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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)*

**(I) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2018 AND MAJOR TRANSACTION;
(II) CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2018; AND
(III) THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

On 30 October 2017, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020:

- (1) the framework agreement with Changan Automobile, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) to Changan Automobile and its associates;
- (2) the framework agreement with China Changan, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates;
- (3) the framework agreement with Minsheng Industrial, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates; and
- (4) the framework agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services.

China Changan is a substantial shareholder of the Company, holding approximately 25.44% of the total issued share capital of the Company, besides, China Changan also holds 40.88% equity interests of Changan Automobile. CSG holds 77% equity interests of China Changan. Zhuangbei Finance is a member company of CSG in that CSG holds a 22.9% equity interest in Zhuangbei Finance and China Changan holds a 10.54% equity interest in Zhuangbei Finance. As at the date of this announcement, the Company holds approximately 0.81% equity interests in Zhuangbei Finance. Therefore, China Changan, Changan Automobile, Zhuangbei Finance and their respective associates are connected persons of the Company.

In addition, Minsheng Industrial is a substantial shareholder of the Company, holding approximately 15.90% of the total issued share capital of the Company, thus Minsheng Industrial and its associates are also connected persons of the Company.

The Framework Agreements for the Non-Exempt Continuing Connected Transactions are not inter-conditional with each other.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2018 AND MAJOR TRANSACTION

In order to provide a more appropriate level of the annual cap for each of 2018, 2019 and 2020 in relation to each of the Non-Exempt Continuing Connected Transactions contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company has estimated and will seek for approval by Independent Shareholders at the 2017 First EGM the annual cap in relation to the Non-Exempt Continuing Connected Transactions for 2018. With respect to the annual cap for each of 2019 and 2020 in relation to the Non-Exempt Continuing Connected Transactions for 2019 and 2020 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company will re-comply with the relevant Listing Rule requirements (including setting the annual caps, issuing announcement(s) and obtaining Independent Shareholders' approval).

Since one or more of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions for 2018 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions as calculated under Rule 14.07 of the Listing Rules are above 5%, the Non-Exempt Continuing Connected Transactions for 2018 are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

Since the highest applicable percentage ratio in relation to the maximum outstanding daily balance on the Deposit for 2018 under the framework agreement with Zhuangbei Finance in relation to the settlement, deposit and loans, note discounting services as calculated under Rule 14.07 of the Listing Rules exceeds 25% but less than 75%, the deposit transaction contemplated under such framework agreement with Zhuangbei Finance also constitutes a major transaction of the Company and is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

Under Rule 14A.90 of the Listing Rules, the transactions relating to the provision of loans and note discounting services to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance in relation to the settlement, deposit and loans, note discounting services are exempted from the reporting, annual review, announcement and Independent Shareholders' approval requirement as these constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial services.

Under the Listing Rules, the transactions relating to the provision of settlement service to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance in relation to the settlement, deposit and loans, note discounting services are exempted from the reporting, annual review, announcement and Independent Shareholders' approval requirements as the annual amount for the settlement services is expected to be less than HK\$3,000,000.

The Independent Board Committee comprising of all the independent non-executive Directors will be formed to advise the Independent Shareholders in connection with the terms of the Non-Exempt Continuing Connected Transactions for 2018 and major transaction (including the Proposed Cap and the maximum outstanding daily balance on the Deposit for 2018), and Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Non-Exempt Continuing Connected Transactions for 2018 and major transaction (including the Proposed Cap and the maximum outstanding daily balance on the Deposit for 2018), and whether such transactions are in the interests of the Company and its Shareholders as a whole.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company Law, the Company shall deliver a circular containing, among other things, details of the Non-Exempt Continuing Connected Transactions for 2018 and the major transaction (including the Proposed Cap and the maximum outstanding daily balance on the Deposit for 2018) with the letter from the Independent Board Committee and an opinion from Gram Capital to Shareholders as soon as possible but in any event not later than 30 November 2017.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

On 30 October 2017, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020:

- (1) the framework agreement with China Changan, pursuant to which the Group shall purchase security and cleaning services, property leasing services and logistics services from China Changan and its associates;
- (2) the framework agreement with APLL, pursuant to which the Group shall (i) provide logistics services to APLL and its associates and (ii) purchase logistics services from APLL and its associates;
- (3) the framework agreement with Minsheng Industrial, pursuant to which the Group shall provide logistics services to Minsheng Industrial and its associates;
- (4) the framework agreement with Chongqing Changxin, pursuant to which the Group shall purchase maintenance services from Chongqing Changxin and its associates; and
- (5) the framework agreement with Zhuangbei Finance, pursuant to which the Group shall provide financial logistics services to Zhuangbei Finance and its associates.

On 30 October 2017, Nanjing CMSC entered into the framework agreement with Baogang Zhushang, pursuant to which Nanjing CMSC will provide logistics services to Baogang Zhushang and its associates for a further term of three years commencing on 1 January 2018 and expiring on 31 December 2020 (both days inclusive).

The Framework Agreements for the Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements are not inter-conditional with each other.

Changan Industry Company is wholly owned by CSG and CSG holds 77% equity interests of China Changan. Prior to 9 March 2016, Changan Industry Company was a substantial shareholder of the Company and China Changan was its associate. Changan Industry Company transferred 41,225,600 domestic shares in the Company (representing approximately 25.44% of the issued share capital of the Company) held by it to China Changan and the relevant registration was completed on 9 March 2016. As such, after completion of such share transfer on 9 March 2016, China Changan becomes a substantial shareholder of the Company.

Changan Industry Company holds 98.49% equity interests of Changan Real Estate and Changan Construction is a wholly owned subsidiary of Changan Real Estate. Chongqing Changxin is controlled by Changan Construction. APLL is also a substantial shareholder of the Company, holding approximately 20.74% of the total issued share capital of the Company. Therefore, according to the Listing Rules, the transactions between the Company and each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin, Zhuangbei Finance and their respective associates become connected transactions of the Company.

As the Company and Sumitomo hold 67% and 33% of the registered capital of Nanjing CMSC respectively, and Sumitomo holds 49% of the registered capital of Baogang Zhushang. Therefore, according to the Listing Rules, Baogang Zhushang is a connected person of the Company at the subsidiary level and the transactions between Nanjing CMSC and Baogang Zhushang contemplated under such framework agreement constitute continuing connected transactions of the Company.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2018

In order to provide a more appropriate level of the annual cap for each of 2018, 2019 and 2020 in relation to each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements contemplated under each of the Framework Agreements for the Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements, the Company has estimated the annual cap in relation to the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018. With respect to the annual cap for each of 2019 and 2020 in relation to the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements contemplated under the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements, the Company will re-comply with the relevant Listing Rule requirements (including issuing announcement(s) and, if required, obtaining Independent Shareholders' approval).

Since the highest applicable percentage ratio of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 contemplated under the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements as calculated under Rule 14.07 of the Listing Rules are less than 5%, the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements of the Listing Rules.

THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposes to amend the Articles of Association. The amendment of the Articles of Association is subject to approval by the Shareholders at the 2017 First EGM by way of special resolution and the approval from the relevant PRC government authorities.

Details of proposed amendments to the Articles of Association will also be set out in the circular to be sent to the Shareholders as soon as possible but in any event not later than 30 November 2017.

I. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Background

Reference is made to the announcement of the Company dated 14 November 2014 and the circular of the Company dated 12 December 2014 in relation to the continuing connected transactions with each of Changan Automobile, Minsheng Industrial, Zhuangbei Finance and their respective associates. At the 2014 Second Extraordinary General Meeting of the Company held on 30 December 2014, the Independent Shareholders approved the continuing connected transactions with each of Changan Automobile, Minsheng Industrial, Zhuangbei Finance and their respective associates and the annual caps for the three years ending 31 December 2017 contemplated under the framework agreements therein mentioned.

China Changan is a substantial shareholder of the Company, holding approximately 25.44% of the total issued share capital of the Company, besides, China Changan also holds 40.88% equity interests of Changan Automobile. CSG holds 77% equity interests of China Changan. Zhuangbei Finance is a member company of CSG in that CSG holds a 22.9% equity interest in Zhuangbei Finance and China Changan holds a 10.54% equity interest in Zhuangbei Finance. As at the date of this announcement, the Company holds approximately 0.81% equity interests in Zhuangbei Finance. Therefore, China Changan, Changan Automobile, Zhuangbei Finance and their respective associates are connected persons of the Company.

