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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 2019 AND MAJOR TRANSACTION;**  
**(II) CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2019; AND**  
**(III) PROPOSED CHANGES IN DIRECTORS, AUTHORIZED REPRESENTATIVE AND SHAREHOLDER REPRESENTATIVE SUPERVISOR**

#### **NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2019**

Reference is made to the Announcement and the Circular of the Company in relation to, among other things, the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions entered into by the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020 (both days inclusive).

As mentioned in the Announcement and Circular, the Company sought approval from the Shareholders at the general meeting to approve the annual cap for 2018 in relation to each of the Non-Exempt Continuing Connected Transactions since the Company would like to provide a more appropriate level of the annual cap for each Non-Exempt Continuing Connected Transactions for each year. The Company will re-comply with the relevant Listing Rules requirements (including setting the annual caps, issuing announcement(s) and obtaining Independent Shareholders' approval) for the proposed cap for 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 cap(s) for 2018 (including the maximum outstanding daily balance on the Deposit for 2018) for the Non-Exempt Continuing Connected Transactions under the each of the Framework Agreements for the Non-exempt Continuing Connected Transactions with each of Changan Automobile, China Changan, Minsheng Industrial and their respective associates and Zhuangbei Finance will expire on 31 December 2018. As such, the Company has estimated and will seek for approval by Independent Shareholders at the 2018 First EGM the annual cap(s) (including the maximum outstanding daily balance on the Deposit) for the year ending 31 December 2019 in relation to the Non-Exempt Continuing Connected Transactions contemplated under each of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions.

As at the date of the announcement, China Changan holds approximately 25.44% of the issued share capital of the Company and 19.33% equity interests in Changan Automobile. In addition, CSG holds 100% equity interests in China Changan and 21.56% equity interests in Changan Automobile. 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, according to the Listing Rules, the transactions between the Group and each of China Changan, Changan Automobile, Zhuangbei Finance and their respective associates become connected transactions 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.

Since one or more of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions for 2019 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 2019 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 2019 under the framework agreement with Zhuangbei Finance in relation to the deposit transaction 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 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 is 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 2019 and major transaction (including the proposed caps for 2019 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2019), 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 2019 and major transaction (including the proposed caps for 2019 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2019), 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 despatch a circular containing, among other things, details of the Non-Exempt Continuing Connected Transactions for 2019 and the major transaction (including the proposed cap for 2019 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2019) with the letter from each of the Independent Board Committee and from Gram Capital to Shareholders as soon as possible but in any event not later than 14 December 2018.

### **CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2019**

Reference is made to the Announcement regarding (1) the Framework Agreements for Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements entered into by the Company with each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin and Zhuangbei Finance, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020 (both days inclusive); and (2) the framework agreement entered into between Nanjing CMSC and Baogang Zhushang on 30 October 2017 for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020.

As mentioned in the Announcement, the Company has set the annual cap for 2018 in relation to each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements since the Company would like to provide a more appropriate level of the annual cap for each Continuing Connected Transactions Exempted from Independent Shareholders' Approval for each year. The Company will re-comply with the relevant Listing Rules requirements (including setting the annual caps, issuing announcement(s) and if required, obtaining Independent Shareholders' approval) for the proposed cap for 2019 and 2020 in relation to each of 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 caps for 2018 for the continuing connected transactions under each of the relevant Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements with each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin, Zhuangbei Finance and their respective associates as well as the cap for 2018 for the continuing connected transactions under the relevant framework agreement entered into between Nanjing CMSC and Baogang Zhushang will expire on 31 December 2018. As such, the Company has estimated the annual cap in relation to the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019.

China Changan is a substantial shareholder of the Company, holding approximately 25.44% of the total issued share capital of the Company. As of the date of the announcement, both China Changan and Changan Industry Company is a wholly-owned subsidiary of CSG. Changan Industry Company holds 98.49% equity interests in 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.

Since the highest applicable percentage ratio of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019 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 2019 are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements.

### **THE PROPOSED CHANGES IN DIRECTORS, AUTHORIZED REPRESENTATIVE AND SHAREHOLDER REPRESENTATIVE SUPERVISOR**

The Board wishes to announce that due to job re-location,

- (a) Mr. Lu Xiaozhong will resign as the executive director of the fourth session of the Board and the Authorized Representative of the Company. The resignation of Mr. Lu Xiaozhong shall take effect on the date on which the 2018 First EGM of the Company is held for the purposes of, among other things, approving the election of an executive director as his successor;
- (b) Mr. Tan Hongbin will resign as the non-executive director of the fourth session of the Board of the Company. The resignation of Mr. Tan Hongbin shall take effect on the date on which the 2018 First EGM of the Company is held for the purposes of, among other things, approving the election of a non-executive director as his successor; and
- (c) Mr. Steven Ho Kok Keong will resign as the shareholder representative supervisor of the fourth session of the Supervisory Committee of the Company. The resignation of Mr. Steven Ho Kok Keong shall take effect on the date on which the 2018 First EGM of the Company is held for the purposes of, among other things, approving the election of a shareholder representative supervisor as his successor.

The Board proposes to elect:

- (a) Mr. Chen Wenbo as an executive director of the Company to fulfil the vacancy of Mr. Lu Xiaozhong;
- (b) Mr. Chen Xiaodong as a non-executive director of the Company to fulfil the vacancy of Mr. Tan Hongbin; and
- (c) Ms. Jin Jie as a shareholder representative supervisor of the Company to fulfil the vacancy of Mr. Steven Ho Kok Keong.

The proposed elections of the directors and shareholder representative supervisor are subject to approval by the Shareholders by way of ordinary resolutions at the 2018 First EGM.

Details of the proposed elections of directors and shareholder representative supervisor 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 14 December 2018.

## **I. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS FOR 2019**

### **1. Background**

Reference is made to the Announcement and the Circular of the Company in relation to, among other things, the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions entered into by the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020 (both days inclusive). The entering into the Framework Agreements for the Non-Exempt Continuing Connected Transactions and the annual cap for 2018 for each of the Non-Exempt Continuing Connected Transactions contemplated thereunder were approved by the Shareholders of the Company at the general meeting held on 15 December 2017. As mentioned in the Announcement and Circular, the Company sought approval from the Shareholders at the general meeting to approve the annual cap for 2018 in relation to each of the Non-Exempt Continuing Connected Transactions since the Company would like to provide a more appropriate level of the annual cap for each Non-Exempt Continuing Connected Transactions for each year. The Company will re-comply with the relevant Listing Rules requirements (including setting the annual caps, issuing announcement(s) and obtaining Independent Shareholders' approval) for the proposed cap for 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 cap(s) for 2018 (including the maximum outstanding daily balance on the Deposit for 2018) for the Non-Exempt Continuing Connected Transactions under the each of the Framework Agreements for the Non-exempt Continuing Connected Transactions with each of Changan Automobile, China Changan, Minsheng Industrial and their respective associates and Zhuangbei Finance will expire on 31 December 2018. As such, the Company has estimated and will seek for approval by Independent Shareholders at the 2018 First EGM the annual cap(s) (including the maximum outstanding daily balance on the Deposit) for the year ending 31 December 2019 in relation to the Non-Exempt Continuing Connected Transactions contemplated under the each of the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions. With respect to the Non-Exempt Continuing Connected Transactions for 2020 contemplated under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, the Company will re-comply with the relevant Listing Rules requirements (including setting the annual cap, issuing announcement(s) and obtaining Independent Shareholders' approval).

Apart from setting the cap for 2019 for each Non-Exempt Continuing Connected Transactions in manner as disclosed in this announcement, the Company confirms that there have been no changes to the terms of the Framework Agreements for the Non-Exempt Continuing Connected Transactions nor the categories of the Non-Exempt Continuing Connected Transactions contemplated thereunder.

