
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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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.



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,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
PROPOSED APPOINTMENT OF NEW DIRECTORS AND SUPERVISORS**

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



The Company will convene the Annual General Meeting in June 2009 in Chongqing, the PRC, at which, among other things, the proposal to approve the Non-exempt Continuing Connected Transactions (including the Proposed Caps), amendments to Articles of Association and the appointment of Directors and Supervisors will be considered. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding such meeting.

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or at any adjourned meetings should you 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*

17 April 2009

CHARACTERISTICS OF GEM

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

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

"Annual General Meeting" or "AGM"	the annual general meeting for 2008 to be held by the Company to consider, inter alia, the approval of the Non-exempt Continuing Connected Transactions (including the Proposed Caps), amendments to Articles of Association and the appointment of Directors and Supervisors
"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
"Articles of Association"	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
"Associate"	has the meaning ascribed thereto in the GEM Listing Rules
"Board"	the board of directors of the Company
"CBRC"	China Banking Regulatory Commission
"Changan Automobile"	Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司), a joint stock company established in China on 31 October 1996, the shares of which are listed on the A and B share markets of the Shenzhen Stock Exchange
"Changan 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
"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 GEM Listing Rules
"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
"GEM Listing Rules"	Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

DEFINITIONS

"Group"	the Company and its subsidiaries from time to time
"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 Securities and Futures Ordinance and the independent financial adviser to the INED Committee and the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions
"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 Zhuangbei Finance, exclude Changan co. and Chongqing Changan Industrial Co., Ltd and their associates; in relation to the resolutions approving the Non-Exempt Continuing Connected Transactions with APLL, 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"	15 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Non-Exempt Continuing Connected Transactions"	the continuing connected transactions to be conducted from 2009 to 2011, as set out under the paragraph headed "Non-Exempt Continuing Connected Transactions" in this circular
"Proposed Caps"	the proposed annual maximum limitation of each of the Non-Exempt Continuing Connected Transactions
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Cap.571 of the laws of Hong Kong
"Shareholders"	shareholders of the Company
"Shares"	ordinary shares of the Company, with a par value of RMB1.00 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

DEFINITIONS

"Zhuangbei Finance"

Binqi Zhuangbei Group Financial Limited Liability Company
(兵器裝備集團財務有限責任公司)



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*

17 April 2009

To the Shareholders

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
PROPOSED APPOINTMENT OF NEW DIRECTORS AND SUPERVISORS**

A. INTRODUCTION

Reference is made to the announcement published by the Company on 30 March 2009.

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

- in relation to the Non-Exempt Continuing Connected Transactions
 - further details of the Non-Exempt Continuing Connected Transactions;
 - the opinions and recommendation of the INED Committee in respect of the Non-Exempt Continuing Connected Transactions (together with 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).
- in relation to the proposed amendments to the Articles of Association
 - the background, reasons and details of the proposed amendments
- in relation to the proposed appointment of new directors and supervisors
 - biographies of the candidates

B. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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.

The principal businesses of Zhuangbei Finance are to accept enterprises deposits, process financial activities such as enterprise loan and fund raising as approved by CBRC.

APLL engages in supply chain management services.

**1. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH
ZHUANGBEI FINANCE**

BACKGROUND

On 30 March 2009, the Company entered into a framework agreement with Zhuangbei Finance, which shall be valid from 1 January 2009 to 31 December 2011. The purpose of such framework agreement is to regulate the basis and pricing principles of the Non-Exempt Continuing Connected Transactions as set out below between the Company and Zhuangbei Finance as a connected party.

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. As at the date of this circular, Changan Co. is wholly owned by CSG, which in turns holds 42.27% equity interest in Zhuangbei Finance. Therefore, according to the GEM Listing Rules, Zhuangbei Finance is a connected person of the Company. Since the highest of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions under such framework agreement as calculated in accordance with Rule 19.07 of the GEM Listing Rules is above 2.5% (except for Profit ratio), the conduct of such transactions contemplated by such framework agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH ZHUANGBEI FINANCE

The principal factors attributable to the Non-Exempt Continuing Connected Transactions between the Company and Zhuangbei Finance are: (1) following successive expansions in the asset scale of the Company, the in-flows and out-flows of cash out of the operating activities becomes more frequent and the amounts have also increased continuously, resulting in the increase in deposit amounts of the Company; (2) the time for settlement will be shortened and finance costs will be decreased if the Company deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance; and (3) in order to support the normal operation and investment activities, apart from the net in-flows of cash out of the operation activities, more funds will be needed as a supplement. As a non-banking financial institution in the PRC, Zhuangbei Finance has an affluent capital base and renowned credibility. Against such background the Board is of the view that the loan advancement from Zhuangbei Finance is consistent with the Group's principal businesses and development strategies. In view of the relationship between the Group and Zhuangbei Finance, the Board proposes to conduct such continuing connected transactions.

In view of the relationship between the Company and Zhuangbei Finance, the Board is of the view that such continuing connected transactions are beneficial to the Company as those transactions promote and will continue to promote the business growth.

The Board considers that the deposit, note discounting and the loan advancement services are part of the daily operation of the Company and its subsidiaries. The commercial terms offered by Zhuangbei Finance in respect of such transactions to the Company and its subsidiaries are no less favourable than those offered by general domestic banks for provisions of similar services to the Company. The terms are in the normal and ordinary business based on arm's length negotiation, they are fair and reasonable and in the interest of the Company and its shareholders as a whole. Given that the Company and its subsidiaries have already deposited the remaining cash with a number of other independent financial institutions, the Company considers that the deposit arrangement with Zhuangbei Finance helps diversify the deposit risks of the Company and its subsidiaries. At the same time, based on the below factors, the Company considers that the risk in relation to the safety of the deposit with Zhuangbei Finance will be under effective control: Zhuangbei Finance as a non-banking financial institution is regulated by CBRC. In its daily operation, Zhuangbei Finance has persistently expanded its businesses according to laws. During such development process, it has taken measures against finance risks, and thus has established and implemented an effective internal control system which is in compliance with the regulatory requirement on risk control ratio stipulated by CBRC. In addition, Zhuangbei Finance is more efficient in provision of the note discounting and loan advancement services to the Company and its subsidiaries when compared to other general domestic banks offering similar services (mainly due to the fact that less time will be required in processing the note discounting services). Accordingly, the Company considers that note discounting and loan advancement services provided by Zhuangbei Finance can raise the efficiency in fund operation of the Company and its subsidiaries.

