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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: 0 1292)

**CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT
SHAREHOLDERS' APPROVAL REQUIREMENTS
AND
REVISION OF AN EXISTING ANNUAL CAP FOR 2016 OF CONTINUING CONNECTED
TRANSACTION**

Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements

China Changan Framework Agreement

On 14 September 2016, the Company entered into the China Changan Framework Agreement with China Changan for a term of two years commencing on 1 January 2016 and expiring on 31 December 2017, pursuant to which, the Group will purchase property leasing services from China Changan and its subsidiaries and associates.

Tonglit Logistics Framework Agreement

On 14 September 2016, the Company entered into the Tonglit Logistics Framework Agreement with Tonglit Logistics for a term of one year commencing on 1 January 2016 and expiring on 31 December 2016, pursuant to which, the Group will provide packaging process services to Tonglit Logistics and its subsidiaries and associates.

Revision of an Existing Annual Cap for 2016 of Continuing Connected Transaction

Reference is made to the announcement of the Company dated 14 November 2014, regarding, among others, the continuing connected transaction on the purchase of packaging process services by the Group from Tonglit Logistics and its subsidiaries and associates. It is expected that the existing annual cap for the year ending 31 December 2016 will be insufficient to meet with the business requirements of the Group. The Board proposes to revise the existing annual cap for continuing connected transactions with Tonglit Logistics and its subsidiaries and associates for the year ending 31 December 2016 from RMB 20,000,000 to RMB 38,760,000. The annual cap for the year ending 31 December 2017 will remain to be RMB30,000,000.

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. The Company and Tonglit Logistics respectively hold 55% and 45% equity interest of Dongli Packaging. Thus, each of China Changan, Tonglit Logistics and their respective subsidiaries and associates are connected persons of the Company and the transactions between the Group and each of China Changan, Tonglit Logistics and their respective subsidiaries and associates constitute connected transactions of the Company according to the Listing Rules.

Since the highest applicable percentage ratio of the annual caps of the continuing connected transactions for the two years ending 31 December 2016 and 31 December 2017 contemplated under China Changan Framework Agreement as calculated under Rule 14.07 of the Listing Rules is above 0.1% but less than 5%, the above mentioned continuing connected transactions between the Group and China Changan and its subsidiaries and associates are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements.

Since the highest applicable percentage ratio of each of the (i) annual cap of the continuing connected transactions for provision of packaging process services for the year ending 31 December 2016 by the Group to Tonglit Logistics and its subsidiaries and associates contemplated under Tonglit Logistics Framework Agreement; and (ii) the revised annual cap for 2016 of the continuing connected transactions on the purchase of packaging process services by the Group from Tonglit Logistics and its subsidiaries and associates mentioned above as calculated under Rule 14.07 of the Listing Rules is above 1% but less than 5%, the above mentioned continuing connected transactions between the Group and Tonglit Logistics and its subsidiaries and associates are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

Background

On 31 August 2016, the Board of the Company approved, among other things, the resolutions regarding the continuing connected transactions of the Group with each of China Changan, Tonglit Logistics and their respective subsidiaries and associates, according to which the Company entered into the China Changan Framework Agreement with China Changan and the Tonglit Logistics Framework Agreement with Tonglit Logistics, respectively, on 14 September 2016.

China Changan is one of the substantial shareholders of the Company, holding approximately 25.44% of the equity interests of the Company. Tonglit Logistics is a substantial shareholder of a subsidiary of the Company. The Company and Tonglit Logistics respectively hold 55% and 45% equity interest of Dongli Packaging. Thus, each of China Changan, Tonglit Logistics and their respective subsidiaries and associates are connected persons of the Company and the transactions between the Group and each of China Changan, Tonglit Logistics and their respective subsidiaries and associates constitute connected transactions of the Company according to the Listing Rules.

As disclosed in the Company's announcement dated 9 March 2016, Changan Industry Company transferred its equity interests (representing 25.44% of the issued share capital of the Company) in the Company to China Changan and that such share transfer registration procedure was completed on 9 March 2016. Changan Industry Company and China Changan are both ultimately controlled by China South Industries Group Corporation.

China Changan Framework Agreement

As disclosed in the Company's announcement dated 30 November 2015, the Group has been renting certain properties (including the renting of warehouses on a short-term basis) for use by the Group from Changan Industry Company and its subsidiaries and associates. The framework agreement entered into between the Company and Changan Industry Company on 30 November 2015 expired on 31 December 2015. For the period from 1 January 2016 up to the date of this announcement, the rental amounts for renting of the properties paid by the Group to China Changan and its subsidiaries and associates fell to be deminis and the transactions (up to the date of this announcement) were exempt from reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

On 14 September 2016, the Company entered into the China Changan Framework Agreement with China Changan for a term of two years commencing on 1 January 2016 and expiring on 31 December 2017 (both days inclusive), pursuant to which the Group will purchase properties leasing services from China Changan and its subsidiaries and associates.

