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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Changan Minsheng APLL Logistics Co., Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of Changan Minsheng APLL Logistics Co., Ltd. collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Changan Minsheng APLL Logistics Co., Ltd. The directors of Changan Minsheng APLL Logistics Co., Ltd., having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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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: 8217)

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser**  
**to the INED Committee and Independent Shareholders of the Company**



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*A notice convening an extraordinary general meeting of Changan Minsheng APLL Logistics Co., Ltd. to be held at the Company's meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC on 30 December 2008 at 10:00 a.m. is set out on pages 37 to 39 of this circular.*

*Whether or not you are able to attend the extraordinary general meeting, you are advised to read the notice of EGM and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the H shares registrar of Changan Minsheng APLL Logistics Co., Ltd., Computershare Hong Kong Investor Services Limited, Rooms 1806 - 1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting (as the case may be). In relation to the arrangement for holders of domestic shares (including non-H foreign shares) of the Company, please see the notice of extraordinary general meeting. Completion of the form of proxy and its return will not preclude you from attending, and voting at, the extraordinary general meeting if you so wish.*

*This circular will remain on the GEM website (www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting*

*\* For identification purpose only*

13 November 2008

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

"APLL"	APL Logistics Ltd., a company incorporated in Singapore with limited liability and a wholly owned subsidiary of NOL. It is one of our initial management shareholders
"Associate"	has the meaning ascribed thereto in the GEM Listing Rules
"Beijing Changjiu"	Beijing Changjiu Logistics Limited (北京長久物流有限公司), a limited liability company established in China
"Board"	the board of directors of the Company
"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 Co."	Changan Automobile Company (Group) Limited (長安汽車(集團)有限責任公司), a limited liability company established in China on 28 October 1996
"Changan Construction"	Chongqing Changan Construction Limited Company (重慶長安建設工程有限公司) which is wholly owned (directly and indirectly) by Changan Co.
"China or PRC"	The People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"Company"	重慶長安民生物流股份有限公司 (Changan Minsheng APLL Logistics Co., Ltd.)
"Connected Person"	has the meaning ascribed thereto in the Listing Rules
"CSA"	China South Industries Automobile Corporation (中國南方工業汽車股份有限公司), a joint stock limited company established in the PRC on 26 December 2004
"CSG"	China South Industries Group Corporation (中國南方工業集團公司), a company established in the PRC on 1 July 1999 with limited liability
"Directors"	directors of the Company
"EGM"	the extraordinary general meeting to be held by the Company to consider the approval of the Non-exempt Continuing Connected Transactions (including the Proposed Caps)
"GEM Listing Rules"	Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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"Guangdong Securities" or "Independent Financial Adviser"	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and the independent financial adviser to the INED Committee and the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	shareholders that, in relation to the resolutions approving the Non-exempt Continuing Connected Transactions with Changan Co., Changan Automobile, Changan Construction and their respective associates, exclude Changan Co. and Chongqing Changan Industrial Co., Ltd and their respective associates; in relation to the resolution approving the Non-exempt Continuing Connected Transactions with Minsheng Industrial and its associates, exclude Minsheng Industrial, Ming Sung (HK) and their respective associates; and in relation to the resolution approving the Non-exempt Continuing Connected Transactions with APLL and its associates, exclude APLL and its associates.
"INED Committee"	a committee comprised of Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin, all of whom are independent non-executive directors of the Company, formed to advise the Shareholders in connection with the Non-Exempt Continuing Connected Transactions (including the Proposed Caps)
"Latest Practicable Date"	7 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Ming Sung (HK)"	Ming Sung Industrial Co., (HK) Limited, a company established in Hong Kong with limited liability on 31 May 1949
"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
"Minsheng Group"	Minsheng Industrial and its subsidiaries and associates from time to time
"Non-Exempt Continuing Connected Transactions"	the on-going connected transactions to be conducted from 2009 to 2011, as set out under the paragraph headed "Non-Exempt Continuing Connected Transactions" in the Letter from the Board of in this Circular
"Proposed Caps"	the proposed annual maximum limitation of the Non-Exempt Continuing Connected Transactions

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## DEFINITIONS

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"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	shareholders of the Company
"Shares"	ordinary shares of the Company, with a par value of RMB1.00 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited



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: 8217)

*Executive directors:*

Yin Jiaxu  
Zhang Baolin  
Lu Xiaozhong  
Shi Chaochun  
James H McAdam

*Registered Office:*

Liangjing Village  
Yuanyang Town  
Yubei District  
Chongqing  
The PRC

*Non-executive directors:*

Lu Guoji  
Huang Zhangyun  
Daniel C. Ryan  
Li Ming  
Wu Xiaohua  
Lau Man Yee, Vanessa

*Principal place of business  
in Hong Kong:*

16/F, 144-151  
Singga Commercial Centre  
Connaught Road West  
Hong Kong

*Independent non-executive directors:*

Wang Xu  
Peng Qifa  
Chong Teck Sin

\* *For identification purpose only*

13 November 2008

*To the Shareholders*

Dear Sir or Madam,

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

### **A. INTRODUCTION**

Reference is made to the announcement published by the Company on 24 October 2008.

An INED Committee (consisting of all Independent Non-executive Directors of the Company) has been established to advise the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions and the Proposed Caps. The Company has appointed Guangdong Securities as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

The purpose of this circular is to set out, amongst other things:

- further details of the Non-Exempt Continuing Connected Transactions;
- the opinions and recommendation of the Independent Board Committee in respect of the Non-Exempt Continuing Connected Transactions (together the Proposed Caps); and
- the advice of the Independent Financial Adviser to the INED Committee and Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions (including the Proposed Caps).

### **B. BACKGROUND**

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 components and parts suppliers in China. On 22 October 2008, the Company entered into various framework agreements with Changan Co., Changan Automobile, Minsheng Industrial, APLL, Beijing Changjiu and Changan Construction separately, which shall be valid from 1 January 2009 to 31 December 2011 (collectively known as "Non-Exempt Continuing Connected Transactions Framework Agreements").

Changan Co. produces and sells car components and other industrial products while Changan Automobile produces and sells automobiles. Changan Co. is one of the promoters and a substantial Shareholder of the Company, holding 24.08% of the total issued share capital of the Company while 100% of the total equity interest of Changan Construction is directly and indirectly held by Changan Co. Changan Construction engages in engineering design and construction services. As at the Latest Practicable Date, Changan Co. is wholly owned by CSG. CSA, a wholly owned subsidiary of CSG, holds 45.55% equity interest in Changan Automobile. Therefore, according to the GEM Listing Rules, Changan Co., Changan Automobile and Changan Construction are connected persons of the Company.



Each of Minsheng Industrial and Ming Sung (HK) are promoters and of the Company, holding 15.90% and 4.84% of the total issued share capital of the Company respectively. Minsheng Industrial is regarded as substantial Shareholder of the Company. As Ming Sung (HK) is 98.95% owned by Minsheng Industrial, Ming Sung (HK) is then treated as an associate of the substantial Shareholder of the Company under the GEM Listing Rules. In addition, Minsheng Industrial and Ming Sung (HK) are connected persons of the Company. Minsheng Industrial engages in transportation via rivers and by sea.

APLL engages in supply chain management services. It is one of the promoter and substantial shareholder of the Company, holding 20.74% of the total issued share capital of the Company. According to the GEM Listing Rules, APLL is a connected person of the Company.

Beijing Changjiu engages in transportation by road. It now holds 24% equity interest in Nanjing CMSC, a subsidiary of the Company. By virtue of such interest in Nanjing CMSC, Beijing Changjiu is regarded as a connected person of the Company.

The transactions as contemplated by the Non-exempt Continuing Connected Transactions Framework Agreements shall comply with the reporting, announcement and independent shareholders approval requirements under the GEM Listing Rules as the highest of the applicable percentage ration of the Non-exempt Continuing Connected Transactions as calculated in accordance with Rule 19.07 of the GEM Listing Rules exceed 2.5%.

#### **C. REASONS FOR AND BENEFITS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

The Group provides a variety of logistics services mainly for car manufacturers and car component suppliers in China. The Directors consider the non-exempt continuing connected transactions with Changan Automobile and Changan Co. and their respective associates to be in conformity with the Group's principal businesses and development strategies. In addition, the Group has established long-term co-operation relationships with Changan Co. and Changan Automobile. Therefore, the Directors expect the Group to continuously enter into transactions with them.

