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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)

CONNECTED TRANSACTION

DISCLOSEBLE AND CONNECTED TRANSACTION

I. THE LICENSE GRANT AND SERVICES

On 15 October 2014, the Company entered into the Technology License and Services Agreement with VASCOR, pursuant to which the Company has agreed to purchase the License Grant and the Services from VASCOR at a total consideration of not exceeding RMB5,500,000.

APLL is a substantial shareholder of the Company, holding approximately 20.74% of the total issued share capital of the Company. As APLL also holds 50% share capital of VASCOR, VASCOR is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Technology License and Services Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios of the transaction contemplated under the Technology License and Services Agreement as calculated under Rule 14.07 of the Listing Rules is above 0.1% but less than 5%, the transactions contemplated under the Technology License and Services Agreement is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirements.

II. SUBSCRIPTION OF EQUITY INTERESTS IN ZHUANGBEI FINANCE

On 15 October 2014, the Participating Parties (including the Company) entered into the Subscription Agreement with the Non-Participating Existing Shareholders, pursuant to which the Company, among others, has agreed to subscribe for 17,000,000 Subscription Shares at RMB1.7 per Subscription Share for a subscription price of RMB 28,900,000. The 17,000,000 Subscription Shares to be subscribed by the Company represents approximately 0.81% of the equity interest of the enlarged share capital of Zhuangbei Finance immediately following completion of the Subscription. The subscription price shall be funded by the Company's internal cash surplus. The subscription of 17,000,000 Subscription Shares is subject to, among other things, the approval of the CBRC.

Changan Industry Company is a substantial shareholder of the Company, holding approximately 25.44% of the total issued share capital of the Company. Changan Industry Company is wholly

owned by CSG. Currently, 31.87% of the equity interest in Zhuangbei Finance is held by CSG, while the remaining 68.13% of the equity interest in Zhuangbei Finance is held by CSG's group of companies. Accordingly, Zhuangbei Finance is a connected person of the Company. The entering into the Subscription Agreement (including the proposed subscription of 17,000,000 Subscription Shares contemplated thereunder) by the Company constitutes a discloseable and connected transaction of the Company.

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

III. GENERAL

An Independent Board Committee will be formed to advise the Independent Shareholders as to whether or not the terms of the Subscription Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. An independent financial adviser of the Company will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regards. The Company will publish further announcement, if required, once the independent financial adviser is appointed.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company Law, the Company shall despatch a circular containing, amongst other things, details of the discloseable and connected transaction contemplated under the Subscription Agreement, the letter from the Independent Board Committee and the advice of the independent financial advisor to the Shareholders as soon as possible but in any event not later than 15 days before the general meeting for, amongst other things, approval of the relevant resolution. The Company proposes to convene an extraordinary general meeting to approve the discloseable and connected transaction contemplated under the Subscription Agreement in late December 2014, thus expects to despatch the circular to the Shareholders in early December 2014. The Company will issue a further announcement to inform the Shareholders as to when the circular will be issued once the date of the extraordinary general meeting is fixed.

I. THE LICENSE GRANT AND SERVICES

Background

On 15 October 2014, the Company entered into the Technology License and Services Agreement with VASCOR, pursuant to which the Company has agreed to acquire from VASCOR the license grant for the system of the software (namely, LIMS1.9.7, OMS), the relevant source code materials of LIMS1.9.7, OMS and the technology support of LIMS1.9.7, OMS before the server has been set up (the "**License Grant**"), and the relevant supporting services within one year after the server has been set up (the "**Services**") from VASCOR.

APLL is a substantial shareholder of the Company, holding approximately 20.74% of the total issued share capital of the Company. As APLL holds 50% share capital of VASCOR, VASCOR is therefore a connected person of the Company. Accordingly, the transactions contemplated under the Technology License and Services Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Technology License and Services Agreement

Date: 15 October 2014

Parties: (i) the Company, and

(ii) VASCOR

Subject of the transaction:	The Company will acquire the License Grant and Services from VASCOR. The License Grant and Services will be used for the milk-run operation and management of the Company.
Term	The License Grant for the system of LIMS1.9.7, OMS shall be perpetual, worldwide, non-exclusive, non-transferable, free of royalty and irrevocable and the term of the Service shall expire one year after the server has been set up.
Consideration:	<p>The total consideration for the License Grant and Services shall not exceed RMB 5,500,000. RMB 1,900,000 of the consideration shall be payable by the Company to VASCOR within 10 working days after the Technology License and Services Agreement is signed; another RMB 1,900,000 shall be payable within 7 working days after the software system is jointly checked and accepted by both parties in the testing environment; and the remaining amount of not exceeding RMB 1,700,000 shall be payable in batches according to actual service cost within the one year after the server has been set up.</p> <p>The consideration will be funded through the Company's internal cash surplus.</p>

Reasons for entering into the transaction

In order to meet the demands from the customers and improve the competitiveness of the Company, the Company needs to introduce advanced milk-run operation and management mode.

