

**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Changan Minsheng APLL Logistics Co., Ltd., you should at once hand this circular and the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**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)

**REVISION OF THE EXISTING ANNUAL CAP OF CERTAIN  
CONTINUING CONNECTED TRANSACTION**

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



---

A letter from the Board of Changan Minsheng APLL Logistics Co., Ltd. dated 5 June 2014 is set out on pages 1 to 9 of this circular. A letter from the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 10 to 11 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 12 to 18 of this circular.

A notice convening the AGM to be held at 10:00 a.m. on 30 June 2014 at the meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC together with the relevant reply slip and proxy form have been issued to Shareholders separately.

Whether or not you intend to attend the AGM you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.561, Hongjin Road, Yubei District, Chongqing, the PRC (Zip Code:401121) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the relevant meeting or any adjournment thereof. Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

\* *For identification purpose only*

5 June 2014

---

**CONTENTS**

---

	<i>Pages</i>
<b>DEFINITIONS</b> .....	ii
<b>LETTER FROM THE BOARD</b> .....	1
A. Introduction.....	1
B. Revision of the Existing Annual Cap of Certain Continuing Connected Transaction..	3
C. Annual General Meeting .....	7
D. Recommendations.....	8
E. Other Information .....	9
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	10
<b>LETTER FROM GRAM CAPITAL</b> .....	12
<b>APPENDIX — GENERAL INFORMATION</b> .....	19

---

## DEFINITIONS

---

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

“Annual General Meeting” or “AGM”	the annual general meeting for 2013 to be held by the Company at 10:00 a.m. on 30 June 2014 at the meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC to consider, inter alia, the revision of the existing annual cap of certain continuing connected transaction
“APL Logistics”	APL Logistics Ltd.
“Board”	the board of directors of the Company
“CRBC”	China Banking Regulatory Commission
“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 circular, excludes Hong Kong, Macau and Taiwan
“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“CSG”	China South Industries Group Corporation (中國南方工業集團公司), a company established in the PRC on 1 July 1999 with limited liability
“Director(s)”	the directors of the Company
“Framework Agreement”	the framework agreement entered into between the Company and Zhuangbei Finance on 28 October 2011 relating to, among other things, the continuing connected transaction
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	a committee of the Board established for the purpose of considering the terms and the revision of the existing annual cap of certain continuing connected transaction under the

---

## DEFINITIONS

---

	Supplemental Agreement, comprising contemplated Mr. Peng Qifa, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing, Ms. Zhang Yun and Mr. Goh Chan Peng, the independent non-executive directors of the Company
“Independent Shareholder(s)”	Shareholders other than Changan Industry Company and CSG and their respective associates, and who are not involved in, or interested in the transaction contemplated under the Framework Agreement and Supplemental Agreement
“Latest Practicable Date”	3 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Ming Sung (HK)”	Ming Sung Industrial Co., (HK) Limited
“Minsheng Industrial”	Minsheng Industrial (Group) Co., Ltd.
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company, with a par value of RMB1.00 each
“Shareholder(s)”	shareholders of the Company
“Stock Exchange” or “Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Model Code”	The Appendix 10 of Model Code for Securities Transactions by Directors of Listed Issuers to the Listing Rules
“Supplemental Agreement”	the supplemental agreement entered into on 15 May 2014 by the Company with Zhuangbei Finance to revise the annual cap for the year ending 31 December 2014 with respect to the note discounting services under the Framework Agreement from RMB 100,000,000 to RMB 500,000,000
“Zhuangbei Finance”	China South Industries Group Finance Co., Ltd. (兵器裝備集團財務有限責任公司)
“%”	Per cent.



重慶長安民生物流股份有限公司

**Changan Minsheng APLL Logistics Co., Ltd. \***

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

**(Stock Code: 01292)**

***Executive directors:***

Zhu Minghui  
Lu Xiaozhong  
William K Villalon  
Wang Yang

***Registered Office:***

Liangjing Village  
Yuanyang Town  
Yubei District  
Chongqing  
The PRC

***Non-executive directors:***

Lu Guoji  
Wu Xiaohua  
Danny Goh Yan Nan  
Du Bin

***Principal place of business***

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

***Independent non-executive directors:***

Peng Qifa  
Chong Teck Sin  
Poon Chiu Kwok  
Jie Jing  
Zhang Yun  
Goh Chan Peng

\* *For identification purpose only*

5 June 2014

*To the Shareholders*

Dear Sir or Madam,

**REVISION OF THE EXISTING ANNUAL CAP OF CERTAIN  
CONTINUING CONNECTED TRANSACTION**

**A. INTRODUCTION**

On 15 May 2014, the Company made an announcement (“**Announcement**”) regarding the

---

## LETTER FROM THE BOARD

---

revision of the existing annual cap of certain continuing connected transaction. As stated in the Announcement, the Company shall issue a circular to the Shareholders containing further information of the revision of the existing annual cap of certain continuing connected transaction.