In addition, Minsheng Industrial is a substantial shareholder of the Company, holding approximately 15.90% of the total issued share capital of the Company, thus Minsheng Industrial and its associates are also connected persons of the Company.

2. The Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions

On 30 October 2017, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020:

- (1) the framework agreement with Changan Automobile, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) to Changan Automobile and its associates;
- (2) the framework agreement with China Changan, pursuant to which the Group shall provide logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) to China Changan and its associates;
- (3) the framework agreement with Minsheng Industrial, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates; and
- (4) the framework agreement with Zhuangbei Finance, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services.

The transactions contemplated under each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions shall be conducted on a non-exclusive basis. Separate written agreement(s) setting out the detailed terms shall be, if required, entered into between the relevant parties for each Non-Exempt Continuing Connected Transaction. Payment of each Non-Exempt Continuing Connected Transaction will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contract(s) to be entered into pursuant to the relevant framework agreements. The Framework Agreements for the Non-Exempt Continuing Connected Transactions, including the related proposed annual caps for each of 2018, 2019 and 2020, are conditional upon the obtaining of approval from the Independent Shareholders in accordance with the provisions of the Listing Rules.

The Framework Agreements for the Non-Exempt Continuing Connected Transactions are not inter-conditional with each other.

3. Internal Control Measures to ensure the Continuing Connected Transactions be conducted in accordance with the Framework Agreement(s) for the Non-Exempt 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 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:

- (1) 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.

- (2) 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 is fair and reasonable.
- (3) 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 departments shall monitor the transactional amounts in a timely manner and manage the compliance during the process of business operations.
- (4) 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 interests of the Company and its shareholders as a whole.

4. Non-exempt Continuing Connected Transactions for 2018 and Major Transaction

In order to provide a more appropriate level of the annual cap for each of 2018, 2019 and 2020 in relation to each of the Non-Exempt Continuing Connected Transactions contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company has estimated and will seek for approval by Independent Shareholders at the 2017 First EGM the annual cap in relation to the Non-Exempt Continuing Connected Transactions for 2018. With respect to the annual cap for each of 2019 and 2020 in relation to the Non-Exempt Continuing Connected Transactions for 2019 and 2020 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company will re-comply with the relevant Listing Rule requirements (including setting the annual caps for 2019 and 2020, issuing announcement(s) and obtaining Independent Shareholders' approval).

5. Pricing Policy, Historical Figures, Historical Caps (2015-2017), Proposed Cap for 2018 and Rationale

The caps in respect of each of the Non-Exempt Continuing Connected Transactions and major transaction for the year ending 31 December 2018 are set out as follows:

1. Logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts) provided by the Group to Changan Automobile and its associates				
Pricing policy	The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:			
	(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) Internal Compared Price: the price will be determined by Changan Automobile or its associate (as the case may be) by comparing internally the quote offered by the Company or its subsidiaries (as the case may be) and the quote offered by several independent third parties. (3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin.			
Proposed cap and basis	Historical figures	Historical caps (for 2015~2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016, and 9 months ended 30 September 2017, RMB5,388,286,000, RMB6,125,342,000 and RMB4,330,970,000	For the three years ending 31 December 2017, RMB7,500,000,000, RMB10,500,000,000 and RMB12,500,000,000 respectively	For the year ending 31 December 2018, RMB8,500,000,000	In accordance with the statistics from China Association of Automobile Manufacturers, the Board considers that, under the background of increasing average income and continuously improved living standards, the production and sales volume of automobile for 2018 in China will

	respectively			<p>continue to grow. As the largest logistics service provider of Changan Automobile, the service capability and quality of the Group have been recognized by Changan Automobile, and has built a long-term cooperation with Changan Automobile. The Board expects that the Company's logistics businesses in various manufacturing plants of Changan Automobile will continue to increase.</p> <p>The production and sales volume of Changan Automobile and its associates are estimated to have certain growth. In addition, the Group plans to expand tire assembly businesses and after sales logistics businesses. Therefore, the Board believes that it is reasonable to set such a cap for the purpose of further expansion of transaction amount and the maximization of the Company's revenue generated from such services.</p>
<p>2. Logistics services (including but not limited to the following logistics services: finished vehicle transportation, tire assembly, supply chain management for car raw materials, components and parts; and logistics services for non-automobile products, such as transformer, steel, optical product and specialty product) provided by the Group to China Changan and its associates</p>				
Pricing policy	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by China Changan or its associate (as the case may be) by comparing internally the quote offered by the Company or its subsidiaries (as the case may be) and the quote offered by several independent third parties.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin.</p>			
Proposed cap and basis	Historical figures	Historical caps	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	N/A	N/A	For the year ending 31 December 2018, RMB300,000,000	On 9 March 2016, China Changan became a substantial shareholder of the Company officially. In 2017, the Company successfully developed businesses of Sichuan Jianan project which belongs to China Changan. The Board believes that with the strong support from China Changan and the deepened relationship with each other, the business cooperation between the Group and China Changan and its associates will increase, and the potential businesses will be further developed. Therefore, the Board believes that the annual cap set for the year ending 31 December 2018 conforms to the actual business exploration and development needs of the Group.

3. Logistics services provided to the Group by Minsheng Industrial and its associates				
Pricing policy	The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:			
	<p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by Minsheng Industrial or its associate (as the case may be) and the quote offered by several independent third parties.</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016, and 9 months ended 30 September 2017, RMB447,458,000, RMB374,138,000 and RMB226,100,000 respectively	For the three years ending 31 December 2017, RMB1,000,000,000, RMB1,200,000,000 and RMB1,400,000,000 respectively	For the year ending 31 December 2018, RMB1,000,000,000	As a main waterway transportation service supplier of the Company, Minsheng Industrial can guarantee the waterway transportation needs of the Group under the influence of GB1589 policy (<i>Limits of Dimensions, Axle Load and Mass for Motor Vehicles, Trailers and Combined Vehicles</i>) (“GB1589 policy”). Minsheng Industrial is equipped with complete waterway transportation network, has abundant experience in waterway transportation, and is familiar with the Group’s business. The stable service price and relative low cost in waterway and road transportation of Minsheng Industrial can meet the needs of the Group. Minsheng Industrial increased investments in the Ro-Ro ships recently, which can resolve the Group’s urgent needs for low-cost transportation means. Therefore, the Board believes that it is reasonable to set the annual cap for the year ending 31 December 2018 and continue to purchase logistics services from Minsheng Industrial and its associates.
4. Settlement, deposits and loans, note discounting services to be provided by Zhuangbei Finance to the Group				
Pricing policy	The fees and charges payable by the Group to Zhuangbei Finance under the framework agreement will be on terms not less favourable than the benchmark rates set by PBOC (if applicable) as well as those available from other independent commercial banks in the PRC and are determined on the following bases:			
	<ul style="list-style-type: none"> • Settlement services – the fees charged for the settlement services must not be higher than (i) the relevant benchmark charging rates set by PBOC (if applicable); and (ii) the fees charged by other independent commercial banks in the PRC for providing services of similar nature. • Deposit services – the interest rates for Deposits placed by the Group must not be lower than (i) the relevant benchmark interest set by PBOC; and (ii) the interest rates provided by other independent commercial banks in the PRC for deposits of similar nature and under similar terms. • Provision of loans – the interest rates for borrowings by the Group must not be higher than (i) the relevant benchmark interest rates set by PBOC; and (ii) the interest rates charged by other independent commercial banks in the PRC for borrowings of similar nature and under similar terms. 			

	<ul style="list-style-type: none"> Note discounting services – the fees charged for the services and the interest rates for the note discounting services must not be higher than (i) the relevant benchmark charging rates (if applicable) and interest rates set by PBOC; and (ii) the fees and interest rates charged by other independent commercial banks in the PRC for providing note discounting services of similar nature and under similar terms. <p>When Zhuangbei Finance provides note discounting and loan services to the Group, the conditions for providing such services by Zhuangbei Finance to the Group shall be on normal commercial terms and no less favorable than those to be provided by independent third parties, where no security over assets of the Group is granted in respect of such services.</p>			
	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
The maximum amount of Deposit (including interests) on a daily basis	For the two years ended 31 December 2016, and 9 months ended 30 September 2017, RMB363,065,000, RMB556,778,000 and RMB494,810,000 respectively	For the three years ended 31 December 2017, RMB700,000,000, RMB700,000,000 and RMB700,000,000, respectively	For the year ending 31 December 2018, RMB450,000,000	As a non-banking financial institution in mainland China, Zhuangbei Finance has strong funds and renowned credibility. The proposed annual cap on the maximum amount of Deposit (including interests on a daily basis to be placed by the Group with Zhuangbei Finance) are arrived at after considering the historical highest daily outstanding balances of deposit placed by the Group with Zhuangbei Finance and the overall treasury requirements of the Group. The Group expects that the proposed annual cap would meet the funding management purposes of the Group for the year ending 31 December 2018.

