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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; AND
(II) CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2015~2017**

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

on 14 November 2014, the Company entered into framework agreement with each of Changan Automobile, Minsheng Industrial, Changan Construction and Zhuangbei Finance 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 vehicles and car 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 Changan Construction, pursuant to which the Group shall purchase engineering construction services from Changan Construction and its associates;
- (4) the Non-Exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposits and loans, note discounting services.

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 and CSG holds 77% equity interests of China Changan, which in turn, holds 39.11% equity interests of Changan Automobile. Changan Industry Company holds 98.49% equity interests of Changan Real Estate and Changan Construction is a wholly owned subsidiary of Changan Real Estate. Besides, CSG holds 31.87% share capital of Zhuangbei Finance. Therefore, Changan Industry Company, Changan Automobile, Changan Construction, Zhuangbei Finance and their respective associates are connected persons of the Company. In addition, Minsheng Industrial is a substantial Shareholder of the Company holding approximately 15.90% of the total issued

share capital of the Company, thus Minsheng Industrial and its associates are also connected persons of the Company.

Since one or more of the applicable percentage ratios of the transactions 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 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.

The Independent Board Committee comprising of all the independent non-executive Directors will be formed to advise the Independent Shareholders in connection with the terms of 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 interest in Zhuangbei Finance, and 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 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 interest in Zhuangbei Finance, and whether such transactions are in the interests of the Company and its Shareholders as a whole.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company Law, the Company shall deliver a circular containing, among other things, details 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 of Zhuangbei Finance with the letter from the Independent Board Committee and an opinion from Gram Capital to Shareholders as soon as possible but in any event not later than 15 December 2014.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2015~2017

On 14 November 2014, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2015 and expiring on 31 December 2017:

- (1) the framework agreement with Changan Industry Company pursuant to which the Group shall (i) provide supply chain management services for vehicles, car raw materials, components and parts and non-vehicle logistics services to Changan Industry Company and its associates and (ii) purchase transportation services of vehicles, car raw materials, components and parts from Changan Industry Company and its associates;
- (2) the framework agreement with APLL pursuant to which the Group shall (i) provide logistics services to APLL and its associates and (ii) purchase the transportation services of vehicles, car raw materials, components and parts from APLL and its associates;
- (3) the framework agreement with Minsheng Industrial pursuant which the Group shall provide logistics services to Minsheng Industrial and its associates;
- (4) the framework agreement with Zhuangbei Finance pursuant which the Group shall provide

financial logistics services to Zhuangbei Finance and its associates;

- (5) the framework agreement with Tonglit Logistics pursuant to which the Group will purchase packaging processing services from Tonglit Logistics and its associates; and
- (6) the framework agreement with Changan Property pursuant to which the Group will purchase security and cleaning services from Changan Property and its associates.

The Company and Tonglit Logistics hold 55% and 45% capital interests of Dongli Packaging, respectively, thus Tonglit Logistics is a connected person of the Company according to the Listing Rules. Changan Property is a wholly owned (directly or indirectly) by the affiliated company of Changan Industry Company—Changan Real Estate. Therefore, Changan Property is a connected person of the Company. APLL is also a substantial shareholder of the Company, holding approximately 20.74% of the total issued share capital of the Company. Therefore, according to the Listing Rules, the transactions between the Company and each of Changan Industry Company, APLL, Minsheng Industrial, Zhuangbei Finance, Tonglit Logistics, Changan Property and their respective associates become connected transactions of the Company.

On 14 November 2014, Nanjing CMSC renewed the framework agreement with Baogang Zhushang, which will take effect from 1 January 2015 to 31 December 2017 (both days inclusive). According to the agreement, Nanjing CMSC will continue to provide logistics services to Baogang Zhushang. As the Company and Sumitomo hold 67% and 33% of share capital of Nanjing CMSC respectively, and Sumitomo holds 49% of the share capital of Baogang Zhushang. Therefore, according to the Listing Rules, the transactions between Nanjing CMSC and Baogang Zhushang constitute connected transactions of the Company.