PRICING OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH ZHUANGBEI FINANCE

The terms of the framework agreement with Zhuangbei Finance provides that in conducting the deposit, note discounting and loan advancement services between the Company and its subsidiaries and Zhuangbei Finance, the terms offered by Zhuangbei Finance in respect of such transactions to the Company and its subsidiaries shall be based on the normal commercial terms which shall in any event be no less favourable than those terms can be obtained by the Company and its subsidiaries from independent third parties. Zhuangbei Finance shall provide deposit interests, note discounting and loan advancement services based on those terms. Zhuangbei Finance shall follow the pricing principles as set out in the framework agreement. Both parties will sign if necessary separate agreement(s) in writing for provision of the deposit interest, note discounting and loan advancement according to laws to ensure that payment of the relevant deposit interest be made to the Company and its subsidiaries and the relevant note discounting and loan advancement services can be processed in a timely manner. In respect of the provision of loan advancement to the Company and its subsidiaries by Zhuangbei Finance, such advancement shall be with or without pledges. If pledges are actually required for the relevant loan advancement, the assessment value of the asset to be pledged shall not exceed the amount of the loan.

The Company and its subsidiaries shall in accordance with the actual circumstances and within the scope of the framework agreement sign separate agreement(s) in writing containing detailed transaction terms with Zhuangbei Finance, and to pay and/or receive the relevant price, expenses or interest according to those terms.

The arrangements contemplated by the framework agreement are non-exclusive to each other. The parties shall be at liberty to choose the counterparties for the relevant transactions.

2. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH APLL

BACKGROUND

On 30 March 2009, the Company entered into a framework agreement with APLL, which shall be valid from 1 January 2009 to 31 December 2011. The purpose of such framework agreement is to regulate the basis and pricing principles of the Non-Exempt Continuing Connected Transactions as set out below between the Company and its subsidiaries and APLL and its associates as a connected party.

APLL is one of the promoters and a 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. Since the highest of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions under such framework agreement as calculated in accordance with Rule 19.07 of the GEM Listing Rules is above 2.5% (except for Profit ratio), the conduct of such transactions contemplated by such framework agreement shall be subject to the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules.

REASONS FOR AND BENEFITS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH APLL

The Group principally provides a variety of logistics services to customers within and outside China. In addition, the Group has been actively promoting international goods transportation agency services and markets in the transportation of non-automobile related products. APLL is a company specializing in logistics services across the world, having an all-rounded facilities and service networks in order to satisfy its client's need for global supply chain management services. It has a global client base. Therefore, the Directors consider that the provision of logistics services to APLL and its associates is consistent with the Group's principal businesses and development strategies. In view of the long term cooperation relationship between the Group and APLL, the Directors proposes to conduct such continuing connected transactions.

In view of the relationship between the Company and APLL, the Board is of the view that such continuing connected transactions are beneficial to the Company as those transactions promote and will continue to promote the business growth.

The Board considers that the Non-exempt Continuing Connected Transactions under such framework agreement 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.

PRICING OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH APLL

According to the framework agreement, APLL undertook to the Company that, for transactions as contemplated by the agreement, the terms offered to the Company should not be less favorable than those granted to the Company by an independent third party. The consideration for the transactions contemplated by the framework agreement 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.

3. 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:

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH ZHUANGBEI FINANCE

Continuing connected transactions	The maximum amount of loan outstanding (including interests) on a daily basis
Historical figures	For the three years ended 31 December 2008 and for the period from 1 January 2009 to the date of this circular, RMB0, RMB0, RMB0 and RMB0, respectively
Proposed Caps	For the three years ending 31 December 2011, RMB100 million, RMB100 million and RMB100 million, respectively
Basis for determination of the Proposed Caps	To supplement the fund for operation and investment activities of the Company

LETTER FROM THE BOARD

Continuing connected transactions	The maximum amount of deposit (including interest) on a daily basis
Historical figures	For the three years ended 31 December 2008 and for the period from 1 January 2009 to the date of this circular, RMB0, RMB0, RMB0 and RMB0, respectively
Proposed Caps	For the three years ending 31 December 2011, RMB100 million, RMB100 million and RMB100 million, respectively
Basis for determination of the Proposed Caps	Following successive expansions in the asset scale of the Company, the in-flows and out-flows of cash out of the operating activities becomes more frequent and the amounts have also increased continuously, resulting in the increase in deposit amounts of the Company

Continuing connected transactions	The aggregate amount of each note discounting transactions on an annual basis
Historical figures	For the three years ended 31 December 2008 and for the period from 1 January 2009 to the date of this circular, RMB0, RMB0, RMB0 and RMB0, respectively
Proposed Caps	For the three years ending 31 December 2011, RMB50 million, RMB50 million and RMB50 million, respectively
Basis for determination of the Proposed Caps	Following successive expansions in production operation of the Company, there has been a constant increase in settlement by way of note discounting between our customers and suppliers. To supplement the fund required for operational activities, it is expected that the Company shall continuously require note discounting settlement

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS WITH APLL

Continuing connected transactions	Provision of logistics services to APLL and its associates
Historical figures	For the three years ended 31 December 2008 and for the period from 1 January 2009 to the date of this circular, RMB0, RMB0, RMB0 and RMB0, respectively
Proposed Caps	For the three years ending 31 December 2011, RMB5 million, RMB15 million and RMB20 million, respectively
Basis for determination of the Proposed Caps	The ability of the Group for providing logistics services in China is relatively strong. The Group can provide quality supply chain management services at lower costs. It is expected in the next three years, the demand for the supply chain management services in relation to vehicle parts for APLL's clients in Taiwan and other Asian countries will be increased from tens of millions dollars in RMB to hundreds of millions. The Group is expected to obtain a large amount of such logistics services

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

The Directors (including 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.