As at the date of the announcement, China Changan holds approximately 25.44% of the issued share capital of the Company and 19.33% of the equity interests of Changan Automobile. In addition, CSG holds 100% equity interests in China Changan and 21.56% equity interests in Changan Automobile. 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, according to the Listing Rules, the transactions between the Group and each of China Changan, Changan Automobile, Zhuangbei Finance and their respective associates become connected transactions 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**

As mentioned in the Announcement and the Circular, the Company entered into the following Framework Agreements for the Non-Exempt Continuing Connected Transactions:

- (1) the framework agreement entered into between the Company and Changan Automobile on 30 October 2017, 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 for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020;
- (2) the framework agreement entered into between the Company and China Changan on 30 October 2017, 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 for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020;
- (3) the framework agreement entered into between the Company and Minsheng Industrial on 30 October 2017, pursuant to which the Group shall purchase logistics services from Minsheng Industrial and its associates for a term of three years commencing from 1 January 2018 and expiring on 31 December 2020; and
- (4) the framework agreement entered into between the Company and Zhuangbei Finance on 30 October 2017, pursuant to which Zhuangbei Finance shall provide the Group with settlements, deposit and loans, note discounting services for a term of three years commencing from 1 January 2018 and expiring on 31 December 2020.

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

## **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 pricing in relation to the provision of logistics services to our customers is largely market driven. The price for outsourced logistics business is primarily determined by internal control comparison method, whereas the price for newly outsourced business is primarily determined by bidding process.

- (2) In respect of purchasing logistics services by the Group, the Group has to adhere to the process of procurement set out in the Group's Procurement Management Procedure of Bidding and Compared Pricing. The Company will sign the implementation contract(s) governed by the relevant framework agreement(s).
- (3) When bidding or compared pricing method is adopted, all the specification documents will be made public to potential bidders, with all primary terms of relevant contracts clearly set out therein, so as to ensure that the terms obtained are no less favourable than the terms offered to or by independent third parties.
- (4) 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.
- (5) 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.
- (6) The Company's Audit and Legal Affairs Center established protocols including *Internal Control Assessment Workflow* and *Internal Control Assessment Manual*, assessing and monitoring the internal control work of the Group from the top down. All units of the Group shall update their internal control manual on a regular basis to ensure its effectiveness, and to identify and remedy the deficiencies in a prompt manner.
- (7) The Company's Audit and Legal Affairs Center established *Regulation on Connected Transactions of Changan Minsheng APLL Logistics Co., Ltd.*, joining efforts of relevant departments to control connected transactions of the Group collectively. Primary measures include (1) the Audit and Legal Affairs Center, operational units and Financial Operation Center shall pay extra attention to and conduct prudent review of the separate written agreements governed by relevant framework agreements entered into by the Group and connected persons to ensure the terms of the agreements conform to the corresponding framework agreement and are on normal commercial terms; (2) the Financial Operation Center updates the aggregated amount of each of the connected transactions under the framework agreements based on the monthly financial data and submits a report on the connected transactions of the Group to the Audit and Legal Affairs Center; (3) the Audit and Legal Affairs Center compares the report(s) with the approved annual caps of the connected transactions under each of the framework agreements and report to or warn the officers of the Company and relevant departments and advise the management of the Company to consider whether or not to re-adjust the relevant annual caps according to the Listing Rules.
- (8) The Company's Audit and Legal Affairs Center, 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 status of connected transactions. Meanwhile, the Audit and Legal Affairs Center shall conduct prudent review and appraisal of the contracts entered into by the Company, the operational departments shall monitor the transactional amounts in a timely manner and manage the compliance during the process of business operations.

The Company shall strictly follow the relevant protocols of internal control to ensure 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. Pricing Policy, Historical Figures, Historical Caps (2016-2018), Proposed Cap for 2019 and Rationale

The caps in respect of each of the Non-Exempt Continuing Connected Transactions and major transaction for 2019 are set out as follows:

<b>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</b>				
<b>Pricing policy</b>	Generally, the pricing of the logistics services to be provided by the Group is market driven. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, 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. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company's enterprise technical department will draw up the technical and operation plans whereas the marketing and customer service department will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in the response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) Internal Compared Price: in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company's knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).</p>			
<b>Proposed cap and basis</b>	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
	For the two years ended 31 December 2017, and 9 months ended 30 September 2018, RMB6,125,342,000, RMB5,551,987,000 and	For the three years ending 31 December 2018, RMB10,500,000,000, RMB12,500,000,000 and RMB8,500,000,000 respectively	For the year ending 31 December 2019, RMB7,500,000,000	In 2018, the production and sales of the Group's major customer may experience a slight decline after years of growth. However, the consuming power of the domestic automobile market remains largely unchanged and

	RMB3,262,280,000 respectively			<p>the domestic automobile production and sales volume are expected to show a potential growth. In addition, Changan Automobile announced a new strategy of “entrepreneur for the third time” in April 2018 and its target for production and sales volume in 2020 is higher than that of 2017. Moreover, to the best knowledge of the Company, Changan Automobile and its associates have recently introduced several new car models such as the “CS35 plus, new CS75 with automatic parking assistant system, CS55 with integrated adaptive cruise control system”, which the Company expects will have a positive influence on the next year’s automobile production and sales of Changan Automobile. The Directors believe the production and sales volumes of Changan Automobile and its associates in 2019 will regain growth momentum and set the stage for the realization of the objectives of 2020 set in its strategy of “entrepreneur for the third time”. In addition, the Group has been providing logistics services for Changan Automobile and its associates for many years and the Group’s quality service has been highly recognized. As at the end of last year, the Group operated approximately two-thirds of the outsourced logistics services of Changan Automobile and its associates. As at the date of this announcement, the Group undertakes approximately eight tenths of the outsourced logistics business of Changan Automobile and its associates. Based on the above, the Directors are of the view that the annual cap for the year ending 31 December 2019 is fair and reasonable.</p>
<p><b>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</b></p>				
<p><b>Pricing policy</b></p>	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, 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. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company’s enterprise technical department will draw up the technical and operation plans whereas the</p>			

	<p>marketing and customer service department will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in the response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) Internal Compared Price: in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company's knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).</p>			
<b>Proposed cap and basis</b>	<b>Historical figures</b>	<b>Historical caps (for 2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
	For the 9 months ended 30 September 2018, RMB40,660,000	For the year ending 31 December 2018, RMB300,000,000	For the year ending 31 December 2019, RMB250,000,000	China Changan has a lot of member companies, mainly in automobile parts business and the total revenue of automobile parts companies under China Changan reached approximately RMB18 billion in 2017. Based on the average ratio of approximately 8.6% of logistics expenses to the total revenue in 2017 of industrial enterprises in the PRC <sup>1</sup> , the Company estimates that the automobile parts companies under China Changan has large logistics expenses. In 2018, the Group mainly conducted the logistics business with Sichuan Jianan Industrial Co. Ltd. and Chengdu Huachuan Electric Parts Co., Ltd., both members of China Changan, for provision of logistics services such as automobile parts distribution, inbound logistics, storage, data management, etc. The total revenue derived from Sichuan Jianan Industrial Co. Ltd. and Chengdu Huachuan Electric Parts Co., Ltd. in 2017 reached RMB3.6 billion. In 2018, the business development of the Group into the business of member companies of China Changan is still in the preliminary stage. Up to now, the Group merely operates approximately over 10% of the logistics demand of those two

<sup>1</sup> Source: Wind Information Co., Ltd., a financial information services provider in the PRC

automobile parts companies under China Changan and still have plenty of room for business expansion. China Changan is a substantial shareholder of the Company and has been very supportive in strengthening the business relationship between the Group and its other member companies. In 2019, besides tapping into the rest of the logistics demand of Sichuan Jianan Industrial Co. Ltd. and Chengdu Huachuan Electric Parts Co., Ltd. (both are member companies of China Changan), the Group is expecting to step up efforts in developing the logistics business from other automobile parts companies under China Changan. In addition, the Group is currently in business negotiation with several automobile parts companies under China Changan. Therefore, the Directors are of the view that the proposed cap for the year ending 31 December 2019 in relation to the provision of logistics services by the Group to China Changan and its associates is fair and reasonable.

**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:

(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. According to the Bidding Quote Management Procedures, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.

(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 at least two independent third parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two independent third parties.

At present, there are only a few suppliers who have the qualification and capability to provide Yangtze River automobile related transportation services. To increase procurement efficiency and ensure the reasonableness of prices, the Company usually adopts the internal compared pricing policy for selection of its water transportation supplier.