In order to provide logistics services, the Group needs to purchase transportation services on a continuing basis. The Company has established long-term co-operation relationships with Minsheng Group, APLL, Beijing Changjiu and their respective associates. Minsheng Group and Beijing Changjiu have transacted with the Company previously while APLL is one of the promoters of the Company. The Company is satisfied with the quality and terms of the transportation services provided by them. In addition, such parties have extensive experienced in providing transportation services which meet the need of the Group. Therefore, the Directors expect the Group to continuously enter into transactions with them. APLL engages in ocean transportation and international freight transportation with rich experience. With the expansion of the Company's business overseas, APLL's international transportation capacity does meet the need of the Company.

In order to provide logistics services for car manufacturers and car component suppliers in mainland China, the Group also needs to engage third party contractors to provide engineering construction services for building and maintaining its logistics facilities, such as the warehouse, on a continuing basis. The Group has established long-term co-operation relationships with Changan Construction and its associates and is satisfied with the quality and terms of the engineering construction services

provided by them.

Due to the long-term relationship between the Company and Changan Co., Changan Automobile, Minsheng Industrial, APLL, Beijing Changjiu and Changan Construction, the Board considers it to be beneficial to the Company to continue to enter into the Non-exempt Continuing Connected Transactions as such transactions have facilitated and will continue to facilitate the operation and growth of the Company's business.

The Board considers that as per the Non-exempt Continuing Connected Transactions Framework Agreements the Non-exempt Continuing Connected Transactions will be conducted on normal commercial terms or on terms no less favorable than those available from independent third parties, under prevailing local market conditions, and such agreements were entered in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **D. PRICING OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

According to the Non-Exempt Continuing Connected Transactions Agreements, Changan Co., Changan Automobile, Minsheng Industrial, APLL, Beijing Changjiu and Changan Construction undertook to the Company that, for transactions as contemplated by Non-Exempt Continuing Connected Transactions Agreements, the terms offered to the Company should not be less favorable than those granted to an independent third party by such connected person. The consideration for transactions under the Non-Exempt Continuing Connected Transactions Agreements should be reached in accordance with the following pricing principles:

- (i) pricing relating to certain types of products and services fixed by the PRC government;
- (ii) where there is no PRC government fixed price but a government guidance price exists, the government guidance price;
- (iii) when there is neither a PRC government fixed price nor a government guidance price, the market price; or
- (iv) where none of the above is applicable, the price to be agreed between the parties based on arm's length negotiations.

The consideration will be satisfied and paid to the relevant connected party in arrear, after the delivery of the relevant services.

#### **E. PROPOSED CAPS FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS AND THE RATIONALE**

The Board has considered and proposed that the following caps in respect of the Non-Exempt Continuing Connected Transactions be set as the maximum annual amount for the three financial years ending 31 December 2011:

LETTER FROM THE BOARD

**1. Services provided by the Group to Changan Co. and its associates**

<b>Continuing connected transactions</b>	Supply chain management services for car raw materials, components and parts and other logistics services, such as other product packaging and transportation services, etc
<b>Historical figures</b>	For the three years ended 31 December 2007 and the eight-month period ended 31 August 2008, RMB6,102,000, RMB8,524,000, RMB9,681,000 and RMB6,983,000, respectively
<b>Proposed caps</b>	For the three years ending 31 December 2011, RMB47,160,000, RMB65,770,000 and RMB78,347,000 respectively
<b>Basis for determination of the proposed caps</b>	Changan Co. and its associates produce car components and parts for Changan Automobile and its associates. The sales volume of Changan Automobile and its associates is growing rapidly. Changan Automobile and its associates are satisfied with the product quality of Changan Co. and its associates, thus increasing the purchase of car components and parts from Changan Co. and its associates. As a result, Changan Co. and its associates have increased their investment in the expansion of their production scale recently. It is expected that Changan Co. and its associates will increasingly expanding the market by selling their products to other car manufacturers, both located in China or overseas.

**2. Services provided by the Group to Changan Automobile and its associates**

<b>(a) Continuing connected transactions</b>	Finished vehicle transportation
<b>Historical figures</b>	For the three years ended 31 December 2007 and the eight-month period ended 31 August 2008, RMB588,202,000, RMB681,088,000, RMB943,656,000 and RMB691,861,000, respectively
<b>Proposed caps</b>	For the three years ending 31 December 2011, RMB1,577,071,000, RMB1,742,996,000 and RMB1,925,200,000 respectively

LETTER FROM THE BOARD

<b>Basis for determination of the proposed caps</b>	<p>(1) The production volume of the mini-car of Changan Automobile is expected to perform a double-digit growth. A new model of mini truck is expected to be launched in the market in 2009. Further, another new model of mini-car is expected to be launched in the market in 2010. The launch of new products' production will enhance the production volume of mini-car.</p> <p>(2) Changan Automobile has been making great efforts in developing self-owned brand cars. About 7 to 8 types of self-owned cars are expected to be put into market in next three coming years. In addition, in view of the improvement for Benben and the increasing production of Zhixiang (Sedan) and Jiexun (car for business use), the Company estimated that the production of self-owned car by Changan Automobile in 2011 will be times of that in 2007.</p> <p>(3) Changan Ford Mazda is expected to achieve significant increase in its business from 2009 to 2011 as several new models will be launched in the market in such three years. Furthermore, its third factory plant is expected to commence production in 2011 and its factories in Nanjing will gradually commence production for new models.</p> <p>(4) The Company also estimates that (i) during 2008, the Company will provide transportation of not less than a total number of 650,000 finished vehicles for Changan Automobile and its associates; (ii) there will be an average of approximately 20% increase of the total number of finished vehicles for such services in 2009, 2010 and 2011.</p>
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<b>(b) Continuing connected transactions</b>	Supply chain management services for car raw materials, components and parts
<b>Historical figures</b>	For the three years ended 31 December 2007 and the eight-month period ended 31 August 2008, RMB229,695,000, RMB322,151,000, RMB405,270,000 and RMB 312,013,000 respectively

LETTER FROM THE BOARD

<b>Proposed caps</b>	For the three years ending 31 December 2011, RMB933,786,000, RMB1,303,973,000 and RMB2,363,603,000 respectively
<b>Basis for determination of the proposed caps</b>	In addition to the above, the packaging of car components and parts services and subassembly business are extensions of the supply chain management services offered by the Company. Such services, such as packaging of types and other parts are kind of value-added services of the logistic industry. The Group plans to develop such services in 2009. Taking into account the estimated production volume of finished vehicles and parts and components of the Group's customers in next three years, the Company estimates that there will be a demand for such logistics services. Therefore, such service's transaction amount is expected to grow rapidly.

**3. Services provided to the Group by Minsheng Group**

<b>Continuing connected transactions</b>	Transportation of finished vehicles and car raw materials, components and parts
<b>Historical figures</b>	For the three years ended 31 December 2007 and the eight-month period ended 31 August 2008, RMB170,270,000, RMB209,024,000, RMB265,705,000 and RMB 128,126,000, respectively
<b>Proposed caps</b>	For the three years ending 31 December 2011, RMB528,857,000, RMB656,807,000 and RMB828,569,000 respectively
<b>Basis for determination of the proposed caps</b>	<p>(1) Because of the significant increase in the logistics services that the Group expects to provide to our customers, the purchase of external transportation services by the Group will increase accordingly. Since the cost of maritime transportation is much less than that of land transportation, the Group will increase purchase of water transportation services from Minsheng Group, as well as seeking co-operation opportunities in land transportation.</p> <p>(2) With the rapid increase of the export business from Changan Automobile and its associates, the transportation services to be purchased from Minsheng Group will also increase significantly.</p>

**4. Services provided to the Group by APLL and its associates**

<b>Continuing connected transactions</b>	Transportation of finished vehicle and car raw materials, components and parts
<b>Historical figures</b>	For the three years ended 31 December 2007 and the eight-month period ended 31 August 2008, RMB 0, RMB 0, RMB 0 and RMB 0, respectively
<b>Proposed caps</b>	For the three years ending 31 December 2011, RMB8,246,000, RMB17,138,000 and RMB25,356,000 respectively
<b>Basis for determination of the proposed caps</b>	Changan Automobile will be expanding its overseas market, thus resulting in an expected rapid growth of the Company's business volume of transportation of finished vehicles and car raw materials, components and parts overseas. Therefore the purchasing of transportation services, especially the marine transportation services, will grow significantly. In addition, APLL has a competitive edge that it has a leading role in providing container transportation and supply chain management services outside China.