4. 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 forthcoming Annual General Meeting for the transactions on the condition that:

- a. the annual amount of the Non-Exempt Continuing Connected Transactions shall not exceed the applicable cap proposed:
- b.
 - (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 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 Zhuangbei Finance. APLL and its 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 AGM will be taken by a poll and the Company will make an announcement of the poll results.

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, 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.

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 INED Committee and the Independent Shareholders on the same.

5. RECOMMENDATION

Having considered the reasons set out herein, the Directors (including the independent non-executive 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 from 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.

C. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposed to amend Articles 12, 100, 101 and 121 of the Articles of Association to reflect the widening of the scope of the business and to further explain the composition of the Board and the effective date of the resignation of the directors and supervisors. The amendments to the Articles of Association are subject to the approval of the shareholders of the Company by way of special resolution as well as the approval by the relevant PRC government authorities.

PROPOSED AMENDMENTS

1. Section 2 of Article 12 of the Articles of Association is proposed to be amended to reflect the widening of the scope of the business of the Company in order to explore the logistics market, that is "freight (yard) station operation which contains the services including shipment and storage, safekeeping, stowage, tallying, freight and forwarding, information service, loading and unloading cargo handling services for the cargoes":

The current section 2 of Article 12 of the Articles of Association reads:

"The business scope of the Company shall include general carriage of goods, multi-modal transportation services, in-land waterway goods transportation agency; warehousing, distribution, delivery, packaging and de-packaging, development of software for logistics and information services; logistics planning; management, consultation services, import-export business and related services including operating import and export business on its own or as an agent, acting as import and export agent for export-oriented processing enterprises; providing international freight forwarding agency services of sea, air and land transportation for imported and exported goods, including canvassing for cargoes, consigning cargoes for shipment, shipment arrangement and reservation, storage, transshipment, consolidation and deconsolidation of containers, processing of transportation related charges, customs declaration and clearance, quarantine declaration and clearance, insurance, other related short-distance transportation services and transportation consultancy services. The business scope of the Company shall also include processing, assembling/packaging and sale of car components and parts; manufacturing and sale of car components and parts."

It is hereby proposed to be amended as follows:

"The business scope of the Company shall include general carriage of goods, multi-modal transportation services, in-land waterway goods transportation agency; warehousing, distribution, delivery, packaging and de-packaging, development of software for logistics and information services; logistics planning; management, consultation services, import-export business and related services including operating import and export business on its own or as an agent, acting as import and export agent for export-oriented processing enterprises; providing international freight forwarding agency services of sea, air and land transportation for imported and exported goods, including canvassing for cargoes, consigning cargoes for shipment, shipment arrangement and reservation, storage, transshipment, consolidation and deconsolidation of containers, processing of transportation related charges, customs declaration and clearance, quarantine declaration and clearance, insurance, other related short-distance transportation services and transportation consultancy services. The business scope of the Company shall also include processing, assembling/packaging and sale of car components and parts; manufacturing and sale of car components and parts; freight (yard) station operation which contains the services including shipment and storage, safekeeping, stowage, tallying, freight and forwarding, information service, loading and unloading cargo handling services for the cargoes."

2. To further explain the composition of the Board and the effective date of the resignation of the directors and supervisors, Articles 100, 101 and 121 of the Articles are proposed to be amended as follows:

2.1 The current Article 100 of the Articles of Association reads:

"The board of directors of the Company shall have 14 directors, among which there shall be one (1) chairman, one (1) vice chairman and three (3) independent non-executive directors ("independent directors")."

It is hereby proposed to be amended as follows:

"The board of directors of the Company shall have 14 directors, among which there shall be one (1) chairman and one (1) vice chairman.

The members of the board of directors include executive directors, non-executive directors and independent non-executive directors ("independent directors"). The qualification of all the executive directors, non-executive directors and independent directors shall be in compliance with the requirements stipulated by the relevant laws and regulations. There shall be at least three independent directors."

2.2 The current Article 101 of the Articles of Association reads:

"The directors are elected by general meeting with a term of three years. The directors can be re-elected and re-appointed upon expiry of the term.

The intention of the candidate and the written notice on the candidate who indicates to accept the nomination shall be sent to the Company seven (7) days before the convening of the general meeting after the notice of the general meeting is issued.

The election and removal of chairman and vice chairman shall be approved by more than half of the total directors. The term of each of the chairman and vice chairman shall be three years and can be re-elected and re-appointed.

The director is not required to hold any Company's shares.

Pursuant to the relevant law and administrative regulation, any director whose term has not expired can be removed by ordinary resolution (any claims for reimbursement according to any contracts will not be affected by this Article).

The directors (excluding the independent directors) can also serve as the general manager or other senior management position (excluding the supervisor). "

It is hereby proposed to be amended as follows:

"The directors are elected by general meeting with a term of three years. The directors can be re-elected and re-appointed upon expiry of the term.

On the premise of complying with the terms regulated in the following sections, any director can tender his/her resignation before expiry of the term. The director should hand in his/her written letter of resignation to the board of directors. The effective date of the resignation shall be the date set out in the written letter of resignation or the date when the Company receives the letter of resignation if the date of the resignation is not set out in the letter of resignation.

If the resignation of the director causes the numbers of the directors to fall below two thirds of the number stipulated in the Articles of Association of the Company or the minimum number stipulated in the Company Law, the letter of resignation of the directors shall be effective only after the new director is elected to replace the vacancy due to his/her resignation.

On occurrence of the event mentioned in the preceding Section 3, the Board should hold an extraordinary meeting as soon as possible to elect the new director to replace the vacancy.

Pursuant to the relevant laws, rules and regulations, the general meeting can remove any director before his/her expiry term (any claims for reimbursement according to any contracts will not be affected by this Article).

The intention of the candidate and the written notice on the candidate who indicates to accept the nomination shall be sent to the Company seven (7) days before the convening of the general meeting after the notice of the general meeting is issued.