	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
<b>Proposed cap and basis</b>	For the two years ended 31 December 2017, and 9 months ended 30 September 2018, RMB374,138,000, RMB344,540,000 and RMB202,120,000 respectively	For the three years ending 31 December 2018, RMB1,200,000,000, RMB1,400,000,000 and RMB1,000,000,000 respectively	For the year ending 31 December 2019, RMB700,000,000	<p>Minsheng Industrial, being one of the leading enterprises in automobile logistics along the Yangtze River and a government-branded 5A comprehensive logistics service provider, providing a diversity of logistics services such as container shipping, warehousing and distribution, aviation logistics and etc. Minsheng Industrial has the biggest finished vehicle transportation fleet by ro-ro vessels along the Yangtze River in the PRC, equipped with ro-ro ships of various capacity. Minsheng Industrial and its associates are also engaged in the operation of several shipping lines, covering major ports along the river, for transportation of the finished vehicle by ro-ro ships along the Yangtze River. Minsheng Industrial and its associates have been transacting with the Group in the past and has contributed significantly in ensuring the quality of the service provided by the Group for our customers. Minsheng Industrial and its associates are more familiar with the business requirements of the Group and are able to satisfy the various needs of the Group. The annual cap for the year ending 31 December 2019 is determined having considered (1) Minsheng Industrial's strong presence, transportation capacity and growing strength along the Yangtze River; (2) Under the influence of GB1589, the overall capacity of land transportation in the market was largely reduced, driving up the price of land transportation. In contrast, the cost of waterway transportation is relatively low. Therefore, in order to cut back costs, the Group expects to increase the use of water transportation accordingly. The Board is of the view that the setting of the annual cap for the year ending 31 December 2019 will enable the Group better accommodate the demand of our customers and therefore it is fair and reasonable.</p>

**4. Settlement, deposits and loans, note discounting services to be provided by Zhuangbei Finance to the Group**

<b>Pricing policy</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul> <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>
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	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
The maximum amount of Deposit (including interests) on a daily basis	For the two years ended 31 December 2017, and 9 months ended 30 September 2018, RMB556,778,000, RMB410,433,000 and RMB411,990,000 respectively	For the three years ended 31 December 2018, RMB700,000,000, RMB700,000,000 and RMB450,000,000 respectively	For the year ending 31 December 2019, RMB350,000,000	Zhuangbei Finance is a non-banking financial company with a sound capital base and renowned credibility among the member companies of CSG. In the past few years, Zhuangbei Finance has been providing the Group with settlement services, deposit services, provision of loans, and note discounting services. The annual cap for the year ending 31 December 2019 is determined having considered (1) the historical maximum daily outstanding balances of deposits placed by the Group with Zhuangbei Finance for the year ended 31 December 2016, 2017 and 9 months ended 30 September 2018; (2) the overall treasury requirements of the Group for the year ending 31 December 2019. The Directors are of the view that the annual cap for the year ending 31 December 2019 can meet the needs of the Group and is fair and reasonable.

## **5. Reasons for and Benefits of the Non-Exempt Continuing Connected Transactions for 2019 and Major Transaction**

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

According to the report of China Association of Automobile Manufacturers, the overall domestic automobile market witnessed a slowdown in 2018 and slow growth in the automobile industry is expected to linger on for a considerable period of time. On the contrary, the volume for replacement of the scrapped cars and the demand of automobiles from the 3rd and 4th tier provincial cities are substantial. Therefore, it is expected that the domestic automobile market will maintain growth at certain rate. According to the information available to the Company, Changan Automobile and its associates will bring a variety of new models and their production and sales volumes is expected to regain growth momentum in 2019. The Group is the major automobile logistics service provider of Changan Automobile and its associates and has been providing logistics services to and its quality service has been highly recognized by Changan Automobile and its associates and the essential part of revenue of the Group comes from providing logistics services such as finished vehicles transportation, international logistics and supply chain management, etc. The Company is of the view that the Group should continue to provide comprehensive automobile logistics services for Changan Automobile and its associates to maximize the revenue of the Group in the interests of the Company and its Shareholders as a whole.

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

China Changan has a lot of member companies located all over the country covering a series of automobile parts business such as automobile engines, transmissions, power components, chassis components, shock absorbers, supercharges, pistons and so on. As the substantial shareholder of the Company, China Changan can provide the Group with vast customer pool and various opportunities to do business with its member companies. The automobile parts companies under China Changan has relatively large demand for logistics demand. Moreover, China Changan and its associates are satisfied with the logistics services provided by the Group and it would be in the interest of the Company and its Shareholders as a whole for the Group to continue to conduct business with the China Changan and its associates. Therefore, the Company believes that the Group should continue to step up efforts in the developing relevant business to help generate revenue and the Directors are of the view that provision of logistics services to China Changan and its associates is in line with the Company's primary business and development strategy of the Group, the Group should continue to cooperate with China Changan and its associates to explore more business opportunities and maximize revenue of the Group.

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

The Group is a third-party automobile logistics service provider for providing comprehensive logistics solution for our customers. However, the Group currently does not have any vessel or enough freight carriers to ensure an independent operation of business. Therefore, the Group needs to purchase logistics services from suppliers with sufficient transportation capacity and logistics facilities and equipment. Minsheng Industrial is fully equipped with ro-ro ships of various volumes and car transporters that is compliant with the current regulation of GB1589 and has extensive, well-established logistics network across the country. Therefore, Minsheng Industrial and its associates are competent in providing logistics services to the Group. In addition, Minsheng Industrial and its associates have been a credible and reliable business partner of the Group, and have been providing various logistics services such as waterway transportation of car components and parts, finished vehicles transportation by road, customs clearance, container transportation, etc. for many years. As such, the Directors are of the view that the Group should continue to purchase logistics services from Minsheng Industrial and its associates to support the smooth running of the Group's primary business and tap on the strength of Minsheng Industrial's various resources to our advantage and provide our customers with quality services and maximize the revenue of the Group. The Directors are of the view that the transaction is in the interest of the Company and its Shareholders as a whole.

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

Zhuangbei Finance is a non-banking financial institution in the PRC as approved by CBIRC and is established with capital contribution from member companies of CSG for purpose of centralizing capital management and optimizing capital efficiency within the CSG. Zhuangbei Finance has been providing financial services for member companies of CSG for years and is highly recognized for its financial management services. In addition, the major customers of the Group are member companies within CSG and they all have maintained accounts with Zhuangbei Finance. It would reduce the time costs 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 than those payable to external banks in the PRC.

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

- (i) As a non-banking financial institution, Zhuangbei Finance is regulated by the PBOC and the CBIRC and provides its services in accordance with and in compliance of the rules and operational requirements of these regulatory authorities including capital risk guidelines and requisite capital adequacy ratios. The regulations imposed on non-banking institutions regarding the capital adequacy ratios is more stringent than those imposed on commercial banks in the PRC;
- (ii) The pricing policies of Zhuangbei Finance are subject to guidelines set by PBOC. The interest rates for Deposit of similar nature and under similar terms will be at least be equal to or more favorable than those available from other independent commercial banks in the PRC. Moreover, currently, the fees payable to normal commercial banks for settlement services, including account management, online banking system management, confirmation, etc. are free of charge to Zhuangbei Finance, which would reduce the finance costs of the Group.
- (iii) The risk of the Deposit transaction with Zhuangbei Finance is further reduced by (1) the undertakings provided by Zhuangbei Finance, (2) various internal control and risk management awareness of and measures took by Zhuangbei Finance in respect of credit risk, liquidity risk, market risk, operational risk, information technology risk and etc.
- (iv) Zhuangbei Finance has advanced information security protection system, the security protection of which is no less than the protection level of head office of commercial banks and Zhuangbei Finance established data security backup center in Chongqing and was granted technical security certification by CFCA, all of which proves that Zhuangbei Finance was competent enough to protect the information and the fund security of the Group;
- (v) In addition, as a fellow member of the CSG, Zhuangbei Finance has a better understanding of the operations and financial requirements of the Group which give Zhuangbei Finance a built-in advantage to allow it to provide the Group with more expedient and efficient services.