**5. Services provided to the Group by Beijing Changjiu and its associates**

<b>Continuing connected transactions</b>	Transportation of finished vehicles and car raw materials, components and parts
<b>Historical figures</b>	For the three years ended 31 December 2007 and the eight-month period ended 31 August 2008, RMB0, RMB16,116,000, RMB111,700,000, RMB59,747,000, respectively
<b>Proposed caps</b>	For the three years ending 31 December 2011, RMB209,651,000, RMB278,628,000 and RMB354,075,000 respectively
<b>Basis for determination of the proposed caps</b>	With the rapid growth of the business volume of transportation of finished vehicles and car raw materials, components and parts of Changan Automobile and its associates (particularly Changan Ford Mazda Nanjing Plant), the purchasing of land transportation services for finished vehicles by Changan Automobile and its associates from the Group will grow significantly. The Company considers that Beijing Changjiu has strong capacity in land transportation and is able to provide services with a stable and low cost so as to meet the Company's need.

**6. Services provided to the Group by Changan Construction and its associates**

<b>Continuing connected transactions</b>	Engineering construction services
<b>Historical figures</b>	For the three years ended 31 December 2007 and the eight-month period ended 31 August 2008, RMB0, RMB0, RMB8,184,000 and RMB 24,155,000, respectively
<b>Proposed caps</b>	For the three years ending 31 December 2011, RMB200,000,000, RMB150,000,000 and RMB150,000,000 respectively
<b>Basis for determination of the proposed caps</b>	In order to provide high-quality logistics services for customers, it is expected that the Company needs to significantly invest to construct the relevant facilities. It is expected the fixed-assets investment of the Group will achieve hundreds of millions RMB during the period from 2009 to 2011, among which, most are engineering constructions.

In arriving at the above Proposed Caps, the Directors have considered, in addition to specific factors mentioned above, the market condition of automotive logistics industry as well as the current and projected levels of the relevant transactions.

The Directors (excluding the independent non-executive Directors), after reviewing the respective bases, are of the view that the Proposed Caps for the Non-Exempt Continuing Connected Transactions are fair and reasonable.

**F. DISCLOSURE AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS**

Under the GEM Listing Rules, the Non-Exempt Continuing Connected Transactions are subject to the reporting, announcement and independent shareholders' approval requirements. The Company will seek the Independent Shareholders' approval at the EGM for the transactions on the condition that:

1. the annual amount of the Non-Exempt Continuing Connected Transactions shall not exceed the applicable cap proposed:
2. (i) the Non-Exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of business of the Company and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favorable to the Company than terms available from independent third parties; and
- (ii) the Non-Exempt Continuing Connected Transactions will be entered into in accordance with the relevant framework agreements and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company will comply with relevant provisions of the GEM Listing Rules in relation to the Non-Exempt Continuing Connected Transactions.

According to the articles of association of the Company, the Directors who are connected with the parties interested and/or involved in the Non-Exempt Continuing Connected Transactions shall abstain from voting in relation to any resolutions regarding the relevant Non-Exempt Continuing Connected Transactions. In addition, the Directors who are independent from the connected persons of the relevant Non-Exempt Continuing Connected Transactions are obliged to monitor the conduct of the Non-Exempt Continuing Connected Transactions as part of their fiduciary duties for the best benefit and interest of the Company and the Independent Shareholders as a whole.

#### **G. APPROVAL BY INDEPENDENT SHAREHOLDERS AT EGM**

The Non-Exempt Continuing Connected Transactions (including the Proposed Caps) are subject to approvals by the Independent Shareholders in accordance with the GEM Listing Rules. Changan Co. and Chongqing Changan Industrial Co., Ltd. (a wholly owned subsidiary of Changan Co. which holds 0.49% of the total issued shares of the Company) and their respective associates (as at the Latest Practicable Date, in aggregate controlling or entitling to exercise control over the voting rights in 39,825,600 Shares, representing 24.57% of the total issued shares of the Company) will abstain from voting in relation to the resolutions approving the Non-Exempt Continuing Connected Transactions with Changan Co., Changan Automobile, Changan Construction and their respective associates. Minsheng Industrial and Ming Sung (HK) and their respective associates (as at the Latest Practicable Date, in aggregate controlling or entitling to exercise control over the voting rights in 33,619,200 Shares, representing 20.74% of the total issued shares of the Company) will abstain from voting in relation to the resolution approving the Non-Exempt Continuing Connected Transactions with Minsheng Group. APLL and their respective associates (as at the Latest Practicable Date, in aggregate controlling or entitling to exercise control over the voting rights in 33,619,200 Shares, representing 20.74% of the total issued shares of the Company) will abstain from voting in relation to the resolution approving the Non-Exempt Continuing Connected Transactions with APLL and its associates. The voting at the EGM will be taken by a poll and the Company will make an announcement of the poll results.

As Minsheng Industrial, Ming Sung (HK), APLL and their respective associates do not hold any shareholdings in Changan Co., Changan Automobile, Changan Construction and their respective associates nor have any interest in the Non-Exempt Continuing Connected Transactions with Changan Co., Changan Automobile, Changan Construction and their associates, Minsheng Industrial, Ming Sung (HK), APLL and their respective associates can vote at the resolutions regarding the Non-Exempt Continuing Connected Transactions with Changan Co., Changan Automobile, Changan Construction and their associates.

As Changan Co., Chongqing Changan Industrial Co., Ltd., APLL and their respective associates do not hold any shareholdings in Minsheng Industrial, Ming Sung (HK) and their respective associates nor have any interest in the Non-Exempt Continuing Connected Transactions with Minsheng Industrial and its associates, Changan Co., Chongqing Changan Industrial Co., Ltd., APLL and their respective associates can vote at the resolutions relating to the Non-Exempt Continuing Connected Transactions with Minsheng Industrial and its associates.



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## LETTER FROM THE BOARD

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As Changan Co., Chongqing Changan Industrial Co., Ltd., Minsheng Industrial, Ming Sung (HK) and their respective associates do not hold any shareholdings in APLL and its associates nor have any interest in the Non-Exempt Continuing Connected Transactions with APLL and its associates, they can then vote at the resolution relating to the Non-Exempt Continuing Connected Transactions with APLL and its associates.

As none of the shareholders of the Company has interest in the Non-Exempt Continuing Connected Transactions with Beijing Changjiu, no shareholders shall abstain from voting at the resolution relating to the Non-Exempt Continuing Connected Transactions with Beijing Changjiu and its associates.

The INED Committee has been formed to advise the Independent Shareholders in connection with the terms of the Non-Exempt Continuing Connected Transactions (including the Proposed Caps), and Guangdong Securities has been appointed as the Independent Financial Adviser to advise the INED Committee and the Independent Shareholders on the same.

A notice convening the EGM to be held at the Company's meeting room, No.561 Hongjin Road, Yubei District, Chongqing, the PRC on 30 December 2008 at 10:00 a.m. is set out on pages 37 to 39 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the H shares registrar of the Company, Computershare Hong Kong Investor Services Limited, Rooms 1806 - 1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjourned meeting (as the case may be). In relation to the arrangement for holders of domestic shares (including non-H foreign shares) of the Company, please see the notice of extraordinary general meeting. Completion of the form of proxy and its return will not preclude you from attending, and voting at, the EGM or any adjourned meeting (as the case may be) should you so wish.

### **H. POLL PROCEDURE**

Pursuant to Article 78 of the Articles, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:

- (i) by the Chairman of the meeting, or
- (ii) by at least two members having the right to vote present in person or by proxy, or
- (iii) one or more members present in person (or by proxy) who alone or together hold 10% or more of the shares carrying the right to vote at the meeting.

**I. RECOMMENDATION**

Having considered the reasons set out herein, the Directors are of the opinion that the Non-Exempt Continuing Connected Transactions are conducted on normal commercial terms or on terms no less favourable than those available to independent third parties, under prevailing local market conditions, and were entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the Non-Exempt Continuing Connected Transactions and the Proposed Caps.

