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重慶長安民生物流股份有限公司

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

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

**(Stock Code : 01292)**

**CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT  
SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2016, AND**

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

**CONTINUING CONNECTED TRANSACTION WITH CHANGAN CONSTRUCTION AND ITS  
ASSOCIATES**

Reference is made to the announcement published by the Company on 23 January 2015 regarding the revised framework agreement between the Company and Changan Construction on purchase of construction services by the Group from Changan Construction and its associates. The term of the revised framework agreement expired on 31 December 2015. On 24 March 2016, the Company and Changan Construction entered into the Framework Agreement, pursuant to which the Group shall purchase engineering construction services and engineering maintenance services from Changan Construction and its associates. The term of the Framework Agreement shall be one year commencing on 1 January 2016 and expiring on 31 December 2016.

**REVISION OF THE ANNUAL CAP FOR 2016 REGARDING THE PURCHASE OF SECURITY  
AND CLEANING SERVICES FROM CHANGAN PROPERTY AND ITS ASSOCIATES**

Reference is made to the announcement published by the Company on 14 November 2014 regarding, among others, the continuing connected transaction on the purchase of security and cleaning services by the Group from Changan Property and its associates. In order to purchase more security and cleaning services from Changan Property and its associates to cope with the expansion in the business operation of the Company, the Board proposes to revise the existing annual cap of the continuing connected transactions with Changan Property and its associates for the year ending 31 December 2016 from RMB 9, 142,182 to RMB17, 000,000, whilst the annual cap for the year ending 31 December 2017 shall remain unchanged at RMB10, 334,334.

**LISTING RULES IMPLICATION**

China Changan is one of the substantial shareholders of the Company, holding approximately 25.44% of the equity interests of the Company. Changan Industry Company is a wholly owned subsidiary of CSG which, in turn, is a controlling shareholder of China Changan. Each of Changan Construction and Changan Property is a wholly owned subsidiary of the affiliated company of Changan Industry Company —Changan Real Estate Development Company. Thus Changan Construction and Changan Property and their respective associates are connected persons of the Company under the Listing Rules.

Since the highest applicable percentage ratio of the transaction amount of each of the continuing connected transactions on purchase of engineering construction services and engineering maintenance services by the Group from Changan Constructions and its associates and the revised annual cap of the continuing connected transactions on the purchase of security and cleaning services by the Group from Chanan Property and its associates for the year ending 31 December 2016 is above 0.1% but less than 5% as calculated under Rule 14.07 of the Listing Rules, the above mentioned continuing connected transactions between the Group and each of Changan Construction and Changan Property and their respective associates are subject to the reporting, annual review and announcement requirements, but are exempt from Independent Shareholders' approval requirements.

## CONTINUING CONNECTED TRANSACTION WITH CHANGAN CONSTRUCTION AND ITS ASSOCIATES

Reference is made to the announcement published by the Company on 23 January 2015 regarding the revised framework agreement between the Company and Changan Construction on purchase of construction services by the Group from Changan Construction and its associates. The term of the revised framework agreement expired on 31 December 2015. On 24 March 2016, the Company and Changan Construction entered into the Framework Agreement, pursuant to which, the Group shall purchase engineering construction services and engineering maintenance services from Changan Construction and its associates. The term of the Framework Agreement shall be one year commencing on 1 January 2016 and expiring on 31 December 2016.

Brief terms of the Framework Agreement are as follows:

<b>Date</b>	24 March 2016
<b>Parties</b>	(i) the Company; and (ii) Changan Construction
<b>Subject of the transaction</b>	The Group may purchase engineering construction services and engineering maintenance services from Changan Construction and its associates during the period from 1 January 2016 to 31 December 2016.
<b>Proposed annual cap</b>	<p>The annual cap for the year of 2016 will be RMB 43,000,000.</p> <p>The annual cap is determined based on the historical transaction amount with Changan Construction and its associates, and to ability of Changan Construction and its associates to provide engineering construction and engineering maintenance services at competitive prices.</p> <p>There will be more connected transactions between the Group and Changan Construction and its associates for the year of 2016 given the fact that there are certain ongoing projects from previous years and certain new projects that are commencing this year. Thus the board considers the above mentioned annual cap for the year ended 31 December 2016 reasonable and appropriate.</p>
<b>Pricing policy</b>	<p>The pricing of the services provided under the agreement shall be determined in accordance with the following principle:</p> <p>Bidding Price: to ensure that the most competitive price is obtained by the Group, the price for each project to be provided by Changan Construction and its associates will be arrived at by an independent bidding agent through bidding process according to the PRC Bidding Law.</p>

