Supervisory Committee”	the supervisory committee of the Company
“Zhuangbei Finance”	Binqi Zhuangbei Group Financial Limited Liability Company (兵器裝備集團財務有限責任公司)
“%”	per cent



重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd. *

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01292)

Executive directors:

Zhu Minghui
Lu Xiaozhong
William K Villalon
Wang Yang

Non-executive directors:

Wu Xiaohua
Danny Goh Yan Nan
Wang Lin

Independent non-executive directors:

Chong Teck Sin
Poon Chiu Kwok
Jie Jing
Zhang Yun

Registered Office:

Liangjing Village
Yuanyang Town
Yubei District
Chongqing
The PRC

Principal place of business

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

* *For identification purpose only*

12 December 2014

To the Shareholders

Dear Sir or Madam,

**(I) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR
2015~2017 AND MAJOR TRANSACTION**

(II) DISCLOSEABLE AND CONNECTED TRANSACTION

A. INTRODUCTION

Reference is made to the announcements of the Company dated 14 November 2014 and 8 December 2014 in relation to, among other, the Non-Exempt Continuing Connected Transactions for 2015~2017 with each of Changan Automobile and Minsheng Industrial and the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance. Pursuant to the requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to such transactions at the EGM.

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Reference is also made to the announcement of the Company dated 15 October 2014 in relation to the discloseable and connected transaction of the Company's proposed subscription of equity interests in Zhuangbei Finance. Pursuant to requirements under the Listing Rules, the Company will seek the Independent Shareholders' approval in relation to the transaction 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 2015~2017 with each of Changan Automobile and Minsheng Industrial and the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance, and the discloseable and connected transaction of the Company's proposed subscription of equity interests in 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 2015~2017 with each of Changan Automobile and Minsheng Industrial and the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance, and the discloseable and connected transaction of the Company's proposed subscription of equity interests in 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 2015~2017 with each of Changan Automobile and Minsheng Industrial and the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance;
- (ii) further information in relation to the discloseable and connected transaction of the Company's proposed subscription of equity interests of Zhuangbei Finance;
- (iii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction, and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance; and
- (iv) 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 2015~2017 and major transaction, and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance.

Independent Shareholders are advised to read this circular carefully for details of the Non-Exempt Continuing Connected Transactions for 2015~2017 and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance before making their decision as regards voting.

B. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2015~2017 AND MAJOR TRANSACTION

1. Background

Reference is made to the announcement of the Company dated 28 October 2011 (the "**Announcement**") and the circular of the Company dated 4 November 2011 in relation to the continuing connected transactions with each of Changan Automobile and Minsheng Industrial, Zhuangbei Finance and their respective associates on websites of the GEM of the Stock Exchange. At the 2011 third extraordinary general meeting of the Company held on 13 December 2011, the

Independent Shareholders approved the continuing connected transactions with each of Changan Automobile, Minsheng Industrial, Zhuangbei Finance and their respective associates and the annual caps for the three years ended 31 December 2014 contemplated under the framework agreements therein mentioned.

Changan Industry Company is a substantial shareholder of the Company, holding approximately 25.44% of the total issued share capital of the Company. As at the date of the circular, Changan Industry Company is wholly owned by CSG and CSG holds 77% equity interests of China Changan, which, in turn, holds 39.11% equity interests in Changan Automobile, Changan Automobile and its associates therefore are connected persons of the Company.

As above mentioned, Changan Industry Company is wholly owned by CSG, which in turns holds 31.87% share capital of Zhuangbei Finance. Therefore, according to the Listing Rules, Zhuangbei Finance and its associates are also connected persons of the Company.

Minsheng Industrial holds approximately 15.90% of the total issued share capital of the Company and is regarded as substantial Shareholder of the Company. So Minsheng Industrial and its associates are connected persons of the Company.

2. The Non-Exempt Continuing Connected Transactions Framework Agreement(s)

On 14 November 2014, the Company and each of Changan Automobile, Minsheng Industrial and Zhuangbei Finance entered into the following Non-Exempt Continuing Connected Transactions Framework Agreements, each for a term of three years commencing on 1 January 2015 and expiring on 31 December 2017:

- (1) the Non-Exempt Continuing Connected Transactions Framework Agreement with Changan Automobile, pursuant to which the Group shall provide supply chain management services for automobiles and automobiles raw materials, components and parts to Changan Automobile and its associates.
- (2) the Non-Exempt Continuing Connected Transactions Framework Agreement with Minsheng Industrial, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates.
- (3) the Non-Exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance may provide the Group with settlements, deposits and loans, and note discounting services.

The transactions contemplated under each of the Non-Exempt Continuing Connected Transactions Framework Agreements 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 Transactions. Payment of each Non-Exempt Continuing Connected Transactions will be settled in cash or acceptance bill 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. The Non-Exempt Continuing Connected Transaction Framework Agreements, including the related proposed annual caps, are conditional upon the obtaining of approval from the Independent Shareholders in accordance with the provisions of the Listing Rules.

3. Internal Control Measures to ensure the Continuing Connected Transactions be conducted in accordance with the Non-Exempt Continuing Connected Transactions Framework Agreement(s)

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:

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- (1) 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.
- (2) 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 are fair and reasonable.
- (3) The Company's internal audit and risk management departments 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 of connected transactions. Meanwhile, the legal and contract management departments shall conduct prudent review and appraisal of the contracts entered into by the Company, the operational and management department shall monitor the transactional amounts in a timely manner and manage the compliance during the process of business operations.
- (4) The Company has formulated a series of internal rules and regulations on connected transaction management, internal control management handbook and internal control assessment management methods, to ensure that the pricing mechanism is transparent and the implementation of such pricing mechanism is subject to strict scrutiny by the Group and that connected transactions are conducted in fair and reasonable manner and in all respect in the best interest of the Company and its shareholders as a whole.

4. Pricing Policy, Historical Figures, Historical Caps (including 2014), Proposed Caps and Rationale

The caps in respect of each of the Non-Exempt Continuing Connected Transactions and major transaction for the three years ending 31 December 2017 are set out as follows:

1. Supply chain management services for vehicles and car raw materials, components and parts provided by the Group to Changan Automobile 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> <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. (2) Market price: the price of the same or similar type of services provided by the independent third party during the ordinary course of business on normal commercial terms. The management shall consider at least two comparable deals with independent third parties for the same period when determining whether the price for any service under the agreement is market price. (3) Agreed price: if the agreed price is opted for by the parties, such agreed price shall be determined with reference to a reasonable cost plus a reasonable profit margin. Having regard to the historical transactions, the mark-up rate for the relevant transaction(s) charged on the cost-plus basis will range from 4% to 6% (after tax). The management shall review the mark-up rate(s) on a quarterly basis to ascertain that such rate(s) is/are consistent with the Company's internal control rules and the then actual market situation. The Company believes that the mechanism for reaching the agreed price is fair and reasonable as the Group will not thereby incur a loss in the provision of any particular transaction(s) to Changan Automobile and its associates whilst the Group can maintain to a certain extent a profit margin in the transaction(s).

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	Historical figures	Historical caps (for 2012-2014)	Proposed caps for 2015-2017	Basis of determination of the proposed caps
Proposed caps and basis	For the two years ended 31 December 2013 and 9 months ended 30 September 2014, RMB3,188,438,000, RMB4,066,674,000 and RMB3,784,550,000 respectively	For the three years ended 31 December 2014, RMB4,440,617,400, RMB5,708,715,000 and RMB7,290,900,500 respectively	For the three years ending 31 December 2017, RMB7,500,000,000, RMB10,500,000,000 and RMB12,500,000,000 respectively	<p>(1) The Board believes that in the forthcoming three years and against the background of the continuing increases in income per capita and the improving level of living, the increasing rate of production and sales volume of automobiles in China will exceed the annual growth rate of the gross domestic product. This will bring about an increase in the demand for supply chain management services by the Group to Changan Automobile and its associates.</p> <p>(2) In the previous two years, Changan Automobile has launched new models and the growth rates of the production and sales of Changan Automobile (21.12% and 20.76% respectively) as at the end of 2013 were higher than those of Chinese automobiles (14.8% and 13.9% respectively) as at the end of 2013 according to the statistics of China Automotive Industry Association. As these models are in the early and middle stage of development, the Board is of the view that these models together with other new models that Changan Automobile may develop in the future can generate further growth in sales in the forthcoming years.</p> <p>(3) As the Company's service capacity and quality of tire sub-packaging business is recognized by Changan Ford, the Board believes that it will continue to choose the Group to do its tire sub-packaging business in the forthcoming three years. The determination of the annual caps for the three years ending 31 December 2017 has taken into account the further increases in the tire sub-packaging business and the demand for tire sub-packaging in the new Hangzhou Factory of Changan Ford and other finished vehicle plants outside Chongqing of Changan Automobile and its associates. The Board believes that it is reasonable to set the annual caps so as to allow more room for further expansion of the transaction amounts and to maximize the Company's revenue generated from such services.</p>