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 for 2019 and major transaction 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 for 2019 and major transaction 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.

## **6. Financial Effects of the Deposit Transaction on the Group**

As at 30 June 2018, the total deposit amount of the Group was approximately RMB834,703,728 and the deposit amount with Zhuangbei Finance was approximately RMB121,244,998, representing approximately 14.53% of the total deposit amount of the Group.

For the six months period ended 30 June 2018, the deposit interest income from Zhuangbei Finance was approximately RMB1,155,420, representing approximately 17.71% of the total deposit interest income of the Group and approximately 1.27% 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 2019 will not have any material impact to the Group's earnings, assets and liabilities.

## **7. Risks Control Relating to the Deposits Transaction under the Framework Agreement with Zhuangbei Finance**

In order to control the potential risks relating to the Deposits transactions, ensure the safety of the Deposit and protect the interests of the Company and its shareholders regarding the Deposit placed or to be placed from time to time, Zhuangbei Finance provided an undertaking as a part of the framework agreement to the Company. Pursuant to the framework agreement, 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 CBIRC and that the major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBIRC 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 CBIRC 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.

## 8. Implication under the Listing Rules

Since one or more of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions for 2019 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 2019 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 2019 under the framework agreement with Zhuangbei Finance in relation to the deposit 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 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 is 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 proposed caps of the Non-Exempt Continuing Connected Transactions for 2019 of the Company with each of Changan Automobile, China Changan, Minsheng Industrial and their respective associates, and the proposed caps of the Non-Exempt Continuing Connected Transactions and major transaction for 2019 of the Company with Zhuangbei Finance 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 proposed caps of the non-exempt continuing connected transactions for 2019 of the Company with each of Changan Automobile, China Changan and their respective associates, and the proposed caps of the non-exempt continuing connected transactions and major transaction for 2019 of the Company with Zhuangbei Finance. Minsheng Industrial, Ming Sung (HK) and their respective associates will abstain from voting in relation to the resolution approving the proposed caps of the non-exempt continuing connected transactions for 2019 of the Company with Minsheng Industrial and its associates. The voting at the 2018 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 with the terms of the Non-Exempt Continuing Connected Transactions for 2019 and major transaction (including the proposed caps for 2019 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2019), 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 2019 and major transaction (including the proposed caps for 2019 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2019), 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 despatch a circular containing, among other things, details of the Non-Exempt Continuing Connected Transactions for 2019 and the major transaction (including the proposed cap for 2019 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2019) with the letter from each of the Independent Board Committee and Gram Capital to Shareholders as soon as possible but in any event not later than 14 December 2018.

## **II. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS FOR 2019**

### **1. Background**

Reference is made to the Announcement regarding (1) the Framework Agreements for Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements entered into by the Company with each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin and Zhuangbei Finance, each for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020 (both days inclusive); and (2) the framework agreement entered into between Nanjing CMSC and Baogang Zhushang on 30 October 2017 for a term of three years commencing on 1 January 2018 and expiring on 31 December 2020.

As mentioned in the Announcement, the Company has set the annual cap for 2018 in relation to each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements since the Company would like to provide a more appropriate level of the annual cap for each Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for each year. The Company will re-comply with the relevant Listing Rules requirements (including setting the annual caps, issuing announcement(s) and if required, obtaining Independent Shareholders' approval) for the proposed cap for 2019 and 2020 in relation to each of 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 caps for 2018 for the continuing connected transactions under each of the relevant framework agreements for the Continuing Connected Transactions Exempt From Independent Shareholders' Requirements with each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin, Zhuangbei Finance and their respective associates as well as the cap for 2018 for the continuing connected transactions under the relevant framework agreement entered into between Nanjing CMSC and Baogang Zhushang will expire on 31 December 2018. As such, the Company has estimated the annual cap in relation to the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019. With respect to the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2020 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).

Apart from setting the cap for 2019 for each Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements in manner as disclosed in this announcement, the Company confirms that there have been no changes to the terms of the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements nor the categories of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements contemplated thereunder.

China Changan is a substantial shareholder of the Company, holding approximately 25.44% of the total issued share capital of the Company. As at the date of the announcement, both China Changan and Changan Industry Company is a wholly-owned subsidiary of CSG. 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.

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

As disclosed in the Announcement, at the board meeting held on 30 October 2017, the Board considered and approved 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 entered into between the Company and China Changan on 30 October 2017, 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 entered into between the Company and APLL on 30 October 2017, 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 entered into between the Company and Minsheng Industrial on 30 October 2017, pursuant to which the Group shall provide logistics services to Minsheng Industrial and its associates;
- (4) the framework agreement entered into between the Company and Chongqing Changxin on 30 October 2017, pursuant to which the Group shall purchase maintenance services from Chongqing Changxin and its associates;
- (5) the framework agreement between the Company and Zhuangbei Finance on 30 October 2017, pursuant to which the Group shall provide financial logistics services to Zhuangbei Finance and its associates; and
- (6) the framework agreement entered into between Nanjing CMSC and Baogang Zhushang on 30 October 2017, pursuant to which Nanjing CMSC shall provide logistics services to Baogang Zhushang and its associates.

The Framework Agreements for the Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements are not inter-conditional with each other. 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. Pricing Policy, Historical Figures, Historical Caps, Proposed Cap for 2019 and Rationale

The cap in respect of each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for the year ending 31 December 2019 is set out as follows:

<b>1. Security and cleaning services, property leasing services and logistics services provided by China Changan and its associates to the Group</b>				
<b>Pricing Policy</b>	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. According to the Bidding Quote Management Procedures, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.</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 at least two independent third parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two independent third parties.</p>			
<b>Proposed cap and basis for security and cleaning services</b>	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
	For the two years ended 31 December 2017 and 9 months ended 30 September 2018, RMB6,209,000, RMB9,028,000 and RMB4,270,000 respectively	For the three years ended 31 December 2018, RMB17,000,000, RMB10,334,334 and RMB9,220,000 respectively	For the year ending 31 December 2019, RMB9,220,000	The number of warehouses for parts storage and vehicle distribution centers of the Group next year remains largely unchanged. In addition, in order to consolidate the existing parts storage business from the currently scattered warehouses and also to shorten the distribution distance to customers' production base, the Hebei Branch of the Company bought a new warehouse to collectively store the automobile parts and components. Moreover, in order to extend the reach of the Group's logistics services and consolidate piecemeal purchase orders from customers, the Group has vehicle transfer centers layout across the country. All these new warehouse and vehicle transfer centers will need security and cleaning services to maintain the smooth running of daily operation and thereby increasing the demand for security and cleaning services of the Group. Having considered

				that the Group is requiring security and cleaning services provided by suppliers to be more elaborate and cost-efficient and is rather satisfied with the quality of security and cleaning services provided by China Changan and its associates, mainly Changan Property, therefore, the Directors are of the view that the annual cap for the year ending 31 December 2019 is fair and reasonable.
	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
	For the two years ended 31 December 2017 and 9 months ended 30 September 2018, RMB3,905,000, RMB2,357,000 and RMB1,630,000 respectively	For the three years ended 31 December 2018, RMB20,000,000, RMB25,000,000 and RMB20,000,000 respectively	For the year ending 31 December 2019, RMB20,000,000	The Group does not have enough warehouses and stations and have to rent properties from suppliers. China Changan and its associates has been providing properties leasing services for the Group for years. China Changan and its associates are able to better understand the Group's requirements for warehouses and stations, such as the internal layout, fitting sizes to better accommodate the business volume, and proper location. In addition, most of properties, especially warehouses and stations that can be provided to the Group by China Changan and its associates are located in the vicinity of the production bases of the Group's customers. Leasing of the properties from China Changan and its associates to serve the Group's daily operations is relatively more cost-saving. In order to ensure the smooth operation of business and provide quality services for our customers, it is expected that the Group will continue to lease properties from China Changan and its associates. The transaction between the Group and China Changan and its associates will be conducted on a normal commercial basis in the interest of the Company and its Shareholders as a whole. The Directors are of the view that the annual cap set for the year ending 31 December 2019 is fair and reasonable.
<b>Proposed cap and basis for property leasing services</b>				

	<b>Historical figures</b>	<b>Historical caps (for 2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
<b>Proposed cap and basis for logistics services</b>	For the 9 months ended 30 September 2018, RMB3,250,000	For the year ending 31 December 2018, RMB30,000,000	For the year ending 31 December 2019, RMB20,000,000	As a third-party automobile logistics service provider, the Group specializes in offering comprehensive logistics solution to our customer, including finished vehicle transportation, supply chain management services of automobile raw materials and components and parts, etc. However, the Group does not currently have sufficient transportation capacity to cope with the logistics demand of our customers. China Changan and its associates are familiar with the daily operation of the Group and have the transportation capacity that the Group needs. China Changan and its associates will participate in transportation purchase activities and will provide quotations to the Group along with other suppliers. The Directors are of the view that purchasing logistics services from China Changan and its associates would give the Group a wider range of choice to supplement the Group's transportation capacity to improve the quality of our services and therefore is in the interests of the Company and its Shareholders as a whole. The annual cap for the year ending 31 December 2019 is fair and reasonable as it is determined based on the anticipated business volume.

