

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 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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重慶長安民生物流股份有限公司
Changan Minsheng APLL Logistics Co., Ltd. *

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01292)

(I) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR AND SHAREHOLDER REPRESENTATIVE SUPERVISOR

(II) CONNECTED AND DISCLOSEABLE TRANSACTION IN RELATION TO FURTHER ACQUISITION OF EQUITY INTEREST IN ZHUANGBEI FINANCE

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



A letter from the Board of Changan Minsheng APLL Logistics Co., Ltd. dated 11 November 2016 is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 15 to 16 of this circular. A letter from Gram Capital containing its advice on the Connected and Discloseable Transaction in Relation to Further Acquisition of Equity Interest in Zhuangbei Finance to the Independent Board Committee and the Independent Shareholders of Changan Minsheng APLL Logistics Co., Ltd. is set out on pages 17 to 24 of this circular.

The notices, convening the EGM to be held at 10:00 a.m. on 30 November 2016 at the meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC together with the relevant reply slip and proxy forms, have already been dispatched to Shareholders on 14 October 2016.

Whether or not you intend to attend the EGM you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.561, Hongjin Road, Yubei District, Chongqing, the PRC (Zip Code:401121) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the relevant meeting or any adjournment thereof. Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

* For identification purpose only

11 November 2016

CONTENTS

Pages

DEFINITIONS	1
LETTER FROM THE BOARD	4
A. Introduction	4
B. Proposed Election of Non-executive Director and Shareholder Representative Supervisor	5
C. Connected and Discloseable Transaction in Relation to Further Acquisition of Equity Interest in Zhuangbei Finance.....	7
D. 2016 First EGM	12
E. Closure of Register of Members	13
F. Recommendations.....	13
G. Other Information	14
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	15
LETTER FROM GRAM CAPITAL	17
APPENDIX I — GENERAL INFORMATION.....	25
APPENDIX II — APPRAISAL REPORT	30

DEFINITIONS

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

“APLL”	APL Logistics Ltd.
“Articles”	the articles of association of the Company, as amended from time to time
“Appraisal Report”	the appraisal report of Zhuangbei Finance for the purpose of the Proposed Acquisition issued by Yinxin Appraisal Co., Ltd.
“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which licensed commercial banks are open for general banking business in the PRC
“CBRC”	China Banking Regulatory Commission
“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“China Changan”	China Changan Automobile Group Co., Ltd. (中國長安汽車集團股份有限公司), one of the substantial shareholders of the Company
“Company”	Changan Minsheng APLL Logistics Co., Ltd. (重慶長安民生物流股份有限公司)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conditions Precedent”	the conditions precedent for completion of the Proposed Acquisition pursuant to the Equity Transfer Agreement, as described in the section headed “Conditions Precedent” of this circular
“CSGC”	China South Industries Group Corporation (中國南方工業集團公司), a company established in the PRC on 1 July 1999 with limited liability
“Changan Automobile”	Chongqing Changan Automobile Co., Ltd.(重慶長安汽車股份有限公司)
“Changan Industry Company”	Chongqing Changan Industry Company(Group) Limited(重慶長安工業(集團)有限責任公司)

DEFINITIONS

“Director(s)”	the director (s) of the Company
“EGM”	the first extraordinary general meeting of 2016 of the Company to be convened by the Company on 30 November 2016 to consider and approve, if thought fit, among others, the resolutions regarding the election of non-executive Director and shareholder representative Supervisor, and the resolution regarding the further acquisition of 2.39% equity interest in Zhuangbei Finance by the Company from Zhongyuan Special Steel at consideration of RMB120,234,674
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and Zhongyuan Special Steel on 12 October 2016, pursuant to which, the Company shall acquire 50,000,000 Zhuangbei Finance Shares from Zhongyuan Special Steel at consideration of RMB 120,234,674
“Gram Capital” or “Independent Financial Advisor”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition
“Group”	the Company and its subsidiaries from time to time
“Independent Board Committee”	a committee established for the purpose of considering the terms of the Equity Transfer Agreement and the transaction contemplated thereunder, comprising all the independent non-executive Directors
“Independent Shareholders”	the Shareholder(s) other than China Changan and CSGC and their respective associates, and who are not involved in, or interested in the Equity Transfer Agreement and the transaction contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	7 November 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Minsheng Industrial”	Minsheng Industrial (Group) Co., Ltd.
“Ming Sung (HK)”	Min Sung Industrial Co., (HK) Limited
“Proposed Acquisition”	the proposed acquisition of the 50,000,000 Zhuangbei Finance Shares by the Company from Zhongyuan Special Steel pursuant to the terms and conditions of the Equity Transfer Agreement
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Cap.571 of the laws of Hong Kong
“ Shareholders”	Shareholders of the Company
“Supervisor(s)”	Supervisor(s) of the Company
“South Assets Management”	China South Industries Assets Management Co., Ltd.(南方工業資產管理有限責任公司)
“Zhuangbei Finance”	Binqi Zhuangbei Group Financial Limited Liability Company (兵器裝備集團財務有限責任公司)
“Zhongyuan Special Steel”	Zhongyuan Special Steel Co., Ltd. (中原特鋼股份有限公司)
“Zhuangbei Finance Shares” or Transferred Shares”	shares in Zhuangbei Finance to be transferred by Zhongyuan Special Steel to the Company pursuant to the terms and conditions of the Equity Transfer Agreement
“%”	Percent