The election and removal of chairman and vice chairman shall be approved by more than half of the total directors. The term of each of the chairman and vice chairman shall be three years and can be re-elected and re-appointed.

The director is not required to hold any Company's shares.

The directors (excluding the independent directors) can also serve as the general manager or other senior management position (excluding the supervisor). "

2.3 The current Article 121 of the Articles of Association reads:

"The Supervisory Committee of the Company shall be five (5) supervisors, among which there shall be one (1) chairman. The supervisors are elected with a term of three years. The supervisors can be re-elected and re-appointed upon expiry of the term. The election and removal of chairman shall be approved by more than two thirds of the total supervisors."

It is hereby proposed to add a new section as follows:

"Any supervisor can tender his/her resignation before the expiry of the term. The supervisor should tender his/her written letter of resignation. The effective date of the resignation shall be the date set out in the written letter of resignation or the date when the Company receives the letter of resignation if the date of the resignation is not set out in the letter of resignation."

Such proposed amendments to the Articles of Association will be tabled by way of special resolution at the forthcoming Annual General Meeting of the Company for Shareholders' consideration. No Shareholders are required to abstain from voting at the forthcoming Annual General Meeting in relation to the proposed amendments to the Articles of Association.

RECOMMENDATION

The Directors are of the view that the proposed amendments to the Articles of Association meet the operation and business needs of the Company and are in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolution regarding the amendments to the Articles of Association.

D. PROPOSED APPOINTMENT OF NEW DIRECTORS AND SUPERVISORS

Given that Mr. Zhang Baolin, Huang Zhangyun, Daniel C. Ryan resigned as directors and Mr. Hua Zhanbiao resigned as supervisor of the Company, all of the resignations are to take effect on the date of the Annual General Meeting (please refer to the Company's announcement published on 20 March 2009), on 20 March 2009, the Board received from its substantial shareholders Changan Co. and APLL the nomination of candidates of the directors and supervisors. The Board has duly conducted the qualification verification of the relevant candidates. Ms. Cui Xiaomei will be the candidate for executive directors of the Company, whilst Mr. Zhang Lungang and Mr. Joseph F. Lee will be the candidates for non-executive directors of the Company. Ms. Tang Dongmei will be the candidate for the shareholders representative supervisor of the Company.

The biographical details of the candidates of the new directors and supervisors are set out below:

Candidates for Executive Director

Ms. Cui Xiaomei

Ms. Cui Xiaomei (崔小玫) was born in 1955, holding dual bachelor's degrees and is a senior economist. Ms. Cui previously worked for Chongqing Changan Automobile Sales Company Limited as administrative vice general manager and the chief inspector of operating department, for Chongqing Changan Automobile Company Limited as deputy general manager, for Chongqing Changan Suzuki Automobile Co., Ltd. as deputy general manager, for Changan Automobile (Group) Liability Company Limited as vice secretary of party and so on. Ms. Cui is now the deputy general manager and vice secretary of party of Changan Automobile (Group) Liability Company Limited, supervisor of Changan Automobile Company Limited and president of Chongqing Anbo Automobile Sales Company Limited.

Ms. Cui has not held any directorship in any other listed public companies in the last three years. Save as disclosed above, Ms. Cui does not hold any other positions with the Company or other members of the Group and does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company, nor had she any interests in the Shares within the meaning of Part XV of the SFO. If Ms. Cui was elected as an executive director in the Annual General Meeting, the Company and Ms. Cui will enter into a service agreement in relation to the appointment of Ms. Cui as an executive director of the Company. Ms. Cui's appointment will be for a term commencing from the date of the AGM until the expiry of the term of the then session of the Board. Ms. Cui will be entitled to director's emoluments which are determined by the Board from time to time with reference to her duties and responsibilities with the Company, the market benchmark and performance of the Group, subject to approval by the shareholders at general meeting.

Save as disclosed above, Ms. Cui is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company, nor had she any information needed to be disclosed under GEM Listing Rules 17.50(2)(h) to (v).

Candidate for Non-Executive Director

Mr. Zhang Lungang

Mr. Zhang Lungang (張倫剛) was born in 1967, holding a bachelor's degree. Mr. Zhang has participated in many financial training organizations including Hong Kong international financial training course, Germany senior financial experts training course, Japanese Altos financial training course and Canadian senior financial experts training course for professional financial knowledge. And he also participated in the state-owned large and medium sized enterprises' general accountants' professional training held by the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zhang worked as the director of the finance division and assets management division of Southwest Military Bureau, the deputy general manager and general accountant of Chongqing Dajiang Industrial Group and the financial manager of Chongqing Wanyou Conifer Hotel with working experiences in joint venture companies. Mr. Zhang is proficient in financial management, financial budget and final accounts and assets and capital verification and so on. Mr. Zhang is now the general accountant of Changan Automobile (Group) Liability Company Limited.

Mr. Zhang has not held any directorship in any other listed public companies in the last three years. Save as disclosed above, Mr. Zhang does not hold any other positions with the Company or other members of the Group and does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company, nor had he any interests in the Shares within the meaning of Part XV of the SFO. If Mr. Zhang was elected as a Non-Executive Director in the Annual General Meeting, the Company and Mr. Zhang will enter into a service agreement in relation to the appointment of Mr. Zhang as a Non-Executive Director of the Company. Mr. Zhang's appointment will be for a term commencing from the date of the AGM until the expiry of the term of the then session of the Board. Mr. Zhang will be entitled to director's emoluments which are determined by the Board from time to time with reference to his duties and responsibilities with the Company, the market benchmark and performance of the Group, subject to approval by the shareholders at general meeting.

Save as disclosed above, Mr. Zhang is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company, nor had he any information needed to be disclosed under GEM Listing Rules 17.50(2)(h) to (v).

Mr. Joseph F. Lee

Mr. Joseph F. Lee, was born in 1963, holding a bachelor degree of Economics and Political science. Over the past 23 years Mr. Joseph F. Lee has held management positions in various business units and departments and in several different countries. Mr. Lee's most recent role was Regional Sales Director of APL Hong Kong and South China based in Hong Kong. Prior to that, Mr. Lee was APLL Director for Central and North China based in Shanghai, Managing Director of the Malaysia RAC based in Kuala Lumpur and Director of Inbound Documentation at Atlanta in the US. Mr. Joseph F. Lee was appointed as Managing Director, APL Logistics Greater China. He is responsible for all APL Logistics activities across mainland China, Hong Kong, Macau and Taiwan.