On behalf of the Board  
Changan Minsheng APLL Logistics Co., Ltd.  
**Shi Chaochun**  
*Executive Director*



**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: 8217)

13 November 2008

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

*To the Independent Shareholders*

We have been appointed as the INED Committee to advise you in connection with the Non-Exempt Continuing Connected Transactions (together with the Proposed Caps), details of which are set out in the Letter from the Board set out in the circular to Shareholders dated 13 November 2008 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having taken into account the Non-Exempt Continuing Connected Transactions (together with the Proposed Caps), the principal factors and reasons considered by Guangdong Securities and its advice in relation thereto as set out on pages 18 to 30 of the Circular, we are of the opinion that the Non-Exempt Continuing Connected Transactions are conducted on normal commercial terms or on terms no less favourable than those available to independent third parties, under prevailing local market conditions, and were entered into in the ordinary and usual course of business of the Company, the terms of the Non-Exempt Continuing Connected Transactions and the Proposed Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the Non-Exempt Continuing Connected Transactions (and the Proposed Caps).

Yours faithfully,

**Wang Xu**  
*Independent Non-executive  
Director*

**Peng Qifa**  
*Independent Non-executive  
Director*

**Chong Teck Sin**  
*Independent Non-executive  
Director*

*\* For identification purpose only*

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LETTER FROM GUANGDONG SECURITIES

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*Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the INED Committee and the Independent Shareholders regarding the Non-Exempt Continuing Connected Transactions for the purpose of inclusion in this circular.*



Units 2505-06, 25/F.  
Low Block of Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

13 November 2008

*To: The independent board committee and the independent shareholders  
of Changan Minsheng APLL Logistics Co., Ltd.*

Dear Sirs,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the INED Committee and the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular dated 13 November 2008 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 22 October 2008, the Company entered into the Non-Exempt Continuing Connected Transactions Framework Agreements with (i) Changan Co., (ii) Changan Automobile, (iii) Minsheng Industrial, (iv) APLL, (v) Beijing Changjiu, and (vi) Changan Construction (altogether, the “Connected Parties”), separately, pursuant to which the Group will conduct the Non-Exempt Continuing Connected Transactions for a three-year period from 1 January 2009 to 31 December 2011.

Changan Co. is a promoter and a substantial shareholder of the Company while it is also the ultimate beneficial owner of Changan Construction. In addition, both of Changan Co. and CSA are wholly-owned by CSG while CSA is also a substantial shareholder of Changan Automobile. As at the date of the Non-Exempt Continuing Connected Transactions Framework Agreements, Minsheng Industrial and Ming Sung (HK) held approximately 15.90% and 4.84% of the total issued share capital of the Company respectively and are therefore substantial shareholders of the Company. APLL is also a promoter and a substantial shareholder of the Company. Moreover, Nanjing CMSC was owned as to 51% by the Company and 24% by Beijing Changjiu as at the date of the Non-Exempt Continuing Connected Transactions Framework Agreements. Due to the aforesaid relationships, the Connected Parties are regarded as connected persons of the Company under the GEM Listing Rules.

Given that the Connected Parties are regarded as connected persons of the Company under the GEM Listing Rules, and since the applicable percentage ratio(s) of the Non-Exempt Continuing Connected Transactions as calculated in accordance with Rule 19.07 of the GEM Listing Rules is above 2.5%, the Non-Exempt Continuing Connected Transactions constitute non-exempt continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules and are subject to approval of the Independent Shareholders at the EGM by way of poll. The Connected Parties and their respective associates shall be required to abstain from voting on the relevant resolution(s) to approve the Non-Exempt Continuing Connected Transactions (together with the Proposed Caps) at the EGM. As none of the Shareholders has any interest in the Non-Exempt Continuing Connected Transactions with Beijing Changjiu, no Shareholder shall abstain from voting on the resolution relating to the Non-Exempt Continuing Connected Transactions with Beijing Changjiu and its associates.

An INED Committee comprising Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Non-Exempt Continuing Connected Transactions Framework Agreements (together with the Proposed Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Non-Exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Non-Exempt Continuing Connected Transactions (together with the Proposed Caps) at the EGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the INED Committee and the Independent Shareholders in this respect.

## **BASIS OF OUR OPINION**

In formulating our advice and recommendation to the INED Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 17.92 of the GEM Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Connected Parties or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Non-Exempt Continuing Connected Transactions. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Non-Exempt Continuing Connected Transactions and the Proposed Caps, we have taken into consideration the following principal factors and reasons:

### (1) Background of the Non-Exempt Continuing Connected Transactions

#### *Business overview of the Group*

As referred to in the Board Letter, the Company is a foreign-invested limited liability company incorporated in the PRC and it provides a variety of logistics services mainly for car manufacturers and car components and parts suppliers in the PRC.

Set out below are the financial results of the Group for the six months ended 30 June 2008 and the two years ended 31 December 2007 as extracted from the unaudited interim report of the Company for the six months ended 30 June 2008 (the “Interim Report”) and the audited annual report of the Company for the year ended 31 December 2007 (the “Annual Report”) respectively:

	<b>For the six months ended 30 June 2008</b> <i>RMB'000</i> <i>(unaudited)</i>	<b>For the year ended 31 December 2007</b> <i>RMB'000</i> <i>(audited)</i>	<b>For the year ended 31 December 2006</b> <i>RMB'000</i> <i>(audited)</i>	<b>Change from 2006 to 2007</b>  <i>%</i>
<b>Turnover</b>	863,051	1,475,020	1,104,477	33.55
<b>Gross profit</b>	112,981	158,840	118,249	34.33
<b>Profit for the period/year</b>	60,306	93,671	65,949	42.04

From the above table, we note that the Group's total turnover for the year ended 31 December 2007 had increased by approximately 33.55% as compared to the prior year. In addition, the Group also enjoyed substantial improvement in profitability during the same year. According to the Annual Report, the aforesaid improvements in turnover and profitability of the Group were mainly attributable to the strong growth in sales of the Company's customers and their corresponding rise in demand for logistics services from the Company.

With reference to the Interim Report and as further confirmed by the Directors, it is the Group's strategy to make use of its competitive advantages such as wide logistics network and well-established logistic facilities and strong customer base to (i) increase the market share; (ii) improve the logistics network construction; and (iii) actively explore other areas of the automobile logistics market, for the purpose of keeping the growth momentum of the Group.

#### *Information on Changan Co.*

As referred to in the Board Letter, Changan Co., being a promoter and a substantial shareholder of the Company, is a wholly-owned subsidiary of CSG and was established in the PRC on 28 October 1996. The principal activities of Changan Co. are the production and sales of car components and other industrial products.

*Information on Changan Automobile*

As referred to in the Board Letter, Changan Automobile is a joint stock company established in the PRC on 31 October 1996, the shares of which are listed on the Shenzhen Stock Exchange. Changan Automobile is owned as to approximately 45.55% by CSA, which is a wholly-owned subsidiary of CSG. Changan Automobile is principally engaged in the production and sales of automobiles.

*Information on Minsheng Industrial*

As referred to in the Board Letter, Minsheng Industrial was established in the PRC on 10 October 1996 and is a promoter and a substantial shareholder of the Company. Minsheng Industrial is principally engaged in the provision of maritime transportation services.

*Information on APLL*

As referred to in the Board Letter, APLL, being a promoter and a substantial shareholder of the Company, was incorporated in Singapore with limited liability. APLL is principally engaged in the provision of supply chain management services.

*Information on Beijing Changjiu*

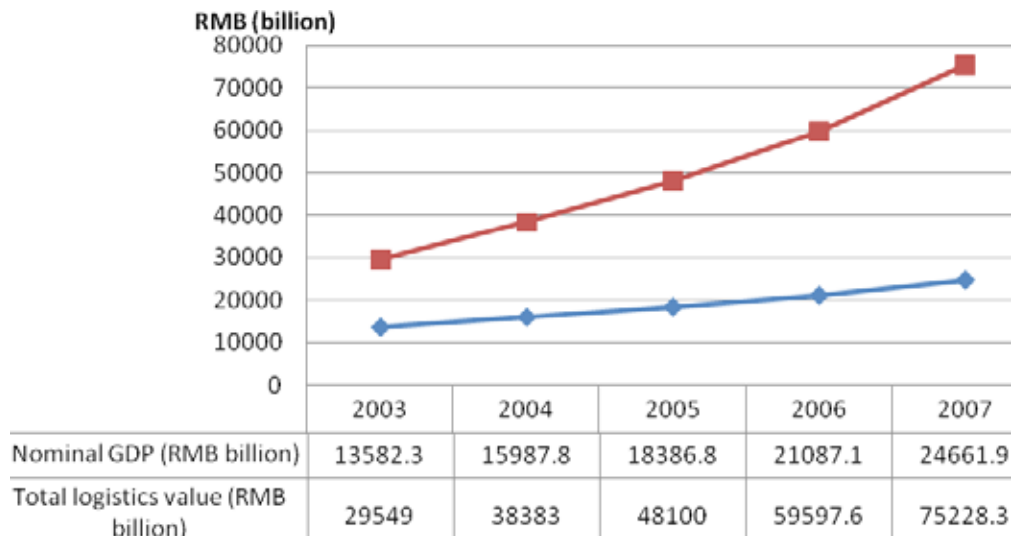
As referred to in the Board Letter, Beijing Changjiu, being a substantial shareholder of Nanjing CMSC (a non-wholly owned subsidiary of the Company), was established in the PRC with limited liability. Beijing Changjiu is principally engaged in the provision of land transportation services.

