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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)

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

After re-analysis of the current domestic economic situation, the Company has re-calculated the annual cap of the continuing connected transactions with Changan Construction and further revised the framework agreement which was entered into on 14 November 2014. On 23 January 2015, the Company and Changan Construction entered into the revised framework agreement, pursuant which, the Group may purchase construction services from Changan Construction and its associates during the period from 1 January 2015 to 31 December 2015.

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 announcement, Changan Industry Company holds 98.49% equity interests of Changan Real Estate and Changan Construction is a wholly owned subsidiary of Changan Real Estate, accordingly, Changan Construction and its associates are connected persons of the Company.

Since the highest applicable percentage ratio of the transaction contemplated under the Revised Framework Agreement mentioned above as calculated under Rule 14.07 of the Listing Rules is above 0.1% but less than 5%, the above mentioned continuing connected transactions between the Group and Changan Construction and its associates are subject to the reporting, annual review and announcement requirements, but are exempt from Independent Shareholders' approval requirements.

BACKGROUND

Reference is made to the announcement of the Company dated 28 October 2011 and the circular of the Company dated 4 November 2011 in relation to, among other things, the continuing connected transactions with Changan Construction and its associates on the website 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, among other things, the continuing connected transactions with Changan Construction and its associates and the annual caps for the three years ended 31 December 2014 contemplated under the framework agreement therein mentioned.

Reference is also made to the announcements of the Company dated 14 November 2014 and 8 December 2014 on the website of the Stock Exchange. As mentioned in the announcement dated 14 November 2014, the Company, among other things, renewed the continuing connected transactions with Changan Constructions and its associates for 2015-2017 by entering into the framework agreement with Changan Construction on 14 November 2014. However, due to the changing domestic economic situation and that more time would be needed to review the Company's future investment plan in fixed assets, on 8 December 2014, the Company withdrew the proposal regarding the continuing connected transactions with Changan Construction and its associates for 2015-2017 from the 2014 second extraordinary general meeting of the Company held on 30 December 2014.

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THE FRAMEWORK AGREEMENT WITH CHANGAN CONSTRUCTION

After re-analysing the current domestic economic situation, the Board agrees to re-assess the annual cap of the continuing connected transactions with Changan Construction. On 23 January 2015, the Company and Changan Construction entered into the revised framework agreement to revise the terms of the framework agreement entered into between the parties on 14 November 2014 (collectively, the “**Revised Framework Agreement**”), details of the Revised Framework Agreement are as follows:

Date	23 January 2015
Parties	(i) The Company; and (ii) Changan Construction
Subject of the transaction	The Group may purchase construction services from Changan Construction and its associates during the period from 1 January 2015 to 31 December 2015 (the term under the framework agreement dated 14 November 2014 was three years from 2015 to 2017).
Proposed annual cap	The annual cap for the year of 2015 will be RMB 50,000,000 (the proposed annual cap for each of the three years ending 31 December 2017 under the framework agreement dated 14 November 2014 was RMB250,000,000, RMB250,000,000 and RMB250,000,000, respectively).
Pricing policy	The pricing of the services provided under the agreement shall be determined in accordance with the following principle: Bidding Price: to ensure that the most competitive price is obtained by the Group, the price for each construction project to be provided by Changan Construction and its associates will be arrived at by an independent bidding agent through bidding process according to the PRC Bidding Law.

The transactions contemplated under the agreement shall be conducted on a non-exclusive basis. Separate written agreement setting out the detailed terms shall be, if required, entered into between both parties for the transactions. Payment of the transactions will be settled in cash in arrears, or in accordance with the payment terms agreed by both parties in the contract(s) to be entered into pursuant to the framework agreement.

INTERNAL CONTROL MEASURES TO ENSURE THE CONTINUING CONNECTED TRANSACTIONS BE CONDUCTED IN ACCORDANCE WITH THE REVISED FRAMEWORK AGREEMENT

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

- (1) The construction project team in charge shall be responsible for coordinating with internal departments of the Company in order to compile a detailed project specification and project terms of reference required for the proposed construction project(s) by setting out, among others, the criteria of the service provider(s), the scope, quality and technical standard of the services or goods to be provided and the estimated timeframe for completion of the project(s) for review by the team responsible for bid invitation and bidding of the Company.