The transactions contemplated under the Framework Agreement shall be conducted on a non-exclusive basis. Separate written agreement(s) setting out the detailed terms shall be entered into by the relevant parties. The terms of such agreement shall be governed by the Framework Agreement and as such will not constitute new categories of continuing connected transactions of the Company.

## **REVISION OF THE ANNUAL CAP FOR 2016 REGARDING THE PURCHASE OF SECURITY AND CLEANING SERVICES FROM CHANGAN PROPERTY AND ITS ASSOCIATES**

Reference is made to the announcement dated on 14 November 2014 issued by the Company regarding, among other things, the security and cleaning services to be provided by Changan Property and its associates.

According to the existing framework agreement entered into between the Company with Changan Property on 14 November 2014, the continuing connected transactions for purpose of security and cleaning services (security services means entry/exist control of personnel, vehicles and goods as well as security precautions in each relevant unit of the Group; cleaning services means sanitary work in each relevant unit of the Group) between the Group and Changan Property and its associates shall be a term of three years commencing on 1 January 2015 and expiring on 31 December 2017 (both days inclusive). In addition, the annual caps for each of the three years ended on 31 December 2017 were RMB7, 001,911, RMB9, 142,182 and RMB10, 334,334 respectively. The actual transaction amount for 2015 (audited) was RMB6, 884,000. In order to purchase more security and cleaning services from Changan Property and its associates to cope with the expansion in the business operation of the Company, the Board proposes to revise the annual cap of continuing connected transactions for the year ending 31 December 2016 from the existing annual cap of RMB 9, 142,182 to RMB 17, 000, 000, whilst the annual cap for the year ending 31 December 2017 shall remain unchanged at RMB10, 334,334. In addition, the pricing mechanism for provision of such services under the existing framework agreement shall remain unchanged.

The continuing connected transactions between the Group and each of Changan Construction and Changan Property shall be conducted on a non-exclusive basis. Payment for transactions shall be settled in cash in arrears accordance with the payment terms agreed by relevant parties in the contract(s) to be entered into pursuant to the framework agreement.

### **INTERNAL CONTROL MEASURES TO MONITOR THE CONTINUING CONNECTED TRANSACTIONS WITH EACH OF CHANGAN CONSTRUCTION AND CHANGAN PROPERTY, AND THEIR RESPECTIVE ASSOCIATES**

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

- (a) The external auditors of the Company will conduct an interim review and year-end audit for each financial year, and will issue their opinion and letter to the Board in relation to the pricing policies and annual caps of the continuing connected transactions of the Company conducted during the preceding financial year pursuant to the Listing Rules. In addition, according to the Listing Rules, the independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the transactions in the annual report of the Company.
- (b) The Supervisory Committee are also responsible for, among others, supervising on the continuing connected transactions of the Company and reviewing the fairness of the transactions and whether the pricing of the transactions are fair and reasonable.
- (c) The Company's internal control and risk management departments, the audit committee of the Company and the Supervisory Committee shall each conduct random internal assessments on the internal control measures and the financial information of the Company, in order to ensure that the internal control measures in respect of the connected transactions remain complete and effective. Furthermore, they convene meetings at least twice a year to discuss and assess the implementation of connected transactions. Meanwhile, the legal and contract management departments shall conduct prudent review and appraisal of the contracts entered into by the Company, the operational and management department shall monitor the transactional amounts in a timely manner and manage the compliance during the process of business operations.
- (d) The Company has formulated a series of internal rules and regulations on connected transaction management, internal control management handbook and internal control assessment management methods, to ensure that the pricing mechanism is transparent and the implementation of such pricing mechanism is subject to strict scrutiny by the Group and that connected transactions are conducted in fair and reasonable manner and in all respect in the best interest of the Company and its shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

### ***In respect of continuing connected transactions with Changan Construction and its associates***

The Group has been purchasing engineering construction work from Changan Construction and hence has established long term cooperation relationships with Changan Construction and its associates. Changan Construction and its associates have been able to deliver quality and reliable services to the Group in the past. Thus the Board is of the view that it would be beneficial for the Group to continue the services on the purchase of engineering construction work as well the engineering maintenance services after Changan Construction and its associates win the bidding after a bidding process in accordance with the PRC bidding law.