重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd. *

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01292)

Executive directors:

Xie Shikang
Lu Xiaozhong
William K Villalon
Shi Jinggang

Non-executive directors:

Wu Xiaohua
Danny Goh Yan Nan

Independent non-executive directors:

Chong Teck Sin
Poon Chiu Kwok
Jie Jing
Zhang Yun

Registered Office:

Liangjing Village
Yuanyang Town
Yubei District
Chongqing
The PRC

Principal place of business

in Hong Kong:
16/F., 144-151
Singa Commercial Centre
Connaught Road West
Hong Kong

* *For identification purpose only*

11 November 2016

To the Shareholders

Dear Sir or Madam,

(I) PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR AND SHAREHOLDER REPRESENTATIVE SUPERVISOR

(II) CONNECTED AND DISCLOSEABLE TRANSACTION IN RELATION TO FURTHER ACQUISITION OF EQUITY INTEREST IN ZHUANGBEI FINANCE

A. INTRODUCTION

Reference is made to an announcement of the Company dated 31 August 2016 in relation to the proposed election of non-executive Director and shareholder representative Supervisor of the Company, which the Company shall seek the Shareholders' approval at the EGM pursuant to the requirements of the Listing Rules and the Articles.

Reference is also made to another announcement of the Company dated 12 October 2016 in respect of the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance. Pursuant to the requirements under the Listing Rules, the Company shall seek the Independent Shareholders' approval regarding transaction at the EGM.

LETTER FROM THE BOARD

To comply with the requirements of the Listing Rules, the Independent Board Committee will advise the Independent Shareholders regarding the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance. The letter from the Independent Board Committee to the Independent Shareholders is included in this circular. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Equity Transfer Agreement entered into between the Company and Zhongyuan Special Steel and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders is also included in this circular.

The purposes of this circular are to provide you with:

- (a) further information in relation to the proposed election of non-executive Director and shareholder representative Supervisor;
- (b) further information in relation to the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance;
- (c) a letter from the Independent Board Committee to the Independent Shareholders in respect of the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance; and
- (d) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance.

Independent Shareholders are advised to read this circular carefully for details of the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance to make informed decisions before voting.

B. PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR AND SHAREHOLDER REPRESENTATIVE SUPERVISOR

Resignation of Mr. Wang Lin and Ms. Zhu Ying

Reference is made to the announcement of the Company dated 12 August 2016 in relation to the resignation of Mr. Wang Lin as the non-executive Director of the Company and Ms. Zhu Ying as the shareholder representative Supervisor and Chairman of the Supervisory Committee of the Company.

Election of the Proposed Non-executive Director and Shareholder Representative Supervisor

Based on the nomination from China Changan, the Board proposes to elect:

- (a) Mr. Li Xin as a non-executive Director of the fourth session of the Board of the Company to fill the vacancy of Mr. Wang Lin; and
- (b) Mr. Chen Jianfeng as a shareholder representative Supervisor of the fourth session of the Supervisory Committee of Company to fill the vacancy of Ms. Zhu Ying.

The election of the proposed non-executive Director and shareholder representative Supervisor is subject to approval by the Shareholders by way of ordinary resolutions at the EGM of the Company.