6. Reasons for and Benefits of the Non-Exempt Continuing Connected Transactions for 2018 and Major Transaction

With respect to the logistics services provided by the Group to Changan Automobile and its associates

The Group provides a variety of logistics services mainly for car manufacturers and car component suppliers in China. As a major customer of the Group, Changan Automobile and its associates have established long-term cooperation relationships with the Group. The Group expect to provide Changan Automobile and its associates with quality logistics services including finished vehicle transportation, tire assembly, and supply chain management for car raw materials, components and parts so as to maximize the Group's the revenue generated from such services. In addition, the Directors consider the non-exempt continuing connected transactions with Changan Automobile and its associates to be in conformity with the Group's principal businesses and development strategies. Therefore, the Directors expect the Group to continuously conduct the transactions with Changan Automobile and its associates.

With respect to the logistic services provided by the Group to China Changan and its associates

China Changan officially became one of the substantial shareholders of the Company on 9 March 2016, holding approximately 25.44% of the equity interests of the Company. With closer connection to the member companies of China Changan, the Group's contact with them would be more frequent and the Group will have the opportunity to explore more business so as to expand the Group's business volume. Therefore, business transactions between the Group and China Changan and its associates are expected to be conducted.

With respect to the logistic services provided to the Group by Minsheng Industrial and its associates

Under the influence of GB1589 policy, the percentage of water transportation, amongst other ways of transportation adopted by the Group, continues to increase. With the increase of our clients' businesses, the demand of the Group for water-land combined transportation will increase accordingly. As the largest logistics service provider of Changan Automobile, the Group needs to purchase huge volume of waterway transportation services from Minsheng Industrial and its associates on a continuing basis so as to satisfy clients' demands. The Company has established long-term cooperation relationships with Minsheng Industrial and its associates. Minsheng Industrial has transacted with the Company previously. In addition, Minsheng Industrial has extensive experience in providing transportation services which meet the needs of the Group. Therefore, the Directors expect the Group to continuously enter into transactions with Minsheng Industrial.

With respect to the deposit transaction between the Group and Zhuangbei Finance

Zhuangbei Finance is a non-banking financial institution in the PRC. With the support of an affluent capital base and renowned credibility among the member companies with CSG, it can provide the Group with more stable replenishment funds. In addition, the major customers of the Group are member companies within CSG and they all have maintained accounts with Zhuangbei Finance. It would be possible for the Company to reduce the time cost and finance cost if the Company deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance. Moreover, Zhuangbei Finance offers more favourable terms and comparatively less finance fees and charges payable than those payable to external banks.

In addition, the Board has taken into consideration the following factors with respect to the deposit transaction under the framework agreement:

- (i) Zhuangbei Finance is regulated by PBOC and CBRC, and subject to rules and requirements no less stringent or exacting than those regulating the operation of commercial banks in the PRC, Zhuangbei Finance is able to provide the Group with standard and regulated services;
- (ii) Zhuangbei Finance has higher capital adequacy ratio than other independent commercial banks in the PRC and is able to offer the Company steady funds which will pose less risk to the Company;
- (iii) The Company has been depositing with Zhuangbei Finance and is rather satisfied with its services, and has established a long-term relationship with Zhuangbei Finance since 2009. The Board considers it to be beneficial to the Company to continue to enter into the Non-exempt Continuing Connected Transactions with Zhuangbei Finance as such transactions have facilitated and will continue to facilitate the operation and growth of the Company's business.

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.

The Directors (other than the independent non-executive Directors) are of the view that the Non-exempt Continuing Connected Transactions will be conducted on normal commercial terms or on terms no less favorable than those available from independent third parties, under prevailing local market conditions, and that the Non-exempt Continuing Connected Transactions were entered in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

7. Financial Effects of the Deposit Transaction on the Group

As at 30 June 2017, the total deposit amount of the Group was approximately RMB1,182,682,553.08 and the deposit amount with Zhuangbei Finance was approximately RMB159,090,679.04, representing approximately 13.45% of the total deposit amount of the Group.

For the six months period ended 30 June 2017, the deposit interest income from Zhuangbei Finance was approximately RMB1,949,802.51, representing approximately 31.47% of the total deposit interest

income of the Group and approximately 1.98% of the Group's profit before tax during the corresponding period.

Therefore, the Company anticipates that the deposit interest income to be earned from Zhuangbei Finance for the year ending 31 December 2018 will not have any material impact to the Group's earnings, assets and liabilities.

8. Risks Control Relating to the Deposits Transaction under the Framework Agreement with Zhuangbei Finance

In order to safeguard the interest of the Company and its Shareholders regarding the Deposit placed or to be placed from time to time with Zhuangbei Finance under the framework agreement with Zhuangbei Finance, Zhuangbei Finance has provided an undertaking for, among other things, ensuring the safety of the Deposit. Pursuant to the Undertaking provided by Zhuangbei Finance on 30 October 2017, Zhuangbei Finance undertakes to the Company that it will:

- (i) provide to the Company, at any time, financial services with terms which are no less favourable than for comparable financial services provided to members of the CSG Group; and those of the comparable financial services the Company may obtain from other financial institutions;
- (ii) ensure that the Financial Operation Licence (金融許可證) and other business permits, approvals and filings, etc. have been lawfully obtained by Zhuangbei Finance and will remain valid and effective;
- (iii) ensure the safe operations of its fund settlement and clearance network, assure the safety of funds, control the risk exposure and safety of the Deposit and will satisfy the requirements for the payment of the Deposit;
- (iv) ensure the strict compliance with the risk monitoring indicators for financial institutions promulgated by the CBRC and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC and other relevant laws and regulations;
- (v) report its business and financial positions to the Company regularly, co-ordinate with the auditors of the Company in the course of their audit work to enable the Company to fulfill the requirements of the Listing Rules; and
- (vi) on happening of new, or special event that may possibly affect the Company, Zhuangbei Finance shall proactively inform the Company on a timely basis.

In order to further safeguard the interests of the Shareholders, the Group will adopt certain guidelines and principles in monitoring, amongst other things, the Deposit arrangements. These include an assessment of the fund operation and control of risk exposure of Zhuangbei Finance and evaluation of its services provided through its reports to be obtained regularly as mentioned above.

Given the undertakings provided by Zhuangbei Finance on risk control of the financial services (including the Deposit) to be provided to the Group and given that the Deposit will be subject to annual review conducted by the independent non-executive Directors, the auditors of the Company and strict compliance with the risk monitoring by the CBRC on Zhuangbei Finance, the Directors (other than the independent non-executive Directors) are of the view that the arrangements for, amongst other things, the Deposit are in the interests of the Company and the Shareholders as a whole.

9. Implication under the Listing Rules

Since one or more of the applicable percentage ratio of the Non-Exempt Continuing Connected Transactions for 2018 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions as calculated under Rule 14.07 of the Listing Rules are above 5%, the Non-Exempt Continuing Connected Transactions for 2018 are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

Since the highest applicable percentage ratio in relation to the maximum outstanding daily balance on the Deposit for 2018 under the framework agreement with Zhuangbei Finance in relation to the settlement, deposit and loans, note discounting services as calculated under Rule 14.07 of the Listing Rules exceeds 25% but less than 75%, the deposit transaction contemplated under such framework agreement with Zhuangbei Finance also constitutes a major transaction of the Company and is subject to the reporting, annual review, announcement, and Independent Shareholders' approval requirements.

Under Rule 14A.90 of the Listing Rules, the transactions relating to the provision of loans and note discounting services to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance in relation to the settlement, deposit and loans, note discounting services are exempted from the reporting, annual review, announcement and Independent Shareholders' approval requirement as these constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial services.