Since the highest applicable percentage ratio of the transaction contemplated under each the framework agreements 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 each of Changan Industry Company, APLL, Minsheng Industrial, Zhuangbei Finance, Tonglit Logistics, Changan Property and their respective associates, and the continuing connected transactions between Nanjing CMSC and Baogang Zhushang are subject to the reporting, annual review and announcement requirements, but are exempt from Independent Shareholders' approval requirements.

I. 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, Minsheng Industrial, Changan Construction, 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, Changan Construction, 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 announcement, 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.

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. 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, Changan Construction 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 vehicles and car 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 Changan Construction, pursuant to which the Group shall purchase engineering construction services from Changan Construction and its associates.
- (4) the Non-Exempt Continuing Connected Transactions Framework Agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposits and loans, 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 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:

- (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 control and risk management departments, the audit committee of the Company and the Supervisory Committee shall each conduct random internal assessments on the internal control measures and the financial information of the Company, in order to ensure that the internal control measures in respect of the connected transactions remain complete and effective. Furthermore, they convene meetings at least twice a year to discuss and assess the implementation 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	The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:			
	<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 the independent third party for the same period when determining whether the price for any service under the agreement is market price. (3) Agreed price: to be determined with reference to a reasonable costs plus a reasonable profit margin. 			
Proposed caps and 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, 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	(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 the 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

				<p>to Changan Automobile and its associates.</p> <p>(2) In the previous two years, Changan Automobile has launched new products and the growth rates of the production and sales of Changan Automobile (21.12% and 20.76% respectively) for 2013 were higher than those of Chinese automobiles (14.8% and 13.9% respectively) according to the statistics of China Automotive Industry Association. As these products are in the early and middle stage of development, the Board is of the view that these products together with other new products 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 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 the independent third party for the same period when determining whether the price for any service under the agreement is market price.</p>

	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, RMB317,896,000, RMB343,060,000 and RMB231,650,000 respectively	For the three years ended 31 December 2014, RMB681,353,300, RMB806,146,400 and RMB943,806,800 respectively	For the three years ending 31 December 2017, RMB1,000,000,000, RMB1,200,000,000 and RMB1,400,000,000 respectively	<p>(1) As the production and sales volume of one of our customers, Changan Automobile, increases, 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 docks so as to deliver commercial vehicles 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 sharply as well.</p> <p>(4) The Board believes that Minsheng Group has competitive edge in water and road transportation with stable price and relatively low cost which can meet the demand of the Group.</p>

3. Engineering construction services provided to the Group by Changan Construction 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 the 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
	For the two years ended 31 December 2013 and 9 months ended 30 September 2014, RMB9,334,000, RMB7,908,000 and RMB50,950,000 respectively	For the three years ended 31 December 2014, RMB190,000,000, RMB231,100,000 and RMB163,700,000 respectively	For the three years ending 31 December 2017, RMB250,000,000, RMB250,000,000 and RMB250,000,000 respectively	<p>The Board anticipates that its construction in logistics facilities in the forthcoming three years will increase, having taken into account the following:</p> <p>(1) the Company has commenced the construction of an information center to enhance the Company's competitiveness. The information center is expected to be completed by 2015;</p> <p>(2) the Company will invest in the 300 mu logistics land in Luohuang</p>

				<p>(please refer to the announcement of the Company dated 30 July 2014 for more details) to construct a logistics park. The logistic park is expected to be completed by 2018;</p> <p>(3) the Company has to-date invested RMB250 million to establish Hangzhou Subsidiary, the Board expects to undertake large scale of construction projects in the forthcoming three years;</p> <p>(4) the Company proposes to construct logistics facilities in bases outside Chongqing, the PRC.</p>
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4. Settlement, deposits and loans, note discounting services to be provided by Zhuangbei Finance to the Group