## **2.1 Logistics services provided by the Group to APLL and its associates**

<b>Pricing Policy</b>	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, 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. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company's enterprise technical department will draw up the technical and operation plans whereas the marketing and customer service department will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in the response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) Internal Compared Price: in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company's knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p>
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	If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).			
<b>Proposed cap and basis</b>	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
	For the two years ended 31 December 2017 and 9 months ended 30 September 2018, Nil, Nil, and Nil respectively	For the three years ended 31 December 2018, RMB25,000,000, RMB30,000,000 and RMB20,000,000 respectively	For the year ending 31 December 2019, 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 will continue to explore business relationship with APLL. APLL is one of the leading market participants in the logistics industry and owing to its advanced logistics technology, APLL has been operating business in various industries in the PRC. The Group has a comparatively strong logistics capacity in mainland China and can provide quality logistics services at low cost. The Company estimates that the Group may obtain the outsourced logistics business of APLL like supply chain management business for IT companies. In addition, the Company is of the view that with the opening up of our country, developing overseas business is inevitable for the Company's future development. Apart from business presence in mainland China, APLL also has substantial overseas businesses in America and India. Considering the fact that APLL is one of the substantial shareholders of the Company and that the Group has a comparatively great capacity in the logistics industry, it is expected that APLL will support the Company's business expansion and conduct businesses with the Group. The Board believes that it is reasonable to set the annual cap for the year ending 31 December 2019 so as to allow more room for the cooperation between the Group and APLL, and thereby maximizing the Group's revenue generated from such services.

<b>2.2 Logistics services purchased by the Group from APLL and its associates</b>				
<b>Pricing Policy</b>	<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) <b>Bidding Price:</b> 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. According to the Bidding Quote Management Procedures, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.</p> <p>(2) <b>Internal Compared Price:</b> 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 at least two independent third parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two independent third parties.</p>			
	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
<b>Proposed cap and basis</b>	<p>For the two years ended 31 December 2017 and 9 months ended 30 September 2018, RMB1,087,000, RMB5,341,000 and Nil respectively</p>	<p>For the three years ended 31 December 2018, RMB34,000,000, RMB39,000,000 and RMB30,000,000 respectively</p>	<p>For the year ending 31 December 2019, RMB20,000,000</p>	<p>Changan Ford is a joint venture of Changan Automobile and Ford Motor Company. Currently, Changan Ford imports automobile parts and components from America and Mexico and exports finished vehicles to Vietnam and Philippines, etc. In addition, Changan Automobile itself exports finished vehicles and automobile parts and components to foreign countries such as Pakistan and Russia. In order to fulfill the demand of our customers, the Group needs to purchase international logistics services. APLL and its associates operate in world's major trade lines, such as Asia to Europe, Trans-Pacific and Intra Asia. APLL and its associates are able to provide the Group with intermodal international freight forwarding, customs clearance services and etc. The Group is of the view that the transaction to be entered into by the Group for the purpose of purchasing logistics services from APLL and its associates would offer more quality insurance to the Group's international logistics business and the annual cap set for the year ending 31 December 2019 is fair and reasonable.</p>

### 3. Logistics services provided by the Group to Minsheng Industrial and its associates

<b>Pricing Policy</b>	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, 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. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company's enterprise technical department will draw up the technical and operation plans whereas the marketing and customer service department will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in the response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) Internal Compared Price: in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company's knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).</p>			
	<b>Proposed cap and basis</b>	<p><b>Historical figures</b></p> <p>For the two years ended 31 December 2017 and 9 months ended 30 September 2018, RMB3,083,000, RMB4,131,000 and 15,410,000 respectively</p>	<p><b>Historical caps (for 2016-2018)</b></p> <p>For the three years ended 31 December 2018, RMB20,000,000, RMB30,000,000 and RMB20,000,000 respectively</p>	<p><b>Proposed Cap for 2019</b></p> <p>For the year ending 31 December 2019, RMB20,000,000</p>

				set for the year ending 31 December 2019 provides the Group with more room to explore business with Minsheng Industrial and help maximize the overall revenue of the Group.
<b>4. Maintenance services purchased by the Group from Chongqing Changxin and its associates</b>				
<b>Pricing Policy</b>	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. According to the Bidding Quote Management Procedures, in terms of procurement through bidding, the Company shall publish announcements at such public media as China Bidding to invite bidders. The Group will screen and select bidders whom the Group considers can undertake the procurement with relevant qualification and capability.</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 at least two independent third parties or the price of services of similar nature purchased by independent third parties. In terms of internal compared pricing, the Group will choose the lowest quotes offered among the eligible participants as its procurement price. Pursuant to the Compared Pricing Management Procedures, in terms of internal compared pricing, the Group shall compare quotes provided by or the price of services of similar nature purchased by at least two independent third parties.</p>			
<b>Proposed cap and basis</b>	<b>Historical figures</b>	<b>Historical caps (for 2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>
	For the 9 months ended 30 September 2018, RMB1,310,000	For the year ending 31 December 2018, RMB10,000,000	For the year ending 31 December 2019, RMB10,000,000	In 2018, Chongqing Changxin and its associates have been providing the Group with maintenance services such as repair and maintenance of logistics equipment and maintenance of the surface of various warehouses and the Group is rather satisfied with the all-round and all-day service and their prompt responses to attend maintenance services of the Group. The cooperation between the Group and Chongqing Changxin and its associates in the first half of 2018 allowed Chongqing Changxin and its associates to be able to provide customized services to the various business projects of the Group to better accommodate the daily operation. The annual cap set for the year ending 31 December 2019 is determined having considered the historical transaction for the 9 months ended 30 September 2018 and the expectation that the costs for the maintenance services will be gradually increased. The Company is of the view that continuing to purchase maintenance services is beneficial to the Group and the setting of the annual cap for the year ending 31 December 2019 is fair and reasonable.