LETTER FROM THE BOARD

Biographical details of Mr. Li Xin are as follows:

Mr. Li Xin, aged 35, engineer. Mr. Li graduated from Shenyang University of Technology and later obtained his Master's Degree at Beijing Institute of Technology, majoring in Software Engineering. From July 2003 (when he started his career) to July 2006, Mr. Li worked in No. 208 Research Institute of China Ordnance Industries. From July 2006 to March 2014, Mr. Li served as Assistant Project Manager, Project Manager and Senior Project Manager in China Changan Automobile Group Co., Ltd. He served as Assistant General Manager of the Development Strategy Department in March 2014, and was promoted to the Deputy General Manager of the Development Strategy Department in April 2016. Mr. Li has rich experience in corporate development planning.

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

If Mr. Li is elected as a non-executive Director of the fourth session of the Board of the Company at the EGM, the Company will enter into a service agreement with him in relation to his appointment. Mr. Li 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 the approval by the Shareholders at the EGM. Mr. Li's term of service will commence from the date on which approval is obtained from the EGM until the expiry of the term of the fourth session of the Board of the Company.

Save as disclosed above, Mr. Li is not aware of any other matters regarding his proposed appointment that need to be brought to the attention of the holders of securities of the Company, nor any information needed to be disclosed under Rules 13.51(2) of the Listing Rules.

Biographical details of Mr. Chen Jianfeng are as follows:

Mr. Chen Jianfeng, aged 44, accountant. Mr. Chen graduated from Chongqing Institute of Industrial Administration and later obtained his Master's Degree at Chongqing University School of Economics and Business Administration, majoring in business administration. From June 1992 to January 1995, Mr. Chen worked at the former Jiangling Machinery Factory. From January 1995 to January 2009, Mr. Chen worked as Division Head of the Finance Department of former Changan Automobile (Group) Company Liability Limited (renamed to Chongqing Changan Industry (Group) Limited), during which period Mr. Chen also served as Division Head of the Finance Department in Chongqing Changan Automobile Co., Ltd. and Head of the Finance Department in Jiangxi Jiangling Motors Co., Ltd.. From January 2009 to January 2013, Mr. Chen was transferred to former Changan Automobile (Group) Company Liability Limited and served as Division Head and Head of the Joint Venture and Cooperation Department. From January 2013 to April 2016, Mr. Chen served as Deputy General Manager of the Financial Accounting Department in China Changan Automobile Group Co., Ltd., and from April 2016, he was promoted to the General Manager of the Financial Accounting Department. Mr. Chen has rich experience in financial management, accounting auditing and financial budget.

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

LETTER FROM THE BOARD

If Mr. Chen is elected as a shareholder representative Supervisor of the fourth session of the Supervisory Committee of the Company at the EGM, the Company will enter into a service agreement with him in relation to his appointment. Mr. Chen will be entitled to supervisor'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 the approval by the Shareholders at the EGM. Mr. Chen's term of service will commence from the date on which approval is obtained from the EGM until the expiry of the term of the fourth session of the Supervisory Committee of the Company.

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

C. CONNECTED AND DISCLOSEABLE TRANSACTION IN RELATION TO FURTHER ACQUISITION OF EQUITY INTEREST IN ZHUANGBEI FINANCE

Background

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

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

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

Principal Terms and Conditions of the Equity Transfer Agreement

Date

12 October 2016

Parties

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

Consideration

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

Conditions Precedent

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

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

As at the date hereof, none of the above conditions has been fulfilled. None of the conditions precedent above can be waived by either party.

Completion

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

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

Following completion of the Proposed Acquisition, the Company shall enjoy the rights and assume the liabilities to the extent of the Company’s total capital contribution (including the previous subscription of 17,000,000 shares) in Zhongbei Finance.

Zhongbei Finance will not become a subsidiary of the Company and its financial statement will not be consolidated into the financial statements of the Group. Zhongbei Finance Shares will be classified as available-for-sale financial assets in the financial statements of the Group.

Following completion of the Proposed Acquisition, Zhongbei Finance remains to be an associate of a connected person of the Company and the transaction(s) between the Group and Zhongbei Finance shall be subject to compliance with the Listing Rules.