Pricing policy	<p>The fees and charges payable by the Group to Zhuangbei Finance under the framework agreement will be on terms not less favourable than the benchmark rates set by PBOC (if applicable) as well as those available from other independent commercial banks in the PRC and are determined on the following bases:</p> <ul style="list-style-type: none"> • Settlement services – the fees charged for the settlement services must not be higher than (i) the relevant benchmark charging rates set by PBOC (if applicable); and (ii) the fees charged by other independent commercial banks in the PRC for providing services of similar nature. • Deposit services – the interest rates for Deposits placed by the Group must not be lower than (i) the relevant benchmark interest set by PBOC; and (ii) the interest rates provided by other independent commercial banks in the PRC for deposits of similar nature and under similar terms. • Provision of loans – the interest rates for borrowings by the Group must not be higher than (i) the relevant benchmark interest rates set by PBOC; and (ii) the interest rates charged by other independent commercial banks in the PRC for borrowings of similar nature and under similar terms. • Note discounting services – the fees charged for the services and the interest rates for the note discounting services must not be higher than (i) the relevant benchmark charging rates (if applicable) and interest rates set by PBOC; and (ii) the fees and interest rates charged by other independent commercial banks in the PRC for providing note discounting services of similar nature and under similar terms. <p>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>
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	Historical figures	Historical caps (for 2012-2014)	Proposed caps for 2015-2017	Basis of determination of the proposed caps
The maximum amount of Deposits (including interests) on a daily basis	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 relationships 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 transactions with Minsheng Industrial.

With respect to the engineering construction services provided to the Group by Changan Construction and its associates

In order to provide logistics services for car manufacturers and car component suppliers, the Group also needs to engage third party contractors to provide engineering construction services for building and maintaining 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 is generally satisfied with the quality and terms of the engineering construction services provided by them.

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 (other than the independent non-executive Directors) 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.

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 (other than 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. 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%.

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) are subject to approval by the Independent Shareholders in accordance with the Listing Rules. Changan Industry Company will abstain from voting in relation to the resolutions approving the Non-Exempt Continuing Connected Transactions for 2015~2017 with Changan Automobile, Changan Construction, Zhuangbei Finance and their respective associates. Minsheng Industrial, Ming Sung (HK) and their respective associates will abstain from voting in relation to the resolution approving the Non-Exempt Continuing Connected Transactions for 2015~2017 with Minsheng Industrial. The voting at the forthcoming general meeting will be taken by a poll and the Company will make an announcement of the poll results.

The Independent Board Committee comprising of all the independent non-executive Directors will be formed to advise the Independent Shareholders in connection with the terms of 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 interest in Zhuangbei Finance, and 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 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 interest in Zhuangbei Finance, and whether such transactions are in the interests of the Company and its Shareholders as a whole.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company Law, the Company shall deliver a circular containing, among other things, details 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 of Zhuangbei Finance (please refer to the announcement dated 15 October 2014 for details) with the letter from the Independent Board Committee, an opinion from the Gram Capital as soon as possible but in any event not later than 15 December 2014.

II. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2015 ~2017

1. Background

Reference is made to the Announcement of the Company.

The term of the previous framework agreements will expire on 31 December 2014. The Board has resolved to renew and/or conduct the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015-2017 for a term of three years commencing from 1 January 2015 to 31 December 2017 (both days inclusive).

2. The Framework Agreement(s) for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017

On 14 November 2014, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2015 and expiring on 31 December 2017:

- (1) framework agreement with Changan Industry Company pursuant to which the Group shall (i) provide supply chain management services for vehicles, car raw materials components and parts and non-vehicle logistics services to Changan Industry Company and its associates and (ii) purchase transportation services of vehicles, car raw materials, components and parts etc. from Changan Industry Company and its associates;
- (2) framework agreement with APLL pursuant to which the Group shall (i) provide logistics services to APLL and its associates and (ii) purchase the transportation services of vehicles, car raw materials, components and parts, etc. from APLL and its associates;
- (3) framework agreement with Minsheng Industrial pursuant which the Group shall provide logistics services to Minsheng Industrial and its associates;
- (4) framework agreement with Zhuangbei Finance pursuant which the Group shall provide financial logistics services (means logistics activities generated from applying and developing relevant financial products during the operation of logistics industry, normally referring to providing impawning supervision of goods and certificates, warehousing and safeguard, etc. to financial customers.) to Zhuangbei Finance and its associates;