Mr. Lee has not held any directorship in any other listed public companies in the last three years. Save as disclosed above, Mr. Lee does not hold any other positions with the Company or other members of the Group and does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company, nor had he any interests in the Shares within the meaning of Part XV of the SFO. If Mr. Lee was elected as a Non-Executive Director in the Annual General Meeting, the Company and Mr. Lee will enter into a service agreement in relation to the appointment of Mr. Lee as a Non-Executive Director of the Company. Mr. Lee's appointment will be for a term commencing from the date of the AGM until the expiry of the term of the then session of the Board. Mr. Lee will be entitled to director's emoluments which are determined by the Board from time to time with reference to his duties and responsibilities with the Company, the market benchmark and performance of the Group, subject to approval by the shareholders at general meeting.

Save as disclosed above, Mr. Lee is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company, nor had he any information needed to be disclosed under GEM Listing Rules 17.50(2)(h) to (v).

Candidate for Supervisor

Ms. Tang Dongmei

Ms. Tang Dongmei (唐冬梅) was born in 1976, graduated from Chongqing Architecture College in 1997. Ms. Tang participated in the training courses held by China internal auditing institute and Chongqing Construction Committee and other organizations. Ms. Tang is good at financial and construction pricing and so on. Ms. Tang has abundant experience in enterprise auditing work as she has been involved in such field for over ten years. Ms. Tang is now the deputy director general of audit department of ministry of audit and supervision of Changan Automobile (Group) Liability Company Limited.

LETTER FROM THE BOARD

Ms. Tang has not held any directorship in any other listed public companies in the last three years. Save as disclosed above, Ms. Tang does not hold any other positions with the Company or other members of the Group and does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company, nor had she any interests in the Shares within the meaning of Part XV of the SFO. If Ms. Tang was elected as a supervisor in the Annual General Meeting, the Company and Ms. Tang will enter into a service agreement in relation to the appointment of Ms. Tang as a supervisor of the Company. Ms. Tang's appointment will be for a term commencing from the date of the AGM until the expiry of the term of the then session of the board of supervisors. Ms. Tang will be entitled to emoluments which are determined by the Board from time to time with reference to her duties and responsibilities with the Company, the market benchmark and performance of the Group, subject to approval by the shareholders at general meeting.

Save as disclosed above, Ms. Tang is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company, nor had she any information needed to be disclosed under GEM Listing Rules 17.50(2)(h) to (v).

The nomination of the above proposed new directors and supervisor will be tabled by way of ordinary resolution at the forthcoming Annual General Meeting of the Company for Shareholders' consideration. Shareholders are entitled to vote on resolution regarding the appointment of the above new directors and supervisor at the forthcoming annual general meeting.

E. ANNUAL GENERAL MEETING

The Company will convene the Annual General Meeting in June 2009 in Chongqing, the PRC, at which, among other things, the proposal to approve the Non-exempt Continuing Connected Transactions (including the Proposed Caps), amendments to Articles of Association and the appointment of Directors and Supervisors will be considered. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding such meeting.

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or at any adjourned meetings should you wish.

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)

17 April 2009

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 17 April 2009 (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 23 to 33 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 AGM 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*

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

17 April 2009

To: The independent non-executive directors 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 17 April 2009 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 30 March 2009, the Company entered into a framework agreement with Zhuangbei Finance (the "**ZF Framework Agreement**"), pursuant to which the Group will conduct the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance for three years from 1 January 2009 to 31 December 2011.

As at the date of the ZF Framework Agreement, Changan Co. was a promoter and a substantial shareholder of the Company and was wholly-owned by CSG, which in turn held approximately 42.27% equity interest in Zhuangbei Finance. Therefore, Zhuangbei Finance is regarded as a connected person of the Company under the GEM Listing Rules. Since the highest of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions under the ZF Framework Agreement as calculated in accordance with Rule 19.07 of the GEM Listing Rules is above 2.5% (except for the profits ratio), the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance 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 AGM by way of poll. Changan Co., Chongqing Changan Industrial Co., Ltd. and their respective associates shall be required to abstain from voting on the resolution(s) approving the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance and the relevant Proposed Caps at the AGM.

On 30 March 2009, the Company also entered into a framework agreement with APLL (the "**APLL Framework Agreement**") pursuant to which the Group will conduct the Non-Exempt Continuing Connected Transactions with APLL for three years from 1 January 2009 to 31 December 2011.

As at the date of the APLL Framework Agreement, APLL was a promoter of the Company and a substantial shareholder of the Company. Therefore, APLL is regarded as a connected person of the Company under the GEM Listing Rules. Since the highest of the applicable percentage ratios of the Non-Exempt Continuing Connected Transactions with APLL as calculated in accordance with Rule 19.07 of the GEM Listing Rules is above 2.5% (except for the profits ratio), the Non-Exempt Continuing Connected Transactions with APLL 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 AGM by way of poll. APLL and its associates shall be required to abstain from voting on the relevant resolution(s) approving the Non-Exempt Continuing Connected Transactions with APLL and the relevant Proposed Caps at the AGM.

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 ZF Framework Agreement and the APLL Framework Agreement and 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 and the Proposed Caps at the AGM. 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, Zhuangbei Finance, APLL 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 Group principally provides a variety of logistics services to customers within and outside the PRC and the Group has been actively promoting the international goods transportation agency services and markets in the transportation of non-automobile related products.

Set out below are the audited financial results of the Group for the three years ended 31 December 2008 as extracted from the annual reports of the Company for the year ended 31 December 2008 (the "2008 Annual Report") and 31 December 2007 respectively:

	For the year ended 31 December 2008	For the year ended 31 December 2007	For the year ended 31 December 2006	Change from 2007 to 2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%
Turnover	1,565,237	1,475,020	1,104,477	6.12
Gross profit	212,266	158,840	118,249	33.64
Profit for the year	103,739	93,671	65,949	10.75

From the above table, we noted that the Group has been enjoying persistent improvements in turnover and profitability in recent years. According to the 2008 Annual Report, such satisfactory business performance of the Group was mainly attributable to the extensive scope of logistics services and better after-sales services provided by the Group.