Information on Zhongbei Finance

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

Zhongbei Finance has a scattered shareholders base (i.e. 33 shareholders in total), with the largest five shareholders being CSGC (22.90%), South Assets Management (20.21%), China Changan (10.54%), Changan Automobile (3.83%), Zhongyuan Special Steel (3.35%) and Changan Industry Company (3.35%) before the completion of the Proposed Acquisition, which will remain unchanged

LETTER FROM THE BOARD

after the completion of the Proposed Acquisition except that the shareholding of Zhongyuan Special Steel will be decreased from 3.35% to 0.96%. Both of Changan Industry Company and South Assets Management are a wholly owned subsidiary of CSGC. Changan Automobile is a subsidiary of China Changan. Each of Changan Industry Company, South Assets Management and Changan Automobile are connected persons of the Company. Following completion of the Proposed Acquisition, the Company's shareholding in Zhuangbei Finance will be increased to approximately 3.20% and the Company will become the sixth largest shareholder of Zhuangbei Finance right after Changan Industry Company.

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

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

Basis of Determination of the Consideration

The consideration was determined after arm's length negotiations between the parties with reference to a number of factors including the past business performance and the overall asset base of Zhuangbei Finance, as well as the results of the appraisal report (full text of which will be set out in the Appendix II of this circular) of Zhuangbei Finance issued by Yinxin Appraisal Co., Ltd..

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

Unit: RMB 10,000 Yuan

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

Asset-based approach only gives the value of a business's assets rather than a full and reasonable view of the business as a whole, while the income approach takes into consideration not only the on-the-book and off-the-book assets declared by the appraised company but also material indicators that may influence the business's earning capacity that are not reflected under the asset-based approach, (e.g. stability of customer base, level of management, strength of teams). The valuer, after looking into the financial conditions of Zhuangbei Finance and analyzing its historical business performance, eventually determined to adopt the result of the income approach that is believed to give a more comprehensive and reasonable view of the value of Zhuangbei Finance.

Reasons for and Benefits to the Company of the Proposed Acquisition

Having considered the current financial performance and the business development of Zhuangbei Finance, the Board is of the view that Zhuangbei Finance has ample growth potential and will provide a platform for the Company to explore value-added business along with the supply chain as our new profit-growth points. In addition, the Group has established a long-term cooperation relationship with Zhuangbei Finance since 2009 under which Zhuangbei Finance has been mainly providing support for the Group in terms of financial services including deposits, trading settlement, loans and discounting of notes and bill. The commercial terms of deposits offered by Zhuangbei Finance have been more favorable than those offered by external commercial banks which enables the Group to achieve more effective control of finance cost to be paid to external banks, while discounting of notes with and loans granted by Zhuangbei Finance have helped reduce the time required for settlement of funds and save finance cost of the Group.

The Proposed Acquisition will be conducive for the Group to expand financing channel, cut the financial costs, promote the fusion of logistics and finance by exploring logistics business and providing a capital pool to ensure a smooth business operation of the Group in future, due to the following reasons:

- (1) Increased assurance for credit line in the future: As the holder of 17,000,000 shares of Zhuangbei Finance, the Company has procured from Zhuangbei Finance unsecured loans with credit line of RMB 0.5 billion, RMB 0.8 billion and RMB 1 billion in 2015, 2016 and 2017 respectively. The Company expects that, for period through 2020, it will also apply to Zhuangbei Finance for credit line. It would require a mortgage of assets, a substantial amount of deposit and handling fees to obtain the same from other commercial banks;
- (2) Cooperation with Zhuangbei Finance in supply chain sector: So far the Company has initiated cooperation with Zhuangbei Finance in certain upstream and downstream businesses, such as e-drafts of receivables and its cashing, regulation of pledge in auto finance, etc.;
- (3) Conduct of logistics business with entities within CSGC: the Company can increase its creditability within the group through acquisition of additional equity interests in Zhuangbei Finance and engage in the logistics business on the strength of Zhuangbei Finance's network; and
- (4) Improvement of assets structure and expansion of quality assets: Currently the principal assets of the Company are transportation equipment and house properties which have low liquidity. The increased shareholdings in Zhuangbei Finance optimized the assets structure of the Company. It is anticipated that investment in Zhuangbei Finance would provide a higher investment return to the Company and thus would improve the profitability and assets structure of the Company.