The Directors are of the view that the License Grant and Services will best cater for the needs of the Company, having taken into consideration the following: (1) as currently there is no ready-made software in China to meet the requirements of our customers, the Company can meet the requirements of our customers through customized development of required software. However, on comparing and evaluating the quotes obtained from suppliers offering customized development of required software, it will cost more than the price payable by the Company to VASCOR for the License Grant and Services. (2) it is the first time for the running of the customized software, its reliability and stability cannot be ensured, thus it will likely affect the business operation of the Company. (3) VASCOR is one of the outstanding professional logistics companies, the software provided by it has been applied in the milk-run business for Toyota in the USA for over 15 years and has to-date supported the production of over one million vehicles per year. Through purchasing the License Grant and Services from VASCOR, it can enable the Company to share VASCOR's operational experience and the business operation capacity and hence by leveraging on VASCOR's technological support, the market competitiveness of the Company can be greatly improved.

Basis of determination

Upon the comparing and evaluating the quotes with specification from at least two suppliers providing customized development of required software, the Directors are of the view that the price for the License Grant and Services from VASCOR is relatively lower than that of customized development. Especially in the automatic trace and tracking functions, and against the background of increasing labor cost, the system will comparatively save part of the Company's labor cost, therefore, it is beneficial in the long term development of the Company.

Implications of the Listing Rules

Since one or more of the percentage ratios of the transactions contemplated under the Technology License and Services Agreement as calculated under Rule 14.07 of the Listing Rules is above 0.1% but less than 5%, the transaction contemplated under the Technology License and Services Agreement is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirements.

The Board (including the independent non-executive directors) are of the view that (1) the transactions contemplated under the Technology License and Services Agreement were conducted on normal commercial terms; (2) the terms of the Technology License and Services Agreement were fair and reasonable and (3) the entering into the Technology License and Services Agreement is in the interests of the Company and the Shareholders as a whole.

The Board has resolved to approve the Proposal of the Connected Transaction Regarding the Company's purchase of the License Grant and Services from VASCOR. Except for William K Villalon and Danny Goh Yan Nan who, being the related Directors, are deemed to be interested in transaction contemplated under the Technology License and Services Agreement, none of the other Directors has abstained from voting on the relevant resolution approving the Technology License and Services Agreement and the transactions thereby contemplated.

II. SUBSCRIPTION OF EQUITY INTERESTS IN ZHUANGBEI FINANCE

Background

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

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

Subscription Agreement

Date:

15 October 2014

Parties:

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

Subscription price

The subscription price for 17,000,000 Subscription Shares to be issued by Zhuangbei Finance is RMB 28,900,000 which shall be payable by the Company in cash within 10 days upon the signing of the Subscription Agreement by all parties. As at the date of this announcement, the Company has not paid any of the subscription price to Zhuangbei Finance.

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

Conditions precedent

The Subscription Agreement is conditional upon, among other things:

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

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

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

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

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

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

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

Selected Financial Information of Zhuangbei Finance

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

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

Basis of determination of the subscription price per Subscription Share

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

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

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

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

Implications of the Listing Rules

Since one or more of the applicable ratios (as defined under the Listing Rules) of the subscription by the Company in Zhuangbei Finance under the Subscription Agreement as calculated under Rule 14.07 of the Listing Rules is more than 5% but less than 25%, the entering into the Subscription Agreement (including the proposed subscription of 17,000,000 Subscription Shares contemplated

thereunder) by the Company constitutes a discloseable and connected transaction of the Company, subject to reporting, announcement and the Independent Shareholders' approval requirements.

The Board (other than members of the Independent Board Committee who will give their opinion after having considered the recommendation from the independent financial adviser) are of the view that (1) the subscription by the Company in Zhuangbei Finance under the Subscription Agreement was conducted on normal commercial terms; (2) the terms of the Subscription Agreement were fair and reasonable and (3) the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

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

General

An Independent Board Committee will be formed to advise the Independent Shareholders as to whether or not the terms of the Subscription Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. An independent financial adviser of the Company will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regards. The Company will publish further announcement, if required, once the independent financial adviser is appointed.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company Law, the Company shall despatch a circular containing, amongst other things, details of the discloseable and connected transaction contemplated under the Subscription Agreement, the letter from the Independent Board Committee and the advice of the independent financial advisor to the Shareholders as soon as possible but in any event not later than 15 days before the general meeting for, amongst other things, approval of the relevant resolution. The Company proposes to convene an extraordinary general meeting to approve the discloseable and connected transaction contemplated under the Subscription Agreement in late December 2014, thus expects to despatch the circular to the Shareholders in early December 2014. The Company will issue a further announcement to inform the Shareholders as to when the circular will be issued once the date of the extraordinary general meeting is fixed.