**5. Financial logistics services provided by the Group to Zhuangbei Finance and its associates**

<b>Pricing Policy</b>	<p>Generally, the pricing of the logistics services to be provided by the Group is market driven. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, 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. The Company has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, the Company's enterprise technical department will draw up the technical and operation plans whereas the marketing and customer service department will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of our customers. Bidding representative of the Company will deliver the bidding offer and follow up on the bidding process. The Company will set up a working group to assist the bidding representative in the response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) Internal Compared Price: in determining the quote to be offered by the Group in internal compared pricing method, whenever practical and appropriate, the Company will comprehensively consider the feasibility of the project, and the Company's knowledge on at least two competing third parties to ascertain whether and at what price the Group should participate in the project.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. The Company will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>If the Group does not have a choice in the pricing policy, the Group will endeavor to determine the price(s) based on cost-plus basis to ensure that the Group can achieve a reasonable profit in participating in the project(s).</p>			
	<b>Proposed cap and basis</b>	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>
For the two years ended 31 December 2017 and 9 months ended 30 September 2018, Nil, Nil and Nil respectively		For the three years ended 31 December 2018, RMB30,000,000, RMB30,000,000 and RMB30,000,000 respectively	For the year ending 31 December 2019, RMB20,000,000	While consolidating the traditional automobile logistics business, the Group is looking to transform itself by exploring new businesses with added value along the supply chain. In addition, it is a common practice of the industry to combine logistics and finances, it will help the Group diversify its business mode and offers the Group opportunities to explore new growth points in its development. Zhuangbei Finance is currently promoting and expanding warehouse receipt impawning business along the automobile industrial chain and looking for business partners with enriched automobile related warehouse supervision experiences. The Group is exploring new businesses such as logistics warehouse supervision and automobile impawning supervision in recent years. Zhuangbei Finance has been cooperating with the Group for years and is familiar with the Group's overall business,

				including the new businesses that the Group is currently exploring. Therefore, the Company estimates that the Group may obtain the relevant logistics business in Zhuangbei Finance's financial activities. The Board is of the view that the setting of the annual cap for the year ending 31 December 2019 will provide the Group with more room to explore the relevant business and thereby maximizing the Group's revenue.
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**6. Logistics services provided by Nanjing CMSC to Baogang Zhushang and its associates**

<b>Pricing Policy</b>	<p>Generally, the pricing of the logistics services to be provided by Nanjing CMSC is market driven. The pricing of the services provided under the agreement shall be determined in accordance with, to the extent if the Group has a choice, 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. Nanjing CMSC has established Bidding Quotation Process and Bidding Quote Management Procedures. Briefly, Nanjing CMSC's enterprise technical department will draw up the technical and operation plans whereas the marketing and customer service department will provide business plan and the two departments will collaborate in preparing the bidding document in accordance with the specific requirements of its customers. Bidding representative of Nanjing CMSC will deliver the bidding offer and follow up on the bidding process. Nanjing CMSC will set up a working group to assist the bidding representative in the response to the bidding before the bidding representative will finally be informed of the bidding results.</p> <p>(2) Internal Compared Price: in determining the quote to be offered by Nanjing CMSC in internal compared pricing method, whenever practical and appropriate, Nanjing CMSC will comprehensively consider the feasibility of the project, and its knowledge on at least two competing third parties to ascertain whether and at what price Nanjing CMSC should participate in the project.</p> <p>(3) Cost-plus Price: to be determined with reference to a reasonable cost plus a reasonable profit margin. Nanjing CMSC will consider the labor cost, equipment operation cost, material inputs and etc. to comprehensively measure the cost. The profit margin for each project varies depending on the different technical requirements, staffing, resources commitment and location.</p> <p>If Nanjing CMSC does not have a choice in the pricing policy, Nanjing CMSC will endeavor to determine the price(s) based on cost-plus basis to ensure that it can achieve a reasonable profit in participating in the project(s).</p>			
	<b>Historical figures</b>	<b>Historical caps (for 2016-2018)</b>	<b>Proposed Cap for 2019</b>	<b>Basis of determination of the Proposed Cap for 2019</b>

<b>Proposed cap and basis</b>	For the two years ended 31 December 2017 and 9 months ended 30 September 2018, RMB11,754,000, RMB10,356,000 and RMB6,720,000 respectively	For the three years ended 31 December 2018, RMB35,000,000, RMB40,000,000 and RMB30,000,000 respectively	For the year ending 31 December 2019, RMB20,000,000	Baogang Zhushang produces steels for automobile parts and components, processing of steels and other metallic materials. Baogang Zhushang has been in business contacts with Nanjing CMSC for years and has established long-term business relationship. Nanjing CMSC has been providing steel transportation services for Baogang Zhushang for a considerable period of time. The Group are of view that Baogang Zhushang represents a stable business source and on a mutual
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				commercial basis, continuing to provide steel transportation service for Baogang Zhushang would help maximize the revenue of the Group. The annual cap for the year ending 31 December 2019 is determined on the basis of the historical transaction amount and the slight growth in the sales volume of Changan Mazda Automobile Co., Ltd., Baogang Zhushang's customer. The Company is of the view that Nanjing CMSC should continue to provide logistics services for Baogang Zhushang and the annual cap for the year ending 31 December 2019 is fair and reasonable.
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## 5. Reasons for and Benefits of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019

As there is a long-term cooperation relationship between the Group and each of China Changan, APLL, Minsheng Industrial, Zhuangbei Finance and their respective associates, and Nanjing CMSC has been conducting business with Baogang Zhushang and its associates for many years, and the Group is very satisfied with the services provided by Chongqing Changxin, the Group considers that it is beneficial for it to continue to enter into those transactions under the relevant framework agreements as those transactions have facilitated and are expected to facilitate the operation and development of the Group's business. Therefore, the Directors are of the view 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, Chongqing Changxin, 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*

Changan Property, an associate of China Changan, is a first-class property management company in the country and a member of the China Property Management Institute and has extensive property management experience. The Group considers that procurement of security and cleaning services from China Changan and its associates, mainly from Changan Property, can provide assurance to the Group that it would be provided with comprehensive, standard and high-level security and cleaning services, thereby ensuring the smooth running of the daily operation of the business projects of the Group. As such, the Directors are 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.

China Changan and its associates have long been providing property leasing services for the Group and is rather familiar with the Group's requirement on the leased properties and will continue to respond quickly and in cost-efficient manner to any new requirement that the Group may have. Most warehouses and stations available from China Changan and its associates are geographically convenient for the Group to store car raw materials and finished vehicles. In addition, entering into property leasing transactions with China Changan would provide the Group with stability and substantially reduce the risks of possible shortage of suitable warehouses and stations and the wild fluctuation in rentals arising

from the generally expected appreciation in the value of properties. Besides, the Group maintains the flexibility in leasing properties such as warehouses and stations from other independent parties. Therefore, the Directors are of the view that the Group should continue the property leasing transactions with China Changan and its associates as it is in the interest of the Company and its Shareholders as a whole.

The Group does not have sufficient transportation capacity to provide automobile logistics services to cope with the jump of the logistics demand of our customers in the peak season. In order to provide quality services in an efficient and timely manner, the Group normally would seek external support from our longstanding business partners. As a substantial shareholder of the Company, the Group believes that China Changan and its associates are able to respond promptly to the needs of the Group and any urgent requirement that the Group may have as China Changan has a better understanding of the Group's business operation. The Directors are of the view that having China Changan and its associates as one of the many suppliers of the Group would give the Group a wider range of selection and the Group should continue the cooperation with China Changan and its associates.

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

As a seasoned international logistics service provider with advanced logistics technology, APLL has strengthened its footprint overseas with extensive branches reaching mainland China, America and India. APLL and its associates have been providing supply chain management services for IT companies in Mainland China. The Group has strong logistics capacity in Mainland China and is also looking to explore overseas business to achieve further development. APLL is the substantial shareholder of the Company and is open to cooperation with the Group. Cooperation with APLL will not only help the Group to obtain various outsourced logistics business from APLL to generate revenue but also will help the Group keep abreast of the cutting-edge international logistics technology, leading operation schema and time-tested management method to optimize the business operation of the Group. The Directors is of the view that the continuing connected transactions exempt from Shareholder's approval with APLL and its associates are beneficial for the Group's development and is 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's customers, Changan Ford and Changan Automobile have business in overseas countries such as America, Mexico, Vietnam and Philippines. The Group needs to purchase international logistics services from qualified international logistics service providers with sufficient capacity and well-established logistics network. APLL offers a comprehensive suite of services extending from international freight forwarding to both origin and destination services, including freight consolidation, warehousing and distribution management and operates in several international trade lines. The Company is of the view that APLL and its associates are competent to provide comprehensive international logistics services for the Group and will help to ensure the Group's service quality. In addition, having APLL and its associates to provide logistics services for the Group will give the Group with more choice in the selection of international logistics service providers. Therefore, the Directors is of the view that it is in the interests of the Company and its Shareholders as a whole.