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

Views of the Board

Mr. Xie Shikang and Mr. Shi Jinggang, who being related Directors due to the fact that they were both nominated by China Changan in which they previously held positions, have abstained from voting in the resolution regarding the Proposed Acquisition to avoid any possible conflict of interest from arising. Of the remaining eight (8) members of the Board, Mr. William K Villalon, Mr. Danny Goh Yan Nan and Mr. Chong Teck Sin have voted against the resolution regarding the Proposed Acquisition, whilst the other five (5) unrelated Directors have voted for the resolution regarding the Proposed Acquisition. As the resolution was voted for by more than one half of the unrelated members of the Board, the resolution regarding the Proposed Acquisition was approved and passed by the Board according to the Articles of the Company.

Mr. William K Villalon and Mr. Danny Yan Nan voted against the Proposed Acquisition mainly for the following reasons: (1) the previous acquisition of the 17,000,000 shares of Zhuangbei Finance was proposed, for the same reason as this transaction, to secure financial support; (2) the core business of the Company would face large capital needs in the future while the Proposed Acquisition may divert investments to non-core businesses; and (3) as the profitability of the Company was falling, the Company is already feeling stress on its cash flow.

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

Implications of the Listing Rules

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

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

Information on the Parties

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

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

LETTER FROM THE BOARD

China Changan is a joint stock limited company established in the PRC on 26 December 2005. It is one of the substantial shareholders of the Company. China Changan is primarily engaged in automobile and motorcycle production; automobile and motorcycle engines production; the design, development, production and sale of automobile and motorcycle components and parts; sale of optical devices electronic optoelectronic devices, night vision devices information and communication devices; and the relevant technical development, technical transfer, technical consultation, technical services and import and export business and consultation on assets merger and asset restructuring .

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

Zhuangbei Finance is a company incorporated in the PRC on 21 October 2005. The principal businesses of Zhuangbei Finance are to accept enterprises deposits, process financial activities such as enterprise loan and fund raising as approved by CBRC. Zhuangbei Finance is a non-bank financial institution regulated by CBRC.

D. 2016 First EGM

The Company will convene the EGM at 10:00 a.m. on 30 November 2016 at the meeting room, No.561, Hongjin Road, Yubei District, Chongqing, the PRC, to consider and approve, inter alia, the proposed election of non-executive Director and shareholder representative Supervisor and the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance.

China Changan and CSGC and their respective associates (holding in aggregate 41,225,600 Shares or approximately 25.44% of the equity interests in the Company as at the Latest Practicable Date) who are involved in, or interested in the transaction in relation to further acquisition of equity interest in Zhuangbei Finance will abstain from voting at the EGM in the resolution regarding the further acquisition of 2.39% equity interest in Binqi Zhuangbei Group Financial Limited Liability Company by the Company from Zhongyuan Special Steel Co., Ltd. at consideration of RMB 120, 234,674.

The Notice of the EGM, together with the relevant reply slip and proxy form has already been dispatched to Shareholders on 14 October 2016. Whether or not you intend to attend the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H Shares only) or the office of the Board of the Company at No.561, Hongjin Road, Yubei District, Chongqing, the PRC (Zip Code:401121) (for the holders of the Domestic Shares only (in respect of domestic shares, including non-H foreign shares)), as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM.

Completion and delivery of the proxy form will not preclude you from attending, and voting in person at, the meeting or any adjournment thereof if you so wish.

All resolutions will be passed by way of ordinary resolutions and voting will be taken by way of a poll in accordance with the requirements of the Listing Rules.

E. CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders of H shares who will be entitled to attend the EGM, the Company has suspended registration of transfer of shares from 31 October 2016 to 30 November 2016, both days inclusive.

In order to qualify to attend the EGM and to vote thereat, non-registered holders of H shares of the Company whose transfer documents have not been registered must deposit the transfer documents accompanied by relevant share certificates with the Company's H share registrar's transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 28 October 2016. Holders of H shares whose names are recorded in the register of members of the Company on 30 November 2016 are entitled to attend and vote at the EGM.

F. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders of the Company, which is set out on pages 15 to 16 of this circular, and which contains their recommendation in respect of the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance. The letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Equity Transfer Agreement and whether such transaction contemplated thereunder is in the interests of the Company and its Shareholders as a whole is set out on pages 17 to 24 of this circular.