Under the Listing Rules, the transactions relating to the provision of settlement service to the Group by Zhuangbei Finance contemplated under the framework agreement with Zhuangbei Finance in relation to the settlement, deposit and loans, note discounting services are exempted from the reporting, annual review, announcement and Independent Shareholders' approval requirements as the annual amount for the settlement services is expected to be less than HK\$3,000,000.

The Non-Exempt Continuing Connected Transactions for 2018 and major transaction (including the Proposed Caps for 2018 and the maximum outstanding daily balance on the Deposit for 2018) are subject to approval by the Independent Shareholders in accordance with the Listing Rules. China Changan and its associates will abstain from voting in relation to the resolutions approving the framework agreements entered into between the Company and each of Changan Automobile, China Changan, Zhuangbei Finance and their respective associates and the non-exempt continuing connected transactions for 2018 contemplated under such agreements. Minsheng Industrial, Ming Sung (HK) and their respective associates will abstain from voting in relation to the resolution approving the framework agreement entered into between the Company and Minsheng Industrial and the non-exempt continuing connected transactions for 2018 contemplated under such agreement. The voting at the 2017 First EGM will be taken by a poll and the Company will make an announcement of the poll results.

The Independent Board Committee comprising of all the independent non-executive Directors will be formed to advise the Independent Shareholders in connection with the terms of the Non-Exempt Continuing Connected Transactions for 2018 and major transaction (including the Proposed Caps and the maximum outstanding daily balance on the Deposit for 2018), and Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Non-Exempt Continuing Connected Transactions for 2018 and major transaction (including the Proposed Caps and the maximum outstanding daily balance on the Deposit for 2018), and whether such transactions are in the interests of the Company and its Shareholders as a whole.

According to the requirements of Rules 14A.46(1) and 19A.39A of the Listing Rules and the PRC Company Law, the Company shall deliver a circular containing, among other things, details of the Non-Exempt Continuing Connected Transactions for 2018 and the major transaction (including the Proposed Cap and the maximum outstanding daily balance on the Deposit for 2018) with the letter from the Independent Board Committee and an opinion from Gram Capital to Shareholders as soon as possible but in any event not later than 30 November 2017.

II. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Background

Reference is made to the announcement of the Company dated 14 November 2014. The term of the previous framework agreements entered into between the Company and each of APLL, Minsheng Industrial and Zhuangbei Finance will expire on 31 December 2017. The Board has resolved to renew the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements with each of APLL, Minsheng Industrial and Zhuangbei Finance for a term of three year commencing from 1 January 2018 to 31 December 2020 (both days inclusive).

Reference is also made to the announcement of the Company dated 14 September 2016 regarding, among other things, the framework agreement entered into between the Company and China Changan, pursuant to which the Group shall purchase property leasing services from China Changan and its associates. The framework agreement will expire on 31 December 2017. The Board has resolved to continue to purchase property leasing services from China Changan and its associates for a term of three years commencing from 1 January 2018 to 31 December 2020 (both days inclusive).

Reference is also made to the announcement of the Company dated 14 November 2014 regarding, among other things, the framework agreement entered into between Nanjing CMSC and Baogang Zhushang, pursuant to which Nanjing CMSC will provide logistics services to Baogang Zhushang. The framework agreement will expire on 31 December 2017. Given the steady business contact between Nanjing CMSC and Baogang Zhushang, the Board has resolved to renew the framework agreement between Nanjing CMSC and Baogang Zhushang for a term of three years commencing from 1 January 2018 to 31 December 2020 (both days inclusive).

2. The Framework Agreement(s) for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements

On 30 October 2017, the Company entered into the following framework agreements, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020:

- (1) the framework agreement with China Changan, pursuant to which the Group shall purchase security and cleaning services, property leasing services and logistics services from China Changan and its associates;
- (2) the framework agreement with APLL, pursuant to which the Group shall (i) provide logistics services to APLL and its associates and (ii) purchase logistics services from APLL and its associates;
- (3) the framework agreement with Minsheng Industrial, pursuant to which the Group shall provide logistics services to Minsheng Industrial and its associates;
- (4) the framework agreement with Chongqing Changxin, pursuant to which the Group shall purchase maintenance services from Chongqing Changxin and its associates; and
- (5) the framework agreement with Zhuangbei Finance, pursuant to which the Group shall provide financial logistics services to Zhuangbei Finance and its associates.

On 30 October 2017, Nanjing CMSC entered into the framework agreement with Baogang Zhushang, pursuant to which Nanjing CMSC will provide logistics services to Baogang Zhushang and its associates for a further term of three years commencing on 1 January 2018 and expiring on 31 December 2020 (both days inclusive).

The Framework Agreements for the Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements are not inter-conditional with each other.

Changan Industry Company is wholly owned by CSG and CSG holds 77% equity interests of China Changan. Prior to 9 March 2016, Changan Industry Company was a substantial shareholder of the Company and China Changan was its associate. Changan Industry Company transferred 41,225,600 domestic shares in the Company (representing approximately 25.44% of the issued share capital of the Company) held by it to China Changan and the relevant registration was completed on 9 March 2016. As such, after completion of such share transfer on 9 March 2016, China Changan becomes a substantial shareholder of the Company.

Changan Industry Company holds 98.49% equity interests of Changan Real Estate and Changan Construction is a wholly owned subsidiary of Changan Real Estate. Chongqing Changxin is controlled by Changan Construction. APLL is also a substantial shareholder of the Company, holding approximately 20.74% of the total issued share capital of the Company. Therefore, according to the Listing Rules, the transactions between the Company and each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin, Zhuangbei Finance and their respective associates become connected transactions of the Company.

As the Company and Sumitomo hold 67% and 33% of the registered capital of Nanjing CMSC respectively, and Sumitomo holds 49% of the registered capital of Baogang Zhushang. Therefore, according to the Listing Rules, Baogang Zhushang is a connected person of the Company at the subsidiary level and the transactions between Nanjing CMSC and Baogang Zhushang contemplated under such framework agreement constitute continuing connected transactions of the Company.

The transactions contemplated under each of the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements shall be conducted on a non-exclusive basis. Separate written agreement(s) setting out the detailed terms shall be, if required, entered into between the relevant parties for each Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements. Payment of each Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements will be settled in cash in arrears, or in accordance with the payment terms agreed by the relevant parties in the contract(s) to be entered into pursuant to the relevant framework agreements.

3. Internal Control Measures to ensure the Continuing Connected Transactions be conducted in accordance with the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements

Please refer to the section as set out in the Internal Control Measures to ensure the Continuing Connected Transactions be conducted in accordance with the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions.

4. Continuing Connected Transactions exempt from Independent Shareholders' Approval Requirements for 2018

In order to provide a more appropriate level of the annual cap for each of 2018, 2019 and 2020 in relation to each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements contemplated under each of the Framework Agreements for the Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements, the Company has estimated the annual cap in relation to the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018. With respect to the annual cap for each of 2019 and 2020 in relation to the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements contemplated under the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements, the Company will re-comply with the relevant Listing Rule requirements (including issuing announcement(s) and, if required, obtaining Independent Shareholders' approval).

5. Pricing Policy, Historical Figures, Historical Caps, Proposed Cap for 2018 and Rationale

The cap in respect of each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 for the year ending 31 December 2018 is set out as follows:

1. Security and cleaning services, property leasing services and logistics services provided by China Changan and its associates to the Group

Pricing Policy	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(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.</p> <p>(2) Internal Compared Price: The price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by China Changan or its associate (as the case may be) and the quote offered by several independent third parties.</p>			
Proposed cap and basis for security and cleaning services	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016 and 9 months ended 30 September 2017, RMB6,884,000, RMB6,209,000 and RMB3,250,000 respectively	For the three years ended 31 December 2017, RMB7,002,000, RMB17,000,000 and RMB10,334,334 respectively	For the year ending 31 December 2018, RMB9,220,000	<p>Since 2014, the security and cleaning services of the Group have been provided by Changan Property, an associate of China Changan. As a first-class property management company in the country, Changan Property has a wealth of property management experience. The quality of security and cleaning services is recognized by the Group, the Board is of the view that the Group should continue to procure the security and cleaning services from Changan Property.</p> <p>With the expansion of the Group's operating scale, many operational projects have increasing demand for security and cleaning services. The Group expects that the procurement of security and cleaning services will be increasing. Therefore, the Board considers that the proposed annual cap is within reasonable limits.</p>
Proposed cap and basis for property leasing services	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016 and 9 months ended 30 September 2017, RMB4,263,000, RMB3,905,000 and RMB760,000 respectively	For the three years ended 31 December 2017, RMB10,000,000, RMB20,000,000 and RMB25,000,000 respectively	For the year ending 31 December 2018, RMB20,000,000	<p>Under the same conditions, China Changan and its associates can provide more preferential property leasing prices in an orderly and reliable manner, and the conditions are flexible, which can minimize the Group's management and operating costs. To ensure the normal logistics operations of the Group, the Group is expected to continue to purchase property leasing services from China Changan and its associates to meet the Group's needs on warehouses.</p> <p>The Board considers that the annual cap for the year ending 31 December 2018 is fair and reasonable and the transaction is in the interests of the Company and its shareholders as a whole.</p>