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2. 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.</p> <p>(2) Market price: the price of the same or similar type of services provided by the independent third party during the ordinary course of business on normal commercial terms. The management shall consider at least two comparable deals with independent third party for the same period when determining whether the price for any service under the agreement is market price.</p>			
Proposed caps and basis	Historical figures	Historical caps (for 2012-2014)	Proposed caps for 2015~2017	Basis of determination of the proposed caps
	<p>For the two years ended 31 December 2013 and 9 months ended 30 September 2014, RMB317,896,000, RMB343,060,000 and RMB231,650,000 respectively</p>	<p>For the three years ended 31 December 2014, RMB681,353,300, RMB806,146,400 and RMB943,806,800 respectively</p>	<p>For the three years ending 31 December 2017, RMB1,000,000,000, RMB1,200,000,000 and RMB1,400,000,000 respectively</p>	<p>(1) As the production and sales volume of one of our customers, Changan Automobile, increase, the Company's water transportation will increase correspondingly. Therefore, the Group proposes to increase the purchase of water transportation services from Minsheng Group.</p> <p>(2) The water transportation amounts of Yangtze River increased significantly, the Group needs to purchase secondary transport services from Minsheng Group at the ports so as to deliver automobiles to distributors in time.</p> <p>(3) With the sharp increase in the import and export business of Changan Automobile and its associates, the transportation services on international freight forwarding purchased by the Group from Minsheng Group will increase significantly as well.</p> <p>(4) The Board believes that Minsheng Group has competitive edge in water and road transportation with stable price and relatively lower cost which can meet the requirements of the Group.</p>

LETTER FROM THE BOARD

3. 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. It is estimated that the transaction amount in relation to the provision of settlement service to the Group by Zhuangbei Finance for each of the three years ending 31 December 2017 is RMB1.2 million which is less than 0.1% of the relevant percentage ratios under Rule 14.07 of the Listing Rules. • 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>When 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 or more favourable than those to be provided by independent third parties, where no security over assets of the Group is granted in respect of such services.</p>			
The maximum amount of Deposits (including interests) on a daily basis	Historical figures	Historical caps (for 2012-2014)	Proposed caps for 2015~2017	Basis of determination of the proposed caps
	For the two years ended 31 December 2013 and 9 months ended 30 September 2014, RMB316,737,000, RMB380,473,000 and RMB199,930,000 respectively	For the three years ended 31 December 2014, RMB600,000,000, RMB800,000,000 and RMB1,000,000,000, respectively	For the three years ending 31 December 2017, RMB700,000,000, RMB700,000,000 and RMB700,000 000 respectively	The proposed annual caps on the maximum amount of Deposits (including interests on a daily basis to be placed by the Group with Zhuangbei Finance are arrived at after considering the historical highest daily outstanding balances of deposits placed by the Group with Zhuangbei Finance, the overall treasury requirements of the Group, and the expected continuous growth of the business of the Group. The proposed annual caps represented approximately 108% of the total deposit of the Group as at 30 June 2014. The Group expected that the proposed annual caps would meet the funding management purposes of the Group for the three years ending 31 December 2017.

5. Reasons for and Benefits of the Non-Exempt Continuing Connected Transactions for 2015~2017 and Major Transaction

With respect to supply chain management services by the Group to Changan Automobile and its associates

The Group provides a variety of logistics services mainly for car manufacturers and car component suppliers in China. The Directors consider the non-exempt continuing connected transactions with Changan Automobile and its associates to be in conformity with the Group's principal businesses and development strategies. In addition, the Group has established long-term cooperation

LETTER FROM THE BOARD

relationship with them. Therefore, the Directors expect the Group to continuously conduct the transactions with Changan Automobile and its associates.

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

In order to provide logistics services, the Group needs to purchase transportation services on a continuing basis. The Company has established long-term cooperation relationships with Minsheng Industrial and its associates. Minsheng Industrial has transacted with the Company previously. In addition, Minsheng Industrial has extensive experience in providing transportation services which meet the needs of the Group. Therefore, the Directors expect the Group to continuously enter into such transactions with Minsheng Industrial.

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

The major customers of the Group are member companies within CSG. These customers have all maintained accounts with Zhuangbei Finance to conduct the day-to-day deposit, loan and note discounting and other financial services related transactions. It would be more efficient for the Group to maintain the Deposits with Zhuangbei Finance as it would save the Group's settlement time and enhance cost savings by reducing the amount of finance fees and charges payable to external banks when Zhuangbei Finance offers more favourable terms than those offered by external banks. In addition, the Board has taken into consideration the following factors with respect to the deposit transaction under the framework agreement:

- (i) Zhuangbei Finance is regulated by PBOC and CBRC, and it provides services pursuant to the relevant rules and requirements including capital risk guidelines and requisite capital adequacy similar to other independent commercial banks in the PRC.
- (ii) the regulation of finance company (such as Zhuangbei Finance) by CBRC is no less stringent than the regulation of commercial banks in the PRC in certain aspects, for example, finance companies are required to have a higher capital adequacy ratio.
- (iii) Zhuangbei Finance, as stated in its articles of association, operates independently and is responsible for its own financial performance. According to the articles of association of Zhuangbei Finance, it will assess independently and exercise its prudent approval process in determining whether to provide any particular financial services to members of companies of CSG. Due to the long-term relationship between the Company and Zhuangbei Finance, the Board considers it to be beneficial to the Company to continue to enter into the Non-exempt Continuing Connected Transactions as such transactions have facilitated and will continue to facilitate the operation and growth of the Company's business.

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 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 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.

6. Financial Effects of the Deposit Transaction on the Group

As at 30 June 2014, the total deposit amount of the Group was approximately RMB647,427,710 and the deposit amount at Zhuangbei Finance was approximately RMB213,813,923, representing approximately 33% of the total deposit amount of the Group.

For the six months period ended 30 June 2014, the deposit interest income from Zhuangbei Finance was approximately RMB1,155,306, representing approximately 45% of the total deposit interest income of the Group and approximately 0.78% of the Group's profit before tax during the corresponding period.

Therefore, the Company anticipates that the deposit interest income to be earned from Zhuangbei Finance for the three years ending 31 December 2017 will not have any material impact to the Group's earnings, assets and liabilities.

The Deposit Transaction have no adverse effect towards the sufficiency of the working capital of the Group.

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

In order to safeguard the interest of the Company and its Shareholders regarding the Deposits placed or to be placed from time to time with Zhuangbei Finance under the framework agreement with Zhuangbei Finance, Zhuangbei Finance has provided an undertaking for, among other things, ensuring the safety of the Deposits. Pursuant to the Undertaking provided by Zhuangbei Finance on 14 November 2014, 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;
- (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 Deposits and will satisfy the requirements for the payment of the Deposits;
- (iv) ensure the strict compliance with the risk monitoring indicators for financial institutions promulgated by the CBRC and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC 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 Deposits 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.

Given the undertakings provided by Zhuangbei Finance on risk control of the financial services (including the Deposits) to be provided to the Group and given that the Deposits 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 CBRC on Zhuangbei Finance, the Directors (including the independent non-executive Directors) are of the view that the arrangements for, amongst other things, the Deposits are in the interests of the Company and the Shareholders as a

whole.

8. Board of Directors' Views

The Board has approved the proposals of Non-Exempt Continuing Connected Transactions for 2015~2017 with Changan Automobile and its associates and the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance and its associates. Except for Mr. Zhu Minghui and Mr. Wang Lin, being the related Directors, are deemed to be interested in the Non-Exempt Continuing Connected Transactions for 2015~2017 with Changan Automobile and its associates and the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance and its associates, none of the other Directors has abstained from voting on the relevant resolutions approving the Non-Exempt Continuing Connected Transactions Framework Agreements with Changan Automobile and its associates and the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance and its associates and the transactions thereby contemplated.