Having considered, inter alia, the factors and reasons considered by, and the opinion of Gram Capital, the Independent Board Committee (other than Mr. Chong Teck Sin), consider that the terms of the Equity Transfer Agreement and the transaction in relation to Further Acquisition of Equity Interest in Zhuangbei Finance contemplated under the Equity Transfer Agreement to be fair and reasonable so far as the Independent Shareholders are concerned. The independent Board Committee (other than Mr. Chong Teck Sin who voted against the resolution as he considered that the timing for such an investment was less than ideal under the unfavorable market condition (including the fiercely competitive domestic auto market, dropping price of logistics services as well as the increasing operating costs) and for a possible long payback period and potentially cumbersome procedures to go through when selling such non-listed shares) are of the view that the transaction in relation to Further Acquisition of Equity Interest in Zhuangbei Finance contemplated under the Equity Transfer Agreement is, although not conducted in the ordinary and usual course of business of the Group due to the nature of the Proposed Acquisition, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee (other than Mr. Chong Teck Sin) recommends that the Independent Shareholders vote in favor of the relevant ordinary resolution regarding the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance to be proposed at the EGM.

Accordingly, the Board recommends the Shareholders vote in favor of the relevant ordinary resolution regarding the connected and discloseable transaction in relation to further acquisition of equity interest in Zhuangbei Finance to be proposed at the EGM.

In addition, the Board is of the view that proposals regarding the election of non-executive Director and shareholder representative Supervisor are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders vote in favor of the relevant resolutions to be proposed at the EGM as set out in the notice of the EGM.

LETTER FROM THE BOARD

G. OTHER INFORMATION

Your attention is drawn to the general information and the appraisal report as respectively set out in Appendix I and Appendix II to this circular.

On behalf of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Xie Shikang
Chairman



重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd. *

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01292)

11 November 2016

**CONNECTED AND DISCLOSEABLE TRANSACTION
IN RELATION TO FURTHER ACQUISITION OF EQUITY INTEREST IN ZHUANGBEI
FINANCE**

To the Independent Shareholders

Dear Sirs or Madam,

We, the Independent Board Committee of Changan Minsheng APLL Logistics Co., Ltd., are advising the Independent Shareholders in connection with transaction in relation to Further Acquisition of Equity Interest in Zhuangbei Finance (details of which are set out in the letter from the Board contained in the circular ("**Circular**") of the Company to the Shareholders dated 11 November 2016, of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the conduct of the transaction in relation to Further Acquisition of Equity Interest in Zhuangbei Finance contemplated under the Equity Transfer Agreement constitute a connected and discloseable transaction under the Listing Rules and shall comply with reporting, announcement and the Independent Shareholders' approval requirements.

We wish to draw your attention to the letter of advice from Gram Capital, the Independent Financial Advisor appointed to advise the Independent Board Committee and the Independent Shareholders, set out on pages 17 to 24 of the Circular. We have discussed the letter and the opinion contained therein with Gram Capital.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, inter alia, the factors and reasons considered by, and the opinion of, Gram Capital, as stated in its aforementioned letter, the Independent Board Committee (other than Mr. Chong Teck Sin), consider that the terms of the Equity Transfer Agreement and the transaction in relation to Further Acquisition of Equity Interest in Zhuangbei Finance contemplated under the Equity Transfer Agreement to be fair and reasonable so far as the Independent Shareholders are concerned. The independent Board Committee (other than Mr. Chong Teck Sin who voted against the resolution as he considered that the timing for such an investment was less than ideal under the unfavorable market condition (including the fiercely competitive domestic auto market, dropping price of logistics services as well as the increasing operating costs) and for a possible long payback period and potentially cumbersome procedures to go through when selling such non-listed shares) are of the view that the transaction in relation to Further Acquisition of Equity Interest in Zhuangbei Finance contemplated under the Equity Transfer Agreement is, although not conducted in the ordinary or usual course of business of the Group due to the nature of the Proposed Acquisition, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee (other than Mr. Chong Teck Sin) recommend that the Independent Shareholders vote in favor of the relevant ordinary resolution as set out in the Notice of the EGM to be proposed at the EGM to be held on 30 November 2016 and thereby approve the connected and discloseable transaction in relation to Further Acquisition of Equity Interest in Zhuangbei Finance contemplated under the Equity Transfer Agreement.