Information on the parties

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.

APLL engages in supply chain management services.

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

VASCOR is a limited company incorporated in the United States and APLL holds 50% of the issued share capital of VASCOR. VASCOR is principally engaged in provision of supply chain logistics to manufacturers in the automotive industry in USA.

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.

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

Definitions

“APLL”	APL Logistics Ltd.
“Board”	the board of directors of the Company
“CBRC”	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 announcement, excludes Hong Kong, Macau and Taiwan
“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
“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“Director (s)”	the director (s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	a committee of the Board to be established for the purpose of considering the terms of the Subscription Agreement and the transaction contemplated thereunder, comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholders other than Changan Industry Company and CSG and their respective associates, and who are not involved in, or interested in the Subscription Agreement and the transaction contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Participating Parties”	the existing shareholders and incoming shareholders who will participate in the Subscription, being Changan Minsheng APLL Logistics Co., Ltd., Chongqing Hongyu Precision Industry Co., Ltd., Chengdu Lingchuan Special Industrial Co., Ltd., Sichuan Huaqing Machinery Co., Ltd., Hubei Huazhong Photoelectric Science and Technology Ltd., Chongqing Changan Industry Company (Group) Co., Ltd., Chongqing Dajiang Industry Co., Ltd., Chongqing Wangjiang Industry Co., Ltd., Southwest Ordnance Industry Corporation, Wuhan Binhu Electronic Limited Liability Company, Xi’an Kunlun Industry (Group) Co., Ltd.,

Chongqing Jianshe Industry (Group) Co., Ltd.,
 Chongqing Jialing Special Equipment Co., Ltd.,
 Luoyang North Enterprises Group Co., Ltd.,
 Heilongjiang North Tool Co., Ltd.,
 Hunan Vanguard Group Co., Ltd.,
 Motorcycle Test Technology Institute of China South
 Industries Group Corporation,
 Shanghai Electronic Control Institute,
 Chongqing Changjiang Electrical Appliances Industries
 Group Co., Ltd.,
 Hubei Huaqiang High-Tech Co., Ltd.,
 Hunan Huanan Opto-Electro-Sci-Tech Co., Ltd.,
 Hunan Tyen Machinery Co., Ltd., and
 The 59th Research Institute of China North Industries

“Non-Participating Existing Shareholders”	<p>existing shareholders of Zhuangbei Finance who will not participate in Subscription and who have waived their pre-emptive rights to subscribe for the Subscription Shares of Zhuangbei Finance, being</p> <p>CSG, China Changan Automobile Group Co., Ltd., Chongqing Changan Automobile Co., Ltd., South Industry Assets Management Co., Ltd., Zhongyuan Special Steel Co., Ltd., CDGM Glass Co., Ltd., Sichuan Jian’an Industry Co., Ltd., Chengdu Jinlin Industrial Manufacturing Co., Ltd., Hunan Jiangbin Machinery (group) Co., Ltd., and Henan Costar Group Co., Ltd.</p>
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Subscription”	the proposed subscription of the Subscription Shares by way of cash pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company, the Participating Parties, and the Non-Participating Existing Shareholders on 15 October 2014 relating to the Subscription by way of cash for the new registered capital of Zhuangbei Finance
“Subscription Shares”	588,000,000 new shares of Zhuangbei Finance to be issued by Zhuangbei Finance pursuant to the Subscription Agreement
“Technology License and Services Agreement”	the technology license and services agreement entered into between the Company and VASCOR on 15 October 2014 relating to the purchase of the system of the software (namely, LIMS1.9.7, OMS), the relevant source code materials of LIMS1.9.7, OMS and the technology support of LIMS1.9.7, OMS before the server has been set up and the relevant supporting services within one year after the server has been set up

“USA”	the united states of America
“VASCOR”	VASCOR, Ltd.
“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
15 October 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. Lu Guoji, Mr. Wu Xiaohua, Mr. Danny Goh Yan Nan and Mr. Wang Lin as the non-executive directors; (3) Mr. Peng Qifa, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing, Ms. Zhang Yun and Mr. Goh Chan Peng as independent non-executive directors.

** For identification purpose only*