- (5) framework agreement with Tonglit Logistics pursuant to which the Group will purchase packaging processing services (means provision of packaging and logistics services of car knock down parts, after sales parts and export vehicles, etc. as well as design and manufacturing of wooden parts and iron box packaging materials by the Tonglit Logistics with its self-own or rented necessary tools) from Tonglit Logistics and its associates; and
- (6) framework agreement with Changan Property pursuant to which the Group will purchase security and cleaning services (security services referring to entry/exit control of personnel, vehicles and goods as well as security precautions in each relevant unit of the Group; cleaning services referring to sanitation work in each relevant unit of the Group) from Changan Property and its associates.

The Company and Tonglit Logistics hold 55% and 45% capital interests of Dongli Packaging, respectively, thus Tonglit Logistics is a connected person of the Company according to the Listing Rules. Changan Property is a wholly owned (directly or indirectly) by the affiliated company of Changan Industry Company—Changan Real Estate. Therefore, Changan Property is a connected person of the Company. APLL is also a substantial shareholder of the Company, holding approximately 20.74% of the total issued share capital of the Company. Therefore, according to the Listing Rules, the transactions between the Company and each of Changan Industry Company, APLL, Minsheng Industrial, Zhuangbei Finance, Tonglit Logistics, Changan Property and their respective associates become connected transactions of the Company.

In addition, on 14 November 2014, Nanjing CMSC renewed the framework agreement with Baogang Zhushang, which will take effect from 1 January 2015 to 31 December 2017 (both days inclusive). According to the agreement, Nanjing CMSC will continue to supply chain management services for car raw materials, components and parts to Baogang Zhushang. As the Company and Sumitomo hold 67% and 33% of share capital of Nanjing CMSC respectively, and Sumitomo holds 49% of the share capital of Baogang Zhushang. Therefore, according to the Listing Rules, the transactions between Nanjing CMSC and Baogang Zhushang constitute connected transactions of the Company and the conduct of the continuing connected transaction contemplated under the framework agreement between Nanjing CMSC and Baogang Zhushang shall be subject to compliance with the Listing Rules.

The transactions contemplated under each of the above 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 Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015-2017. Payment of each Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements for 2015-2017 will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contract(s) to be entered into pursuant to the relevant framework agreements.

3. Internal Control Measures to Ensure the Continuing Connected Transactions Be Conducted in Accordance with the Framework Agreements

Please refer to the section as set out in the Internal Control Measures for the Non-exempt Continuing Connected Transactions.

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

The caps in respect of each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 for the three years ending 31 December 2017 are set out as follows:

1. Supply chain management services for vehicles, car raw materials, components and parts & non-vehicle logistics services provided by the Group to Changan Industry Company 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 the independent third party for the same period when determining whether the price for any service under the agreement is market price.</p> <p>(3) Agreed price: to be determined with reference to a reasonable costs plus a reasonable profit margin.</p>
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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, RMB8,769,000, RMB8,343,000 and RMB5,498,400 respectively	For the three years ended 31 December 2014, RMB34,421,000, RMB55,760,700 and RMB71,124,100 respectively	For the three years ending 31 December 2017, RMB30,000,000, RMB35,000,000 and RMB40,000,000 respectively	<p>(1) With the rapid increase in the production and sales volume of Changan Automobile and its associates, it is expected that the demand for car raw materials, components and parts (to be provided by Changan Industry Company to Changan Automobile) will increase as well. Besides, Changan Industry Company and its associates will hence increase its investment to expand the production scale. Therefore, the supply chain management services for vehicles, car raw materials, components and parts to be provided by the Group will increase correspondingly.</p> <p>(2) Changan Industry Company and its associates also produce and sell many kinds of non-vehicle products, such as door-locks, transformers, motorcycles, wind power equipments, etc. With the development of the business of Changan Industry Company and its associates, it is estimated that the Group's provision of non-vehicle products logistics services to Changan Industry Company in the forthcoming three years will increase. 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>