Moreover, with reference to the 2008 Annual Report and as further confirmed by the Directors, it is the Group's strategy to (i) strengthen its relationships with the existing customers and expand its scope of services for them; (ii) explore new opportunities for business development; (iii) enhance its marketing initiatives; and (iv) strengthen communication with other well-established market players in the logistics and transportation industry in order to explore cooperation opportunities.

Information on Zhuangbei Finance

As extracted from the Board Letter, Zhuangbei Finance is a non-banking financial institution regulated by CBRC in the PRC and is owned as to approximately 42.27% by CSG. The principal businesses of Zhuangbei Finance are to accept enterprises deposits, process financial activities such as enterprise loan and fund raising as approved by CBRC.

Information on APLL

As extracted from 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 all over the world.

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

Reasons for the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance

With reference to the Board Letter, the Directors consider that (i) following successive expansions in the asset scale of the Group, the in-flows and out-flows of cash out of the Group's operating activities has become more frequent and the amounts have also increased continuously, resulting in an accumulation of deposit amounts; (ii) the time for settlement will be shortened and finance costs will be reduced if the Group deposits and conducts note discounting services with, and/or to obtain loan advancement from, Zhuangbei Finance; and (iii) in order to support the normal operation and investing activities, apart from the net in-flows of cash out of the operating activities, the Group will require more funds as a supplement.

As mentioned under the section headed "Business overview of the Group" of this letter, the Group has been recording increasing turnover in recent years. In addition, the management of the Company advised us that the Company would provide logistics and supply chain management services for two connected parties under the non-exempt continuing connected transactions which were detailed in the circular of the Company dated 13 November 2008. In the course of providing those logistics and supply chain management services and serving the possible expansion in logistics services to other customers, the Directors expected that the amount of cash in-flows and out-flows from operation and investing activities of the Group will rise. Accordingly, the Directors are of the view that the loan advancement and note discounting services provided by Zhuangbei Finance would supplement the fund for the Group's operation and investing activities.

According to the Board Letter, there has been a constant increase in settlement by way of note

discounting between the Group and its customers and suppliers following successive expansions in the operation of the Group. In this respect, we noted from the 2008 Annual Report that as at 31 December 2008, the Group had trade receivables of approximately RMB111 million and bills receivables which were due from 0 to 180 days of approximately RMB73 million, representing approximately 66% of the total trade receivables. The Directors expected that with the note discounting services provided by Zhuangbei Finance, the Group would be able to shorten the settlement time of its bills receivables as and when necessary.

As further confirmed by the management of the Company, a number of major customers of the Group have already set up accounts with Zhuangbei Finance. Thus, the settlement time for payment by those customers to the Group would be shortened through Zhuangbei Finance and the transaction cost could possibly be saved.

As also stated in the Board Letter, the Company has deposited part of its cash with a number of independent financial institutions. Since Zhuangbei Finance is a non-banking financial institution regulated by CBRC and has an affluent capital base and renowned credibility, the Directors consider that the depository arrangement with Zhuangbei Finance may achieve risk diversification for the Group.

Given that the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance are expected to be recurrent in nature and would occur on a regular and continuing basis, the Directors proposed to enter into the ZF Framework Agreement to regulate the deposit, loan advancement and note discounting services provided by Zhuangbei Finance under a stipulated framework.

Having considered all of the above, we concur with the Directors that the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance are in the interests of the Company and the Shareholders as a whole given that such transactions would facilitate the operation and shorten the time costs of the Group's business. In addition, we also consider the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance to be conducted in the ordinary and usual course of business of the Company.

Reasons for the Non-Exempt Continuing Connected Transactions with APLL

With reference to the Board Letter, since (i) the Group principally provides a variety of logistics services to customers within and outside the PRC and has been actively promoting international goods transportation agency services and markets in the transportation of non-automobile related products; and (ii) APLL is a company specialising in logistics services across the world, having an all-rounded facilities and service networks in order to satisfy the need of its clients for global supply chain management services, the Directors consider that the provision of logistics services to APLL and its associates is consistent with the Group's principal business and development strategies. The Directors are also of the view that the Non-Exempt Continuing Connected Transactions with APLL are beneficial to the Group as such transactions promote and will continue to promote the business growth of the Group.

Given that the Non-Exempt Continuing Connected Transactions with APLL are expected to be recurrent in nature and would occur on a regular and continuing basis, the Directors proposed to enter into the APLL Framework Agreement to regulate the provision of logistics services by the Group under a stipulated framework.

Having considered the aforesaid reasons for the Non-exempt Continuing Connected Transactions with APLL, we concur with the Directors that the Non-Exempt Continuing Connected Transactions with APLL are in the interests of the Company and the Shareholders as a whole as such transactions would be beneficial for the Group to attain its future business and development strategies as highlighted under the section headed "Business overview of the Group" of this letter. In addition, we also consider the Non-Exempt Continuing Connected Transactions with APLL to be conducted in the ordinary and usual course of business of the Company.

(3) Principal terms of the Non-Exempt Continuing Connected Transactions under the ZF Framework Agreement and the APLL Framework Agreement

The tables below summarise the major terms of each of the Non-Exempt Continuing Connected Transactions under the ZF Framework Agreement and the APLL Framework Agreement dated 30 March 2009 as extracted from the Board Letter:

The Non-Exempt Continuing Connected Transactions under the ZF Framework Agreement

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

Parties: the Company and Zhuangbei Finance

Nature of transaction: (i) Provision of loan by Zhuangbei Finance to the Group ("CCT 1")
(ii) Deposits by the Group with Zhuangbei Finance ("CCT 2")
(iii) Provision of note discounting services by Zhuangbei Finance to the Group ("CCT 3")

Proposed caps : (i) In relation to CCT 1, RMB100 million, RMB100 million and RMB100 million (the maximum amount of loan outstanding (including interests) on a daily basis) for each of the three years ending 31 December 2011
(ii) In relation to CCT 2, RMB100 million, RMB100 million and RMB100 million (the maximum amount of deposits (including interests) on a daily basis) for each of the three years ending 31 December 2011
(iii) In relation to CCT 3, RMB50 million, RMB50 million and RMB50 million (the aggregate amount of each note discounting transaction on an annual basis) for each of the three years ending 31 December 2011

Basis for determination of the Proposed Caps under CCT 1: To supplement the fund for operation and investing activities of the Group.