The Board has approved the proposal of Non-Exempt Continuing Connected Transactions for 2015~2017 with Minsheng Industrial and its associates. Except for Mr. Lu Xiaozhong and Mr. Wu Xiaohua, being the related Directors, are deemed to be interested in the Non-Exempt Continuing Connected Transactions for 2015~2017 with Minsheng Industrial and its associates, none of the other Directors has abstained from voting on the relevant resolution approving the Non-Exempt Continuing Connected Transactions Framework Agreements with Minsheng Industrial and its associates and the transactions thereby contemplated.

9. Implication under the Listing Rules

Since one or more of the applicable percentage ratio of the transaction contemplated under the Non-exempt Continuing Connected Transactions Framework Agreement(s) as calculated under Rule 14.07 of the Listing Rules is above 5%, the Non-Exempt Continuing Connected Transactions for 2015~2017 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 Deposits under the Non-exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance as calculated under Rule 14.07 of the Listing Rules exceeds 25% but less than 75%, the deposit transaction contemplated under the Non-exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance also constitutes a major transaction of the Company 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 Non-exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance are exempted from the reporting, announcement and Independent Shareholders' approval requirement as these constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is 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 Non-exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance are exempted from the reporting, announcement and Independent Shareholders' approval requirements as the relevant percentage ratios under Rule 14.07 of the Listing Rules in relation to the transactions are, on an annual basis, expected to be less than 0.1%.

Information on the parties

The Company is a foreign-invested limited liability company incorporated in the PRC. The principal businesses of the Group are supply chain management services for automobiles and automobile raw materials, components and parts mainly for automobile manufacturers and automobile component and parts suppliers in the PRC. Such services include finished vehicle transportation and relevant logistics services, automobile raw materials and components and parts supply chain management services, tires assembly and after-sales logistics, etc. Besides, the Group also provides non-automobile commodities transportation services.

Changan Industry Company is principally engaged in production and sales of car component and other industrial products.

Changan Automobile produces and sells automobiles.

CSG is principally engaged in four industrial blocks namely special products, vehicles, new energy and equipment manufacturing.

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

Minsheng Industrial engages in transportation services via rivers and by sea.

C. DISCLOSEABLE AND CONNECTED TRANSACTION

Background

Zhuangbei Finance, a non-bank CBRC regulated financial institution owned by CSG and its group of companies, proposes to increase its registered capital from RMB1,500,000,000 to RMB2,088,000,000 by way Subscription in order to produce financial synergy effect to become a fund raising platform within CSG's group of companies, improve its capital adequacy ratio in order to maintain the statutory level as required by the CBRC and realize long term strategic objectives so as to enhance its competitiveness within the financial market. The Subscription will be conducted on a non-pro rata basis and the Non-Participating Existing Shareholders have agreed to waive their preemptive rights to subscribe for the Subscription Shares of Zhuangbei Finance. The Company proposes to subscribe for 17,000,000 Subscription Shares at RMB1.7 per Subscription Share for a subscription price of RMB 28,900,000. The 17,000,000 Subscription Shares to be subscribed by the Company represents approximately 0.81% of the equity interest of the enlarged share capital of Zhuangbei Finance immediately following completion of the Subscription. The subscription price shall be funded by the Company's internal cash surplus.

Changan Industry Company is a substantial shareholder of the Company, holding approximately 25.44% of the total issued share capital of the Company. Changan Industry Company is wholly owned by CSG. Currently, 31.87% of the equity interest in Zhuangbei Finance is held by CSG, while the remaining 68.13% of the equity interest in Zhuangbei Finance is held by CSG's group of companies. Accordingly, Zhuangbei Finance is a connected person of the Company. The entering into the Subscription Agreement (including the proposed subscription of 17,000,000 Subscription Shares contemplated thereunder) by the Company constitutes a discloseable and connected transaction of the Company, subject to the relevant reporting, announcement and the Independent Shareholders' approval requirements.

Subscription Agreement

Date:

15 October 2014

Parties:

- (i) The Participating Parties (including the Company), and
- (ii) Non-Participating Existing Shareholders

Subscription price

The subscription price for 17,000,000 Subscription Shares to be issued by Zhuangbei Finance is RMB 28,900,000 which shall be payable by the Company in cash. As at the Latest Practicable Date, the Company has not paid any of the subscription price to Zhuangbei Finance.

The new shares of Zhuangbei Finance to be subscribed for by the Company shall not be subject to any lock-ups. The Subscription Shares shall at all times rank pari passu among themselves and with the existing shares of Zhuangbei Finance in issue.

Conditions precedent

The Subscription Agreement is conditional upon, among other things:

- (i) all necessary internal approvals and consent in connection with the Subscription having been obtained from the Non-Participating Existing Shareholders;
- (ii) the representations and warranties by the parties to the Subscription Agreement are true and accurate as at the payment date of the subscription price;
- (iii) the subscription of the new shares by the Company and, where applicable, the Participating Parties are approved by the CBRC and are permissible under the applicable laws in the PRC; and
- (iv) the subscription of the new shares by the Company is approved by the Independent Shareholders in compliance with the Listing Rules.

The above conditions (i) and (ii) are waivable by either party to the Subscription Agreement. In addition, if the approval from the Independent Shareholders to the subscription of 17,000,000 Subscription Shares pursuant to the terms of the Subscription Agreement is not obtained in compliance with the Listing Rules and/or if the approval of the Company's qualification as a shareholder of Zhuangbei Finance for whatever reason is not granted by CBRC, Zhuangbei Finance will return the subscription price (together with interest calculated in accordance with the then benchmark interest rate promulgated by PBOC) to the Company in full within 5 working days upon receiving the relevant notification from the Company or opinions from CBRC.

LETTER FROM THE BOARD

The table sets out below the shareholding structure of Zhuangbei Finance before and immediately following completion of the Subscription:

Shareholders of Zhuangbei Finance	Shareholding before completion of Subscription		Subscription price payable RMB (‘0000)	Shareholding after completion of the Subscription	
	Shares (‘0000)	%		Shares (‘0000)	%
Non-Participating Existing Shareholders	140,000	93.33	0	140,000	67.05
The Company	0	0	2,890	1,700	0.81
Participating Existing Shareholders	10,000	6.67	5,950	13,500	6.47
Participating Parties (other than the Company and Participating Existing Shareholders)	0	0	91,120	53,600	25.67
Subtotal	10,000	6.67	99,960	68,800	32.95
Total	150,000	100	99,960	208,800	100

To the best of the knowledge of the Directors, all the Participating Parties (other than the Company and Participating Existing Shareholders) are members of CSG’s group of companies.

The shares to be issued out of the Subscription represent approximately 39.20% of the issued share capital of Zhuangbei Finance before the Subscription as at the Latest Practicable Date and approximately 28.16% of the issued share capital of Zhuangbei Finance as enlarged by the Subscription Shares.

Following completion of the Subscription, Zhuangbei Finance remains to be an associate of a connected person of the Company and the transaction(s) between the Group and Zhuangbei Finance shall continue to be subject to compliance with the Listing Rules.

Selected financial information of Zhuangbei Finance

The following sets out certain financial information of Zhuangbei Finance as at 31 December 2012 and 31 December 2013 and for the year/period then ended, prepared in accordance with the PRC Accounting Standards:

	As at 31 December 2012 (audited) (RMB)	As at 31 December 2013 (audited) (RMB)
Operating revenue	658,374,468.47	988,247,344.78
Operating profit	462,595,187.93	803,788,686.75
Profit before tax	462,644,779.48	804,000,628.51
Net profit	351,049,911.81	681,735,425.55
Total assets	30,104,918,426.27	33,294,071,348.12
Net assets	2,530,073,594.58	2,898,700,429.53

Basis of determination of the subscription price per Subscription Share

The subscription price of RMB1.7 per Subscription Share was determined based on arm's length negotiation between the parties, having taken into consideration a number of factors including the past business performance and the overall asset base of Zhuangbei Finance, as well as the net asset value per share of Zhuangbei Finance as at 31 December 2013 after deducting the 2013 final dividend per share.