Proposed cap and basis for logistics services	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	N/A	N/A	For the year ending 31 December 2018, RMB30,000,000	The Group's proprietary transport capacity is insufficient for the logistics demands from Changan Automobile, the Group's major customer. In order to provide quality logistics services, the Group needs to purchase logistics services (in particular, finished vehicle transportation services) from Chongqing Dajiang Industry Group Yanxing Logistics Co., Ltd. and other associates of China Changan. The Board is of the view that purchasing logistics services from China Changan will supplement the Group's transportation capacity to improve the quality of our services so as to maximize the Group's revenue and is in the interests of the Company and its shareholders as a whole. The annual cap for the year ending 31 December 2018 is determined based on the production and sales volume forecast of our customer, thus, the Board considers it reasonable.
2.1 Logistics services provided by the Group to APLL and its associates				
Pricing Policy	The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:			
	<p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by APLL or its associate (as the case may be) by comparing internally the quote offered by the Company or its subsidiaries (as the case may be) and the quote offered by several independent third parties.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin.</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016 and 9 months ended 30 September 2017, Nil, Nil, And Nil respectively	For the three years ended 31 December 2017, RMB20,000,000, RMB25,000,000 and RMB30,000,000 respectively	For the year ending 31 December 2018, RMB20,000,000	Although the Group has not provided logistics services to APLL and its associates at present, as a shareholder of the Company, the Group keeps the business contact with APLL. The Group has been working to explore logistics business from APLL. According to the development trend of the domestic logistics industry, the Group believes that the logistics demand from APLL's customers in mainland China will continue to increase. The Group has strong logistics service capability in mainland China and is expected to get the logistics business from APLL. The Board considers that the establishment of the annual cap can provide room for the Group to further expand its business and maximize the revenue, which meets the interests of the Company and its shareholders as a whole.

2.2 Logistics services purchased by the Group from APLL and its associates				
Pricing Policy	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by APLL or its associate (as the case may be) and the quote offered by several independent third parties.</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016 and 9 months ended 30 September 2017, RMB1,219,000, RMB1,087,000 and RMB1,700,000 respectively	For the three years ended 31 December 2017, RMB29,000,000, RMB34,000,000 and RMB39,000,000 respectively	For the year ending 31 December 2018, RMB30,000,000	With the steady increase in the import and export businesses in relation to automobile and automobile raw materials and parts of Changan Automobile and its associates, in order to meet the customer's international freight forwarding and parts ocean transportation needs, the Group expects that the procurement of transport service from APLL and its associates will increase. Given that APLL has strong power in supply chain management and strong ocean transportation capacity and has been in cooperation with the Group for many years, and is familiar with the businesses of the Group, it will be more time efficient and cost saving to continue the purchase of the transportation services of vehicles, car raw materials, components and parts from APLL and its associates.
3. Logistics services provided by the Group to Minsheng Industrial and its associates				
Pricing Policy	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by Minsheng Industrial or its associate (as the case may be) by comparing internally the quote offered by the Company or its subsidiaries (as the case may be) and the quote offered by several independent third parties.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin.</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016 and 9 months ended 30 September 2017, RMB3,784,000, RMB3,083,000 and RMB3,200,000 respectively	For the three years ended 31 December 2017, RMB10,000,000, RMB20,000,000 and RMB30,000,000 respectively	For the year ending 31 December 2018, RMB20,000,000	The Group currently has business cooperation with Minsheng Industrial and its associates, including finished vehicle transportation, bulk cargo and container land transport, regional warehouses and station management all over the country. With the continuous expansion of business scale of Minsheng Industrial in the coming years, the Group expects that Minsheng Industrial and its associates will purchase finished vehicle road transportation services, station management services, etc. from the

				Group to meet their customers' needs. The Board considers that the cap for the year ending 31 December 2018 provides room for the provision of such services by the Group to Minsheng Industrial and its associates in order to maximize the revenue and is in the interests of the Company and its shareholders as a whole.
4. Maintenance services purchased by the Group from Chongqing Changxin and its associates				
Pricing Policy	<p>The pricing of the maintenance services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by the Company or its subsidiaries (as the case may be) by comparing internally the quote offered by Chongqing Changxin or its associate (as the case may be) and the quote offered by several independent third parties.</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	N/A	N/A	For the year ending 31 December 2018, RMB10,000,000	In order to maintain a smooth daily operation, the Group needs to purchase maintenance services from Chongqing Changxin and its associates, mainly including engineering maintenance (maintenance of building, warehouses, road, electric apparatus and etc.) and equipment maintenance. The Board is of the view that the provision of maintenance services by Chongqing Changxin and its associates will enable the Group to provide safe and stable conditions for components and parts storage, and ensure a safe operation of transport vehicles, so as to provide quality logistics services to the Group's customers. The annual cap for the year ending 31 December 2018 are arrived at, having considered the actual maintenance demand of the Group and is within reasonable limits.
5. Financial logistics services provided by the Group to Zhuangbei Finance and its associates				
Pricing Policy	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by Zhuangbei Finance or its associate (as the case may be) by comparing internally the quote offered by the Company or its subsidiaries (as the case may be) and the quote offered by several independent third parties.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin.</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016 and 9 months ended 30	For the three years ended 31 December 2017, RMB30,000,000, RMB30,000,000	For the year ending 31 December 2018, RMB30,000,000	According to the development plan, the Company intends to launch the financial logistics business with Zhuangbei Finance, including automobile impawning supervision,

	September 2017, Nil, Nil and Nil respectively	and RMB30,000,000 respectively		logistics storage supervision and etc. According to the framework agreement entered into between the Company and Zhuangbei Finance, Zhuangbei Finance shall purchase financial logistics services from the Group for a term commencing on 1 January 2018 and expiring on 31 December 2020. The Board is of the view that it is in the interests of the Company and its shareholders as a whole to conduct financial logistics business with Zhuangbei Finance and its associates and the proposed cap for the year ending 31 December 2018 to be reasonable.
6. Logistics services provided by Nanjing CMSC to Baogang Zhushang and its associates				
Pricing Policy	<p>The pricing of the services provided under the agreement shall be determined in accordance with the principles and order of this section:</p> <p>(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.</p> <p>(2) Internal Compared Price: the price will be determined by Baogang Zhushang or its associate (as the case may be) by comparing internally the quote offered by Nanjing CMSC and the quote offered by several independent third parties.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin</p>			
Proposed cap and basis	Historical figures	Historical caps (for 2015-2017)	Proposed Cap for 2018	Basis of determination of the Proposed Cap for 2018
	For the two years ended 31 December 2016 and 9 months ended 30 September 2017, RMB12,156,000, RMB11,754,000 and RMB7,550,000 respectively	For the three years ended 31 December 2017, RMB30,000,000, RMB35,000,000 and RMB40,000,000 respectively	For the year ending 31 December 2018, RMB30,000,000	Nanjing CMSC has been in business with Baogang Zhushang and established a long-term cooperation with Baogang Zhushang. The Group estimates that the car raw materials, components and parts provided by Baogang Zhushang to Changan Automobile and its associates (especially Nanjing Changan Mazda) will continue to increase. The Board is of the view that it is reasonable to set the annual cap for the year ending 31 December 2018 so as to allow more room for further expansion of the transaction amounts and to maximize the Company's revenue generated from such services.

6. Reasons for and Benefits of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018

The Group has been in cooperation with each of China Changan, APLL, Minsheng Industrial, Zhuangbei Finance and their respective associates, and Nanjing CMSC have been in cooperation with Baogang Zhushang and its associates for a number of years. In addition, by conducting business with China Changan, Zhuangbei Finance and their respective associates, the Group will have the opportunity to explore more businesses within the CSG Group. Therefore, the Directors believe that it is in the interests of the Company and its Shareholders as a whole to continue the transactions between the Group and each of China Changan, APLL, Minsheng Industrial, Zhuangbei Finance and their respective associates, and transactions between Nanjing CMSC and Baogang Zhushang and its associates.