2. Logistics services provided by the Group to APLL 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 the independent third party for the same period when determining whether the price for any service under the agreement is market price.</p> <p>(3) Agreed price: to be determined with reference to a reasonable costs plus a reasonable profit margin.</p>
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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, RMB0, RMB0 and RMB0 respectively	For the three years ended 31 December 2014, RMB30,000,000, RMB30,000,000 and RMB30,000,000, respectively	For the three years ending 31 December 2017, RMB20,000,000, RMB25,000,000 and RMB30,000,000 respectively	With the development of Chinese logistics industry, the Company is of the view that APLL will continue to strengthen its footprint in the logistics business in mainland China. It is estimated for the forthcoming three years, the demand for supply chain management services from APLL's customers in mainland China will continue to increase. As the Group has comparatively a strong logistics capacity in mainland China and can provide quality logistics services at low cost and given the previous business cooperation relationship with APLL, the Group estimates that the Group may continue to obtain the outsourced logistics business from APLL. 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.

3. Logistics services provided by the Group to 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> <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 the independent third party for the same period when determining whether the price for any service under the agreement is market price. (3) Agreed price: to be determined with reference to a reasonable costs plus a reasonable profit margin. 			
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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, RMB0, RMB0 and RMB630,200 respectively	N/A	For the three years ending 31 December 2017, RMB10,000,000, RMB20,000,000 and RMB30,000,000 respectively	1. The Group has been providing station management services of finished vehicles to Minsheng Industrial and its associates since January 2014. For the nine months ended 30 September 2014, the transaction between the Group and Minsheng Industrial and its associates amounted to RMB630,200 (unaudited). The Group believes that the transaction for 2014 shall fall to be de minimis transaction under the Listing Rules. With the steady increase in the scale of production and sales by Changan Automobile, the Group anticipates that such services will experience further increase in the forthcoming three years;

				<p>2. The logistics business scale of Minsheng Industrial and its associates is expected to increase progressively in the forthcoming three years, especially the business volume of both water-road transportation and road shipment for finished vehicles out of Changan Automobile and its associates are expected to increase fast. According to the framework agreement, Minsheng Industrial and its associates will purchase relevant water-road secondary transport services and road transportation services for finished vehicles from the Group to meet the demands of customers. 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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4. Financial logistics services provided by the Group to Zhuangbei Finance 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 the independent third party for the same period when determining whether the price for any service under the agreement is market price. (3) Agreed price: to be determined with reference to a reasonable costs plus a reasonable profit margin.
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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	N/A	N/A	For the three years ending 31 December 2017, RMB30,000,000, RMB30,000,000 and RMB30,000,000 respectively	<p>Zhuangbei Finance currently does not outsource the financial logistics services to external parties. However, Zhuangbei Finance expects that the loans provided or to be provided by Zhuangbei Finance to its customers (4s shops, private automobile customers or suppliers of automobile manufacture) will increase significantly and hence the needs for providing impawning supervision will also increase. The Company anticipates that Zhuangbei Finance would have a strong demand for financial logistics services in the forthcoming years. In accordance with the framework agreement signed by the Company and Zhuangbei Finance, from 1 January 2015 to 31 December 2017, Zhuangbei Finance shall purchase financial logistics services from the Company. The Board believes that it is reasonable to set the annual caps so as to</p>