Under the Listing Rules, the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement shall require Independent Shareholders' approval.

To comply with the requirements of the Listing Rules, the Independent Board Committee will advise the Independent Shareholders regarding the revision to the annual cap for the note discounting transactions for the year ending 31 December 2014. The letter from the Independent Board Committee to the Independent Shareholders is included in this circular. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the revised annual cap for the note discounting transactions for the year ending 31 December 2014, and whether such transactions are in the interests of the Company and its Shareholders as a whole. The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders is also included in this circular.

The purpose of this circular are:

- (i) to provide you with further information in relation to the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement;
- (ii) to set out the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee as advised by Gram Capital; and
- (iii) to seek your approval to the ordinary resolution in relation to the revision of the existing annual cap for the note discounting services by Zhuangbei Finance to the Group for the year ending 31 December 2014, which is set out in the notice of the AGM.

Independent Shareholders are advised to read this circular carefully for details of the revision to the annual cap with respect to the note discounting services between the Group and Zhuangbei Finance for the year ending 31 December 2014 under the Framework Agreement and the Supplemental Agreement before making their decision as regards voting. For the avoidance of doubt, if the resolution proposed at the AGM as regards the revision of the annual cap with respect to the note discounting services for the year ending 31 December 2014 is not approved by the Independent Shareholders, the note discounting services between the Group and Zhuangbei Finance for the year ending 31 December 2014 would be carried out according to the existing approved annual cap of RMB 100,000,000 by the Company.

**B. REVISION OF THE EXISTING ANNUAL CAP OF CERTAIN CONTINUING CONNECTED TRANSACTION**

**Background**

Reference is made to the Framework Agreement entered into by the Company with Zhuangbei Finance on 28 October 2011 for the period from 1 January 2012 to 31 December 2014.

Changan Industry Company is a substantial shareholder of the Company, holding 25.44% of the total issued share capital of the Company. As at the date of the circular, Changan Industry Company is wholly owned by CSG, and CSG holds 31.87% share capital of Zhuangbei Finance. Therefore, according to the Listing Rules, Zhuangbei Finance is a connected person of the Company. Transactions between Zhuangbei Finance and the Group constitute the continuing connected transactions of the Company.

As approved by the Independent Shareholders held at the extraordinary general meeting of the Company on 13 December 2011, the continuing connected transactions between Zhuangbei Finance and the Group under the Framework Agreement include:

- (i) loan outstanding (including interests) and its annual caps (on a daily basis) for the three financial years ending 31 December 2014 are RMB 300,000,000, RMB 400,000,000, and RMB500,000,000, respectively;
- (ii) deposit (including interests) and its annual caps (on a daily basis) for the three financial years ending 31 December 2014 are RMB 600,000,000, RMB 800,000,000 and RMB 1,000,000,000, respectively; and
- (iii) note discounting transactions and its annual caps for the three financial years ending 31 December 2014 are RMB 100,000,000, RMB 100,000,000 and RMB100,000,000, respectively.

Pursuant to the Framework Agreement, Zhuangbei Finance will, among others, provide discounting note services to the Group whereby Zhuangbei Finance will pay cash to the Group by accepting the note receivables of the Group on a discount rate to the maturity value of the notes. The Directors confirmed that the note discounting services under the Framework Agreement has been and will continue to be provided to the Group by Zhuangbei Finance on normal commercial terms that are comparable to or more favourable than those offered by independent third parties for similar services in the PRC and that no security over any assets of the Company was or will be granted in respect of such services. The note discounting services under the Framework Agreement should therefore be exempt from reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules. However, notwithstanding the availability of such exemption under the Listing Rules, the Company will continue to comply with the reporting, announcement and Independent Shareholders' approval

---

## LETTER FROM THE BOARD

---

requirements with respect to such note discounting services (including the annual cap for the year ending 31 December 2014 which is to be revised in manner as set out below) under the Framework Agreement.

### **Revision of the Annual Cap for 2014 under the Framework Agreement**

The Directors and senior management of the Company have been closely monitoring the continuing connected transactions between the Group and Zhuangbei Finance. During the two financial years ended 31 December 2012, 31 December 2013 and the four months ended 30 April 2014, the aggregate amount of note discounting between the Group and Zhuangbei Finance were RMB 98,000,000 (audited), RMB 96,389,000 (audited) and RMB82,000,000 (unaudited), respectively.

The Directors are of the view that the existing annual cap of note discounting for the year ending 31 December 2014 will be unable to satisfy the capital movement and normal operational needs of the Group. The Directors therefore propose to revise the annual cap of note discounting for the year ending 31 December 2014 from RMB 100,000,000 to RMB 500,000,000.