Yours faithfully,

Mr. Chong Teck Sin
Independent Non-executive Director

Mr. Poon Chiu Kwok
Independent Non-executive Director

Mr. Jie Jing
Independent Non-executive Director

Ms. Zhang Yun
Independent Non-executive Director

* *For identification purpose only*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

11 November 2016

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

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
FURTHER ACQUISITION OF EQUITY INTEREST IN ZHUANGBEI FINANCE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisition, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 11 November 2016 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 15 October 2014, the Company entered into a subscription agreement pursuant to which the Company, among others, has agreed to subscribe for 17,000,000 subscription shares of Zhuangbei Finance (the “**Prior Investment**”) at a total consideration of RMB28,900,000. As at the Latest Practicable Date, the Company held 17,000,000 shares of Zhuangbei Finance, represents approximately 0.81% of the equity interest of the existing share capital of Zhuangbei Finance.

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

With reference to the Board Letter, Zhongyuan Special Steel is a connected person of the Company and the Proposed Acquisition constitutes a discloseable and connected transaction of the Company under the Chapter 14 and Chapter 14A of the Listing Rules and is subject to reporting, announcement and the Independent Shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letter from the independent financial adviser contained in the circular of the Company dated 12 December 2014 in respect of (i) the non-exempt continuing connected transactions and major transaction; and (ii) the disclosable and connected transaction, of the Company. Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, 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 and/or the management of the Company (the "**Management**"). We have assumed that all information and representations that have been provided by the Directors and/or the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. 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 enquiry and careful consideration. 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, the Directors and/or the Management, which have been provided to us. Our opinion is based on the Management's representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Proposed Acquisition. 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 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Group and Zhuangbei Finance, and we have not been furnished with any such evaluation or appraisal, save and except for the Appraisal Report of Zhuangbei Finance as contained in Appendix II to the Circular. The Appraisal Report was prepared by Yinxin Appraisal Co., Ltd. (the "**Valuer**"). Since we are not experts in the valuation of business, we have relied solely upon the Appraisal Report for the value of Zhuangbei Finance as at 31 August 2016.

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, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Zhongyuan Special Steel, Zhuangbei Finance or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, 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, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposed Acquisition, we have taken into consideration the following principal factors and reasons:

Background of the Proposed Acquisition

Business overview of the Group

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

Set out below is the extract of the consolidated financial information of the Group for the six months ended 30 June 2016 and the two years ended 31 December 2015 as extracted from the interim report of the Company for the six months ended 30 June 2016 (the “**2016 Interim Report**”) and the annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”):

	For the six months ended 30 June 2016	For the year ended 31 December 2015	For the year ended 31 December 2014	Change from 2014 to 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	
Revenue	3,101,106	6,056,284	5,344,351	13.32
Profit for the period/year	62,856	264,258	243,044	8.73

LETTER FROM GRAM CAPITAL

	As at 30 June 2016	As at 31 December 2015	As at 31 December 2014	Change from 2014 to 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	
Cash and bank balances	1,043,987	658,952	897,924	(26.61)
Net assets/Total equity	1,887,567	1,824,711	1,609,453	13.37

As depicted by the above table, the Group recorded revenue of approximately RMB6.06 billion for the year ended 31 December 2015 (“FY2015”), representing a growth of approximately 13.32% as compared to that for the year ended 31 December 2014 (“FY2014”). With reference to the 2015 Annual Report, for FY2015, the Group, being one of the third-party logistics service providers in China, through creative logistics services modes and “professionalism” in logistics service technology, comprehensive logistics design and operating experience and well-established service network throughout the PRC, the Group actively enhanced its service quality and made efforts to extend its logistics service space, and finally achieved a relatively good result. As a result, the profit of the Group for FY2015 has increased by approximately 8.73% as compared to FY2014.

The Group’s cash and bank balances as at 30 June 2016 amounted to approximately RMB1.04 billion. As confirmed by the Management, the Group has sufficient resources for the Proposed Acquisition and the payment of the Consideration will not have material adverse impact on the Group’s working capital sufficiency for its existing operating activities.

With reference to the 2016 Interim Report, the Company expects that there will be increased pressure in the automobile logistics operation in the PRC and the logistics service prices will be further reduced. For the second half of 2016, the Group shall strive to stabilize the traditional business with greater efforts by upholding the value creation strategy based on the cost-efficiency as the core principle, adhering to the working guidelines of “reform, strictness, professionalism and honesty” and enhancing quality operation to face up to the challenges, the Company hope to forge a solid foundation for the long-term development of the Company.