Basis for determination of the Proposed Caps under CCT 2: Following successive expansions in the asset scale of the Group, the in-flows and out-flows of cash out of the Group's operating activities has become more frequent and the amounts have also increased continuously, resulting in an accumulation of deposit amounts.

Basis for determination of the Proposed Caps under CCT 3: Following successive expansions in business operation of the Group, there has been a constant increase in settlement by way of note discounting between the Group and its customers and suppliers. To supplement the fund required for operating activities, the Directors expected that the Group shall continuously require note discounting services.

As referred to in the Board Letter, the terms of the ZF Framework Agreement provide that when conducting the deposits, note discounting and loan advancement services between the Group and Zhuangbei Finance, the terms offered by Zhuangbei Finance in respect of such transactions to the Group shall be based on normal commercial terms which shall in any event be no less favourable than those terms which can be obtained by the Group from independent third parties. Furthermore, Zhuangbei Finance shall follow the pricing principles as set out in the ZF Framework Agreement. Both parties will sign if necessary separate agreement(s) in writing for provision of the deposits, note discounting and loan advancement services according to laws to ensure that payment of the relevant deposit interest would be made to the Group and the relevant note discounting and loan advancement services could be processed in a timely manner. In respect of the provision of loan advancement to the Group by Zhuangbei Finance, such advancement shall be with or without pledges. If pledges are actually required for the relevant loan advancement, the assessment value of the asset to be pledged shall not exceed the amount of the loan.

The Non-Exempt Continuing Connected Transactions under the APLL Framework Agreement

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

Parties: the Company and APLL

Nature of transaction: Provision of logistics services to APLL and its associates by the Group ("CCT 4")

Proposed caps: RMB5 million, RMB15 million and RMB20 million for each of the three years ending 31 December 2011

Basis for determination of the Proposed Caps under CCT 4: The ability of the Group to provide logistics services in the PRC is relatively strong. The Group can provide quality supply chain management services at lower costs. It is expected that in the next three years, the demand for supply chain management services in relation to vehicle parts for APLL's clients in Taiwan and other Asia countries will be increased from tens of millions dollars in RMB to hundreds of millions. The Group is expected to obtain a large amount of such logistics services.

As referred to in the Board Letter, APLL has undertaken to the Company that, for transactions as contemplated under the APLL Framework Agreement, the terms offered to the Company by APLL should not be less favourable than those granted to an independent third party. The consideration for the Non-Exempt Continuing Connected Transactions with APLL should be reached in accordance with the following pricing principles: (i) pricing relating to certain types of products and services is 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) where there is neither the 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.

Besides the above listed terms, we have also reviewed other major terms of the ZF Framework Agreement and the APLL Framework Agreement and are not aware of any terms which are unusual. From the Board Letter, we also noted 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; and (ii) in the ordinary and usual course of business of the Company. In light of the above, we consider that the terms of the ZF Framework Agreement and the APLL Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(4) The Proposed Caps

CCT 1

As mentioned under the section headed "The ZF Framework Agreement" of this letter, basis for determination of the Proposed Caps under CCT 1 is for supplementing the fund for the operation and investing activities of the Group. We have enquired into the management of the Company regarding the same and were advised by the management of the Company that they have taken into account (i) the funding requirements for operation and investing activities of the Company; and (ii) the net in-flows of cash out of the operating activities for the three years ending 31 December 2011, when setting the Proposed Caps under CCT 1. In this regard, we noted from the 2008 Annual Report that (i) the Group had capital commitment in relation to "property, plant and equipment contracted but not provided for" of approximately RMB29 million as at 31 December 2008; (ii) the Group recorded net decrease in cash and cash equivalents of approximately RMB131 million for the year ended 31 December 2008 after considering the net cash generated from operating activities and the net cash used in investing and financing activities; (iii) the Group's cash and cash equivalents were approximately RMB133 million while its total current liabilities (consisted of mainly trade and other payables) were approximately RMB[345] million as at 31 December 2008.

Taking into account the foregoing basis for determining the Proposed Caps under CCT 1 and the relevant figures as extracted from the 2008 Annual Report, we consider that the Proposed Caps under CCT 1 are fair and reasonable so far as the Independent Shareholders are concerned.

CCT 2

As mentioned under the section headed "The ZF Framework Agreement" of this letter, basis for determination of the Proposed Caps under CCT 2 is that following successive expansions in the asset scale of the Group, the in-flows and out-flows of cash out of the Group's operating activities has become more frequent and the amounts have also increased continuously, resulting in an increase in deposit amounts. As also mentioned under the section headed "Reasons for the Non-Exempt Continuing Connected Transactions with Zhuangbei Finance" of this letter, a number of major customers of the Group have already set up accounts with Zhuangbei Finance and the settlement time for payment by those customers to the Group would be shortened through Zhuangbei Finance and the transaction cost could possibly be saved. Based on the historical transaction amounts between the Group and those customers who have set up accounts with Zhuangbei Finance and the anticipated future amount of such transactions, the Directors set the Proposed Caps under CCT 2.

Taking into account the foregoing basis for determining the Proposed Caps under CCT 2 and the historical transaction amounts between the Group and those customers who have set up accounts with Zhuangbei Finance and the future amount of such transactions as anticipated by the Directors, we consider that the Proposed Caps under CCT 2 are fair and reasonable so far as the Independent Shareholders are concerned.