An independent bidding agent shall be responsible for the bidding related matters. In conjunction with such process, the Company shall adopt a fixed price contract mechanism to ensure the

benefit of the Company and its shareholders and appoint an independent supervision institution(s) within the industry to oversee the management of the construction project(s).

Save for any unforeseen events like strike or lock-out of workmen, riots or civil commotion, force majeure or Act of God, fire or other accident(s) beyond the control of the contractor(s), the terms of the contract(s) including the contract sum awarded through the bidding process shall not be varied or modified. Any variation of the terms and the contract sum, etc. shall be subject to review by the finance department, the legal and compliance department and the office of general manager of the Company and submit to the Board for final approval.

The Company shall strictly monitor, control and review the funding of the project(s) and the procedures associated therewith, and shall take precaution to avoid any conflict of interests in the procedures and to accept supervision by independent supervision institution(s) within the industry.

- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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.

COMPARISON BETWEEN THE HISTORICAL CAPS AND THE PROPOSED CAP AND BASIS OF DETERMINING THE PROPOSED CAP

A comparison between the historical caps (for the year of 2012, 2013 and 2014) and the proposed cap for 2015 as well as the basis of determining the proposed cap are as follows:

Historical caps (for 2012-2014)	For the three years ended 31 December 2014, RMB190,000,000, RMB231,100,000 and RMB163,700,000 respectively
Proposed cap for 2015	RMB50,000,000
Basis of determining the proposed caps	<p>When determining the annual cap of the continuing connected transactions with Changan Construction and its associates, the Board has considered the factor that the Company has commenced the construction of an information technology center to enhance the Company's competitiveness. The construction of the information technology center will continue to proceed and is expected to be completed by 2015.</p> <p>The historical transaction amounts with Changan Construction and its associates for the two years ended 31 December 2013 and the 11 months ended 30 November 2014 were RMB9,334,000, RMB7,908,000 and RMB50,950,000, respectively. The Board considers that the proposed cap for 2015 under the current domestic economic situation is fair and reasonable.</p>

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS WITH CHANGAN CONSTRUCTION

In order to provide logistics services for automobile manufacturers and automobile component suppliers, the Group needs to engage third party contractors to provide construction services for building its logistics facilities, such as the warehouse, on a continuing basis. The Group has established long-term cooperation relationships with Changan Construction and its associates and has had a good working relationship with them.

IMPLICATION UNDER THE LISTING RULES

The Board has resolved to approve the proposal of continuing connected transactions with Changan Construction and its associates. Except for Mr. Zhu Minghui and Mr. Wang Lin, being the related Directors and who are deemed to be interested in the continuing connected transactions with Changan Construction and its associates, none of the other Directors has abstained from voting on the relevant resolution approving the Revised Framework Agreement and the transactions thereby contemplated.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions between the Group and Changan Construction and its associates contemplated under the Revised Framework Agreement were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favorable than those available from independent third parties, under prevailing local market conditions; and (iii) on terms and the proposed annual cap that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Since the highest applicable percentage ratio of the transaction contemplated under the Revised Framework Agreement mentioned above as calculated under Rule 14.07 of the Listing Rules is above 0.1% but less than 5%, the above mentioned continuing connected transactions between the Group and Changan Construction and its associates are subject to the reporting, annual review and announcement requirements, but are exempt from Independent Shareholders' approval requirements.

GENERAL INFORMATION

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 Construction engages in architectural and structural design and construction services.

DEFINITIONS

“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Changan Construction”	Chongqing Changan Construction Limited Company (重慶長安建設工程有限公司) which is wholly owned (directly and indirectly) by Changan Industry Company
“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” or “PRC”	the People’s Republic of China which, for the purpose of this announcement, 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)
“Directors”	directors of the Company
“GEM”	the growth enterprise market
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder”	independent shareholders of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of the Company, with a par value of RMB1.00 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Wang Yang
Executive Director

Chongqing, the PRC
23 January 2015

As at the date of this announcement, the board of directors of the Company comprises: (1) Mr. Zhu Minghui, Mr. Lu Xiaozhong, Mr. William K Villalon and Mr. Wang Yang as the executive directors; (2) Mr. Wu Xiaohua, Mr. Danny Goh Yan Nan and Mr. Wang Lin as the non-executive directors; (3) Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun as independent non-executive directors.

** For identification purpose only*