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

Specialized in waterway transportation, especially finished vehicle transportation by ro-ro ships along the Yangtze River, Minsheng Industrial has affluent resources, exhaustive experience and well-established waterway transportation network. However, in order to provide comprehensive logistics solution to its customer, like combined transportation by waterway plus road, occasionally, Minsheng Industrial and its associates find themselves in need of logistics services from the Group such as station management support and road transportation support. Minsheng Industrial is a loyal and reliable supplier of the Group and has been at the Group's service for years. The Directors are of the view that the Group should continue to do business with Minsheng Industrial and its associates in the hope that by combining

the resources and strength from both parties, Minsheng Industrial and the Group will find common ground to cooperate to our mutual benefit.

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

The Group's logistics facilities including warehouses are incapable to providing long-term service, which requires all-day, all-round services from the maintenance team. Chongqing Changxin and its associates are established business partners of the Group and were able to provide the Group with quality maintenance services with more flexible terms in a cost-efficiency and reliable manner during the year. Moreover, most of Chongqing Changxin's operation sites are located within the vicinity of the Group's warehouses, which allows Chongqing Changxin to respond promptly and provide expedient maintenance services so as to ensure the smooth and safe logistics operation of the Group, thereby improving the service quality of the Group. The Directors is of the view that continuing the business with Chongqing Changxin and its associates will help to mitigate the possible risk of volatility in the procurement costs of maintenance service of the Group and that the Group should continue to purchase maintenance services from Chongqing Chhangxin and its associates.

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

Zhuangbei Finance is currently expanding warehouse receipt impawning business along the automobile industrial chain and is in need of reliant business partner to supervise the cargoes impawned by the pledgors. As an established business partner of Zhuangbei Finance, the Group is familiar with the logistics needs arising from its financial activities, and the Group is currently trying to explore financial logistics business such as logistics storage supervision and automobile impawning supervision. The Group expects that providing financial logistics services for Zhuangbei Finance will help induce more value-added new businesses along the automobile logistics industrial chain for the Group and will open the door of the fast-growing auto finance market for the Group and diversify the Group's revenue portfolio. Therefore, it is beneficial for the Group to provide financial logistics services for Zhuangbei Finance and it is in the interests of the Company and its Shareholders as a whole.

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

Baogang Zhushang needs to purchase steel transportation services, etc. Nanjing CMSC has been providing steel transportation services for Baogang Zhushang for a considerable period of time and is recognized by Baogang Zhushang for its service quality. In addition, as the business with Baogang Zhushang is rather stable, the Directors are of the view that Nanjing CMSC should continue to provide logistics services to Baogang Zhushang to ensure a stable revenue source to maximize the revenue of the Group and is in the interests of the Company and its Shareholders as a whole.

In arriving at the above proposed caps for each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019, 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 2019 and the relevant annual caps for 2019 contemplated under the Framework Agreements for the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements were entered into in the ordinary course of business of the Group and are on normal commercial terms; (2) the terms of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019 (including the annual cap for each of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for the year ending 31 December 2019) were fair and reasonable and (3) the entering into of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019 is in the interests of the Company and the Shareholders as a whole.

## **6. Board of Directors' View**

The Board has resolved to approve the proposal of Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019 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 2019 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 proposed caps of Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements for 2019 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 2019 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 2019 with Minsheng Industrial and its associates, none of the other Directors has abstained from voting on the resolution approving the proposed caps of Continuing Connected Transaction Exempt from Independent Shareholders' Approval Requirements for 2019 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 2019 with APLL and its associates. Except for Mr. William K Villalon and Mr. Man Hin Wai Paul, being the related Directors, who are deemed to be interested in the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019 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 2019 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 2019 between Nanjing CMSC and Baogang Zhushang. No Directors is required to abstain from voting at the relevant resolution.

## **7. Implication under the Listing Rules**

Since the highest applicable percentage ratio of the Continuing Connected Transactions Exempt from Independent Shareholders' Approval Requirements for 2019 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 2019 are subject to reporting, annual review and announcement requirements, but exempt from Independent Shareholders' approval requirements.

## **III. PROPOSED CHANGES IN DIRECTORS, AUTHORIZED REPRESENTATIVE AND SHAREHOLDER REPRESENTATIVE SUPERVISOR**

The Board wishes to announce that due to job re-location,

- (i) Mr. Lu Xiaozhong will resign as the executive director of the fourth session of the Board and the Authorized Representative of the Company. The resignation of Mr. Lu Xiaozhong shall take effect on the date on which the 2018 First EGM of the Company is held for the purposes of, among other things, approving the election of an executive director as his successor;
- (ii) Mr. Tan Hongbin will resign as the non-executive director of the fourth session of the Board of the Company. The resignation of Mr. Tan Hongbin shall take effect on the date on which the 2018 First EGM of the Company is held for the purposes of, among other things, approving the election of a non-executive director as his successor; and

- (iii) Mr. Steven Ho Kok Keong will resign as the shareholder representative supervisor of the fourth session of the Supervisory Committee of the Company. The resignation of Mr. Steven Ho Kok Keong shall take effect on the date on which the 2018 First EGM of the Company is held for the purposes of, among other things, approving the election of a shareholder representative supervisor as his successor.

Each of Mr. Lu Xiaozhong, Mr. Tan Hongbin and Mr. Steven Ho Kok Keong has confirmed that they have no disagreement with the Board and there are no matters relating to their resignation that needs to be brought to the attention of the holders of the securities of the Company.

The Board would like to take this opportunity to express its gratitude to Mr. Lu Xiaozhong, Mr. Tan Hongbin and Mr. Steven Ho Kok Keong for their contribution to the Group during their tenure of services.

### **Elections of the Proposed Directors and Shareholder Representative Supervisor**

The Board proposes to elect:

- (a) Mr. Chen Wenbo as an executive director of the Company to fulfil the vacancy of Mr. Lu Xiaozhong; and
- (b) Mr. Chen Xiaodong as a non-executive director of the Company to fulfil the vacancy of Mr. Tan Hongbin; and
- (c) Ms. Jin Jie as a shareholder representative supervisor of the Company to fulfil the vacancy of Mr. Steven Ho Kok Keong.

The proposed elections of the directors and shareholder representative supervisor are subject to approval by the Shareholders by way of ordinary resolutions at the 2018 First EGM.

#### ***Biographical details of Mr. Chen Wenbo (candidate for executive director) are as follows:***

Mr. Chen Wenbo, aged 50, graduated from Kunming Engineering College (now known as Kunming University of Science and Technology) in July 1987. Later on, Mr. Chen Wenbo studied in The Open University of Hong Kong from April 2003 to June 2005 and graduated with master's degree in business administration. Mr. Chen Wenbo joined Minsheng Shipping in December 1989 and has ever since assumed several important roles in Minsheng Shipping and its subsidiaries, including the Deputy General Manager of Minsheng Shipping, the Manager of the Intermodal Department of Minsheng International Freight Forwarding Co., Ltd., and General Manager of Minsheng Logistics Company Limited. Mr. Chen Wenbo is now the Deputy General Manager of Minsheng Shipping and the General Manager of Minsheng Logistics Company Limited. Mr. Chen Wenbo has extensive experience in finished vehicle logistics and enterprise management.

Save as disclosed above, Mr. Chen Wenbo has not held any directorship in any other listed public companies in the last three years. Save as disclosed above, Mr. Chen Wenbo does not hold any other positions within the Company or other members of the Group and does not have any relationships with any directors, senior management, substantial or controlling Shareholders of the Company, nor had he any interests in the Shares within the meaning of Part XV of the SFO.

If Mr. Chen Wenbo is elected as the executive director of the fourth session of the Board of the Company at the 2018 First EGM, the Company will enter into a service agreement with him in relation to his appointment. Mr. Chen Wenbo will be entitled to the remuneration which will be determined by the Board from time to time with reference to his duties and responsibilities with the Company, the market benchmark and performance of the Group, subject to the approval by the Shareholders at the

EGM. Mr. Chen Wenbo's term of service will commence from the date on which approval is obtained at the 2018 First EGM until the expiry of the term of the fourth session of the Board of the Company.

Save as disclosed above, Mr. Chen Wenbo is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company, nor any information needed to be disclosed under Rules 13.51(2)(h) to (v) of the Listing Rules.