On 15 May 2014, the Company entered into the Supplemental Agreement with Zhuangbei Finance to revise the annual cap for the year ending 31 December 2014 with respect to the note discounting services under the Framework Agreement from RMB 100,000,000 to RMB 500,000,000 (i.e. save for the revision of the annual cap for the year ending 31 December 2014 with respect to note discounting services as contemplated under the Supplemental Agreement, all terms and conditions regarding note discounting services under the Framework Agreement shall remain unchanged). The Company may from time to time and as necessary enter into separate implementation agreements for individual note discounting transactions contemplated under the Framework Agreement and the Supplemental Agreement. Each implementation agreement will set out the specific terms of the particular note discounting transaction within the bounds of the Framework Agreement and the Supplemental Agreement. Payment terms are to be determined based on the then prevailing market practices at the time of entering into the specific agreements.

The revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting services between the Group and Zhuangbei Finance under the Supplemental Agreement shall be subject to approval by Independent Shareholders at the AGM which is scheduled to be held on 30 June 2014. The aggregate amount of the note discounting transactions between the Group and Zhuangbei Finance for the period from 1 January 2014 to the Latest Practicable Date has not exceeded the existing approved annual cap for 2014. Prior to obtaining the Independent Shareholders' approval, the Directors and senior management of the Company will closely monitor that the note discounting transactions between the Group and Zhuangbei Finance will not exceed the existing approved annual cap for 2014.

In determining the revised annual cap for the year ending 31 December 2014 in respect of the note discounting service provided by Zhuangbei Finance to the Group, the Directors have taken into account the following:

---

## LETTER FROM THE BOARD

---

1. On checking with several independent third parties providing similar note discounting services in the PRC during the relevant periods, the Company had been informed that if the Company was to obtain note discounting services, the Company would need to provide a security deposit of sizeable amount for each transaction or obtain a credit limit equivalent to the amount of each note discounting transaction, and/or to pay extra fees to such parties for carrying out verification on the counterparties who provided the notes to the Company. Given that the funds would be required within a relatively short period of time to satisfy the operational needs of the Company, the Company would obtain note discounting services from Zhuangbei Finance if the terms are comparable to or more favourable than those offered by independent third parties for similar services in the PRC or obtain short-term loan or extend the payment terms of certain accounts payable to resolve the short-term capital movement issues and the normal operational needs of the Group. The finance costs and interests for obtaining short term loans are relatively higher than the note discounting services payable to Zhuangbei Finance. During the period from 1 January 2014 to the Latest Practicable Date, given that the costs of obtaining note discounting services from financial institutions other than Zhuangbei Finance are relatively higher than those offered by Zhuangbei Finance, the Company did not obtain note discounting services from financial institutions other than Zhuangbei Finance.
2. The Group's customers, especially the customers that produce and sell finished vehicles, tend to decrease the proportion of payment in cash and increase the amount of payment by way of notes. The portion of customers' payment by way of notes represented approximately 16.5% of the total revenue of the Group for the year 2013. In 2013, the notes received from customers by the Group was approximately RMB766 million. From January to April of 2014, the Company received notes for approximately RMB 182 million. During the first few months of year 2014, the Company, as with other enterprises in the PRC, used to have a strong demand for cash to cope with various payments in cash before and after the Chinese new year holidays. The Company discounted notes from Zhuangbei Finance accounted for approximately RMB 82 million, representing 82% of the annual cap with respect to note discounting services for the year ending 31 December 2014. As the transactions between the Group and the major customers are in an increasing trend, the Company expects that the amount of the notes to be received by the Group from customers in the latter part of year 2014 will therefore increase substantially.
3. Due to the substantial increase in note receivables and affected by the slowdown of the economy in the PRC, the tension in monetary control and the overall high interest rate in short-term lending, it transpires that the Group often experiences a shortage in ready cash as most of the operating costs will need to be paid in cash. It is expected that in 2014, the Group will have various funding needs including the establishment of logistic information centers, investment in project in Hangzhou, acquisition of vehicles and production lines, etc.. In order to budget for the on-going project investments and operational activities of the Group, reduce the finance costs and the amount of the short-term loans, the Company will need to, under the circumstances, raise necessary funds through note discounting. The Company believes that the proposed revision of

---

## LETTER FROM THE BOARD

---

the annual cap for the year ending 31 December 2014 with Zhuangbei Finance will enable the Company to have a higher flexibility for purposes of fund management.

