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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 and Discloseable Transaction
in Relation to Further Acquisition of Equity Interest in Zhuangbei Finance**

On 12 October 2016, the Company entered into the Equity Transfer Agreement with Zhongyuan Special Steel, pursuant to which, the Company has conditionally agreed to acquire an aggregate of 50,000,000 Zhuangbei Finance Shares (representing approximately 2.39% of the issued share capital of Zhuangbei Finance) from Zhongyuan Special Steel at a consideration of RMB120,234,674. Subject to fulfilment of the Conditions Precedent and completion of the Proposed Acquisition, the Company's shareholding in Zhuangbei Finance will be increased to approximately 3.20%. The consideration shall be funded by the Company's internal surplus fund.

China Changan is one of the substantial shareholders of the Company, holding approximately 25.44% of the equity interests of the Company as at the date of this announcement. CSGC respectively holds 77% of equity interests in China Changan and 67.42% of Zhongyuan Special Steel. Therefore, Zhongyuan Special Steel is a connected person of the Company.

Implications of the Listing Rules

Since the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition as calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As Zhongyuan Special Steel is a connected person of the Company, the Proposed Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition as calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition is subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

General Information

An Independent Board Committee will be formed to advise the Independent Shareholders as to whether or not the terms of the Equity Transfer Agreement and the transaction completed thereunder are fair and reasonable and in the interests of the Company and its Shareholders as whole. Gram Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regards.

The Company will convene the EGM at which resolutions will be proposed to approve, among others, the Proposed Acquisition. The Company shall despatch a circular containing, among other things, further details of the Proposed Acquisition, a letter from the Independent Board Committee and the advice of the Gram Capital and other information required to be disclosed under the Listing Rules to the Shareholders as soon as possible but in any event no later than 11 November 2016.

Background

Reference is made to the announcement of the Company dated 15 October 2014 in relation to the subscription of equity interests in Zhuangbei Finance. As at the date of this announcement, the Company holds approximately 0.81% of shareholdings in Zhuangbei Finance.

On 12 October 2016, the Company entered into the Equity Transfer Agreement with Zhongyuan Special Steel, pursuant to which, the Company has conditionally agreed to acquire an aggregate of 50,000,000 Zhuangbei Finance Shares (representing approximately 2.39% of the issued share capital of Zhuangbei Finance) from Zhongyuan Special Steel at a consideration of RMB120,234,674. Subject to fulfillment of the Conditions Precedent and completion of the Proposed Acquisition, the Company's shareholding in Zhuangbei Finance will be increased to approximately 3.20%.

China Changan is one of the substantial shareholders of the Company, holding approximately 25.44% of the equity interests of the Company as at the date of the announcement. CSGC respectively holds 77% of equity interests in China Changan and 67.42% of equity interests of Zhongyuan Special Steel. Therefore, Zhongyuan Special Steel is a connected person of the Company. The entering into of the Equity Transfer Agreement (including the proposed acquisition of 50,000,000 Zhuangbei Finance Shares by the Company from Zhongyuan Special Steel contemplated thereunder) constitutes a discloseable and connected transaction of the Company and is subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

Principal Terms and Conditions of the Equity Transfer Agreement

Date

12 October 2016

Parties

- (I) the Company; and
- (II) Zhongyuan Special Steel

Consideration

The total consideration payable for the 50,000,000 Transferred Shares is RMB 120,234,674 which shall be satisfied in cash within 3 Business Days upon the Company's acknowledgement of the Equity Transfer Confirmation Letter (as defined below) from Zhuangbei Finance. The consideration is to be funded by the Company's internal surplus fund.

Conditions Precedent

The Equity Transfer Agreement is effective upon fulfilment of following conditions:

1. the Proposed Acquisition having been approved by the Independent Shareholders of the Company at general meeting;
2. all necessary internal approvals and consent in connection with the Proposed Acquisition by the Company from Zhongyuan Special Steel having been obtained from the other existing shareholders of Zhungbei Finance;
3. the representations and warranties by the parties under the Equity Transfer Agreement are true and accurate which will be repeated on date of completion; and
4. the transfer of the 50,000,000 Zhuangbei Finance Shares under terms of the Equity Transfer Agreement having been approved by CBRC.