Reasons for and Benefits to the Company to Participate in the Subscription

The Company considers that the financial industry in the PRC has been developing rapidly in the past few years and the risk of investing in the financial industry is relatively low. Through the Subscription, Zhuangbei Finance and the Company will become a strategic partner and hence it is conducive for the Group to negotiate for better terms in relation to its financial transactions with Zhuangbei Finance in the future. According to the information provided, for the two financial years ended 31 December 2013, the net profit of Zhuangbei Finance was RMB 351,049,911.81 and RMB 681,735,425.55, respectively. These have indicated a relatively substantial growth of the business by Zhuangbei Finance. After completion of the Subscription, the Company believes that the scale of assets and performance of Zhuangbei Finance will be increased correspondingly. The Directors believe that investment in Zhuangbei Finance will provide an investment return to the Company and its Shareholders as a whole.

The subscription price will be funded through the Company's internal cash surplus. As the subscription price of RMB 28,900,000 is less than 0.62% of the revenue of the Group in 2013, such investment is expected not to have any material impact on the finance and normal operation of the Group.

Implications under the Listing Rules

Since one or more of the applicable ratios (as defined under the Listing Rules) of the subscription by the Company in Zhuangbei Finance under the Subscription Agreement as calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the entering into the Subscription Agreement (including the proposed subscription of 17,000,000 Subscription Shares contemplated thereunder) by the Company constitutes a discloseable and connected transaction of the Company, subject to reporting, announcement and the Independent Shareholders' approval requirements.

The Directors (including the independent non-executive Directors) are of the view that (1) the subscription by the Company in Zhuangbei Finance under the Subscription Agreement was conducted on normal commercial terms; (2) the terms of the Subscription Agreement were fair and reasonable and (3) although the entering into of the Subscription Agreement is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

The Board has resolved to approve the Proposal of Investment in Zhuangbei Finance by way of Subscription of New Share Capital Issued. Except for Mr. Zhu Minghui who, being the related director, was deemed to be interested in transaction contemplated under the Subscription Agreement, none of the other directors has abstained from voting on the relevant resolution approving the Subscription by the Company in Zhuangbei Finance and the Subscription Agreement.

D. 2014 SECOND EGM

The EGM will be held for considering and approving, amongst other, the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance.

LETTER FROM THE BOARD

Changan Industry Company and its associates (holding 41,225,600 Shares 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 2015~2017 with Changan Automobile and its associates, the Non-Exempt Continuing Connected Transactions for 2015~2017 and the major transaction with Zhuangbei Finance and its associates, and the discloseable and connected transaction with Zhuangbei Finance in relation to the Company's proposed subscription of equity interest in Zhuangbei Finance, will abstain from voting in the resolutions approving relevant transactions.

Minsheng Industrial (holding 25,774,720 Shares or approximately 15.90% of the equity interest in the Company as at the Latest Practicable Date), Ming Sung (HK) (holding 6,444,480 Shares or approximately 3.98% of the equity interest in the Company as at the Latest Practicable Date) and their respective associates, who are involved in, or interested in the Non-Exempt Continuing Connected Transactions for 2015~2017 with Minsheng Industrial and its associates, will abstain from voting in the resolution approving relevant transactions.

The original and supplemental notices of the EGM, together with the relevant reply slip and original and revised proxy forms, have been issued to Shareholders on 14 November 2014 and 12 December 2014 separately. 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.561, Hongjin Road, Yubei District, Chongqing, the PRC (Zip Code:401121) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM.

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

All resolutions 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.

E. CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders of H Shares who will be entitled to attend the EGM, the Company suspends the registration of transfer of Shares from 30 November 2014 to 30 December 2014, both days inclusive.

In order to qualify to attend and vote at the EGM, shareholders 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 28 November 2014. Holders of H Shares whose names are recorded in the register of members of the Company on 30 December 2014 are entitled to attend and vote at the EGM.

F. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, which is set out on pages 22 to 23 of this circular, and which contains their recommendation in respect of the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the discloseable and connected transaction. 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 2015~2017 and major transaction and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance and whether such transactions are in the interests of the Company and its Shareholders as a whole is set out on pages 24 to 39 of this circular.

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance, although the subscription of equity interests in Zhuangbei Finance is not conducted in the ordinary and usual course of business of the Group, are fair and reasonable so far 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 the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction (including the Proposed Caps and the maximum outstanding daily balance on the Deposits) and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance.

The Directors (including the independent non-executive Directors) consider that the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance by way of ordinary resolutions are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favor of the resolutions to be proposed at the EGM as set out in the notice of the EGM.

G. OTHER INFORMATION

Your attention is drawn to (i) the financial information of the Group and (ii) the general information set out in Appendix I and II of this circular respectively.

On behalf of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Wang Yang
Executive Director



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)

12 December 2014

**(I) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2015~2017 AND
MAJOR TRANSACTION**

(II) DISCLOSEABLE AND CONNECTED TRANSACTION

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 2015~2017 with each of Changan Automobile and Minsheng Industrial, the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance, and the discloseable and connected transaction in relation to the Company's subscription of equity interests in 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 12 December 2014, of which this letter forms a part. Terms defined in the 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 2015~2017 with each of Changan Automobile and Minsheng Industrial, the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction with Zhuangbei Finance, and the discloseable and connected transaction in relation to the Company's proposed subscription of equity interests of Zhuangbei Finance require 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 24 to 39 of the Circular. We have discussed the letter and the opinion contained therein with Gram Capital.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, inter alia, the factors and reasons considered by, and the opinion of, Gram Capital, as stated in its aforementioned letter, we consider the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance to be fair and reasonable so far as the Independent Shareholders are concerned. We are of the view that the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the discloseable and connected transaction in relation to the subscription of equity interests in Zhuangbei Finance, although the subscription of equity interests in Zhuangbei Finance is not conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolutions in the notice of the EGM to be proposed at the EGM to be held on 30 December 2014 and thereby approve the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the discloseable and connected transaction.

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*

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 Company's Subscription and the Non-Exempt Continuing Connected Transactions for the purpose of inclusion in this circular.



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

12 December 2014

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

Dear Sirs,

**(I) DISCLOSEABLE AND CONNECTED TRANSACTION; AND
(II) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Company's participation in the Subscription by way of entering into the Subscription Agreement (the "**Company's Subscription**") and the Non-Exempt Continuing Connected Transactions, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 12 December 2014 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.

The Company's Subscription

On 15 October 2014, the Participating Parties (including the Company) entered into the Subscription Agreement with the Non-Participating Existing Shareholders, pursuant to which the Company, among others, has agreed to subscribe for 17,000,000 Subscription Shares at RMB1.7 per Subscription Share for a subscription price of RMB28,900,000. The 17,000,000 Subscription Shares to be subscribed by the Company represents approximately 0.81% of the equity interest of the enlarged share capital of Zhuangbei Finance immediately following completion of the Subscription.

With reference to the Board Letter, Zhuangbei Finance is a connected person of the Company and the Company's Subscription constitutes a discloseable and connected transaction of the Company under the Listing Rules and is subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

The Non-Exempt Continuing Connected Transactions

On 14 November 2014, the Company entered into the Non-Exempt Continuing Connected Transactions Framework Agreements with each of Changan Automobile, Minsheng Industrial and Zhuangbei Finance, each for a term of three years commencing on 1 January 2015 and expiring on 31 December 2017.

With reference to the Board Letter, each of Changan Automobile, Minsheng Industrial and Zhuangbei Finance is a connected person of the Company and the Non-Exempt Continuing Connected Transactions 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 Non-exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance also constitutes a major transaction of the Company and is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

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 Subscription Agreement and the Non-Exempt Continuing Connected Transactions Framework Agreements are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Company's Subscription and the Non-Exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve each of the Subscription Agreement and the Non-Exempt Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder 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.

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 and/or the management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors and/or 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 Directors and/or the Management, which have been provided to us. Our opinion is based on the Management's representation and confirmation that there are no undisclosed private agreements/ arrangements or implied understanding with anyone concerning the Company's Subscription and 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 Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that 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 in the Circular 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, Minsheng Industrial and 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 Company's Subscription and the Non-Exempt Continuing Connected Transactions. 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 each of the Company's Subscription and the Non-Exempt Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

I. COMPANY'S SUBSCRIPTION

Background of the Company's Subscription

Business overview of the Group

As referred to in the Board Letter, the Company is a foreign-invested limited liability company incorporated in the PRC. The principal businesses of the Group are supply chain management services for automobiles and automobile raw materials, components and parts mainly for automobile manufacturers and automobile component and parts suppliers in the PRC. Such services include finished vehicle transportation and relevant logistics services, automobile raw materials and components and parts supply chain management services, tires assembly and after-sales logistics services, etc. Besides, the Group also provides non-automobile commodities transportation services.