### ***In respect of continuing connected transactions with Changan Property and its associates***

With the continuous expansion of the Company's scale, and in order to further improve the service level and reduce service cost of security and cleaning services, the Group anticipated more connected transactions with Changan Construction and its associates in the year of 2016, thus the management of the Company decides to increase the annual cap for the year ended 31 December 2016. In addition, the Group and Changan Property has enjoyed a long-term relationship and generally satisfied with the performance of Changan Property.

Since its establishment, Changan Property has been a property management corporate of national grade I qualifications. With its rich experience in property management, the Board believes that it can provide the Group with high quality services in security and cleaning.

## **THE VIEWS OF BOARD OF DIRECTORS**

The Board has resolved to approve the continuing connected transactions including the relevant annual cap with each of Changan Construction and Changan Property contemplated under the relevant framework agreement. Mr. Zhu Minghui and Mr. Wang Lin, being the related Directors and who are deemed to be interested in the continuing connected transactions with Changan Construction and Changan Property and their respective associates, had abstained from voting on the relevant resolutions.

The Board (including the Non-executive independent directors) are of the view that (1) the continuing connected transactions with Changan Construction and its associates for 2016 and the relevant annual cap contemplated under the Framework Agreement were entered into in the ordinary course of business of the Group and are on normal commercial terms; (2) the terms of the Framework Agreement were fair and reasonable and (3) the entering into of the Framework Agreement is in the interests of the Company and the Shareholders as a whole.

In addition, the Board (including the Non-executive independent directors) are of the view that the revision of the annual cap for the year ending 31 December 2016 regarding the purchase of security and cleaning services with Changan Property and its associates is fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

The Company is a foreign-invested limited liability company incorporated in the PRC and provides a variety of logistics services mainly for car manufacturers and car component and parts suppliers in China.

Changan Construction engages in engineering design and construction services.

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

## **IMPLICATIONS UNDER THE LISTING RULES**

Since the highest applicable percentage ratio of the transaction amount of each of the continuing connected transactions on purchase of engineering construction services and engineering maintenance services by the Group from Changan Constructions and its associates and the revised annual cap of the continuing connected transactions on the purchase of security and cleaning services by the Group from Changan Property and its associates for the year ending 31 December 2016 is above 0.1% but less than 5% as calculated under Rule 14.07 of the Listing Rules, the above mentioned continuing connected transactions between the Group and each of Changan Construction and Changan Property and their respective associates are subject to the reporting, annual review and announcement requirements, but are exempt from Independent Shareholders' approval requirements.

## DEFINITION

“Associate”	same meaning as defined in the Listing Rules
“Board”	the board of directors of the Company
“China Changan”	China Changan Automobile Group Co., Ltd.
“Changan Construction”	Chongqing Changan Construction Limited Company (重慶長安建設工程有限公司) which is wholly owned (directly and indirectly) by Changan Industry Company
“Changan Industry Company”	Chongqing Changan Industry Company (Group) Limited (重慶長安工業(集團)有限責任公司)
“Changan Property”	Chongqing Changan Property Management Co., Ltd.(重慶市長安物業管理有限公司)
“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
“Framework Agreement”	the framework agreement entered into between the Company and Changan Construction on 24 March 2016 regarding the purchase of engineering construction services and engineering maintenance services by the Group from Changan Construction and its associates
“Group”	the Company and its subsidiaries from time to time
“Supervisory Committee”	the supervisory committee of the Company
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited

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

Chongqing, the PRC  
24 March 2016

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

*\* For identification purpose only*