Tonglit Logistics Framework Agreement

The framework agreement entered into between the Company and Tonglit Logistics on 30 November 2015 as disclosed in the Company's announcement dated 30 November 2015 expired on 31 December 2015. For the period from 1 January 2016 up to the date of this announcement, the transaction amounts for packaging process services provided by the Group to Tonglit Logistics and its subsidiaries and associates fell to be deminis and the transactions (up to the date of this announcement) were exempt from reporting, announcement and the independent shareholders' approval requirements under the Listing Rules.

On 14 September 2016, the Company entered into the Tonglit Logistics Framework Agreement with Tonglit Logistics for a term of one year commencing on 1 January 2016 and expiring on 31 December 2016 (both days inclusive), pursuant to which, the Group will provide packaging process services to Tonglit Logistics and its subsidiaries and associates.

Pricing Policy, Historical Figures, Historical caps, Proposed caps and Rationale

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|-----------------------------------|---|
| Subject of the Transaction | Purchasing Properties Leasing Services from China Changan and its subsidiaries and associates by the Group |
| Pricing Policies | <p>The pricing of the services to be provided under the agreement shall be determined in accordance with the principle and order as follow:</p> <ol style="list-style-type: none">(1) Bidding Price: the price will be arrived at by bidding process in principle. The bidding price shall be a price conducted after a bidding procedure according to the PRC Bidding Law.(2) Market price: the price of the same or similar type of leasing services provided by the independent third party in the ordinary course of business and on normal commercial terms. The management shall consider at least two comparable deals with the independent third party for the same period when determining whether the price for any leasing service under the agreement is market price. Alternatively, the price should be based on valuation report(s) on the relevant property (ies) provided by independent valuer(s). |

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|-----------------------------------|--|---|--|--|
| | Historical Figures | Historical caps | Proposed caps for 2016-2017 | Basis for the Determination of the Proposed caps |
| | For the years ended 31 December 2014 and 31 December 2015: Nil and RMB 4,263,000, respectively; and for the period from 1 January 2016 to the date of this announcement : RMB 1,540,000 (unaudited) | For the year ending 31 December 2015: RMB10,000,000 | For the years ended 31 December 2016 and 31 December 2017: RMB 20,000,000 and RMB 25,000,000 | <p>In order to ensure an ordinary logistic operation, the Group has to rent over several hundred thousands of square meters of properties (including warehouses on a short-term basis) on a yearly basis. China Changan and its subsidiaries and associates can offer the Group with approximately 100,000 square meters of properties (including warehouses and office premises) with more favorable terms to meet with the Group's properties rental needs, and the Group is satisfied with its previous services, thus the Group would like to continue to conduct business with China Changan and its subsidiaries and associates.</p> <p>The Board is of the view that the proposed caps for the two years ending 31 December 2017 are fair and reasonable and the transactions are in the interest of the Company and its shareholders as a whole.</p> |
| Proposed caps and Basis | | | | |
| Subject of the Transaction | Provision of packaging process services from the Group to Tonglit Logistics and its subsidiaries and associates | | | |
| Pricing Policies | <p>The pricing of the services to be provided under the agreement shall be determined in accordance with the principle as follow:</p> <p>Market price: the price of the same or similar type of services provided by the Company and its subsidiaries to the independent third party in the ordinary course of business and on normal commercial terms. The management shall consider at least two comparable deals with the independent third party for the same period when determining whether the price for any service under the agreement is market price.</p> | | | |
| | Historical Figures | Historical caps | Proposed cap for 2016 | Basis for the Determination of the Proposed cap |
| | For the year ended 31 December 2015: RMB 9,057,000 and for the period from 1 January 2016 to the date of this announcement: RMB 3,913,210 (unaudited) | For the year ending 31 December 2015: RMB15,000,000 | For the year ended 31 December 2016: RMB 25,000,000 | It is expected that the automobile production volume of Tonglit Logistics's customers will increase from last year, and more automobile components and parts are expected to be purchased from Chongqing, the PRC by its customers. Therefore, Tonglit Logistics intends to purchase more |
| Proposed cap and Basis | | | | |

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| | | | | packaging process services from the Group. The cap is set so as to enable the Group to make room for further expansion of the transaction volume between the Group and Tonglit Logistics and its subsidiaries and associates so as to maximize the Company's revenue generated from provision of such services. |
|--|--|--|--|---|

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

REVISION OF AN EXISTING ANNUAL CAP FOR 2016 OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement dated on 14 November 2014 issued by the Company regarding, among other things, the continuing connected transaction on the purchase of packaging process services by the Group from Tonglit Logistics and its subsidiaries and associates.