Set out below is the extract of the consolidated financial information of the Group for the six months ended 30 June 2014 and the two years ended 31 December 2013 as extracted from the interim report of the Company for the six months ended 30 June 2014 (the "**2014 Interim Report**") and the annual report of the Company for the year ended 31 December 2013 (the "**2013 Annual Report**"):

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	For the year ended 31 December 2012	For the year ended 31 December 2013	For the six months ended 30 June 2014	% change from 2012 to 2013
	<i>RMB'000</i> (<i>audited</i>)	<i>RMB'000</i> (<i>audited</i>)	<i>RMB'000</i> (<i>unaudited</i>)	
Revenue	3,631,719	4,646,330	2,577,023	27.94
Profit for the year/period	223,450	218,735	121,069	(2.11)

As depicted by the above table, the Group recorded revenue of approximately RMB4.65 billion for the year ended 31 December 2013, representing a substantial growth of approximately 27.94% as compared to the prior year. With reference to the 2013 Annual Report, the production volume and sales volume of the PRC automobile industry and the major customers of the Group increased during the year ended 31 December 2013. The Group also made efforts to improve its service quality, strengthen the traditional logistics services and actively extend the scope of its integrated supply chain management. Despite the growth in revenue of the Group for the year ended 31 December 2013, the profit of the Group for the year ended 31 December 2013 decreased slightly by approximately 2.11%.

With reference to the 2013 Annual Report, the Group will, by creative logistics service modes and “professionalism” in logistics service technology, continually and proactively seek all opportunities to generate growth; further strengthen the strategic cooperation relationship with the existing customers through measures such as customers satisfactory evaluation system, core customers relation coordination and speeding up the responses to customers; further enhance the logistics service capability and core competitiveness of the Group through strengthening of the management, as well as exploration of new business ideas to enhance profitability. Furthermore, with reference to the 2014 Interim Report, the Group will continue to improve its core competitiveness through enhancing the “Management, Operations and Services”, and to carry out “Overall Cost Saving Project, and Overall Risks Controlling Project” to improve the Group’s profitability.

Information on Zhuangbei Finance

With reference to the Board Letter and advised by the Management, Zhuangbei Finance is a company incorporated in the PRC. The principal businesses of Zhuangbei Finance are to accept enterprises deposits, process financial activities such as enterprise loan and fund raising as approved by CBRC. Zhuangbei Finance is a non-bank financial institution and regulated by CBRC, the shares of which are not listed on any stock exchange.

The following sets out the audited financial information of Zhuangbei Finance for the two years ended 31 December 2013 prepared in accordance with the PRC Accounting Standards:

	For the year ended 31 December 2012	For the year ended 31 December 2013	% change from 2012 to 2013
	<i>RMB</i>	<i>RMB</i>	
Operating revenue	658,374,468.47	988,247,344.78	50.10
Operating profit	462,595,187.93	803,788,686.75	73.76
Profit before tax	462,644,779.48	804,000,628.51	73.78
Net profit	351,049,911.81	681,735,425.55	94.20

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	As at 31 December 2012	As at 31 December 2013	% change from
	<i>RMB</i>	<i>RMB</i>	2012 to 2013
Total assets	30,104,918,426.27	33,294,071,348.12	10.59
Net assets	2,530,073,594.58	2,898,700,429.53	14.57

As depicted by the above table, Zhuangbei Finance recorded substantial growth in revenue and its profitability was significantly improved (as represented by the significant growth in operating profit, profit before tax and net profit) for the year ended 31 December 2013 as compared to the prior year. The total assets and net assets of Zhuangbei Finance also increased as at 31 December 2013 as compared to the same as at 31 December 2012.

As advised by the Management, the improvement in the financial performance of Zhuangbei Finance in 2013 was mainly due to (i) the increase in the amount of deposits from clients; (ii) the increase in return on its investment.

Reasons for the Company's Subscription

With reference to the Board Letter, the Company considers that the financial industry in the PRC has been developing rapidly in the past few years and the risk of investing in the financial industry is relatively low. Through the Company's Subscription, Zhuangbei Finance and the Company will become strategic partners and hence it is conducive for the Group to negotiate for better terms in relation to its financial transactions with Zhuangbei Finance in the future. As mentioned above, the net profit of Zhuangbei Finance was RMB351,049,911.81 for the year ended 31 December 2012 and RMB681,735,425.55 for the year ended 31 December 2013. These have indicated a relatively substantial growth of the business by Zhuangbei Finance. After completion of the Subscription, the Company believes that the scale of assets and performance of Zhuangbei Finance will be increased correspondingly. The Directors believe that investment in Zhuangbei Finance will provide an investment return to the Company and its Shareholders as a whole.

The Subscription Price will be funded through the Company's internal cash surplus.

In view of the foregoing reasons for and potential benefits of the Company's Subscription and the improved profitability of Zhuangbei Finance for the year ended 31 December 2013, we concur with the Directors that the Company's Subscription is in the interests of the Company and the Shareholders as a whole.

Subscription Agreement

Date:

15 October 2014

Parties:

- (i) The Participating Parties (including the Company), and
- (ii) Non-Participating Existing Shareholders

Subject matter

Zhuangbei Finance, a non-bank CBRC regulated financial institution owned by CSG and its group of companies, proposes to increase its registered capital from RMB1,500,000,000 to RMB2,088,000,000 by way Subscription. The Subscription will be conducted on a non-pro rata basis and the Non-Participating Existing Shareholders have agreed to waive their pre-emptive rights to subscribe for the Subscription Shares of Zhuangbei Finance.

The Company proposes to subscribe for 17,000,000 Subscription Shares at RMB1.7 per Subscription Share for a subscription price of RMB28,900,000 (the “**Subscription Price**”). The 17,000,000 Subscription Shares to be subscribed by the Company represents approximately 0.81% of the equity interest of the enlarged share capital of Zhuangbei Finance immediately following completion of the Subscription.

The new shares of Zhuangbei Finance to be subscribed for by the Company shall not be subject to any lock-ups. The Subscription Shares shall at all times rank pari passu among themselves and with the existing shares of Zhuangbei Finance in issue.

With reference to the Board Letter, the Subscription Price of RMB1.7 per Subscription Share was determined based on arm’s length negotiation between the parties, having taken into consideration a number of factors including the past business performance and the overall asset base of Zhuangbei Finance, as well as the net asset value (the “**NAV**”) per share of Zhuangbei Finance as at 31 December 2013 after deducting the 2013 final dividend per share.

We noted that the Subscription Price per Subscription Share equals to the subscription price per Subscription Share applied to other Participating Parties under the Subscription Agreement. Furthermore, we noted that the Subscription Price of RMB1.7 per Subscription Share represents (i) a discount of approximately 11.92% to the NAV per share of Zhuangbei Finance of RMB1.93 as at 31 December 2013; (ii) a discount of approximately 14.57% to the NAV per share of Zhuangbei Finance of RMB1.99 as at 31 October 2014 (which is after distribution of the 2013 final dividend).

In light of that (i) the same subscription price is applied for all the Participating Parties under the Subscription; and (ii) the Subscription Price represents discount to the NAV per share of Zhuangbei Finance (i) as at 31 December 2013; and (ii) as at 31 October 2014 (which is after distribution of the 2013 final dividend), we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Other terms of the Subscription Agreement are set out in the section headed “Subscription Agreement” in the Board Letter.

Having considered the above principal terms of the Subscription Agreement, we are of the opinion that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Possible financial effects of the Company’s Subscription

As advised by the Management, the Subscription Shares to be held by the Company after completion of the Company’s Subscription will be accounted for as a long term investment of the Company.

Effect on net asset value and gearing

With reference to the 2014 Interim Report, the unaudited consolidated NAV of the Group was approximately RMB1,484.99 million as at 30 June 2014 and the Group's gearing ratio (calculated as total liabilities over total assets of the Group) was approximately 54.04% as at 30 June 2014. As advised by the Management, the Company's Subscription would not have material impact on the consolidated NAV and gearing ratio of the Group.