*Information on Changan Construction*

As referred to in the Board Letter, Changan Construction is wholly-owned by Changan Co. and was established in the PRC. Changan Construction is principally engaged in engineering design and the provision of construction services.

*Overview of the automobile logistics market*

The following chart presents the nominal gross domestic product (“GDP”) and the total logistics value of the PRC from 2003 to 2007:



Source: National Bureau of Statistics of China and China Federation of Logistics and Purchasing

As demonstrated by the above chart, the nominal GDP of the PRC increased from approximately RMB13,582.3 billion in 2003 to approximately RMB24,661.9 billion in 2007, representing a cumulative growth of approximately 81.57% from 2003 to 2007. Over the same years, the total logistics value of the PRC also increased from approximately RMB29,549 billion to RMB75,228 billion, representing a cumulative growth of approximately 154.59% from 2003 to 2007.

Moreover, according to the National Bureau of Statistics of China and the International Organization of Motor Vehicle Manufacturers, the production of automobiles in the PRC rose continuously from approximately 4.44 million units in 2003 to approximately 8.88 million units in 2007, representing a cumulative growth of approximately 100% from 2003 to 2007.

We note from the aforesaid statistics that demands for logistics services and automobile are likely to be positively related to the GDP level. We have further discussed with the Directors in this respect and the Directors also confirmed such correlation based on their experience within the automobile logistics industry. In view of the trend of expansion of the PRC's economy and the favourable market condition of the automobile logistics industry as presented above, the Directors anticipated that demand for the Company's logistics services from car manufacturers and car components and parts suppliers in the PRC would possibly be enlarged in the future.

## **(2) Reasons for the Non-Exempt Continuing Connected Transactions**

With reference to the Board Letter, the Directors consider that the non-exempt continuing connected transactions with Changan Automobile and Changan Co. and their respective associates conform to the Group's principal businesses and development strategies. In addition, since the Company has established long-term co-operation relationships with Changan Co. and Changan Automobile, the Directors are of the opinion that it is beneficial for the Company to continue its business transactions with Changan Co. and Changan Automobile.

As advised by the Directors, in order to provide logistics services for car manufacturers and car components and parts suppliers in the PRC, the Group is required to purchase transportation services on a continuing basis. The Company has established long-term co-operation relationships with Minsheng Group, Beijing Changjiu and their respective associates, and Minsheng Group and Beijing Changjiu have both transacted with the Company previously. The Directors further confirmed that the Company is satisfied with the quality and the terms of the transportation services provided by Minsheng Group and Beijing Changjiu, and the Company is also of the view that they possess extensive experience in providing transportation services which can meet the need of the Group. Whereas for APLL, given that APLL is experienced in maritime transportation and international freight transportation, the Directors consider that APLL's international transportation capacity can meet the need of the Company for expansion of its business overseas. In light of the foregoing, the Directors are of the opinion that it is beneficial for the Company to continue/start its business transactions with Minsheng Group, Beijing Changjiu and APLL (as the case may be).

To provide logistics services to its customers, the Group is also required to engage third party contractors to provide engineering construction services for building and maintaining its logistics facilities on a continuing basis. In this relation, the Directors advised us that the Group has established long-term co-operation relationships with Changan Construction and its associates and is satisfied with the quality and terms of the engineering construction services provided by them. For this reason, the Directors consider that it is beneficial for the Company to continue its business transactions with Changan Construction.



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LETTER FROM GUANGDONG SECURITIES

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Having considered all of the above, as well as (i) the business strategy of the Group; and (ii) the outlook of the automobile logistics market in the PRC and the possible enlargement of demand for the Company's logistics services from its customers as anticipated by the Directors, we concur with the Directors that the Non-Exempt Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole as such transactions have facilitated and would continue to facilitate the operation and growth of the Company's business. In addition, we also consider the Non-Exempt Continuing Connected Transactions to be conducted in the ordinary and usual course of business of the Company.

**(3) Principal terms of the Non-Exempt Continuing Connected Transactions Framework Agreements**

The tables below summarise the major terms of each of the Non-Exempt Continuing Connected Transactions Framework Agreements dated 22 October 2008 as extracted from the Board Letter:

*Framework agreement entered into between the Company and Changan Co.*

<b>Effective period:</b>	From 1 January 2009 to 31 December 2011 (both days inclusive)
<b>Parties:</b>	the Company Changan Co.
<b>Nature of transaction:</b>	Provision of supply chain management services for car raw materials, components and parts and other logistics services, such as other product packaging and transportation services, by the Group to Changan Co. and its associates ("CCT 1")
<b>Proposed caps:</b>	RMB47,160,000, RMB65,770,000 and RMB78,347,000 for the each of the three years ending 31 December 2011 respectively
<b>Basis for determination of the proposed caps:</b>	Changan Co. and its associates produce car components and parts for Changan Automobile and its associates. The sales volume of Changan Automobile and its associates is growing rapidly. Changan Automobile and its associates are satisfied with the product quality of Changan Co. and its associates, thus increasing the purchase of car components and parts from Changan Co. and its associates. As a result, Changan Co. and its associates have increased their investment on expansion of their production scale recently. It is expected that Changan Co. and its associates will further expand the market by selling their products to other car manufacturers, both located in the PRC and overseas.

*Framework agreement entered into between the Company and Changan Automobile*

<b>Effective period:</b>	From 1 January 2009 to 31 December 2011 (both days inclusive)
<b>Parties:</b>	the Company Changan Automobile

- Nature of transaction:**
- (a) Provision of finished vehicle transportation by the Group to Changan Automobile and its associates (“CCT 2”)
  - (b) Provision of supply chain management services for car raw materials, components and parts by the Group to Changan Automobile and its associates (“CCT 3”)

**Proposed caps:**

In relation to CCT 2, RMB1,577,071,000, RMB1,742,996,000 and RMB1,925,200,000 for the each of the three years ending 31 December 2011 respectively

In relation to CCT 3, RMB933,786,000, RMB1,303,973,000 and RMB2,363,603,000 for the each of the three years ending 31 December 2011 respectively

- Basis for determination of the proposed caps for CCT 2:**
- (1) The production volume of mini-car of Changan Automobile is expected to record a double-digit growth. A new model of mini truck is expected to be launched in the market in 2009. Furthermore, another new model of mini-car is expected to be launched in the market in 2010. The launch of these new models of motor vehicles will enhance the overall production volume of mini-car.
  - (2) Changan Automobile has been making great efforts in developing self-owned brand cars. About 7 to 8 types of self-owned brand cars are expected to be introduced into the market in the next three years. In addition, in view of the improvement of Benben and the increasing production of Zhixiang (Sedan) and Jiexun (car for business use), the Company estimated that the production of self-owned brand cars by Changan Automobile in 2011 will be times of that in 2007.
  - (3) Changan Ford Mazda is expected to achieve significant growth in business from 2009 to 2011 as several new models will be launched in the market in those three years. Moreover, the third factory plant of Changan Automobile is expected to commence production in 2011 and its other factories in Nanjing will gradually commence production for new models.
  - (4) The Company also estimated that (i) during 2008, the Company will provide transportation of not less than a total number of 650,000 finished vehicles for Changan Automobile and its associates; and (ii) there will be an average of approximately 20% increase in the total number of finished vehicles demanding transportation services in 2009, 2010 and 2011.

**Basis for determination of the proposed caps for CCT 3:**

In addition to the above, the packaging of car components and parts services and the sub-assembly business are extensions of the supply chain management services offered by the Company. Such services, including the packaging of types and other parts, are kind of value-added services of the logistics industry. The Company planned to develop such services in 2009. Taking into account the estimated production volume of finished vehicles and parts and components of the Company's customers in the next three years, the Company estimated that there will be growing demand for such logistics services.