				allow more room for further expansion of the transaction amounts and to maximize the Company's revenue generated from such services.
5. Supply chain management services for car raw materials, components and parts provided by Nanjing CMSC to Baogang Zhushang				
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 the independent third party for the same period when determining whether the price for any service under the agreement is market price.</p> <p>(3) Agreed price: to be determined with reference to a reasonable costs plus a reasonable profit margin.</p>			
Proposed caps and 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, RMB12,326,000, RMB10,769,000 and RMB11,270,700 respectively	For the three years ended 31 December 2014, RMB22,000,000, RMB27,000,000 and RMB32,000,000 respectively	For the three years ending 31 December 2017, RMB30,000,000, RMB35,000,000 and RMB40,000,000 respectively	The Company estimates that the car raw materials, components and parts provided by Baogang Zhushang to Changan Automobile and its associates (especially Nanjing Changan Mazda) will increase with the rapid increase of the production and sales volume of Changan Automobile and its associates. Therefore, the Board anticipates that the logistics services to be provided by Nanjing CMSC to Baogang Zhushang will increase correspondingly. 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.
6. Transportation services of vehicles, car raw materials, components and parts, etc. provided by Changan Industry Company and its associates to the Group				
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 the 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
	For the two years ended 31 December 2013 and 9 months ended 30 September 2014, RMB23,419,000, RMB24,594,000 and RMB12,400,000 respectively	For the three years ended 31 December 2014, RMB12,121,300, RMB33,000,000 and RMB36,000,000 respectively	For the three years ending 31 December 2017, RMB36,000,000, RMB38,000,000 and RMB40,000,000 respectively	As the supply chain management services for vehicles and car raw materials, components and parts provided by the Group to Changan Automobile and its associates will increase with the rapid increase in the production and sales volume of Changan Automobile and its associates, the relative purchase of transportation services by the Group will increase correspondingly. Changan Industry Company and its associates own special transportation trucks for delivering vehicles, and have trucks to deliver cargoes such as car components and parts and can meet the demand for road transportation of the Group. According to the agreement, Changan Industry Company and its associates shall provide more support on transportation of finished vehicles on difficult lines. Besides, the Company estimates that Changan Industry Company and its associates will increase the investment in transportation equipments. In order to provide good quality logistics services to our customers, the Group will increase purchase of transportation services from Changan Industry Company and its associates, especially road transportation services.
7. Transportation services of vehicles, car raw materials, components and parts, etc. provided by APLL and its associates to the Group				
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 the independent third party for the same period when determining whether the price for any service under the agreement is market price.			
Proposed caps and 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, RMB2,108,000, RMB1,062,000 and RMB901,400 respectively	For the three years ended 31 December 2014, RMB30,000,000, RMB30,000,000 and RMB30,000,000 respectively	For the three years ending 31 December 2017, RMB29,000,000, RMB34,000,000 and RMB39,000,000 respectively	With the increase of production and sales volume of Changan Automobile and its associates, the import and export of vehicles, car raw materials, components and parts will increase correspondingly. The Company estimates that the international freight forwarding business and ocean transportation for finished vehicles and car raw materials, components and parts will continue to increase at a fast pace. Therefore, the purchase of transportation services from

				APLL and its associates is intended to cope with the increase in amount of exported vehicles and imported components and parts of the manufacturer. Given that APLL has strong power in supply chain management and strong ocean transportation capacity and has been in cooperation with the Group for many years, it will be more time efficient and cost saving to continue the purchase the transportation services of vehicles, car raw materials, components and parts from APLL.
8. Packaging processing services provided to the Group by Tonglit Logistics 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 the 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
	N/A	N/A	For the three years ending 31 December 2017, RMB15,000,000, RMB20,000,000 and RMB30,000,000 respectively	<p>As the development of the Company, the Company needs to introduce packaging processing services (which means provision of packaging and logistics services of car knock down parts, after sales parts and export vehicles, etc. as well as design and manufacturing of wooden parts and iron box packaging materials by the relevant party with its self-own or rented necessary tools) to meet the customers' requirements.</p> <p>Currently the Company's newly established affiliated company, Dongli Packaging is under development and its scale is still small, with the sharp increase of packaging demands of Changan Automobile and its associates, Dongli Packaging cannot satisfy the need. Thus in the forthcoming three years, the Company needs to purchase more packaging services from Tonglit Logistics to meet the demands of customers. Tonglit Logistics is a company established in Taiwan, the PRC and has rich and advanced experience in providing packaging processing services since its establishment. The Directors believe that to cooperate with Tonglit Logistics can better meet the customers' requirements.</p>