4. Given the relationship between the Group and Zhuangbei Finance, Zhuangbei Finance does not require security deposit or charges over any assets of the Company for provision of the note discounting services to the Group. In addition, less processing time will be required for each note discounting transaction and thus it reduces the transaction cost and hence the finance cost of the Company.
5. In addition, the Company has also taken and will continue to take the following measures with regard to the note discounting services between the Group and Zhuangbei Finance:
  - (a) The Company will, from time to time, obtain terms relating to note discounting from major commercial banks within the PRC, and make comparisons, in order to allow the Company to obtain the most favourable terms relating to note discounting.
  - (b) The Company will conduct note discounting services with Zhuangbei Finance only if the terms offered by Zhuangbei Finance at relevant time are comparable to or more favourable than those offered by (i) independent third parties for similar note discounting services in the PRC; and (ii) other financial institutions (including Zhuangbei Finance) for providing short term loan financing for equivalent or similar amount(s) and terms to the Group in the PRC.
  - (c) Independent non-executive Directors and the Company's auditors will review annually the enforcement of agreements, in order to review the fairness of the transactions between the Group and Zhuangbei Finance and whether the terms of the note discounting are reasonable and on terms no less favourable than those offered by independent third parties.
  - (d) The arrangements contemplated by the Framework Agreement and the Supplemental Agreement are non-exclusive to each other. The parties shall be at liberty to choose the counterparties for the relevant transactions.

Therefore, the Board believes that it will be in the interests of the Company and its Shareholders as a whole that the aggregate amount of note discounting provided by Zhuangbei Finance to the Group for the year ending 31 December 2014 under the Framework Agreement and the Supplemental Agreement be revised from RMB100,000,000 to RMB 500,000,000.

### **Implications of the Listing Rules**

Since the highest of the applicable ratio (as defined under the Listing Rules) of the revised annual cap of the note discounting transactions between Zhuangbei Finance and the Group for the year ending 31 December 2014 as calculated under Rule 14.07 of the Listing Rules is above 5% (except for profit ratio), the revision to the annual cap for the year ending 31

---

## LETTER FROM THE BOARD

---

December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements.

The Directors (including the independent non-executive Directors) are of the view that (1) the note discounting transactions under the Framework Agreement and the Supplemental Agreement are conducted on normal commercial terms, or on terms no less favorable than those available to independent third parties according to the Company; (2) the terms of the note discounting transactions (including the revised annual cap for 2014) under the Framework Agreement and Supplemental Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has approved the revision to the annual cap for the note discounting transactions for the year ending 31 December 2014. Mr. Zhu Minghui and Mr. Du Bin, being the related Directors nominated by Changan Industry Company and as such are deemed to be interested in the note discounting transactions under the Framework Agreement and the Supplemental Agreement, had abstained from voting on the relevant resolution regarding the revision to the annual cap for the note discounting transactions ending 31 December 2014.

### **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.

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, and provide note discounting services under its licence(s) with CBRC. Zhuangbei Finance is a non-bank financial institution and regulated by CBRC. With respect to note discounting services, currently, Zhuangbei Finance only provides such services to intra-group companies within CSG.

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

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

### **C. ANNUAL GENERAL MEETING**

The AGM will be held for considering and approving, amongst other, the revised annual cap of the note discounting transactions between Zhuangbei Finance and the Group for the year ending 31 December 2014. Changan Industry Company and their respective associates (holding 41,225,600 Shares or approximately 25.44% of the equity interest in the Company as at the Latest Practicable Date) who are involved in, or interested in the

---

## LETTER FROM THE BOARD

---

note discounting transactions between Zhuangbei Finance and the Group for the year ending 31 December 2014 will abstain from voting in the resolution with respect to the revision of the existing annual cap of the note discounting transactions between Zhuangbei Finance and the Group for the year ending 31 December 2014. The resolution will be passed by way of ordinary resolution and voting will be taken by way of a poll in accordance with the requirements of the Listing Rules.

Notice of the AGM, together with the relevant reply slip and proxy form, has been issued to Shareholders separately. Whether or not you intend to attend the AGM you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.561, Hongjin Road, Yubei District, Chongqing, the PRC (Zip Code:401121) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the AGM. Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

### **D. RECOMMENDATIONS**

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, which is set out on pages 10 to 11 of this circular, and which contains their recommendation in respect of the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement. The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the revision of the existing annual cap of the note discounting transactions between Zhuangbei Finance and the Group and whether the revision of the existing annual cap of the note discounting transactions for the year ending 31 December 2014 is in the interests of the Company and its Shareholders as a whole is set out on pages 12 to 18 of this circular.

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the terms of and the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions under the Framework Agreement and the Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned and that the transactions (and the proposed revised cap) are in the interests of the Company and its Shareholders as a whole. Accordingly, it recommends that the Independent Shareholders vote in favor of the resolution to approve the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions under the Framework Agreement and the Supplemental Agreement.