***Biographical details of Mr. Chen Xiaodong (candidate for non-executive director) are as follows:***

Mr. Chen Xiaodong, aged 57, an economist. Mr. Chen Xiaodong joined Minsheng Industrial in August 1986 and since then served in the roles of Assistant to the General Manager, Assistant to the President, Head of Corporate Planning Department and Chief Economist of Minsheng Industrial. In December 2009, Mr. Chen Xiaodong joined Minsheng Shipping and served as the Chief Economist, Assistant to the General Manager, Head of Corporate Planning Department. Mr. Chen Xiaodong is now the Secretary to the Board of Directors and the Head of Corporate Planning Department of Minsheng Shipping. Mr. Chen Xiaodong has rich experience in corporate operation and corporate economic management, etc.

Save as disclosed above, Mr. Chen Xiaodong has not held any directorship in any other listed public companies in the last three years. Save as disclosed above, Mr. Chen Xiaodong does not hold any other positions within the Company or other members of the Group and does not have any relationships with any directors, senior management, substantial or controlling Shareholders of the Company, nor had he any interests in the Shares within the meaning of Part XV of the SFO.

If Mr. Chen Xiaodong is elected as the non-executive director of the fourth session of the Board of the Company at the 2018 First EGM, the Company will enter into a service agreement with him in relation to his appointment. Mr. Chen Xiaodong will be entitled to the remuneration which will be determined by the Board from time to time with reference to his duties and responsibilities with the Company, the market benchmark and performance of the Group, subject to the approval by the Shareholders at the EGM. Mr. Chen Xiaodong's term of service will commence from the date on which approval is obtained at the 2018 First EGM until the expiry of the term of the fourth session of the Board of the Company.

Save as disclosed above, Mr. Chen Xiaodong is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company, nor any information needed to be disclosed under Rules 13.51(2)(h) to (v) of the Listing Rules.

***Biographical details of Ms. Jin Jie (candidate for the shareholder representative supervisor) are as follows:***

Ms. Jin Jie, aged 38, graduated from Shanghai University of Finance and Economics in 2001 and is a member of Associated Chartered Certified Accountant of UK. Ms. Jin was appointed Corporate Finance Director of APL Logistics since April 2018. In this role, her primary accountabilities include: consolidating group accounts, reengineered the group's financial system, reviewing and developing product costing structures, group strategy, drive the group's budget and forecast processes, operational risk, information system implementation and overseeing the departments staffing and recruitment activities. Prior to joining APL Logistics, she was working for TNT International Express (headquarter in Amsterdam) from 2005 to 2018 as the Regional Financial Controller with coverage spanning across Asia Pacific to Middle East regions. During her decade long stay in TNT International Express, she was responsible for financial performance reporting, planning, forecasting and budgeting. Ms. Jin is now based in Singapore.

Save as disclosed above, Ms. Jin Jie has not held any directorship in any other listed public companies in the last three years. Save as disclosed above, Ms. Jin Jie does not hold any other positions within the Company or other members of the Group and does not have any relationships with any directors, senior management, substantial or controlling Shareholders of the Company, nor had she any interests in the Shares within the meaning of Part XV of the SFO.

If Ms. Jin Jie is elected as a shareholder representative supervisor of the fourth session of the Supervisory Committee of the Company at the 2018 First EGM, the Company will enter into a service agreement with her in relation to her appointment. Ms. Jin Jie will be entitled to the remuneration which will be determined by the Board from time to time with reference to her duties and responsibilities with the Company, the market benchmark and performance of the Group, subject to the approval by the Shareholders at the AGM. Ms. Jin Jie's term of service will commence from the date on which approval is obtained from the 2018 First EGM until the expiry of the term of the fourth session of the Supervisory Committee of the Company.

Save as disclosed above, Ms. Jin Jie is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company, nor any information needed to be disclosed under Rules 13.51(2) (h) to (v) of the Listing Rules.

Details of the proposed elections of directors and shareholder representative supervisor 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 14 December 2018.

## **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 CBIRC. Zhuangbei Finance is a non-bank financial institution regulated by CBIRC.

## DEFINITIONS

“2018 First EGM”	the first extraordinary general meeting of 2018 of the Company to be convened in December 2018 for purposes of considering and approving, among others, each of the Non-Exempt Continuing Connected Transactions and Major Transaction for 2019, the respective annual caps for each of Non-Exempt Continuing Connected Transactions and Major Transaction for 2019 and the proposed elections of directors and shareholder representative supervisor
“Announcement”	the announcement published by the Company on 30 October 2017 regarding, among others, the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements contemplated under the Framework Agreement(s) for the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements and the Non-Exempt Continuing Connected Transactions contemplated under the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions
“APLL”	APL Logistics Ltd.
“Associate”	has the meaning ascribed to it under the Listing Rules
“Authorized Representative”	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
“CBIRC”	China Banking and Insurance Regulatory Commission, consolidated from the former China Banking Regulatory Commission, and China Insurance 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)
“Circular”	the circular published by the Company on 29 November 2017 regarding, among others, the Non-Exempt Continuing Connected Transactions contemplated under the Framework Agreement(s) for the Non-Exempt Continuing Connected Transactions
“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 for the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements
“Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements for 2019”	the continuing connected transactions to be conducted in 2019, as set out under the paragraph headed “Continuing Connected Transactions Exempt from Independent Shareholders’ Approval for 2019” in this announcement
“CSG”	China South Industries Group Corporation (中國南方工業集團公司), renamed to China South Industries Group Corporation Co., Ltd. (中國兵器裝備集團有限公司), a company established in the PRC on 1 July 1999 with limited liability
“CFCA”	China Financial Certification Authority (中國金融認證中心)
“Deposit”	the deposit from time to time placed or to be placed by the Group with Zhuangbei Finance pursuant to the framework agreement entered into between the Company and Zhuangbei Finance on 30 October 2017
“Directors”	directors of the Company
“Framework Agreement(s) for the Continuing Connected Transactions Exempt from Independent Shareholders’ Approval Requirements”	the framework agreement entered into by the Company with each of China Changan, APLL, Minsheng Industrial, Chongqing Changxin and Zhuangbei Finance on 30 October 2017, as well as the framework agreement entered into between Nanjing CMSC and Baogang Zhushang on 30 October 2017, 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 between the Company with each of Changan Automobile, China Changan, Minsheng Industrial and Zhuangbei Finance on 30 October 2017, 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 appointed by the Company to be 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 2019 and major transaction (including the proposed cap for 2019 for each of the Non-Exempt Continuing Connected Transactions and the maximum outstanding daily balance on the Deposit for 2019), and whether such transactions are in the interests of the Company and its Shareholders as a whole
“GB1589”	the national policy (as amended from time to time) stipulating, among others, the limits of dimensions, axle load and mass for motor vehicles, trailers and combined vehicles for the purpose of regulating oversized and overloading vehicles promulgated by the Ministry of Transport of the PRC
“Group”	the Company and its subsidiaries from time to time
“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, to be formed to advise the Independent Shareholders in connection with the Non-Exempt Continuing Connected Transactions for 2019 and major transaction (including the proposed cap for each of the Non-Exempt Continuing Connected Transaction and the maximum outstanding daily balance on the Deposits for 2019)
“Independent Shareholders”	shareholders of the Company that, in relation to the resolutions approving each of the Non-exempt Continuing Connected Transactions for 2019 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 2019 contemplated under the framework agreement with Minsheng Industrial and its associates, exclude Minsheng Industrial, Ming Sung (HK) and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited

“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
“Ming Shipping”	Minsheng Shipping Co., Ltd. (民生輪船股份有限公司), a subsidiary of Minsheng Industrial
“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 continuing connected transactions contemplated under each of the Framework Agreements for the Non-Exempt Continuing Connected Transactions
“Non-Exempt Continuing Connected Transactions for 2019”	the continuing connected transactions to be conducted in 2019 under the Framework Agreements for the Non-Exempt Continuing Connected Transactions, as set out under the paragraph headed “Non-Exempt Continuing Connected Transactions for 2019 and Major Transaction” in this announcement, individually or collectively (as the case may be)
“PBOC”	The People’s Bank of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“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  
13 November 2018

*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. Man Hin Wai Paul (also known as Paul Man) 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*