CCT 3

As mentioned under the section headed "The ZF Framework Agreement" of this letter, basis for determination of the Proposed Caps under CCT 3 is that (i) following successive expansions in operation of the Group, there has been a constant increase in settlement by way of note discounting between the Group and its customers and suppliers; and (ii) to supplement the fund required for operating activities, it is expected that the Group shall continuously require note discounting services. In respect of the above, the management of the Company confirmed that they have also considered (i) the historical amounts of bills receivables of the Group of approximately RMB50 million, RMB53 million and RMB73 million as at 31 December 2006, 2007 and 2008 respectively; (ii) the anticipated future amounts of payment settlement by way of note discounting between the Group and its customers and suppliers; (iii) the funding requirements for operation and investing activities of the Group; and (iv) the anticipated net in-flows of cash out of the operating activities of the Group for the three years ending 31 December 2011, when determining the Proposed Caps under CCT 3. Furthermore, we noted that the Proposed Caps of RMB50 million under CCT 3 for the three years ending 31 December 2011 represent only around 3% of the Group's turnover for the year ended 31 December 2008, we have therefore enquired into the management of the Company and the management of the Company explained to us that it would not be beneficial for the Group to engage in large amount of note discounting since note discounting is rather costly.

Taking into account the foregoing basis for determining the Proposed Caps under CCT 3, we consider that the Proposed Caps under CCT 3 are fair and reasonable so far as the Independent Shareholders are concerned.

CCT 4

As mentioned under the section headed "The APLL Framework Agreement" of this letter, basis for determination of the Proposed Caps under CCT 4 is that (i) the ability of the Group for providing logistics services in the PRC is relatively strong; (ii) the Group can provide quality supply chain management services at lower costs; and (iii) it is expected in the next three years, the demand for supply chain management services in relation to vehicle parts for APLL's clients in Taiwan and other Asia countries will be increased from tens of millions dollars in RMB to hundreds of millions and the Group is expected to obtain a large amount of such logistics services.

We have discussed with the management of the Company regarding the aforesaid basis for determination of the Proposed Caps under CCT 4 and were advised by the management of the Company that they have taken into account (i) the estimated demand for supply chain management services in relation to vehicle parts for APLL's clients in Taiwan and other Asia countries; (ii) the global client base of APLL; and (iii) the estimated orders from APLL for the Group's logistics services, when setting the Proposed Caps under CCT 4. As represented by the management of the Company, in view of the outlook of the automobile production market in the PRC, they understand from the management of APLL that APLL's clients in Taiwan and other Asia countries would likely to increase their supply of vehicles & vehicle parts to customers in the PRC and would thus require more logistics services from APLL. For this reason, APLL would require the Group to provide mounting logistics services to those clients.

Taking into account the foregoing basis for determining the Proposed Caps under CCT 4, we consider that the Proposed Caps under CCT 4 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 (i) the loan amounts to be borrowed under CCT 1; (ii) the deposit amounts to be put under CCT 2; (iii) the amount of note discounting under CCT 3; or (iv) the revenue to be generated from CCT 4. Consequently, we express no opinion as to how closely the actual loan and deposit amounts, amount of note discounting and revenue to be generated under the Non-Exempt Continuing Connected Transactions will correspond with the Proposed Caps.

(5) GEM Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Chapter 20 of the GEM Listing Rules pursuant to which (i) the values of the transactions contemplated under the ZF Framework Agreement and the APLL Framework Agreement must be restricted by their respective annual caps for the three years ending 31 December 2011; (ii) the terms of the transactions contemplated under the ZF Framework Agreement and the APLL Framework Agreement and 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 ZF Framework Agreement and the APLL Framework Agreement and 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, amongst others, that the transactions contemplated under the ZF Framework Agreement and the APLL Framework Agreement 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 ZF Framework Agreement and the APLL Framework Agreement exceed the Proposed Caps, or that there is any material amendment to the terms of the ZF Framework Agreement and the APLL Framework Agreement, 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 ZF Framework Agreement and the APLL Framework Agreement 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 ZF Framework Agreement and the APLL Framework Agreement and 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 AGM to approve the ZF Framework Agreement and the APLL Framework Agreement and 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:

Name	Qualification
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 2008, 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 2008 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 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%
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%
Atlantis Investment Management Ltd	Investment manager	13,140,000	—	23.89%	8.11%
788 China Fund Ltd.	Investment manager	4,000,000	—	7.27%	2.47%
Braeside Investments, LLC (Note3)	Investment Manager	3,423,000	—	6.22%	2.11%
Braeside Management, LP (Note3)	Investment Manager	3,423,000	—	6.22%	2.11%

McIntyre Steven (<i>Note3</i>)	Investment Manager	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%

Note 1: Chongqing Changan Industrial Co., Ltd., 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 controllers of Braeside Investments, LLC and Braeside Investments, LLC is the controllers of Braeside Management, LP

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 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 (non-H foreign shares included)	Percentage of total registered share capital	
				Percentage of H shares	
Chongqing Changan Industrial Co., Ltd.	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. DIRECTOR'S INTEREST IN CONTRACT AND/OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

6. 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 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.

7. 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 2008, being the date to which the Group's latest published audited accounts were made up.

8. 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.

9. 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 2008 annual report of the Company that each of APLL, Minsheng Industrial, Ming Sung (HK) and Changan Co. have all signed a confirmation regarding the non-competition undertakings with the Company in favour of the Company, 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.

10. 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 (彭啓發) was born in 1964, 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 (王旭) was born in 1963, 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 (張鐵沁) was born in 1955, 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 nonexecutive 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. and JES International Holdings Ltd. Since October 2008, Mr. Chong is also the director of Singapore's largest folk charitable organization National Kidney Foundation Singapore. 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 shall prevail over the Chinese text.

11. 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 19 June 2009:

- (a) the letter from Guangdong Securities, the text of which is set out on pages 23 to 33 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 INED Committee to the Shareholders, the text of which is set out on page 21 of this circular;
- (d) the directors and supervisors service contracts referred to in paragraph 6 of this appendix; and
- (e) the framework agreement dated 30 March 2009 as mentioned in paragraph B in the Letter from the Board of this circular.