The Directors (including the independent non-executive Directors) consider that the

---

## LETTER FROM THE BOARD

---

revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting services between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement by way of ordinary resolution is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favor of the resolution to be proposed at the AGM as set out in the notice of the AGM.

### **E. OTHER INFORMATION**

Your attention is drawn to the general information set out in the Appendix to this circular.

On behalf of the Board  
**Changan Minsheng APLL Logistics Co., Ltd.**  
**Zhu Minghui**  
*Chairman*



重慶長安民生物流股份有限公司

**Changan Minsheng APLL Logistics Co., Ltd. \***

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

**(Stock Code: 01292)**

5 June 2014

**REVISION OF THE EXISTING ANNUAL CAP OF CERTAIN CONTINUING  
CONNECTED TRANSACTION**

*To the Independent Shareholders*

Dear Sirs or Madam,

We, the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd., are advising the Independent Shareholders in connection with the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement, details of which are set out in the letter from the Board contained in the circular (“**Circular**”) of the Company to the Shareholders dated 5 June 2014, of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement constitutes connected transactions to the Company. Accordingly, the conduct of the transaction relating to the revision to the annual cap requires the approval of the Independent Shareholders at the AGM.

We wish to draw your attention to the letter of advice from Gram Capital set out on pages 12 to 18 of the Circular. We have discussed the letter and the opinion contained therein with Gram Capital.

Having considered, inter alia, the factors and reasons considered by, and the opinion of, Gram Capital, as stated in its aforementioned letter, we consider the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement to be fair and reasonable so far as the Independent Shareholders

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

are concerned. We are of the view that the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the relevant ordinary resolution in the Notice of AGM to be proposed at the AGM to be held on 30 June 2014 and thereby approve the revision to the annual cap for the year ending 31 December 2014 with respect to the note discounting transactions between the Group and Zhuangbei Finance under the Framework Agreement and the Supplemental Agreement.

Yours faithfully,

**Mr. Peng Qifa**  
*Independent Non-executive  
Director*

**Mr. Chong Teck Sin**  
*Independent Non-executive  
Director*

**Mr. Poon Chiu Kwok**  
*Independent Non-executive  
Director*

**Mr. Jie Jing**  
*Independent Non-executive  
Director*

**Ms. Zhang Yun**  
*Independent Non-executive  
Director*

**Mr. Goh Chan Peng**  
*Independent Non-executive  
Director*

*\* For identification purpose only*

---

## LETTER FROM GRAM CAPITAL

---

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Cap Revision for the purpose of inclusion in this circular.*



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

5 June 2014

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

Dear Sirs,

### REVISION OF THE EXISTING ANNUAL CAP OF CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 5 June 2014 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Framework Agreement was entered into by the Company with Zhuangbei Finance on 28 October 2011 for the period from 1 January 2012 to 31 December 2014. The continuing connected transactions under the Framework Agreement include that Zhuangbei Finance provides the Group with settlements, deposits and loans, note discounting services, etc..

The Directors have been closely monitoring the continuing connected transactions between the Group and Zhuangbei Finance. During the two financial years ended 31 December 2013 and the four months ended 30 April 2014, the aggregate amount of the note discounting between the Group and Zhuangbei Finance were RMB98,000,000 (audited), RMB96,389,000 (audited) and RMB82,000,000 (unaudited), respectively. The Directors are of the view that the existing annual cap of note discounting (the “**Existing Cap**”) for the year ending 31 December 2014 will be unable to satisfy the capital movement and normal operational needs of the Group. On 15 May 2014, the Company entered into the Supplemental Agreement with Zhuangbei Finance to revise the Existing Cap for the year ending 31 December 2014 from RMB100,000,000 to RMB500,000,000 (the “**Cap Revision**”).

The Independent Board Committee comprising Mr. Peng Qifa, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing, Ms. Zhang Yun and Mr. Goh Chan Peng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Cap Revision is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how

---

## LETTER FROM GRAM CAPITAL

---

the Independent Shareholders should vote in respect of the resolution(s) to approve the Supplemental Agreement and the Cap Revision at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/ arrangements or implied understanding with anyone concerning the Cap Revision. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Zhuangbei Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Cap Revision. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Gram Capital is to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

---

## LETTER FROM GRAM CAPITAL

---

In arriving at our opinion in respect of the Cap Revision, we have taken into consideration the following principal factors and reasons:

### (1) Background of and reasons for the Cap Revision

#### *Business overview of the Group*

As referred to in the Board Letter, the Company is a foreign-invested limited liability company incorporated in the PRC and provides a variety of logistics services mainly for car manufacturers and car component and parts suppliers in the PRC.