As at the date hereof, none of the above conditions has been fulfilled.

Completion

Completion will take place within 5 Business Days (or other agreed date in a written document) upon the fulfillment of the Conditions Precedents. The relevant parties shall complete the relevant registration of changes within 20 Business Days upon the completion.

Zhuangbei Finance shall issue an equity transfer confirmation letter (the “Equity Transfer Confirmation Letter”) after the date of completion and the Company shall pay the full amount of the Consideration to Zhongyuan Special Steel within 3 Business Days upon the acknowledgement of the Equity Transfer Confirmation Letter from Zhuangbei Finance.

Following completion of the Proposed Acquisition, the Company shall enjoy the rights and assume the liabilities to the extent of the Company’s total capital contribution (including the previous subscription of 170,000,000 shares) in Zhuangbei Finance.

Zhuang Finance will not become a subsidiary of the Company and its financial statement will not be consolidated into the financial statements of the Group.

Following completion of the Proposed Acquisition, 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.

Information on Zhongbei Finance

Zhuangbei Finance is a non-bank financial institution incorporated in the PRC and regulated by CBRC. The principal business of Zhuangbei Finance are to accept enterprises deposits, process financial activities such as enterprise loan and fund raising as approved by CBRC.

Selected financial information based on the financial reports prepared according to the generally accepted accounting principles in the PRC of Zhuangbei Finance:

	For the year ended 31 December 2014	For the year ended 31 December 2015
	(audited)	(audited)
	RMB	RMB
Operating revenue	1,039,289,175.10	1,569,626,266.02
Operating profit	708,805,039.39	917,689,145.08
Profit before tax and extraordinary items	710,641,373.80	921,617,501.87
Net profit after tax and extraordinary items	592,877,692.77	691,791,131.17
Total assets	37,048,953,753.89	46,118,638,946.98
Net assets	4,075,879,231.76	4,267,009,527.07

Basis of Determination of the Consideration

The consideration was determined after arm’s length negotiations between the parties with reference to a number of factors including the past business performance and the overall asset base of Zhuangbei Finance, as well as the results of the appraisal report of Zhuangbei Finance issued by Yinxin Appraisal Co., Ltd..

In accordance with the appraisal report (Yin Xin Ping Bao Zi [2016] Hu No.1043) issued by Yinxin Appraisal Co., Ltd, which is qualified to practise securities and futures related business, with 31 August 2016 as the base date, the valuer adopted both the asset-based approach and income-based approach for an overall valuation of Zhuangbei Finance. The result of the valuation is as follows:

Unit: RMB 10,000 Yuan

	Net assets (on consolidated basis) attributable to shareholders	Appraised value	Difference	Appreciation rate (%)
Zhuangbei Finance	499,508.69	502,100.00	2,591.31	0.52

Reasons for and Benefits to the Company of the Proposed Acquisition

Having considered the current financial performance and the business development of Zhuangbei Finance, the Board is of the view that Zhuangbei Finance has ample growth potential and will provide a platform for the Company to explore value-added business along with the supply chain as our new profit-growth points. In addition, the Group has established a long-term cooperation relationship with Zhuangbei Finance since 2009 and the Proposed Acquisition will be conducive for the Group to expand financing channel, cut the financial costs, promote the fusion of logistics and finance by exploring logistics financing business and providing a capital pool to ensure a smooth business operation of the Group in future.

As a financial institution with a relatively strong financial reserve, the Board believes that Zhuangbei Finance can provide the Company with bountiful funds and various financing methods to expedite investment and to facilitate development of the business of the Group.

Views of the Board

Due to the nature of the Proposed Acquisition, it is not in the ordinary or usual course of business of the Group. The Board (other than members of the independent non-executive Directors who will give their opinion, after having considered the recommendation from the Gram Capital, in the letter from the Independent Board Committee and the full text of such letter will be included in the circular to be dispatched to shareholders) are of the view that (1) the Proposed Acquisition is on normal commercial terms or better, (2) the terms of the Equity Transfer Agreement are fair and reasonable and (3) the entering into the Equity Transfer Agreement and the transaction contemplated thereunder is in the interests of the Company and its Shareholders as a whole.