Effect on liquidity

Since the Subscription Price will be satisfied by the Company by way of cash, the Group's cash position will be reduced by the total Subscription Price of RMB28,900,000 and the amount of related expenses as a result of the Company's Subscription.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Company's Subscription.

RECOMMENDATION ON THE COMPANY'S SUBSCRIPTION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Company's Subscription is not conducted in the ordinary and usual course of the Group, the Company's Subscription is 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 resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the Company's Subscription and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

II. THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

On 14 November 2014, the Company entered into the following Non-Exempt Continuing Connected Transactions Framework Agreements:

- (a) the Non-Exempt Continuing Connected Transactions Framework Agreement with Changan Automobile (the "**Changan Automobile CCT Agreement**"), pursuant to which the Group shall provide supply chain management services for automobiles and automobiles raw materials, components and parts to Changan Automobile and its associates (the "**Changan Automobile CCT**");
- (b) the Non-Exempt Continuing Connected Transactions Framework Agreement with Minsheng Industrial (the "**Minsheng Industrial CCT Agreement**"), pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates (the "**Minsheng Industrial CCT**"); and
- (c) the Non-Exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance may provide the Group with settlements, deposits and loans and note discounting services (the "**Zhuangbei Finance CCT Agreement**").

(A) The Changan Automobile CCT

Information on Changan Automobile

With reference to the Board Letter, Changan Automobile is 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 Automobile produces and sells automobiles.

Reasons for and benefits of the Changan Automobile CCT

With reference to the Board Letter, the Group provides a variety of logistics services mainly for car manufacturers and car component suppliers in China. The Directors consider the non-exempt continuing connected transactions with Changan Automobile and its associates to be in conformity with the Group's principal businesses and development strategies. In addition, the Group has established long-term cooperation relationships with them. Therefore, the Directors expect the Group to continuously conduct the transactions with Changan Automobile and its associates.

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

Principal terms of the Changan Automobile CCT

The following table summarises the principal terms of the Changan Automobile CCT:

Parties	(i) The Company; and (ii) Changan Automobile
Subject of the transaction	The Group shall provide supply chain management services for automobile and automobile raw materials, components and parts to Changan Automobile and its associate.
Term	From 1 January 2015 to 31 December 2017
Pricing policy	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. (2) Market price: the price of the same or similar type of services provided by the independent third party during the ordinary course of business on normal commercial terms. The management shall consider at least two comparable deals with independent third parties for the same period when determining whether the price for any service under the agreement is market price. (3) Agreed price: if the agreed price is opted for by the parties, such agreed price shall be determined with reference to a reasonable costs plus a reasonable profit margin. Having regard to the historical transactions, the mark-up rate for the relevant transaction(s) charged on

the cost-plus basis will range from 4% to 6% (after tax). The management shall review the mark-up rate(s) on a quarterly basis to ascertain that such rate(s) is/are consistent with the Company's internal control rules and the then actual market situation. The Company believes that the mechanism for reaching the agreed price is fair and reasonable as the Group will not thereby incur a loss in the provision of any particular transaction(s) to Changan Automobile and its associates whilst the Group can maintain to a certain extent a profit margin in the transaction(s).

Annual caps RMB7,500,000,000 for the year ending 31 December 2015;
RMB10,500,000,000 for the year ending 31 December 2016; and
RMB12,500,000,000 for the year ending 31 December 2017

For our due diligence purpose, we have requested from the Company and obtained (i) a set of bidding documents in relation to the bidding process for the provision of supply chain management services; (ii) the quotation request issued by associate of Changan Automobile and the corresponding confirmation on selection of the Company for the provision of certain supply chain management services, which indicated the participation of the Group in the bidding process for the provision of supply chain management services to Changan Automobile and its associates and that the Group had provided quotation for them to compare with other services providers.

With reference to the 2013 Annual Report and as confirmed by the Management, the independent non-executive Directors have reviewed, among other things, the Non-Exempt Continuing Connected Transactions for the year ended 31 December 2013 (the “**INED Review**”) and confirmed that the Non-Exempt Continuing Connected Transactions were: (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders and the Company as a whole (the “**INED Confirmation**”).

With reference to the 2013 Annual Report and as confirmed by the Management, the Company's auditor, PricewaterhouseCoopers, was engaged by the Board to review (the “**Auditor Review**”) and report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 “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, among other things, the Non-Exempt Continuing Connected Transactions for the year ended 31 December 2013 (i) are in accordance with the pricing policies of the Company; (ii) have been entered into in accordance with the relevant agreement governing the transactions; (iii) have not exceeded the annual cap disclosed in the previous announcement; and (iv) have received the approval from the Board and/or the general meeting (the “**Auditor's View**”).

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 transaction 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 whole. Details of the aforesaid internal control measures are set out under the section headed “Internal control measures to ensure the Continuing Connected Transactions be conducted in accordance with the Non-Exempt Continuing Connected Transactions Framework Agreement(s)” in the Board Letter.

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Having considered the above, we concur with the Directors that the terms of the Changan Automobile CCT Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Basis of the proposed annual caps

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

	For the year ended 31 December 2012 RMB	For the year ended 31 December 2013 RMB	For the nine months ended 30 September 2014 RMB
Historical amounts	3,188,438,000	4,066,674,000	3,784,550,000
	For the year ended 31 December 2012 RMB	For the year ended 31 December 2013 RMB	For the year ending 31 December 2014 RMB
Existing annual caps	4,440,617,400	5,708,715,000	7,290,900,500
	For the year ending 31 December 2015 RMB	For the year ending 31 December 2016 RMB	For the year ending 31 December 2017 RMB
Proposed annual caps	7,500,000,000	10,500,000,000	12,500,000,000

With reference to the Board Letter, the basis of determining of the proposed caps are as follows: (i) the Board believes that in the forthcoming three years and against the background of the continuing increases in income per capita and the improving level of living, the increasing rate of production and sales volume of automobiles in China will exceed the annual growth rate of the gross domestic product. This will bring about an increase in the demand for supply chain management services by the Group to Changan Automobile and its associates; (ii) in the previous two years, Changan Automobile has launched new models and the growth rates of the production and sales of Changan Automobile (21.12% and 20.76% respectively) as at the end of 2013 were higher than those of Chinese automobiles (14.8% and 13.9% respectively) as at the end of 2013 according to the statistics of China Automotive Industry Association. As these models are in the early and middle stage of development, the Board is of the view that these models together with other new models that Changan Automobile may develop in the future can generate further growth in sales in the forthcoming years; and (iii) as the Company's service capacity and quality of tire sub-packaging business is recognized by Changan Ford, the Board believes that it will continue to choose the Group to do its tire sub-packaging business in the forthcoming three years. The determination of the annual caps for the three years ending 31 December 2017 has taken into account the further increases in the tire sub-packaging business and the demand for tire sub-packaging in the new Hangzhou Factory of Changan Ford and other finished vehicle plants outside Chongqing of Changan Automobile and its associates. The Board believes that it is reasonable to set the annual caps so as to allow more room for further expansion of the transaction amounts and to maximize the Company's revenue generated from such services.

To assess the fairness and reasonableness of the annual caps for the three years ending 31 December 2017, we have discussed with the management of the Company regarding the basis and assumptions underlying the projections of the proposed annual caps.

Taken into account the aforesaid basis of determination of the proposed annual caps under the Changan Automobile CCT Agreement, we concur with the Directors that the proposed annual caps are reasonable.

Shareholders should note that as the proposed annual caps under the Changan Automobile CCT Agreement are 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 2017, and they do not represent forecasts of revenue or income incurred from Changan Automobile CCT. Consequently, we express no opinion as to how closely the actual revenue or income to be incurred under the Changan Automobile CCT will correspond with the proposed annual caps.

(B) The Minsheng Industrial CCT

Information on Minsheng Industrial

With reference to the Board Letter, Minsheng Industrial was established in the PRC on 10 October 1996 and is a promoter and a substantial shareholder of the Company. Minsheng Industrial engages in transportation services via rivers and by sea.

Reasons for and benefits of the Minsheng Industrial CCT

With reference to the Board Letter, in order to provide logistics services, the Group needs to purchase transportation services on a continuing basis. The Company has established long-term cooperation relationship with Minsheng Industrial and its associates. Minsheng Industrial has transacted with the Company previously. In addition, Minsheng Industrial has extensive experience in providing transportation services which meet the needs of the Group. Therefore, the Directors expect the Group to continuously enter into such transactions with Minsheng Industrial.