Set out below is the audited consolidated financial information of the Group for the year ended 31 December 2013 as extracted from the annual report of the Company for the year ended 31 December 2013 (the “2013 Annual Report”):

	<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2012</b>	<b>% change from 2012 to 2013</b>
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	4,646,330	3,631,719	27.94
Profit for the year	218,735	223,450	(2.11)

  

	<b>As at 31 December 2013</b>	<b>As at 31 December 2012</b>	<b>% change from 2012 to 2013</b>
	<i>RMB'000</i>	<i>RMB'000</i>	
Total equity	1,404,435	1,242,899	13.00

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

Despite the growth in revenue of the Group for the year ended 31 December 2013, the profit of the Group for the year ended 31 December 2013 decreased slightly by approximately 2.11%. Such decrease may be the result of increased cost of sales, distribution costs and administrative expenses.

With reference to the 2013 Annual Report, the Group will, by creative logistics service modes and “professionalism” in logistics service technology, continually and proactively seek for all opportunities to generate growth; further strengthen the strategic cooperation relationship with the existing customers through measures such as customers satisfactory evaluation system, core customers relation coordination and speeding up the responses to customers; further enhance the logistics service capability and core competitiveness of the Group through strengthening of the management, as well as exploration of new business ideas to enhance profitability.

#### *Information on Zhuangbei Finance*

According to the Board Letter, Zhuangbei Finance is a company incorporated in the PRC. The

---

## LETTER FROM GRAM CAPITAL

---

principal businesses of Zhuangbei Finance are to accept enterprises deposits, process financial activities such as enterprise loan and fund raising, and provide note discounting services under its licence(s) with CBRC. Zhuangbei Finance is a non-bank financial institution and regulated by CBRC. With respect to note discounting services, currently, Zhuangbei Finance only provides such services to intra-group companies within CSG.

### *Reasons for the Cap Revision*

With reference to the Board Letter, the Directors and senior management of the Company have been closely monitoring the continuing connected transactions between the Group and Zhuangbei Finance. During the two financial years ended 31 December 2013 and the four months ended 30 April 2014, the aggregate amount of the note discounting between the Group and Zhuangbei Finance were RMB98,000,000 (audited), RMB96,389,000 (audited) and RMB82,000,000 (unaudited), respectively.

Set out below are the utilisation rates of the Existing Cap for the two financial years ended 31 December 2013 and the four months ended 30 April 2014:

	<b>For the year ended 31 December 2012</b>	<b>For the year ended 31 December 2013</b>	<b>For the four months ended 30 April 2014</b>
<b>Annual cap (RMB)</b>	100,000,000	100,000,000	100,000,000 ( <i>Note</i> )
<b>Amount of note discounting (RMB)</b>	98,000,000	96,389,000	82,000,000
<b>Utilisation rate (Approximate %)</b>	98.00	96.39	82.00

*Note: The annual cap was set for the year ending 31 December 2014.*

With reference to the Board Letter, the Directors are of the view that the Existing Cap will be unable to satisfy the capital movement and normal operational needs of the Group. In addition, the Group's customers, especially the customers that produce and sell finished vehicles, tend to decrease the proportion of payment in cash and increase the amount of payment by way of notes. From January to April of 2014, the Company received notes for approximately RMB182 million, of which the notes discounted by Zhuangbei Finance accounted for approximately RMB82 million. The Company expects that the amount of the notes to be received by the Group for the year ending 31 December 2014 will increase substantially.

On 15 May 2014, the Company entered into the Supplemental Agreement with Zhuangbei Finance to revise the Existing Cap for the year ending 31 December 2014 from RMB100,000,000 to RMB500,000,000.

Having considered (i) the above reasons for the Cap Revision; (ii) the substantial growth in revenue of the Group; and (iii) the high utilisation rates of the Existing Cap for the two financial years ended 31 December 2013 and the four months ended 30 April 2014, we concur with the Directors that the Cap Revision is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

### **(2) The Supplemental Agreement and the Cap Revision**

On 15 May 2014, the Company entered into the Supplemental Agreement with Zhuangbei Finance to revise the Existing Cap for the year ending 31 December 2014 from RMB100,000,000 to RMB500,000,000. As confirmed by the Directors, save as and except for the Cap Revision, the

---

## LETTER FROM GRAM CAPITAL

---

terms of the Framework Agreement shall remain unchanged.

Detailed basis for determining the revised annual cap of RMB500,000,000 for the year ending 31 December 2014 (the “**Revised Cap**”) is set out under the section headed “Revision of the annual cap for 2014 under the Framework Agreement” in the Board Letter.