9. Security and cleaning services provided to the Group by Changan Property and its associates				
Pricing Policy	The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:			
	<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 the 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
	For the two years ended 31 December 2013 and 9 months ended 30 September 2014, RMB0, RMB0 and RMB0 respectively	N/A	For the three years ending 31 December 2017, RMB7,001,911, RMB9,142,182 and RMB10,334,334 respectively	<p>In 2013 or before, the security and cleaning services of the Company were mainly provided by Chongqing Haitai Property Management Co., Ltd. With the continuous expansion of the Company's scale, and in order to further improve the service level and reduce service cost of security and cleaning services, the management of the Company decides to introduce a second service provider who can offer competitive terms to the Group.</p> <p>Since its establishment, Changan Property has been a property management corporate of national grade I qualifications. With its rich experience in property management, the Board believes that it can provide the Group with high quality services in security and cleaning.</p> <p>The proposed annual caps for the services to be provided by the Changan Property to the Group have been determined with reference to: (1) as the expansion in the operation scale of the Company, its demands for security and cleaning services will increase in the forthcoming three years, especially in the new logistics projects; (2) Changan Property has enriched experience in management, etc. than the previous service provider.</p>

5. Reasons for and Benefits of the Continuing Connected Transactions Exempt from Independent Shareholders' for 2015~2017

The Group has been in cooperation with each of Changan Industry Company, APLL, Minsheng Industrial, Zhuangbei Finance and their respective associates, and Nanjing CMSC and its associates have been in cooperation with Baogang Zhushang for a number of years. Therefore, the Directors believes that it is in the interest of the Group and its Shareholders as a whole to continue with transactions between the Group with each of Changan Industry Company, APLL, Minsheng Industrial, Zhuangbei Finance and their respective associates, and transactions between Nanjing CMSC and its associates and Baogang Zhushang.

With the growth of the Company's business, the Company has introduced packaging processing services (i.e., provision of packaging and logistics services of car knocked down parts, after sales

parts and export vehicles, etc. as well as design and manufacturing of wooden parts and iron box packaging materials by the relevant party with its self-own or rented necessary tools) to meet the customers' requirements. The Company's newly established affiliated company, Dongli Packaging, was established on 16 May 2014. Its scale of operation is still small and is yet to be further developed. Along with the sharp increase of packaging demands of Changan Automobile and its associates, Dongli Packaging has been unable to satisfy the needs of the customers and hence it needs to purchase support services of packaging processing from Tonglit Logistics. Tonglit Logistics has rich and advanced experience in providing packaging processing services and, as the substantial shareholder of Dongli Packaging, it offers a favourable price for the services and specialized technology.

With the expansion in the operation scale of the Company, and in order to further improve the service level and reduce service cost of security and cleaning services, the Board decides to introduce a second service provider who can offer competitive terms to the Group. Upon comparing and evaluating the quotes with specification from at least two suppliers providing security and cleaning services, the Directors are of the view that the price for the security and cleaning services from Changan Property is relatively lower than other suppliers. Especially against the background of increasing labor cost, to purchase security and cleaning services from Changan Property will comparatively save part of the Company's labor cost. Changan Property has been a property management corporate of national grade I qualifications. With its rich experience in property management, the Directors believe that it can provide the Group with high quality services in security and cleaning. The services price provided by Changan Property to the Group is no less favorable than that can be provided by any independent third parties, thus it helps reduce the cost of security and cleaning services of the Group. Besides, Changan Property subordinates to the system of Changan Industry Company, which is a special products integration enterprise, thus it has strict security policy, standardized management and complete qualification.

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 Board (including the independent non-executive Directors) are of the view that (1) the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 and the relevant annual caps contemplated under the relevant framework agreements were entered into in the ordinary course of business of the Group and are on normal commercial terms; (2) the terms of the framework agreements were fair and reasonable and (3) the entering into the framework agreements is in the interests of the Company and the Shareholders as a whole.