With respect to the security and cleaning services, property leasing services, and logistics services provided by China Changan and its associates to the Group

To cope with the increasing demand for security and cleaning services in operational projects of the Group, the Board has resolved to continue to purchase security and cleaning services to ensure the smooth running of the daily operation. China Changan and its associates are able to provide the Group with quality services with more flexible terms in a timely and reliable manner. As a connected person of the Company, China Changan and its associates are more familiar with the Group's demands. China Changan and its associates can provide the relevant services to the Group in a more efficient manner. In addition, the Group is satisfied with the security and cleaning services from China Changan and its associates. The Board is of the view that it is in the interest of the Company and its Shareholders as a whole for the Group to continue to purchase security and cleaning services from China Changan and its associates.

In addition, in order to provide automobile parts distribution services to Changan Automobile, the Group needs to rent warehouses to store finished vehicles and automobile parts and components. China Changan and its associates can provide the Company with property leasing services with more flexible terms. In addition, the Group has purchased property leasing services from China Changan and its associates before and is satisfied with their services. The Board is of the view that it is in the interest of the Company and its Shareholders as a whole for the Group to continue to purchase property leasing services from China Changan and its associates.

The Group's transport capacity is insufficient for the logistics demands from Changan Automobile, the Group's major customer. To provide quality logistics services, the Group needs to purchase logistics services. As connected persons of the Company, China Changan and its associates are more familiar with the Group's logistics requirements and can give more support to the Group. By cooperating with China Changan, the Group is able to reduce time cost and improve logistics operation efficacy and efficiency. The Board is of the view that it is in the interest of the Company and its Shareholders as a whole for the Group to conduct the transactions as purchasing logistics services from China Changan and its associates will supplement the Group's transportation capacity to improve the quality of our services so as to maximize the Group's revenue.

With respect to the logistics services provided by the Group to APLL and its associates

As one of the substantial shareholders of the Company, APLL has vast branches and extensive businesses, whereas the Group has a comparatively strong logistics capacity in mainland China and can provide logistics services with good quality and low cost to our customers. In addition, the Group aims that by cooperating with APLL, the Group could have more chance to explore potential overseas business opportunities so as to gain more ground in the automobile logistics industry. The Board is of the view that cooperating with APLL is in conformity with the development strategy of the Group and ultimately in the interests of the Company and its Shareholders as a whole.

With respect to the logistics services purchased by the Group from APLL and its associates

The Group needs to purchase transportation services from APLL and its associates to cope with the increasing demand of international freight forwarding and marine transportation for automobile parts and components from the Group's major customers. APLL has extensive experiences in transportation services such as customs clearance, marine transportation and international freight forwarding, which meets the requirements of the Group. The Board is of the view that it is in the interest of the Company and its Shareholders as a whole for the Group to continue to conduct the transactions as the Group can leverage on APLL's resources and strengths to complement the Group's deficiency to provide quality services to our customers and to improve the Group's business standing in the automobile logistics industry.

With respect to the logistics services provided by the Group to Minsheng Industrial and its associates

Minsheng Industrial's forte is in waterway transportation. Thus, Minsheng Industrial and its associates need to purchase logistics technology services such as OTM (Oracle Transportation Management), station management services, etc. from the Group to ensure a smooth logistics operation. The Board is of the view that it is in the interest of the Company and its Shareholders as a whole to conduct the transactions as the cooperation between the Group and Minsheng Industrial can complement each other and seek common progress through resource sharing and optimized resources allocation.

With respect to the maintenance services provided by Chongqing Changxin and its associates to the Group

Chongqing Changxin has extensive experiences in maintenance services, especially in maintenance of warehouses. Moreover, most of Chongqing Changxin's operation sites are located within the vicinity of the Group's warehouses, which enables it to provide real-time services for the Group. In addition, Chongqing Changxin can provide all-day, all-round services to its customers at more flexible terms, which meets the various requirements of the Group. The provision of maintenance services by Chongqing Changxin and its associates to the Group can ensure a safe logistics operation so as to provide quality logistics services to the Group's customers. The transaction with Chongqing Changxin is beneficial to the Group and should be conducted. The Board is of the view that it is in the interest of the Company and its Shareholders as a whole for the Group to conduct the transactions with Chongqing Changxin and its associates.

With respect to the financial logistics services provided by the Group to Zhuangbei and its associates

The Group is exploring new businesses such as automobile impawning supervision, logistics storage supervision etc. with Zhuangbei Finance and its associates. The Group aims that such new businesses could be the first step that can be taken to explore value-added business along with the supply chain as the Group's new profit-growth points besides the traditional logistics businesses. Thus, the Board is of the view that cooperating with Zhuangbei Finance is on the right track with the Group's development strategy and such transactions under the framework agreement entered into between the Group and Zhuangbei Finance regarding the provision of financial logistics services by the Group to Zhuangbei Finance and its associates are reasonable and are in the interest of the Company and its Shareholders as whole.

With respect to the logistics services provided by Nanjing CMSC to Baogang Zhushang

Baogang Zhushang provides car components and parts to Changan Automobile and its associates (especially Nanjing Changan Mazda). Baogang Zhushang needs to purchase steel transportation services, etc. Baogang Zhushang has been conducting businesses with Nanjing CMSC for a considerable period of time and is rather satisfied with the service quality of Nanjing CMSC. The Board is of the view that the transactions between Nanjing CMSC and Baogang Zhushang are in the interest of the Company and its Shareholders as a whole so as to maximize the revenue for the Group.

In arriving at the above proposed caps for each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018, 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.

The Board (including the independent non-executive Directors) are of the view that (1) the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 and the relevant annual caps for 2018 contemplated under the relevant framework agreements were entered into in the ordinary course of business of the Group and are on normal commercial terms; (2) the terms of the framework agreements were fair and reasonable and (3) the entering into the framework agreements is in the interests of the Company and the Shareholders as a whole.

7. Board of Directors' View

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 with each of China Changan, Chongqing Changxin, Zhuangbei Finance and their respective associates. Except for Mr. Xie Shikang, Mr. Shi Jinggang and Mr. Li Xin, being the related Directors, who are deemed to be interested in the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 with each of China Changan, Chongqing Changxin, Zhuangbei Finance and their respective associates, none of the other Directors has abstained from voting on the relevant resolutions approving the framework agreements of Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements for 2018 with each of China Changan, Chongqing Changxin, Zhuangbei Finance and their respective associates and the transactions thereby contemplated.

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 with Minsheng Industrial and its associates. Except for Mr. Lu Xiaozhong and Mr. Tan Hongbin, being the related Directors, who are deemed to be interested in the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 with Minsheng Industrial and its associates, none of the other Directors has abstained from voting on the resolution approving the relevant framework agreements of Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements for 2018 with Minsheng Industrial and its associates and the transactions thereby contemplated.

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 with APLL and its associates. Except for Mr. William K Villalon and Mr. Danny Goh Yan Nan, being the related Directors, who are deemed to be interested in the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 with APLL and its associates, none of the other Directors has abstained from voting on the relevant resolutions approving the framework agreement of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 with APLL and its associates and the transactions thereby contemplated.

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 between Nanjing CMSC and Baogang Zhushang. No Directors is required to abstain from voting at the relevant resolution.

8. Implication under the Listing Rules

Since the highest applicable percentage ratio of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 contemplated under the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements as calculated under Rule 14.07 of the Listing Rules are less than 5%, the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2018 are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements of the Listing Rules.

III. THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

In accordance with relevant requirements regarding the incorporation of Party building work into articles of association of enterprises and comprehensively promoting the construction of enterprises put forward by the State-owned Assets Supervision and Administration Commission of the State Council, and having taken into consideration the actual conditions of the Company and on a prudent, appropriate and necessary basis, the Board proposes to make relevant amendments to the Articles of Association of the Company.

The amendments of the Articles of Association are subject to approval by the Shareholders at the 2017 First EGM by way of special resolution and the approval from the relevant PRC government authorities.