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LETTER FROM GUANGDONG SECURITIES

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*Framework agreement entered into between the Company and Minsheng Group*

**Effective period:** From 1 January 2009 to 31 December 2011 (both days inclusive)

**Parties:** the Company  
Minsheng Industrial

**Nature of transaction:** Provision of transportation of finished vehicles, car raw materials, components and parts by Minsheng Group to the Group (“CCT 4”)

**Proposed caps:** RMB528,857,000, RMB656,807,000 and RMB828,569,000 for each of the three years ending 31 December 2011 respectively

**Basis for determination of the proposed caps:** (1) Due to the significant increase in the logistics services that the Company may provide to its customers, the purchase of external transportation services by the Company will increase accordingly. As the cost of maritime transportation is much less than that of land transportation, the Company, besides seeking co-operation opportunities in land transportation, will increase its purchase of maritime transportation services from Minsheng Group.

(2) With the rapid rise of the export business of Changan Automobile and its associates, the transportation services to be purchased from Minsheng Group will increase significantly.

*Framework agreement entered into between the Company and APLL*

**Effective period:** From 1 January 2009 to 31 December 2011 (both days inclusive)

**Parties:** the Company  
APLL

**Nature of transaction:** Provision of transportation of finished vehicles and car raw materials, components and parts by APLL and its associates to the Group (“CCT 5”)

**Proposed caps:** RMB8,246,000, RMB17,138,000 and RMB25,356,000 for the three years ending 31 December 2011 respectively

**Basis for determination of the proposed caps:** Changan Automobile will be expanding its overseas market, thus resulting in an expected rapid growth of the Company's business volume of transportation of finished vehicles and car raw materials, components and parts overseas. Correspondingly, the purchase of transportation services, especially the maritime transportation services, will grow significantly. In addition, APLL enjoys a competitive edge that it has a leading role in providing container transportation and supply chain management services outside the PRC.

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LETTER FROM GUANGDONG SECURITIES

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*Framework agreement entered into between the Company and Beijing Changjiu*

- Effective period:** From 1 January 2009 to 31 December 2011 (both days inclusive)
- Parties:** the Company  
Beijing Changjiu
- Nature of transaction:** Provision of transportation of finished vehicles and car raw materials, components and parts by Beijing Changjiu and its associates to the Group (“CCT 6”)
- Proposed caps:** RMB209,651,000, RMB278,628,000 and RMB354,075,000 for each of the three years ending 31 December 2011 respectively
- Basis for determination of the proposed caps:** With the rapid growth of the business volume of transportation of finished vehicles and car raw materials, components and parts of Changan Automobile and its associates (particularly Changan Ford Mazda Nanjing Plant), the purchasing of land transportation services for finished vehicles by Changan Automobile and its associates from the Company will grow significantly. The Company considered that Beijing Changjiu has strong capacity in land transportation and is able to provide services with stable and low cost so as to meet the Company's need.

*Framework agreement entered into between the Company and Changan Construction*

- Effective period:** From 1 January 2009 to 31 December 2011 (both days inclusive)
- Parties:** the Company  
Changan Construction
- Nature of transaction:** Provision of engineering construction services by Changan Construction and its associates to the Group (“CCT 7”)
- Proposed caps:** RMB200,000,000, RMB150,000,000 and RMB150,000,000 for the three years ending 31 December 2011 respectively
- Basis for determination of the proposed caps:** In order to provide high quality logistics services for customers, it is expected that the Company needs to invest significantly for construction of the required facilities. It is expected the fixed-assets investment of the Company will achieve hundreds of millions RMB during the period from 2009 to 2011, among which, most are engineering constructions.

As referred to in the Board Letter, the Connected Parties undertook to the Company that, for transactions as contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements, the terms offered to the Company by the Connected Parties should not be less favourable than those granted to an independent third party. The consideration for the Non-Exempt Continuing Connected Transactions should be reached in accordance with the following pricing principles: (i) pricing relating to certain types of products and services fixed by the PRC government; (ii) when there is no PRC government fixed price but a government guidance price, the government guidance price; (iii) when there is neither a PRC government fixed price nor a government guidance price, the market price; or (iv) where none of the above is applicable, the price to be agreed between the parties based on arm's length negotiations. Moreover, the consideration will be satisfied and paid to the relevant Connected Parties in arrear, after the delivery of the relevant services.

Other than the above listed terms, we have also reviewed other major terms of the Non-Exempt Continuing Connected Transactions Framework Agreements and are not aware of any terms which are unusual. From the Board Letter, we also note that each of the Non-Exempt Continuing Connected Transactions will be conducted (i) on normal commercial terms or on terms no less favourable than those available from independent third parties under prevailing local market conditions; and (ii) in the ordinary and usual course of business of the Company. In light of the foregoing, we consider that the terms of the Non-Exempt Continuing Connected Transactions Framework Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

#### (4) The Proposed Caps

We note from the aforesaid basis for determination of the Proposed Caps and as further confirmed by the Directors that the Proposed Caps were determined with reference to (i) the historical figures incurred in the three years ended 31 December 2007 in relation to the Non-exempt Continuing Connected Transactions; and (ii) the expected demand for the logistics services to be provided by the Company given the possible expanding business operation of Changan Automobile. In assessing the fairness and reasonableness of the Proposed Caps, we have discussed with the Directors regarding the basis and assumptions underlying the projections of the Proposed Caps.

As set forth in the paragraph headed "Information on Changan Automobile" of this letter, Changan Automobile produces and sells automobiles. We understand from the Directors that the Company has been providing logistics services to Changan Automobile and its upstream and downstream business linkages since 2001. From the Board Letter, we further note that there would be series of expansion in the business operation of Changan Automobile for the period from 2009 to 2011 (the "Projected Expansion"), including (i) the launch of new models of motor vehicles; (ii) the development of self-owned brand cars; (iii) the commencement of production at new factory plants; and (iv) the penetration into the overseas market.

We summarise the expected time frame for the Projected Expansion as follows:

Event	Expected time
The launch of a new model of mini truck	2009
The launch of a new model of mini-car	2010
The development of 7 to 8 types of self-owned brand cars	2009-2011
Continuous improvement of Benben	2009-2011
The increase in production of Zhixiang (Sedan) and Jiexun (car for business use)	2009-2011
The commencement of production of the third factory plant of Changan Ford Mazda	2011
The commencement of production of the factories of Changan Ford Mazda in Nanjing (for new models)	2009-2011
The launch of several new model cars (by Changan Ford Mazda)	2009-2011

The Directors advised that following the Projected Expansion, Changan Automobile expected that its total production of automobiles and finished vehicles will rise. According to the Board Letter and as mentioned in the section headed “Principal terms of the Non-Exempt Continuing Connected Transactions Framework Agreements” of this letter, the Directors expected that the Company will provide transportation of not less than a total number of 650,000 finished vehicles for Changan Automobile in 2008 and its associates and there will be an average of approximately 20% increase in the total number of finished vehicles demanding such services in 2009, 2010 and 2011.

Under CCT 1, the Company will provide supply chain management services for car raw materials, components and parts and other logistics services, such as other product packaging and transportation services, to Changan Co. and its associates for the three years ending 31 December 2011. Under CCT 2 and CCT 3, the Group will provide (i) finished vehicle transportation; and (ii) supply chain management services for car raw materials, components and parts, respectively to Changan Automobile and its associates. We understand from the Board Letter that there is an upstream business linkage between Changan Co. and Changan Automobile of which Changan Co. manufactures car raw materials, components and parts for Changan Automobile. Based on the Projected Expansion and the outlook of the automobile logistics market in the PRC, the Directors understand from Changan Co. that Changan Co. would likely to increase its supply of car components and parts to Changan Automobile and other car manufacturers and require more supply chain management services from the Company accordingly. In the course of providing the supply chain management services for car raw materials, components and parts and other logistics services to Changan Co., Changan Automobile and their respective associates, the Directors estimated that the cost (and in turn the fees charged by the Company) of provision of such services would be increasing for the three years ending 31 December 2011. In addition, we understand from our discussion with the Directors that the Company planned to provide extended value-added services, such as packaging of car components and parts services and the sub-assembly business, which are new to the Company, under CCT 3 in 2009. We were also advised by the Directors that they have discussed with the management of Changan Co. and Changan Automobile regarding their preliminary business plan and potential purchase from the Company. For the above reasons, the proposed caps under CCT 1, CCT 2 and CCT 3 for each of the three years ending 31 December 2011 are incremented.