In view of the above, we concur with the Directors that the entering into the Minsheng Industrial CCT Agreement is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Minsheng Industrial CCT

The following table summarises the principal terms of the Minsheng Industrial CCT:

Parties	(i) The Company; and (ii) Minsheng Industrial
Subject of the transaction	Logistics services provided to the Group by Minsheng Industrial and its associates
Term	From 1 January 2015 to 31 December 2017
Pricing policy	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. (2) Market price: the price of the same or similar type of services

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provided by the independent third party during the ordinary course of business on normal commercial terms. The management shall consider at least two comparable deals with independent third parties for the same period when determining whether the price for any service under the agreement is market price.

Annual caps RMB1,000,000,000 for the year ending 31 December 2015;
 RMB1,200,000,000 for the year ending 31 December 2016; and
 RMB1,400,000,000 for the year ending 31 December 2017

For our due diligence purpose, we have requested from the Company and obtained the price list for certain logistics services provided by subsidiary of Minsheng Industrial and independent third party to the Group. We noted that the prices charged by subsidiary of Minsheng Industrial are comparable to those offered by independent third party to the Group for the same services.

As aforementioned, (i) the independent non-executive Directors had conducted the INED Review and provided the INED Confirmation regarding the Non-Exempt Continuing Connected Transactions; (ii) the auditor of the Company had conducted the Auditor Review and provided the Auditor Confirmation regarding the Non-Exempt Continuing Connected Transactions; and (iii) the Company has established a series of internal control measures in order to ensure that the pricing mechanism and terms of the transaction 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 whole.

Having considered the above, we concur with the Directors that the terms of the Minsheng Industrial CCT Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Basis of the proposed annual caps

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

	For the year ended 31 December 2012 RMB	For the year ended 31 December 2013 RMB	For the nine months ended 30 September 2014 RMB
Historical amounts	317,896,000	343,060,000	231,650,000
	For the year ended 31 December 2012 RMB	For the year ended 31 December 2013 RMB	For the year ending 31 December 2014 RMB
Existing annual caps	681,353,300	806,146,400	943,806,800
	For the year ending 31 December 2015 RMB	For the year ending 31 December 2016 RMB	For the year ending 31 December 2017 RMB
Proposed annual caps	1,000,000,000	1,200,000,000	1,400,000,000

With reference to the Board Letter, the basis of determining of the proposed caps are as follows: (i) as the production and sales volume of one of the Group's customers, Changan Automobile, increase,

the Company's water transportation will increase correspondingly. Therefore, the Group proposes to increase the purchase of water transportation services from Minsheng Group; (ii) the water transportation amounts of Yangtze River increased significantly, the Group needs to purchase secondary transport services from Minsheng Group at the ports so as to deliver commercial vehicles to distributors in time; (iii) with the sharp increase in the import and export business of Changan Automobile and its associates, the transportation services on international freight forwarding purchased by the Group from Minsheng Group will increase significantly as well; and (iv) the Board believes that Minsheng Group has competitive edge in water transportation with stable price and relatively lower cost which can meet the requirements of the Group.

To assess the fairness and reasonableness of the annual caps for the three years ending 31 December 2017, we have discussed with the management of the Company regarding the basis and assumptions underlying the projections of the proposed annual caps.

Taken into account the aforesaid basis of determination of the proposed annual caps under the Minsheng Industrial CCT Agreement, we concur with the Directors that the proposed annual caps are reasonable.

Shareholders should note that as the proposed annual caps under the Minsheng Industrial CCT Agreement are 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 2017, and they do not represent forecasts of cost or expense incurred from the Minsheng Industrial CCT. Consequently, we express no opinion as to how closely the actual cost or expense to be incurred under the Minsheng Industrial CCT will correspond with the proposed annual caps.

(C) The Deposits under the Zhuangbei Finance CCT

Information on Zhuangbei Finance

Details of the background information of Zhuangbei Finance is set out under the section headed "Company's Subscription" above.

Reasons for and benefits of the Deposits

The major customers of the Group are member companies within CSG. These customers have all maintained accounts with Zhuangbei Finance to conduct the day-to-day deposit, loan and note discounting and other financial services related transactions. It would be more efficient for the Group to maintain the Deposits with Zhuangbei Finance as it would save the Group's settlement time and enhance cost savings by reducing the amount of finance fees and charges payable to external banks when Zhuangbei Finance offers more favourable terms than those offered by external banks. In addition, the Board has taken into consideration the following factors with respect to the deposit transaction under the framework agreement:

- (i) Zhuangbei Finance is regulated by PBOC and CBRC, and it provides services pursuant to the relevant rules and requirements including capital risk guidelines and requisite capital adequacy similar to other independent commercial banks in the PRC;
- (ii) the regulation of finance company (such as Zhuangbei Finance) by CBRC is no less stringent than the regulation of commercial banks in the PRC in certain aspects, for example, finance companies are required to have a higher capital adequacy ratio; and

(iii) Zhuangbei Finance, as stated in its articles of association, operates independently and is responsible for its own financial performance. According to the articles of association of Zhuangbei Finance, it will assess independently and exercise its prudent approval process in determining whether to provide any particular financial services to members of companies of CSG. Due to the long-term relationship between the Company and Zhuangbei Finance, the Board considers it to be beneficial to the Company to continue to enter into the Non-exempt Continuing Connected Transactions as such transactions have facilitated and will continue to facilitate the operation and growth of the Company's business.

In view of the above, we concur with the Directors that the entering into the Zhuangbei Finance CCT Agreement is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Deposits

The following table summarises the principal terms of the Deposits:

Parties	(i) The Company; and (ii) Zhuangbei Finance
Subject of the transaction	the deposits maintained by the Group from time to time with Zhuangbei Finance
Term	From 1 January 2015 to 31 December 2017
Pricing policy	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.
Annual caps	RMB700,000,000 for the year ending 31 December 2015; RMB700,000,000 for the year ending 31 December 2016; and RMB700,000,000 for the year ending 31 December 2017

As aforementioned, (i) the independent non-executive Directors had conducted the INED Review and provided the INED Confirmation regarding the Non-Exempt Continuing Connected Transactions; (ii) the auditor of the Company had conducted the Auditor Review and provided the Auditor Confirmation regarding the Non-Exempt Continuing Connected Transactions; and (iii) the Company has established a series of internal control measures in order to ensure that the pricing mechanism and terms of the transaction 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 whole.

As further advised by the Management, Zhuangbei Finance is required to operate in compliance with 《企業集團財務公司管理辦法》 (Guidelines on the Management of Group Financing Company*) (the “**Guidelines**”) issued by the CBRC to regulate the operation of group financing companies and reduce the possible financial risk. We noted that the Guidelines 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 time, reporting to the CBRC and experience of directors and senior management.

LETTER FROM GRAM CAPITAL

In order to safeguard the interest of the Company and its Shareholders regarding the Deposits placed or to be placed from time to time with Zhuangbei Finance, Zhuangbei Finance has provided an undertaking for, among other things, ensuring the safety of the Deposits (the “**Undertaking**”). Details of the Undertaking are set out in the section headed “Risk control relating to the Deposits Transaction under the Framework Agreement with Zhuangbei Finance” in the Board Letter.

Having considered the Undertaking and that the operation of Zhuangbei Finance is required to comply with the Guidelines, we concur with the Management that the financial risks of placing deposits with Zhuangbei Finance would be properly addressed.

Having considered the above, we concur with the Directors that the terms of the Zhuangbei Finance CCT Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Basis of the proposed annual caps

The table below demonstrates the historical amounts, existing annual caps and the proposed annual caps for the Deposits:

	For the year ended 31 December 2012 RMB	For the year ended 31 December 2013 RMB	For the nine months ended 30 September 2014 RMB
Historical amounts	316,737,000	380,473,000	199,930,000
	For the year ended 31 December 2012 RMB	For the year ended 31 December 2013 RMB	For the year ending 31 December 2014 RMB
Existing annual caps	600,000,000	800,000,000	1,000,000,000
	For the year ending 31 December 2015 RMB	For the year ending 31 December 2016 RMB	For the year ending 31 December 2017 RMB
Proposed annual caps	700,000,000	700,000,000	700,000,000

With reference to the Board Letter, the proposed annual caps on the maximum amount of Deposits (including interests on a daily basis to be placed by the Group with Zhuangbei Finance) are arrived at after considering the historical highest daily outstanding balances of deposits placed by the Group with Zhuangbei Finance, the overall treasury requirements of the Group, and the expected continuous growth of the business of the Group. The proposed annual caps represented approximately 108% of the total deposit of the Group as at 30 June 2014. The Group expected that the proposed annual caps would meet the funding management purposes of the Group for the three years ending 31 December 2017.