6. Board of Directors' View

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 with each of Changan Industry Company, Zhuangbei Finance, Changan Property and their respective associates. Except for Mr. Zhu Minghui and Mr. Wang Lin, being the related Directors, are deemed to be interested in the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 with each of Changan Industry Company, Zhuangbei Finance, Changan Property and their respective associates, none of the other Directors has abstained from voting on the relevant resolutions approving the framework agreements of Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements for 2015~2017 with each of Changan Industry Company, Zhuangbei Finance, Changan Property and their respective associates and the transactions thereby contemplated.

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements 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 Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 with Minsheng Industrial and its associates, none of the other Directors has abstained from voting on the resolution approving the relevant framework agreements of Continuing Connected Transaction Exempt from Independent

Shareholders' Approval Requirements for 2015~2017 with Minsheng Industrial and its associates and the transactions thereby contemplated.

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 with APLL and its associates. Except for Mr. William K Villalon and Mr. Danny Goh Yan Nan, being the related Directors, are deemed to be interested in the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 with APLL and its associates, none of the other Directors has abstained from voting on the relevant resolutions approving the framework agreement of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 with APLL and its associates and the transactions thereby contemplated.

The Board has resolved to approve the proposals of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2015~2017 between Nanjing CMSC and Baogang Zhushang and between the Group and Tonglit Logistics. No Directors are required to abstain from voting.

7. Implication under the Listing Rules

Since the highest applicable percentage ratio of the transaction contemplated under each of the framework agreements above mentioned 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 each of Changan Industry Company, APLL, Mingsheng Industrial, Zhuangbei Finance, Tonglit Logistics, Changan Property, and their respective associates, and the continuing connected transactions between Nanjing CMSC and Baogang Zhushang 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 and provides a variety of logistics services mainly for car manufacturers and car component and parts suppliers in China.

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

Changan Automobile produces and sells automobiles.

Changan Construction engages in engineering design and construction services.

Changan Property is a PRC incorporated company and is an indirect subsidiary of Changan Industry Company. Changan Property is principally engaged in property management.

Tonglit Logistics is principally engaged in finished vehicle related business such as import/export logistics of finished vehicles, import/export packaging for car components and parts, and providing overall logistics solution for customers.

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 via rivers and by sea.

APLL engages in supply chain management services.

Sumitomo engages in manufacturing, trading and logistics services.

DEFINITIONS

“APLL”	APL Logistics Ltd.
“Associate”	has the meaning ascribed to it under the Listing Rules
“Baogang Zhushang”	Nanjing Baogang Zhushang Metal Products Company Limited
“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 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 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)
“Changan Property”	Chongqing Changan Property Management Co., Ltd.
“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 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)
“Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements for 2015-2017”	the on-going connected transactions to be conducted from 2015 to 2017, as set out under the paragraph headed “Continuing Connected Transactions Exempt from Independent Shareholders’ Approval for 2015-2017” in this announcement
“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

“Dongli Packaging”	Chongqin Changan Minsheng Dongli Packaging Co., Ltd.
“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)
“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 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 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)
“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, Changan Construction, Zhuangbei Finance and their respective associates, exclude Changan Industry Company and its associates; in relation to the 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
“Minsheng Industrial”	Minsheng Industrial (Group) Co., Ltd.(民生實業(集團)有限公司), a limited liability company established in China on 10 October 1996
“Ming Sung (HK)”	Ming Sung Industrial Co., (HK) Limited, a company established in Hong Kong with limited liability on 31 May 1949
“Nanjing CMSC”	Nanjing CMSC Logistics Co., Ltd. (南京長安民生住久物流有限公司), a foreign invested joint venture company established in 2007
“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 announcement, 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, Changan Construction 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)

“PBOC”	The People’s Bank of China
“Proposed Cap(s)”	the proposed annual maximum limitation of the Non-Exempt Continuing Connected Transactions for 2015~2017 and major transaction and the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements for 2015~2017, individually or collectively (as the case may be)
“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
“Sumitomo”	Sumitomo Corporation, a limited company established in Japan on 24 December 1919
“Supervisory Committee”	the supervisory committee of the Company
“Tonglit Logistics”	Tonglit Logistics Co., Ltd., a company established in Taiwan, the PRC
“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

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

Chongqing, the PRC
14 November 2014

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*