According to the existing framework agreement entered into between the Company and Tonglit Logistics on 14 November 2014, the continuing connected transactions on purchase of packaging process services by the Group from Tonglit Logistics and its subsidiaries and associates shall be for 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 RMB 15,000,000, RMB 20,000,000 and RMB 30,000,000 respectively.

The Group's major customer, Changan Automobile has expanded its business abroad, which requires vehicle assembling and provision of other after-sales services. Changan Automobile needs to transport the Knock Down parts and other automobile components which need to be packaged before transportation to countries such as Iran, Russia and so on, causing a soar in its demand for the Knock Down parts and other automobile components packaging services. It is expected that the existing annual cap of the continuing connected transactions for purchasing packaging process services by Group from Tonglit Logistics and its subsidiaries and associates for the year ending 31 December 2016 will be insufficient to meet with the Group's business demand. Thus, Group intends to purchase more packaging process services from Tonglit Logistics and its subsidiaries and associates. Therefore the Board proposes to revise the existing annual cap for continuing connected transactions with Tonglit Logistics and its subsidiaries and associates for the year ending 31 December 2016 from RMB 20,000,000 to RMB 38,760,000. The annual cap for the year ending 31 December 2017 will remain to be RMB 30, 000,000. 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 Tonglit Logistics and its subsidiaries and associates 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

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 more favorable than the terms available to/offered by any independent third party so as to ensure that they serve the interest of the Company and the shareholders as a whole. Such internal control measures mainly include:

- (1) Based on relevant PRC laws and regulations, the Company has formulated Procurement Administrative Method (amended from time to time) (the "Method") which will apply to all procurement of services by the Company. The Company's procurement department will strictly comply with the Method and ensure that the Method and the national policies be implemented.
- (2) The external auditors of the Company will conduct an interim review and year-end audit for each financial year, and will issue their opinion and letter to the Board in relation to the pricing policies and annual caps of the continuing connected transactions of the Company conducted during the preceding financial year pursuant to the Listing Rules. In addition, according to the Listing Rules, the independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the transactions in the annual report of the Company.
- (3) The Supervisory Committee is also responsible for, among others, supervising on the continuing connected transactions of the Company and reviewing the fairness of the transactions and whether the pricing of the transactions are fair and reasonable.
- (4) The Company's internal 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, members of the internal control and risk management departments, the audit committee and the Supervisory Committee shall 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 or to be entered into by the Group, the operational and management department shall monitor the transactional amounts in a timely manner and manage the compliance during the process of business operations.
- (5) The Company has formulated a series of internal rules and regulations on connected transaction management, internal control management handbook and internal control assessment management methods, to ensure that the pricing mechanism is transparent and the implementation of such pricing mechanism is subject to strict scrutiny by the Group and that connected transactions are conducted in a 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 TRANSACTIONS

In respect of the purchasing property leasing services by the Group from China Changan and its subsidiaries and associates under the China Changan Framework Agreement, the competitive advantage of China Changan and its subsidiaries and associates is their ability to offer more favorable prices for leasing of properties with flexible terms in a timely and reliable manner and hence would minimize the management and operation costs of the Group. In arriving at the above proposed caps, the Directors have considered, in addition to specific factors mentioned above, the market condition of logistics industry as well as the current and projected level of the relevant transactions.

In respect of packaging process services to be provided by the Group to Tonglit Logistics and its subsidiaries and associates, the Board considers it to be in alignment with the Group's development strategy. In addition, the Group has established a long-term cooperation relationship with Tonglit Logistics and the Board expects the Group to continue to conduct transactions with Tonglit Logistics and its subsidiaries and associates so as to maximize the returns to the Group and its Shareholders.

In respect of purchasing packaging process services by the Group from Tonglit Logistics and its subsidiaries and associates, the Group's major customer, Changan Automobile has expanded its business abroad, which requires vehicle assembling and provision of other after-sales services. Changan Automobile needs to transport the Knock Down parts and other automobile components which are to be packaged before transportation to countries such as Iran, Russia and so on, causing a soar in its demand for the Knock Down parts and other automobile components packaging services. Therefore, the Group needs to purchase packaging process services from Tonglit Logistics and its subsidiaries and associates to provide our client with quality services, and ultimately explore more business opportunities by enhancing the Group's business capacities and service level. The Board believes that the continuing connected transactions of purchasing packing process services by the Group from Tonglit Logistics and its subsidiaries and associates is in the interest of the Group's business expansion and long-term development.

THE VIEWS OF BOARD OF DIRECTORS

The Board has approved the transactions of the Group with China Changan and Tonglit Logistics and their respective subsidiaries and associates contemplated under each of the China Changan Framework Agreement and the Tonglit Logistics Framework Agreement and the respective annual caps of the transactions.