Furthermore, we have discussed with the Directors regarding the proposed caps under CCT 4, CCT 5 and CCT 6. In this regard, we understand from the Directors that such figures were estimated by the Directors based on (i) the increasing demand for external transportation services, especially the maritime transportation services; (ii) the increasing demand for transportation services as stimulated by the rapid rise of export business of Changan Automobile; (iii) the increasing demand for land transportation services triggering by the growing production of finished vehicles particularly from Changan Ford Mazda Nanjing Plant; and (iv) the expected increase of the transportation cost in the future. In order to understand the basis for setting the proposed caps under CCT4, CCT5 and CCT6 in further depth, we interviewed the Directors and we note from the Directors that in view of that (i) the cost of maritime transportation is much less than the cost of land transportation; and (ii) Minsheng Group and APLL are experienced in maritime transportation, the Company would be required by Changan Automobile to engage more maritime transportation services under CCT 2. In this respect, the Directors also confirmed that they have discussed with the management of Changan Automobile and were given to understand that such requirement was based on (i) the relatively lower cost of maritime transportation than land transportation; and (ii) Changan Automobile's expansion in its overseas sales. According to the Directors, the increment in the proposed caps under CCT 4, CCT 5 and CCT 6 for each of the three years ending 31 December 2011 was attributable to the aforesaid factors together with the Projected Expansion.

Lastly, we note that the proposed caps under CCT 7 are considerably larger than the historical figures. Upon our enquiry, the Directors confirmed that such considerable increase was primarily resulting from an expected significant sum of fixed-assets investment of the Company to construct the required facilities (most of which are engineering constructions) for providing high quality logistics services for its customers. In light of the above, we are satisfied that the Company is likely to possess sufficient capacity and facilities to meet the estimated demand for logistics services from Changan Co., Changan Automobile and their respective associates.

Taking into account the foregoing basis for determining the Proposed Caps, we consider that the Proposed Caps for each of the three years ending 31 December 2011 are fair and reasonable so far as the Independent Shareholders are concerned.

Shareholders should note that as the Proposed Caps are relating to future events and are estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2011, and they do not represent forecasts of revenue to be generated from the Non-Exempt Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual revenue to be generated under the Non-Exempt Continuing Connected Transactions will correspond with the Proposed Caps.

#### **(5) Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 20.45 to 20.48 of the GEM Listing Rules pursuant to which (i) the values of the transactions contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements must be restricted by the their respective annual caps for the three years ending 31 December 2011; (ii) the terms of the transactions contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements (including the Proposed Caps) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements (including the Proposed Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the GEM Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among others, that the transactions contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements are carried out in accordance with the pricing policies of the Company and the Proposed Caps are not being exceeded. In the event that the total amounts of transactions contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements exceed the Proposed Caps, or that there is any material amendment to the terms of the Non-Exempt Continuing Connected Transactions Framework Agreements, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the GEM Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the GEM Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Non-Exempt Continuing Connected Transactions Framework Agreements and hence the interest of the Independent Shareholders would be safeguarded.

**RECOMMENDATION**

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Non-Exempt Continuing Connected Transactions Framework Agreements (together with the Proposed Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Non-Exempt Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the INED Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Non-Exempt Continuing Connected Transactions (together with the Proposed Caps) and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

**Yours faithfully,**  
**For and on behalf of**  
**Guangdong Securities Limited**  
**Graham Lam**  
*Managing Director*



## 1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. EXPERT'S CONSENT AND QUALIFICATION

The following is the qualification of the professional adviser who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Guangdong Securities Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and all reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, Guangdong Securities was not beneficially interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2007, being the date to which the latest published audited accounts of the Company, were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

### 3. DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, none of the Directors, chief executive and the Supervisors have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the Supervisors is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, the Directors, chief executive and the Supervisors were not beneficially interested in the share capital of any member of the Group nor did it has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2007 were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

### 4. SUBSTANTIAL SHAREHOLDERS AND PARTIES HOLDING INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons, other than a Director, Supervisors, or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

#### Long position in shares

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non- H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Changan Automobile Company (Group) Limited ("Changan Co.")	Beneficial owner	39,029,088	36.45%	—	24.08%
Changan Co. (Note 1)	Interest of a controlled corporation	796,512	0.74%	—	0.49%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Beneficial owner	25,774,720	24.07%	—	15.90%
Minsheng Industrial (Note 2)	Interest of a controlled corporation	7,844,480	7.33%	—	4.84%
APL Logistics Ltd. ("APLL")	Beneficial owner	33,619,200	31.40%	—	20.74%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)")	Beneficial owner	7,844,480	7.33%	—	4.84%

## APPENDIX

## GENERAL INFORMATION

Atlantis Investment Management Ltd	Investment manager	14,809,000	—	26.93%	9.14%
788 China Fund Ltd.	Investment manager	4,000,000	—	7.27%	2.47%
Braeside Investments, LLC (Note 3)	Investment Manager	3,423,000	—	6.22%	2.11%
Braeside Management, LP (Note 3)	Investment Manager	3,423,000	—	6.22%	2.11%
McIntyre Steven (Note 3)	Interest of a controlled corporation	3,423,000	—	6.22%	2.11%
Ajia Partners Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial Owner	3,315,000	—	6.03%	2.05%
Acru China+Absolute Return Fund Limited (Note 4)	Holding guarantee interest of the share	3,184,000	—	5.79%	1.96%
Acru Asset Investment Limited (Note 5)	Investment Manager	3,184,000	—	5.79%	1.96%
Acru Asset Management Limited (Note 5)	Investment Manager	3,184,000	—	5.79%	1.96%
Chan Lee Wang (Note 5)	Investment Manager	3,184,000	—	5.79%	1.96%
Lau Hing Sang (Note 5)	Investment Manager	3,184,000	—	5.79%	1.96%

Note 1: Changan Industrial Company Limited (“Changan Industrial”), Changan Co.’s subsidiary, holds 0.49% of the Company.

Note 2: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

Note 3: McIntyre Steven is the controller of Braeside Investments, LLC and Braeside Investments, LLC is the controller of Braeside Management, LP

Note 4: Acru China+Absolute Return Fund Limited or its directors used to follow the directions of Acru Asset Investment Limited

Note 5: Chan Lee Wang and Lau Hing Sang are both the controllers of Acru Asset Investment Limited and Acru Asset Management Limited.

As at the Latest Practicable Date, the management shareholders (interests in the shares and underlying shares of the Company held by the management shareholders such as Changan Co., Minsheng Industrial, APL Logistics and Ming Sung (HK) are as disclosed above) hold interests in the shares and underlying shares of the Company as follows:

Name of shareholder	Capacity	Number of shares	Percentage of domestic shares	Percentage of non H foreign shares	Percentage of H shares	Percentage of total registered share capital
Changan Industrial	Beneficial owner	796,512	0.74%	-	-	0.49%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, there is no other person (other than the Director, Supervisors, or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## **5. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

No Director has a service contract with the Company which is not terminable by the Company within one year without payment other than statutory compensation.

Each of the directors and supervisors has entered into a service contract with the Company for term of three years ending the date of the annual general meeting held in 2011.

Each of the non-executive directors will not receive any directors remuneration for his/her services. Each of independent non-executive directors will be paid a fixed amount of director's fee per annum.

## **6. MATERIAL ADVERSE CHANGE**

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2007, being the date to which the Group's latest published audited accounts were made up.

## **7. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claim of material importance are pending or threatened by or against the Company or any of its subsidiaries.

## **8. COMPETING INTEREST**

The Company's shareholders, namely APLL, Minsheng Industrial, Ming Sung (HK) and Changan Co., have all entered into non-competition undertakings in favour of the Company. For details of the non-competition undertakings, please refer to the prospectus of the Company dated 16 February 2006. As at the Latest Practicable Date, so far as the Directors are aware of, except as disclosed in the 2006 annual report of the Company issued in 2007 that (i) APLL is a global logistics provider with comprehensive network of facilities and services to support the global supply chain management needs of customers and (ii) Minsheng Industrial provides shipping and river transportation services along the Yangtze River and the Pearl River regions, as well as freight forwarding and trucking services, none of themselves or the management Shareholders (as defined in the GEM Listing Rules) or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Company or its subsidiaries or any other conflicts of interest with the Company or its subsidiaries. No contract or arrangement is subsisting at the date of the circular in which a director of the Company is materially interested and which is significant in relation to the business of the Company or its subsidiaries.