To assess the fairness and reasonableness of the revised annual cap for the year ending 31 December 2014, we have discussed with the management of the Company regarding the following factors considered in determining the Revised Cap:

### *Growth in the Group’s revenue*

Save for the growth in the Group’s revenue for the year ended 31 December 2013 (approximately 27.94% (approximately RMB1,015 million in amount) growth as compared to the prior financial year) as demonstrated in the above sub-section headed “Business overview of the Group” in this letter, the Group’s revenue has been growing annually since its listing on the Growth Enterprise Market of the Stock Exchange in 2006. The Group’s revenue for the year ended 31 December 2013 is over four times of the Group’s revenue for the year ended 31 December 2006.

### *Increasing proportion of payment by way of notes*

With reference to the Board Letter, the Group’s customers, especially the customers that produce and sell finished vehicles, tend to decrease the proportion of payment in cash and increase the amount of payment by way of notes. Set out below are the proportion of customers payment by way of notes for the year ended 31 December 2013, the four months ended 30 April 2013 and the four months ended 30 April 2014:

	<b>For the year ended 31 December 2013</b>	<b>For the four months ended 30 April 2013</b>	<b>For the four months ended 30 April 2014</b>
<b>Amount of customers payment by way of notes (Approximate RMB)</b>	766 million	145 million	182 million
<b>Proportion to the Group’s revenue (Approximate %)</b>	16.49	10.72	12.22

As illustrated in the above table, the proportion of customers payment amount by way of notes to the Group’s revenue (the “**Notes Payment Proportion**”) was approximately 16.49% for the year ended 31 December 2013. Upon our enquiry, the management of the Company advised us that the Notes Payment Proportion is affected by seasonal factors. Accordingly, for direct comparison purpose, we have compared the Notes Payment Proportion for the four months ended 30 April 2013 with the four months ended 30 April 2014. As illustrated in the above table, the Notes Payment Proportion increased from approximately 10.72% for the four months ended 30 April 2013 to approximately 12.22% for the four months ended 30 April 2014. With reference to the Board Letter, the Company expects that the amount of the notes to be received by the Group for the year ending 31 December 2014 will increase substantially.

### *High utilisation rate of the Existing Cap*

As demonstrated in the above section headed “Reasons for the Cap Revision” in this letter, the utilisation rates of the Existing Cap for the each of the two years ended 31 December 2013 were approximately 98.00% and 96.39% respectively. As for the four months ended 30 April 2014,

---

## LETTER FROM GRAM CAPITAL

---

which is only one-third of the year, the utilisation rate of the Existing Cap had reached approximately 82.00% already. As such, only RMB18 million of the Existing Cap of 2014 is remained for the eight months ending 31 December 2014 if the Existing Cap for the year ending 31 December 2014 not being revised.

In addition, as the amount of customers payment by way of notes was approximately RMB766 million for the year ended 31 December 2013, it is reasonable for the Company to set the Revised Cap to provide the Group with higher flexibility to manage such payment through the note discounting services provided by Zhuangbei Finance.

Having taken into account the above factors, namely (i) growth in the Group's revenue; (ii) increased proportion of payment by way of notes; and (iii) high utilisation rate of the Existing Cap, and the factors considered by the Directors in determining the Revised Cap as set out under the section headed "Revision of the annual cap for 2014 under the Framework Agreement" in the Board Letter, we are of the view that the Revised Cap would provide the Group with higher flexibility to manage the payment from its customers by way of notes through the note discounting services provided by Zhuangbei Finance. Accordingly, we are of the view that the Revised Cap is fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Revised Cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2014, and it does not represent forecasts of revenue/receivables of the Group or notes payment to be discounted by Zhuangbei Finance. Consequently, we express no opinion as to how closely the notes payment to be discounted by Zhuangbei Finance will correspond with the Revised Cap.

### **(3) Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.37 to 14A.41 of the Listing Rules pursuant to which (i) the value of the note discounting by Zhuangbei Finance must be restricted by the Revised Cap for the year ending 31 December 2014; (ii) the terms of the Framework Agreement (together with the Supplemental Agreement and the Revised Cap) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Framework Agreement (together with the Supplemental Agreement and the Revised Cap) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, that the note discounting by Zhuangbei Finance is carried out in accordance with the pricing policies of the Company, and the Revised Cap is not being exceeded. In the event that the total amounts of the note discounting by Zhuangbei Finance exceed the Revised Cap, or that there is any material amendment to the terms of the Framework Agreement and the Supplemental Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules by the Company, we are of the view that there are adequate measures in place to monitor the note discounting by Zhuangbei Finance (together with the Revised Cap) and hence the interest of the Independent Shareholders would be safeguarded.