The proposed amendments to the Articles of Association are set out as follows:

No.	Existing Articles	Proposed Amendments	Note
1 .	<p>Article 6 The Articles of Association of the Company was passed as an extraordinary resolution at the Shareholders' Meeting on Feb. 22, 2005 and went into effect upon the registration for amendment at Chongqing Municipal Administration for Industry and Commerce after the Company first issued 55,000,000 overseas listed foreign shares (including 5,000,000 existing shares sold by the shareholders of State-owned shares) ("H Shares") in Hong Kong and was listed on the Growth Enterprise Market (hereinafter referred to as "GEM") of Stock Exchange of Hong Kong Limited (hereinafter referred to as "SEHK").</p> <p>The Articles of Association of the Company is made in pursuance with the <i>Company Law, the Prerequisite Clauses of Articles of Association of Companies Seeking a Listing outside China</i> No. (1994) 21 (hereinafter referred to as the "Prerequisite Clauses") issued by State Council Securities Commission and State Commission for Restructuring Economic System on Aug. 27, 1994 and the Advice on Supplementary Amendments to Articles of Association of Companies listed in Hong Kong No. [1995] 1 issued by the Overseas Listing Department of China Securities Regulatory Commission and State Commission for Restructuring Economic System on April 3, 1995.</p> <p>These Articles of Association of the Company shall replace any previous ones once it goes into effect.</p> <p>The Articles of Association of the Company shall be a legally binding document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect.</p>	<p>Article 6 The Articles of Association of the Company was passed as an extraordinary resolution at the Shareholders' Meeting on Feb. 22, 2005 and went into effect upon the registration for amendment at Chongqing Municipal Administration for Industry and Commerce after the Company first issued 55,000,000 overseas listed foreign shares (including 5,000,000 existing shares sold by the shareholders of State-owned shares) ("H Shares") in Hong Kong and was listed on the Growth Enterprise Market (hereinafter referred to as "GEM") of Stock Exchange of Hong Kong Limited (hereinafter referred to as "SEHK").</p> <p>The Articles of Association of the Company is made in pursuance with the <i>Company Law, the Constitution of the Communist Party of China, (《中國共產黨章程》)</i> the <i>Prerequisite Clauses of Articles of Association of Companies Seeking a Listing outside China</i> No. (1994) 21 (hereinafter referred to as the "Prerequisite Clauses") issued by State Council Securities Commission and State Commission for Restructuring Economic System on Aug. 27, 1994 and the Advice on Supplementary Amendments to Articles of Association of Companies listed in Hong Kong No. [1995] 1 issued by the Overseas Listing Department of China Securities Regulatory Commission and State Commission for Restructuring Economic System on April 3, 1995.</p> <p>These Articles of Association of the Company shall replace any previous ones once it goes into effect.</p> <p>The Articles of Association of the Company shall be a legally binding document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect.</p>	

2 .	None	<p><u>Article 8</u> <u>As provided by the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China (the “Party”), in which the Party organization (the “Party Committee”) shall play the core leadership role and core political role, providing direction, managing the overall situation and ensuring implementation. The Company shall establish the working institutions of the Party, which shall be equipped with sufficient staff to deal with the affairs of the Party and be provided with sufficient funds to operate the Party organization.</u></p>	<p>This article is inserted after Article 7 of the existing Articles of Association. The numbering of the subsequent articles will be re-numbered accordingly, which shall include the relevant adjustments to the numbering of other provisions quoted in relevant provisions accordingly.</p>
3 .	None	<p style="text-align: center;"><u>Chapter 10 Party Committee</u></p> <p><u>Article 101</u> The Company shall establish a Party Committee as the Party organization of Company. The Party Committee shall consist of one secretary and several other members. In principle, the chairman of the Board of Directors of the Company and the secretary of the Party Committee shall be the same person. In principle, a full-time deputy secretary shall be designated to be in charge of the Party building work of the Company. Eligible members of the Party Committee can join the Board of Directors, the Supervisory Committee and the senior management of the Company through legal procedures, while eligible Party members of the Board of Directors, the Supervisory Committee and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, a commission for discipline inspection shall be established in accordance with relevant requirements.</p> <p><u>Article 102</u> <u>The Party Committee of the Company shall,</u></p>	<p>This Chapter is inserted after Chapter 9 of the existing articles of association. The numbering of the subsequent Chapter will be re-numbered accordingly, which shall include the relevant adjustments to the numbering of other provisions quoted in relevant provisions accordingly.</p>

		<p>(1) <u>ensure and supervise the Company's implementation of policies and guidelines of the Party and the State, and implement major strategic decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of higher-level Party organizations;</u></p> <p>(2) <u>uphold the integration of the principle that the Party manages the officials with the function of the board of directors in the lawful selection of the management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the management. The Party Committee shall deliberate and give opinions on the proposed candidates nominated by the Board of Directors or the General Manager or recommend to the Board of Directors or the General Manager the candidates to be nominated as well as assess the proposed candidates and give opinions collectively with the Board of Directors upon inspection over such candidates;</u></p> <p>(3) <u>study and discuss reform, development and stability of the Company, and substantial matters on operation and management of the Company as well as material issues relating to the interests of the Company's staff, and provide advice and recommendations in this regard;</u></p> <p>(4) <u>assume primary responsibility to run the Party comprehensively with strict discipline; lead the Company's ideological and political work, united front work, creation of spiritual civilization, creation of corporate culture as well as mass organizations such as the labor union and the</u></p>	
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4 .	<p>Article102 The Board of Directors shall be accountable to the shareholders at general meetings, and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to be responsible for the convening of and reporting to the Shareholders Meeting; (2) to implement the resolutions passed by the Shareholders' Meeting; (3) to determine the Company's business plans and investment proposals; (4) to formulate the Company's preliminary and final annual financial budgets; (5) to formulate the Company's profit distribution proposal and loss recovery proposal; (6) to make plans for the Company's increasing or decreasing its registered capital and issuing bonds; (7) to formulate plans for the Company's merger, division, changing of forms and dissolution; (8) to decide on the Company's internal management structure; (9) to appoint or remove the Company's General Manager and secretary to the Board of Directors, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department, other senior management and senior directors according to the nomination of the General Manager, and to decide on their remuneration and 	<p>Article1025 The Board of Directors shall be accountable to the shareholders at general meetings, and shall exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to be responsible for the convening of and reporting to the Shareholders Meeting; (2) to implement the resolutions passed by the Shareholders' Meeting; (3) to determine the Company's business plans and investment proposals; (4) to formulate the Company's preliminary and final annual financial budgets; (5) to formulate the Company's profit distribution proposal and loss recovery proposal; (6) to make plans for the Company's increasing or decreasing its registered capital and issuing bonds; (7) to formulate plans for the Company's merger, division, changing of forms and dissolution; (8) to decide on the Company's internal management structure; (9) to appoint or remove the Company's General Manager and secretary to the Board of Directors, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department, <u>and other senior management</u> and senior directors according to the nomination of the General Manager, and to decide on their remuneration and payment method; 	