As Tonglit Logistics and its subsidiaries and associates are the connected persons at the subsidiary level of the Company, no directors is required to abstain from voting in the resolution in respect of the entering of the Longlit Logistics Framework Agreement and the resolution regarding the revision of the existing annual cap for 2016 of the continuing connected transactions on the purchase of packaging process services by the Group from Tonglit Logistics and its subsidiaries and associates.

According to Rule 14A.68(8) of the Listing Rules, Xie Shikang (Chairman) and Shi Jinggang (director), who being regarded as having a material interest in the transactions of the Group with China Changan, have abstained from voting with respect to the resolution regarding the entering of the China Changan Framework Agreement and the relevant transactions contemplated thereunder. The resolution was voted for by directors who are not connected to such transactions.

The Board (including the independent non-executive Directors) are of the view that the transactions contemplated under each of the China Changan Framework Agreement and the Tonglit Logistics Framework Agreement were entered into: (i) in the ordinary course of business of the Group (ii) on normal commercial terms (on arm's length basis or on terms no less favourable to the Company than terms available to/from independent third parties); and (iii) on terms (including the proposed caps) that are fair and reasonable and in the interests of the Company and the shareholders as a whole.

In addition, the Board (including the independent non-executive directors) are of the view that the revision of the annual caps of the continuing connected transactions for the year ending 31 December 2016 regarding the purchase of packaging process services from by the Group from Tonglit Logistics and its subsidiaries and associates is fair and reasonable, and in the interest of the Company and its 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.

China Changan, one of the substantial shareholders of the Company, is a massive enterprise group jointly established by two top Chinese central enterprises, namely, China South Industries Group Corporation and Aviation Industry Corporation of China, for strategic reorganization of their subordinated automobile industry. China Changan is principally engaged in automobile and motorcycle production; automobile and motorcycle engines production; the design, development, production and sale of automobile and motorcycle components and parts; sale of optical devices electronic optoelectronic devices, night vision devices information and communication devices; and the relevant technical development, technical transfer, technical consultation, technical services and import and export business and consultation on assets merger and asset restructuring .

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

LISTING RULES IMPLICATION

Since the highest applicable percentage ratio of the annual caps of the continuing connected transactions for the two years ending 31 December 2016 and 31 December 2017 contemplated under China Changan Framework Agreement as calculated under Rule 14.07 of the Listing Rules is above 0.1% but less than 5%, the above mentioned continuing connected transactions between the Group and China Changan and its subsidiaries and associates are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements.

Since the highest applicable percentage ratio of each of the (i) annual cap of the continuing connected transactions for provision of packaging process services for the year ending 31 December 2016 by the Group to Tonglit Logistics and its subsidiaries and associates contemplated under Tonglit Logistics Framework Agreement; and (ii) the revised annual cap for 2016 of the continuing connected transactions on the purchase of packaging process services by the Group from Tonglit Logistics and its subsidiaries and associates mentioned above as calculated under Rule 14.07 of the Listing Rules is above 1% but less than 5%, the above mentioned continuing connected transactions between the Group and Tonglit Logistics and its subsidiaries and associates are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements.

DEFINITIONS

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| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “ Board” | the board of directors of the Company |
| “Company” | Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司) |
| “Changan Industry Company” | Chongqing Changan Industry Company (Group) Limited(重慶長安工業(集團)有限責任公司) |
| “ China Changan Framework Agreement” | the framework agreement entered into on 14 September 2016 between the Company and China Changan in relation to the property leasing services to be provided by the China Changan and its subsidiaries and associates for a term of two years commencing on 1 January 2016 of the Group and expiring on 31 December 2017 |
| “Changan Automobile” | Chongqing Changan Automobile Co., Ltd.(重慶長安汽車股份有限公司) |
| “China” or “PRC” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan |
| "Dongli Packaging" | Chongqing Changan Minsheng Dongli Packaging Co., Ltd. |
| “Group” | the Company and its subsidiaries |
| “ Listing Rules” | the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited |
| “RMB” | the lawful currency of the PRC |
| “ Shareholders” | Shareholders of the Company |
| “Tonglit Logistics” | Tonglit Logistics Co., Ltd.(東立物流股份有限公司), a company established in Taiwan, the PRC |

“Tonglit Logistics Framework Agreement” the framework agreement entered into on 14 September 2016 between the Company and Tonglit Logistics in relation to the packaging process services to be provided by the Group to Tonglit Logistics and its subsidiaries and associates for a term of one year commencing on 1 January 2016 and expiring on 31 December 2016

“%” Percent

By Order of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Xie Shikang
Chairman

Chongqing, the PRC
14 September 2016

As at the date of this announcement, the board of directors of the Company comprises: (1) Mr. Xie Shikang, Mr. Lu Xiaozhong, Mr. William K Villalon and Mr. Shi Jinggang as the executive directors; (2) Mr. Wu Xiaohua, Mr. Danny Goh Yan Nan 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*