### **RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that

---

## LETTER FROM GRAM CAPITAL

---

(i) the terms of the Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Cap Revision is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the Supplemental Agreement and the Cap Revision and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

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

## **1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this circular misleading.

## **2. DISCLOSURE OF INTEREST**

### **(a) Directors and Supervisors of the Company**

As at the Latest Practicable Date, none of the Directors, chief executive and the supervisors of the Company has any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### **(b) Substantial Shareholders**

As at 31 December 2013, so far as is known to the Directors, chief executive and the supervisors of the Company, the following persons, other than a Director, supervisor, or chief executive of the Company, had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of Shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Sections 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of Shares	Percentage of domestic Shares ( non-H foreign Shares included )	Percentage of H Shares	Percentage of total registered Share capital
Changan Industry Company	Beneficial owner	41,225,600(L)	38.51%	-	25.44%
APL Logistics	Beneficial owner	33,619,200(L)	31.40%	-	20.74%
Minsheng Industrial	Beneficial owner	25,774,720(L)	24.07%	-	15.90%
Minsheng Industrial (note 1)	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung (HK) (note 1)	Beneficial owner	6,444,480(L)	6.02%	-	3.98%
Pemberton Asian Opportunities Fund	Beneficial owner	4,400,000(L)	-	8.00%	2.71%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments, LLC (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (note 2)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

*Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial, Minsheng Industrial holds 98.95% shareholdings of Ming Sung (HK). The Directors, Mr. Lu Guoji and Mr. Lu Xiaozhong hold respectively 24% and 6% shareholdings of Minsheng Industrial.*

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

*Note 3: (L) – long position, (S) – short position, (P) - Lending Pool.*

Save as disclosed above, the Company is not aware of any other person (other than the Directors, supervisors and senior executives of the Company) having any interests or short positions in the Shares and underlying shares of the Company as at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no director or supervisor is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Division 2 and 3 of Part XV of the SFO:

#### Directors

- (a) Zhu Minghui Deputy general manager of Changan Industry Company
- (b) Du Bin Project director of technology centre in Changan Industry Company and director of Sichuan Hongguang Electromechanical Company Limited
- (c) Lu Xiaozhong President of Minsheng Industrial, chairman of Minsheng Shipping Co., Ltd. and director and general manager Ming Sung (HK).
- (d) Lu Guoji Chairman of the board of directors of Minsheng Industrial. and chairman of the board of directors of Ming Sung (HK).
- (e) Wu Xiaohua Director, deputy general manager and CFO of Mingsheng Shipping Co., Ltd.
- (f) William K Villalon American President Lines/Logistics, vice president of Land Transportation Services/Global Automotive Logistics.
- (g) Danny Goh Yan Nan Vice president of North Asia region of APL Logistics.

#### Supervisors

- (h) Zhu Ying Minister of finance ministry of Changan Industry Company.
- (i) Wu Jun Regional Financial Officer, North Asia Region of Neptune Orient Lines Limited/American President Lines Company Limited/APL Logistics.
- (j) Zhang Tianming Director of comprehensive financial department of Minsheng Industrial.

### 3. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2013, being the date to which the latest published audited accounts of the

Company and its subsidiaries were made up to.

#### **4. MATERIAL LITIGATION**

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

#### **5. CONSENT OF EXPERT**

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name and logo in the form and context in which they are included:

<b>Name</b>	<b>Qualification</b>
Gram Capital	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of the Company and its subsidiaries nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

#### **6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or supervisor of the Company had entered into any service contract with the Company or its subsidiaries which does not expire or is not terminable by the Company and its subsidiaries within one year without payment of compensation, other than statutory compensation.

#### **7. DIRECTORS' OR SUPERVISORS' INTERESTS IN THE COMPANY AND ITS SUBSIDIARIES' ASSETS OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any interest in any assets which have been since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up) acquired or

disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

As at the Latest Practicable Date, none of the Directors or supervisors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

## 8. COMPETING INTERESTS

Before the listing of the H shares on the Growth Enterprise Market of the Stock Exchange, the Company's shareholders, APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Company, had all entered into non-competition undertakings with the Company in favor of the Company. Please further refer to the Prospectus issued by the Company on 16 February 2006 for such undertakings.

Up to the Latest Practicable Date, the non-competition undertaking given by each of Changan Industry Company and APLL is still effective. As at the end of 2011, the aggregate shareholding in the Company held by Minsheng Industrial and Ming Sung (HK) (together with their respective associates) fell below 20%, the non-competition undertaking signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective.

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

Save for the disclosure stated above, as at the Latest Practicable Date, none of the Director(s) or substantial shareholder(s) of the Company had any interest in any business that competes or may compete with the Group.

## 9. MISCELLANEOUS

- (a) Mr. Huang Xuesong and Mr. Joseph Au Yeung Wai Ki are the joint company secretaries of the Company.
- (b) The legal address of the Company is Liangjing Village, Yuanyang Town, Yubei District, Chongqing, the PRC. The H Share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- (c) In the case of any discrepancy, the English text of this circular shall prevail over the Chinese text.

## 10. DOCUMENTS FOR INSPECTION

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