	<p>payment method;</p> <p>(10) to formulate the Company's basic management system;</p> <p>(11) to formulate proposals for any amendment to the Company's Articles of Association;</p> <p>(12) to formulate plans for the Company's acquisition or sale of major assets;</p> <p>(13) in compliance with the relevant laws and regulations, to exercise the Company's right to finance and loan as well as mortgage, rent, contract for or transfer the Company's major assets and authorizing General Manager and Vice General Manager to exercise the foregoing rights within certain scope;</p> <p>(14) to propose at the Shareholders' Meeting the engagement or replacement of an accounting firm for the audit of the Company's accounts;</p> <p>(15) to exercise any other functions and powers conferred upon by the Shareholders' Meeting and the Articles of Association of the Company.</p> <p>Resolutions regarding Clause (6), Clause (7) and Clause (11) above shall be passed by over two thirds of the total number of the Directors, and resolutions in relation to the rest of the circumstances above shall be passed by over half of the total number of the Directors.</p> <p>The Board may exercise any power that the Articles of Association of the Company does not provide for the Shareholders' Meeting to exercise. The Board shall observe the Articles of Association of the Company and rules made by the Shareholders' Meeting from time to time; however, they will not invalidate the Board's</p>	<p>(10) to formulate the Company's basic management system;</p> <p>(11) to formulate proposals for any amendment to the Company's Articles of Association;</p> <p>(12) to formulate plans for the Company's acquisition or sale of major assets;</p> <p>(13) in compliance with the relevant laws and regulations, to exercise the Company's right to finance and loan as well as mortgage, rent, contract for or transfer the Company's major assets and authorizing General Manager and Vice General Manager to exercise the foregoing rights within certain scope;</p> <p>(14) to propose at the Shareholders' Meeting the engagement or replacement of an accounting firm for the audit of the Company's accounts;</p> <p>(15) <u>to listen to the opinions of the Party Committee of the Company before making decisions on material issues of the Company;</u></p> <p>(156) to exercise any other functions and powers conferred upon by the Shareholders' Meeting and the Articles of Association of the Company.</p> <p>Resolutions regarding Clause (6), Clause (7) and Clause (11) above shall be passed by over two thirds of the total number of the Directors, and resolutions in relation to the rest of the circumstances above shall be passed by over half of the total number of the Directors.</p> <p>The Board may exercise any power that the Articles of Association of the Company does not provide for the Shareholders' Meeting to exercise. The Board shall observe the Articles of Association of the Company and rules made by the Shareholders' Meeting from time to time; however, they will not invalidate the Board's previous valid actions.</p>	
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	previous valid actions.		
5.	<p>Article 117 The General Manager shall be held accountable to the Board of Directors and exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to operate and manage the Company as well as implement resolutions of the Board; (2) to implementing the Company's annual operation and investment plan; (3) to make plans for the structuring of the Company's internal management departments; (4) to formulate the Company's basic management system; (5) to formulate regulations for the Company; (6) to propose to appoint or remove Vice General Managers, CFO and senior directors of the Company; (7) to decide to appoint or remove management staff except those that shall be appointed or removed by the Board; (8) to decide the rewards and punishments, promotions, pay raises, appointments, employment, removal and dismissal of the Company's employees; (9) to represent the Company to handle major business as authorized by the Board; (10) to Exercise other functions and powers conferred upon by the Articles of Association of the Company and the Board. 	<p>Article 117<u>120</u> The General Manager shall be held accountable to the Board of Directors and exercise the following functions and powers:</p> <ol style="list-style-type: none"> (1) to operate and manage the Company as well as implement resolutions of the Board; (2) to implementing the Company's annual operation and investment plan; (3) to make plans for the structuring of the Company's internal management departments; (4) to formulate the Company's basic management system; (5) to formulate regulations for the Company; (6) to propose to appoint or remove Vice General Managers, and CFO and senior directors of the Company; (7) to decide to appoint or remove management staff except those that shall be appointed or removed by the Board; (8) to decide the rewards and punishments, promotions, pay raises, appointments, employment, removal and dismissal of the Company's employees; (9) to represent the Company to handle major business as authorized by the Board; (10) to exercise other functions and powers conferred upon by the Articles of Association of the Company and the Board. 	

Details of proposed amendments to the Articles of Association will be set out in the circular to be sent to the Shareholders as soon as possible but in any event not later than 30 November 2017.

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.

APLL engages in supply chain management services.

Baogang Zhushang engages in the processing of semi-finished automobile parts; laser welding, processing and production; the processing of steel and other metallic materials and related supporting services and etc.

Changan Automobile produces and sells automobiles and is the major customer of the Group.

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.

Minsheng Industrial engages in transportation via rivers and by sea.

Zhuangbei Finance is a company incorporated in the PRC on 21 October 2005. The principal businesses of Zhuangbei Finance are to accept enterprises deposit, 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

“2017 First EGM”	the first extraordinary general meeting of 2017 of the Company to be convened in December 2017 for purposes of considering and approving, among others, each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the respective annual caps for each of Non-Exempt Continuing Connected Transactions for 2018 and the proposed amendments to the Articles of Association
“APLL”	APL Logistics Ltd.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Associate”	has the meaning ascribed to it under the Listing Rules
“Baogang Zhushang”	Nanjing Baogang Zhushang Metal Products Company Limited
“Board”	the board of directors of the Company
“CBRC”	China Banking Regulatory Commission

“Changan Automobile”	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司), a joint stock company established in China on 31 October 1996, the shares of which are listed on the A and B share markets of the Shenzhen Stock Exchange
“Changan Ford”	Changan Ford Automobile Co., Ltd.
“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)
“Changan Property”	Chongqing Changan Property Management Co., Ltd. (重慶市長安物業管理有限公司)
“China Changan”	China Changan Automobile Group Co., Ltd. (中國長安汽車集團股份有限公司), a joint stock limited company established in the PRC on 26 December 2005, former name was China South Industries Automobile Corporation (中國南方工業汽車股份有限公司).
“China” or “PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Chongqing Changxin”	Chongqing Changxin Construction Co., Ltd.(重慶長鑫建築工程有限公司)
“Changan Real Estate”	Changan Real Estate Development Company (重慶長安房地產開發有限公司)
“Changan Construction”	Chongqing Changan Construction Co., Ltd. (重慶長安建設工程有限公司)
“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements”	the continuing connected transactions contemplated under each of the framework agreements as set out in the paragraph headed “Continuing Connected Transactions Exempt from Independent Shareholders’ Approval – The Framework Agreement(s) for the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements
“Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements for 2018”	the continuing connected transactions to be conducted in 2018, as set out under the paragraph headed “Continuing Connected Transactions Exempt from Independent Shareholders’ Approval for 2018” in this announcement
“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
“Deposit”	the deposit maintained by the Group from time to time with Zhuangbei Finance pursuant to the framework agreement between the Company and Zhuangbei Finance
“Directors”	directors of the Company

“Framework Agreement(s) for the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements”	the framework agreement entered into on 30 October 2017 by the Company with each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin and Zhuangbei Finance, as well as the framework agreement between Nanjing CMSC and Baogang Zhushang, all of such agreements shall be for a term of three years from 1 January 2018 to 31 December 2020, individually or collectively (as the case may be)
“Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions”	the framework agreement entered into on 30 October 2017 by the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, all of such agreements shall be for a term of three years from 1 January 2018 to 31 December 2020, individually or collectively (as the case may be)
“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), and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions for 2018 and major transaction (including the Proposed Cap and the maximum outstanding daily balance on the Deposits)
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee comprised of Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun, all of whom are independent non-executive directors of the Company, formed to advise the Shareholders in connection with the Non-Exempt Continuing Connected Transactions for 2018 and major transaction (including the Proposed Cap and the maximum outstanding daily balance on the Deposits)
“Independent Shareholders”	shareholders of the Company that, in relation to the resolutions approving each of the Non-exempt Continuing Connected Transactions for 2018 contemplated under each of the framework agreements with China Changan, Changan Automobile, Zhuangbei Finance and their respective associates, exclude China Changan and its associates; in relation to the resolution approving the Non-exempt Continuing Connected Transactions for 2018 contemplated under the framework agreement with Minsheng Industrial and its associates, exclude Minsheng Industrial, Ming Sung (HK) and their respective associates
“Minsheng Industrial”	Minsheng Industrial (Group) Co., Ltd.(民生實業(集團)有限公司), a limited liability company established in China on 10 October 1996
“Ming Sung (HK)”	Ming Sung Industrial Co., (HK) Limited, a company established in Hong Kong with limited liability on 31 May 1949
“Nanjing CMSC”	Nanjing CMSC Logistics Co., Ltd. (南京長安民生住久物流有限公司), a foreign invested joint venture company established in 2007

“Non-Exempt Continuing Connected Transactions”	the non-exempt continuing connected transactions contemplated under each of framework agreement as set out in the paragraph headed “Non-Exempt Continuing Connected Transactions” in this announcement
“Non-Exempt Continuing Connected Transactions for 2018”	the continuing connected transactions to be conducted in 2018, as set out under the paragraph headed “Non-Exempt Continuing Connected Transactions for 2018 and Major Transaction” in this announcement, individually or collectively (as the case may be)
“PBOC”	The People’s Bank of China
“Proposed Cap(s)”	the proposed annual maximum limitation of the Non-Exempt Continuing Connected Transactions for 2018 and major transaction and the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements for 2018, individually or collectively (as the case may be)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of the Company, with a par value of RMB1.00 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sumitomo”	Sumitomo Corporation, a limited company established in Japan on 24 December 1919
“Supervisory Committee”	the supervisory committee of the Company
“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.
Xie Shikang
Chairman

Chongqing, the PRC
30 October 2017

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. Tan Hongbin, Mr. Danny Goh Yan Nan and Mr. Li Xin 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*