For our due diligence purpose, we have discussed with the management of the Company regarding the basis for determining the proposed annual caps.

We noted from the 2014 Interim Report that the Group’s cash and cash equivalent amounted to approximately RMB647.86 million as at 30 June 2014 and trade and bills receivables amounted to approximately RMB468.05 million as at 30 June 2014.

Having considered the foregoing basis in determining the proposed annual caps, together with the above observations, we consider that the proposed annual caps can provide greater flexibility for the Group to manage its cash deposit and thus are fair and reasonable so far as the Independent Shareholders are concerned.

LISTING RULES IMPLICATION

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 continuing connected transactions under the Non-Exempt Continuing Connected Transactions must be restricted by the proposed annual caps for the three years ending 31 December 2017; (ii) the terms of the Non-Exempt Continuing Connected Transactions Framework Agreements (including the proposed annual caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Non-Exempt Continuing Connected Transactions Framework Agreements 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, that the continuing connected transactions under the Non-Exempt Continuing Connected Transactions Framework Agreements are carried out in accordance with the pricing policies of the Company, and the proposed annual caps are not being exceeded. In the event that the total amounts of the Non-Exempt Continuing Connected Transactions exceed the proposed annual caps, or that there is any material amendment to the terms of the Non-Exempt Continuing Connected Transactions Framework Agreement, the Company, as confirmed by the Management, shall re-comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

With the stipulation of the above 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 transactions contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Having taken into account that above factors and reasons, we are of the opinion that (i) the terms of the Non-Exempt Continuing Connected Transactions Framework Agreements (including the proposed annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the each of the Non-Exempt Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution(s) to be proposed at the EGM to approve the Non-Exempt Continuing Connected Transactions Framework Agreements and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

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

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 2011, 2012 and 2013 have been disclosed in the following documents:

- Annual report of the Company for the year ended 31 December 2011 published on the GEM website of the Stock Exchange (www.hkgem.com) and the Company's website (www.camsl.com) on 30 March 2012 (Pages 47 to 117);
- Annual report of the Company for the year ended 31 December 2012 published on the GEM website of the Stock Exchange (www.hkgem.com) and the Company's website on 28 March 2013 (Pages 51 to 122);
- Annual report of the Company for the year ended 31 December 2013 published on the HKExnews website (www.hkexnews.hk) and the Company's website on 11 April 2014 (Pages 55 to 130).

2. Indebtedness

As at the close of business on 31 October 2014, 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 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.

3. Working Capital

The Directors, after due and careful consideration, are of the opinion that the Group will, taking into account the currently available internal resources of the Group, have sufficient working capital for its present operating requirements and for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. Financial and Trading Prospects

As disclosed in the 2014 Interim Report of the Company, the Group's revenue amounted to RMB2,577,023,000 (unaudited). For the six-month period ended 30 June 2014, as disclosed in the 2014 Interim Report of the Company, as affected by unfavorable factors such as the intensifying competition in the domestic automobile market, the decreasing trend in the logistics service prices as well as the rises in the logistics operational costs including labor costs, the Group's gross profit margin and the net profit margin decreased to approximately 9.67% and 4.70% respectively. The Group's profit attributable to the equity holders of the parent for the six months ended 30 June 2014 amounted to approximately RMB 111,416,000.

As the operating environment of China is getting increasingly sophisticated, China further opens up its economy to the outside world and the competition of logistics market will become more intense. The Company estimates that the pressure in operating automobile logistics in China will increase further. This will have an unfavorable impact on the Group's operation. In view of the above, except for the decreasing oil price, the Group will also face the unfavorable factors, such as the increasing labour cost and tax, etc., therefore, the Group will continue to make attempt to improve its core competitiveness through enhancing the "Management, Operations and Services", and to carry out "Overall Cost Saving Project, and Overall Risks Controlling Project" to improve the Group's profitability.

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 enquiries, 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 has any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 or short positions which they are taken or deemed to have under such provisions of the SFO); or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers 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, chief executive and the supervisors of the Company, the following persons, other than a Director, supervisor, or chief executive 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 provision 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 Sections 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
Changan Industry Company	Beneficial owner	41,225,600(L)	38.51%	-	25.44%
APLL	Beneficial owner	33,619,200(L)	31.40%	-	20.74%
Minsheng Industrial	Beneficial owner	25,774,720(L)	24.07%	-	15.90%
Minsheng Industrial (note 1)	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung (HK) (note 1)	Beneficial owner	6,444,480(L)	6.02%	-	3.98%
Pemberton Asian Opportunities Fund	Beneficial owner	4,400,000(L)	-	8.00%	2.71%

788 China Fund Ltd.	Investment manager	4,000,000(L)		7.27%	2.47%
Braeside Investments, LLC (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (note 2)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial. Mr. Lu Xiaozhong (the Director of the Company) holds 6% shareholdings of Mingsheng Industrial.

Note 2: According to the disclosure of interests notice filed, Braeside Management, LP is a wholly-owned subsidiary of Braeside Investment, LLC. McIntyre Steven is the controlling shareholder of Braeside Investment, LLC.

Note 3: (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 senior executives 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. Zhu Minghui Deputy general manager of Changan Industry Company
- b. Wang Lin Board Secretary, head of Development & Planning Department and Party Branch Secretary in Changan Industry Company.
- c. Lu Xiaozhong President of Minsheng Industrial, chairman of Minsheng Shipping Co., Ltd. and director and general manager of Ming Sung (HK).
- d. Wu Xiaohua Director, deputy general manager and chief financial officer of Mingsheng Shipping Co., Ltd.
- e. William K Villalon American President Lines/Logistics, vice president of Land Transportation Services/Global Automotive Logistics.
- f. Danny Goh Yan Nan Chief Operations Officer in APLL

Supervisors

- | | | |
|----|---------------------|--|
| g. | Zhu Ying | Minister of finance ministry of Changan Industry Company. |
| h. | Steven Ho Kok Keong | Corporate Finance Director (APLL), Singapore. |
| i. | Zhang Tianming | Director of comprehensive financial department of Minsheng Industrial. |

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 2013, 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	A corporation licensed 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 the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions for 2015~ 2017 and major transaction (including the Proposed Caps and the maximum outstanding daily balance on the Deposits) and the discloseable and connected transaction.

As at the Latest Practicable Date, the above expert 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, the above expert did not have any direct or indirect interest in any assets which had been since 31 December 2013 (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 supervisor 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 2013 (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.

Up to the Latest Practicable Date, the non-competition undertaking given by each of Changan Industry Company and APLL is still effective. As at the end of 2011, 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.

In March 2014, the Company received the confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics and Changan Industry Company.

Save for the disclosure stated above, as at the Latest Practicable Date, 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 and Mr. Mr. Joseph Au Yeung Wai Ki (Chartered Accountant) are the joint company secretaries of the Company.
- b. The legal address of the Company is Liangjing Village, Yuanyang Town, 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 and up to the Latest Practicable Date, 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 agreement entered into between the Company and the Administration Committee of Luohuang Industrial Park in Jiangjin District of Chongqing on 30 July 2014 in relation to the acquisition of the pieces or parcels of land located within Luohuang Industrial Park in Jiangjin District, with a total site area of approximately 300 mu, for a consideration of RMB99,000,000; and
- b. the Subscription Agreement.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Herbert Smith Freehills at 23/F., Gloucester Tower, 15 Queen's Road Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 30 December 2014:

- a) the articles of association of the Company;
- b) the Non-Exempt Continuing Connected Transactions Framework Agreements for 2012~2014;
- c) the Non-Exempt Continuing Connected Transactions Framework Agreements for 2015~2017;
- d) the material contracts referred to in paragraph headed "MATERIAL CONTRACTS" in this Appendix;
- e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- f) 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;
- g) the consent letter of Gram Capital referred to in the paragraph headed "CONSENT OF EXPERT" in this Appendix;
- h) the annual reports of the Company for the three financial years ended 31 December 2011, 2012 and 2013 respectively;
- i) the 2014 Interim Report of the Company; and
- j) this circular.