Mr. Xie Shikang and Mr. Shi Jinggang, who being related Directors or are considered having interests in the Proposed Acquisition, have abstained from voting in the resolution regarding the Proposed Acquisition. Of the remaining eight (8) members of the Board, Mr. William K Villalon, Mr. Danny Goh Yan Nan and Mr. Chong Teck Sin have voted against the resolution regarding the Proposed Acquisition, whilst the other five (5) unrelated Directors have voted for the resolution regarding the Proposed Acquisition. As the resolution was voted for by more than one half of the unrelated members of the Board, the resolution regarding the Proposed Acquisition was approved and passed by the Board according to the Articles of Association of the Company.

Implications of the Listing Rules

Since the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition as calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As Zhongyuan Special Steel is a connected person of the Company, the Proposed Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Acquisition as calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition is subject to reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

General Information

An Independent Board Committee will be formed to advise the Independent Shareholders as to whether or not the terms of the Equity Transfer Agreement and the transaction completed thereunder

are fair and reasonable and in the interests of the Company and its Shareholders as whole. Gram Capital has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this regards.

The Company will convene the EGM at which resolutions will be proposed to approve, among others, the Proposed Acquisition. The Company shall despatch a circular containing, among other things, further details of the Proposed Acquisition, a letter from the Independent Board Committee and the advice of Gram Capital and other information required to be disclosed under the Listing Rules to the Shareholders as soon as possible but in any event no later than 11 November 2016.

Information on the Parties

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

CSGC was established in the PRC on 1 July 1999 with limited liability and is primarily engaged in four industrial blocks namely special products, vehicles, new energy and equipment manufacturing.

China Changan is a joint stock limited company established in the PRC on 26 December 2005. It is one of the substantial shareholders of the Company. China Changan is primarily 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 .

Zhongyuan Special Steel is company incorporated in the PRC on 29 December 2004 and its principal businesses are the processing and manufacturing of special steel forgings and special steel materials; technical services and consulting service; storage of the incombustibles; ordinary freight, and import and export business (other than the commodities and technology either restricted or prohibited from exporting by the government) and etc.

Zhuangbei Finance is a company incorporated in the PRC on 21 October 2005. 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.

Definitions

“ APLL ”	APL Logistics Ltd.
“ Board ”	the board of directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which licensed commercial banks are open for general banking business in the PRC
“CBRC”	China Banking Regulatory Commission
“China” or “ PRC ”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“China Changan”	China Changan Automobile Group Co., Ltd. (中國長安汽車集團股份有限公司), one of the substantial shareholders of the Company

“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conditions Precedent”	the conditions precedent for completion of the Proposes Acquisition pursuant to the Equity Transfer Agreement, as described in the section headed “Conditions Precedent” of this announcement
“CSGC”	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
“Directors”	the director (s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company on 30 November 2016 to consider and approve, if thought fit, the resolution regarding, among others, the Proposed Acquisition
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and Zhongyuan Special Steel on 12 October 2016, pursuant to which, the Company shall acquire 50,000,000 Zhuangbei Finance Shares from Zhongyuan Special Steel at consideration of RMB 120,234,674
“Gram Capital” or “Independent Financial Advisor”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) being the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding Proposed Acquisition
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	a committee to be established for the purpose of considering the terms of the Equity Transfer Agreement and the transaction contemplated thereunder, comprising all the independent non-executive Directors
“Independent Shareholders”	the Shareholder(s) other than China Changan and CSGC and their respective associates, and who are not involved in, or interested in the Equity Transfer Agreement and the transaction contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Proposed Acquisition”	the proposed acquisition of the 50,000,000 Zhuangbei Finance Shares by the Company from Zhongyuan Special Steel pursuant to the terms and conditions of the Equity Transfer Agreement
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“RMB”	Renminbi, the lawful currency of the PRC
“Zhuangbei Finance”	Binqi Zhuangbei Group Financial Limited Liability Company (兵器裝備集團財務有限責任公司)
“Zhongyuan Special Steel”	Zhongyuan Special Steel Co., Ltd. (中原特鋼股份有限公司)
“Zhuangbei Finance Shares” or Transferred Shares”	shares in Zhuangbei Finance to be transferred by Zhongyuan Special Steel to the Company pursuant to the terms and conditions of the Equity Transfer Agreement
“%”	Percent

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

Chongqing, the PRC
12 October 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*