## **9. MISCELLANEOUS**

- (a) The registered office of the Company is at Liangjing Village, Yuanyang Town, Yubei District, Chongqing, the PRC. The principal place of business in China is at No.561 Hongjin Road, Yubei District, Chongqing, the PRC.

- (b) The principal place of business in Hong Kong is at 16/F., 144-151 Singga Commercial Centre, Connaught Road West, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The qualified accountant and Company secretary of the Company is Mr. Yang Chuen Liang, a Certified Public Accountant of The Hong Kong Institute of Certified Public Accounts and a fellow of The Association of Chartered Certified Accountants and an associate of The Taxation Institute of Hong Kong.
- (e) The compliance officer of the Company is Mr. Zhang Baolin.
- (f) The Company has established an audit committee with written terms of reference in compliance with rule 5.28 of the GEM Listing Rules. The audit committee is mainly responsible for overseeing the Company's internal audit system and its implementation; reviewing the Company's financial information and its disclosure; reviewing the Company's internal control system; auditing major connected transactions; and communication, supervision and verification of the Company's internal and external audit. The audit committee comprises the independent non-executive Directors, namely Mr. Peng Qifa, Ms. Wang Xu and Mr. Chong Teck Sin. Their respective biographies are set out below:

Mr. Peng Qifa, aged 44, joined the Company as an independent non-executive Director in December 2004. In 1998, he obtained a master's degree in Economics from the faculty of Business Administration at Sichuan University. Mr. Peng has been approved to be a professor of Economics in the Chongqing Industrial Management Institute and was qualified in 1996 to teach in tertiary institution in China. Mr. Peng is a Certified Public Accountant in the PRC.

Ms. Wang Xu, aged 45, joined the Company as an independent non-executive Director in December 2004. Ms. Wang received her PhD from Chongqing University in 2001. She is a professor at Chongqing University and a member of the Decision-making Consultative Committee of the Chongqing government in China.

Mr. Chong Teck Sin, aged 53, joined the Company as an independent non-executive Director in July 2005. Mr. Chong was the Group Managing Director (Commercial) of Seksun Corporation Limited ('Seksun'), which was listed on Singapore Stock Exchanges, until May 2004. Prior to his appointment at Seksun, he was the Strategic Development Director for China of Glaxo Wellcome Asia Pacific Pte Ltd. and before that, the Senior General Manager of China-Singapore Suzhou Industrial Park Development Co., Ltd., the Singapore Suzhou Industrial Park developer. He was with the Singapore Economic Development Board from 1986 to 1989. Since April 2004, Mr. Chong sits on the Board of the Accounting and Corporate Regulatory Authority (ACRA) of Singapore. He is also the independent non-executive director of British-American Tobacco (Singapore) Pte Ltd. In addition, Mr. Chong is also the independent non-executive director of the companies following-mentioned which were listed on Singapore Stock Exchanges: Beyonics Technology Ltd., Wanxiang

International Pte Ltd., Sihuan Pharmaceutical Holdings Group Ltd., Midsouth Holdings Ltd. and JES International Holdings Ltd. He obtained the bachelor of engineering at the University of Tokyo in 1981, and subsequently obtained a Master of Business Administration degree from the National University of Singapore.

- (g) The English text of this circular will prevail over the Chinese text.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) at 23/F., Gloucester Tower, 15 Queen's Road, Central, Hong Kong from the date of this circular up to and including 30 December 2008:

- (a) the letter from Guangdong Securities, the text of which is set out on pages 18 to 30 of this circular;
- (b) the written consent from Guangdong Securities referred to in paragraph 2 of this appendix;
- (c) the letter of recommendation from the Independent Board Committee to the Shareholders, the text of which is set out on page 17 of this circular;
- (d) the directors and supervisors service contracts referred to in paragraph 5 of this appendix; and
- (e) the framework agreements dated 22 October 2008 as mentioned in paragraph B in the Letter from the Board of this circular.



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: 8217)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (“EGM”) of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) will be held at the Company's meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC, at 10:00 a.m. on 30 December 2008, to consider and approve (if thinks fit) the following resolutions:

**ORDINARY RESOLUTIONS**

1. To approve the conduct of the Non-Exempt Continuing Connected Transactions regarding the provision of supply chain management services for car raw materials, components and parts and other logistics services, such as other product packaging and transportation services, etc. by the Company and its subsidiaries to Changan Co. and its associates, and the proposed cap in relation thereto.
2. To approve the conduct of the Non-Exempt Continuing Connected Transactions regarding the provision of finished vehicle transportation services by the Company and its subsidiaries to Changan Automobile and its associates, and the proposed cap in relation thereto.
3. To approve the conduct of the Non-Exempt Continuing Connected Transactions regarding the provision of supply chain management services for car raw materials, components and parts by the Company and its subsidiaries to Changan Automobile and its associates, and the proposed cap in relation thereto.
4. To approve the conduct of the Non-Exempt Continuing Connected Transactions regarding the provision of transportation services of finished vehicles and car raw materials, components and parts to the Company and its subsidiaries by Minsheng Industrial and its subsidiaries and associates, and the proposed cap in relation thereto.
5. To approve the conduct of the Non-Exempt Continuing Connected Transactions regarding the provision of transportation services of finished vehicle and car raw materials, components and parts to the Company and its subsidiaries by APLL and its associates, and the proposed cap in relation thereto.
6. To approve the conduct of the Non-Exempt Continuing Connected Transactions regarding the provision of transportation services of finished vehicles and car raw materials, components and parts to the Company and its subsidiaries by Beijing Changjiu and its associates, and the proposed cap in relation thereto.

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NOTICE OF EGM

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7. To approve the conduct of the Non-Exempt Continuing Connected Transactions regarding the provision of engineering construction services to the Company and its subsidiaries by Changan Construction and its associates, and the proposed cap in relation thereto.

By Order of the Board of Directors  
**Changan Minsheng Logistics Co., Ltd.**  
**Shi Chaochun**  
*Executive Director*

Chongqing, the PRC  
13 November 2008

*\* For identification purpose only*

**Notes:**

- (1) For details of the proposed resolutions and the meanings of defined terms used herein, please refer to the circular dated 13 November 2008 issued by the Company.
- (2) The Company's register of members will be closed from 30 November 2008 to 29 December 2008 (both days inclusive), during which period no transfer of H Shares will be registered. Holders of H Shares who wish attend the EGM and vote thereat, will have to return all their instruments of transfer together with the relevant share certificates to Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on 28 November 2008.
- (3) Shareholders who intend to attend the EGM will have to return the completed reply slip to the Company's H share registrar Computershare Hong Kong Investor Services Limited at Rooms 1806 - 1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (in respect of H shares) or the office of the Board of the Company at No.561, Hongjin Road, Yubei District, Chongqing, the PRC (Zip Code: 401121)) (in respect of domestic shares, including non-H foreign shares, same hereinafter) on or before 10 November 2008. The reply slip may be delivered by post, telegram or facsimile (Fax No.: (852) 28650990 or (8623) 89182265).
- (4) A shareholder who has the right to attend and vote at the EGM is entitled to appoint a proxy or proxies (whether or not a member) to attend and vote on his behalf (if only one proxy is appointed, when voting by show of hands and by poll; and if more than one proxy are appointed, then only when voting by poll). In the event more than one proxy are appointed, the instruments of appointment should indicate the class and number of shares the proxies are representing.
- (5) Shareholders and their proxies should show their documents of identity when attending the meeting.
- (6) The instrument appointing a proxy must be made in writing under the hand of the appointor or his attorney duly notarized in writing. If the appointor is a legal person, the relevant instrument must bear the chop of the legal person, or submitted in person by a director or duly authorized person.
- (7) The instrument of appointment must be delivered to the Company's share registry Computershare Hong Kong Investor Services Limited (in respect of H shares) or the office of the Board of the Company (in respect of domestic shares) 24 hours before the commencement of the EGM.
- (8) After the completion and delivery of the form of proxy, a shareholder may still attend and vote at the EGM.



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NOTICE OF EGM

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(9) Shareholders attending the EGM will be responsible for their own traveling and accommodation expenses.

As at the date of this notice, the directors of the Company are:

*Executive directors:*

Yin Jiaxu

Zhang Baolin

Lu Xiaozhong

Shi Chaochun

James H McAdam

*Non-executive directors:*

Lu Guoji

Huang Zhangyun

Daniel C. Ryan

Li Ming

Wu Xiaohua

Lau Man Yee, Vanessa

*Independent non-executive directors:*

Wang Xu

Peng Qifa

Chong Teck Sin