Information on Zhuangbei Finance

With reference to the Board Letter and advised by the Management, Zhuangbei Finance is a non-bank financial institution incorporated in the PRC and regulated by CBRC, the shares of which are not listed on any stock exchange. The principal business of Zhuangbei Finance is to accept enterprises deposits, process financial activities such as enterprise loan and fund raising as approved by CBRC.

The following sets out the audited financial information of Zhuangbei Finance for the four years ended 31 December 2015 prepared in accordance with the PRC Accounting Standards:

	For the year ended 31 December 2015	For the year ended 31 December 2014	For the year ended 31 December 2013	For the year ended 31 December 2012
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Operating revenue	1,569,626,266.02	1,039,289,175.10	988,247,344.78	658,374,468.47
Operating profit	917,689,145.08	708,805,039.39	803,788,686.75	462,595,187.93
Profit before tax	921,617,501.87	710,641,373.80	804,000,628.51	462,644,779.48
Net profit	691,791,131.17	592,877,692.77	681,735,425.55	351,049,911.81
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2013	As at 31 December 2012
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Total assets	46,118,638,946.98	37,048,953,753.89	33,294,071,348.12	30,104,918,426.27
Net assets/Total equity	4,267,009,527.07	4,075,879,231.76	2,898,700,429.53	2,530,073,594.58

As depicted by the above table, Zhuangbei Finance had recorded substantial growth in revenue and its profitability (in terms of operating profit, profit before tax and net profit) had also improved from the year ended 31 December 2012 to FY2015. The return on equity of Zhuangbei Finance in FY2015 was approximately 16.58% (as calculated by net profit over the average total equity (i.e. the average of the total equity as at 31 December 2015 and 31 December 2014 respectively)), which is slightly higher than the return on equity of the Group of approximately 15.39% in FY2015.

In addition, the net assets of Zhuangbei Finance also increased significantly from 31 December 2012 to 31 December 2015. As at 31 August 2016, the net assets of Zhuangbei Finance reached approximately RMB4,995 million.

As advised by the Management, the above-mentioned improvement in the financial performance of Zhuangbei Finance was mainly due to its business growth, in particular, the automobile financing business.

With reference to the China Banking Regulatory Commission 2015 Annual Report published by CBRC, group financing companies played the role as group's cash pooling platform, cash settlement platform, cash monitoring platform, financing platform and financial service platform. In 2015, the group financing companies assisted their enterprise groups to save capital cost of over RMB70 billion in aggregate.

According to the China Banking Regulatory Commission 2015 Annual Report, the total assets and the equity attributable to the owner of the non-bank financial institutions had been growing in each of the year from 2011 to 2015. The total assets of the non-bank financial institutions amounted to RMB6,488.3 billion in 2015, representing an increase of approximately 149% as compared to the same in 2011. The equity attributable to the owner of the non-bank financial institutions amounted to RMB1,222.6 billion in 2015, representing an increase of approximately 157% as compared to the same in 2011.

In view of the above, we consider the prospects of Zhuangbei Finance to be generally positive. Nevertheless, as a non-bank financial institution in the PRC, Zhuangbei Finance is also subject to credit risk, liquidity risk, political risk and interest rate risk.

Reasons for the Proposed Acquisition

The reasons for the Proposed Acquisition are set out in the section headed "Reasons for and benefits to the Company of the Proposed Acquisition" of the Board Letter. With reference to the Board Letter, the Proposed Acquisition will be conducive for the Group to expand financing channel, cut the financial costs, promote the fusion of logistics and finance by exploring logistics business and providing a capital pool to ensure a smooth business operation of the Group in future, due to (i) increasing assurance for credit line in the future; (ii) cooperation with Zhuangbei Finance in supply chain sector; (iii) conduct of logistics business with entities within CSGC; and (iv) improvement of assets structure and expansion of quality assets, details of which are set out in the section headed "Reasons for and benefits to the Company of the Proposed Acquisition" of the Board Letter. For our due diligence purpose, we have discussed with the Management for better understanding of the aforesaid reasons.

As illustrated in the section headed "Information on Zhuangbei Finance" above, there was substantial improvement in the financial performance and net assets position of Zhuangbei Finance. As advised by the Management, the increase in net assets value of Zhuangbei Finance after the Prior Investment is also satisfactory.

In addition, we have also enquired into the Management regarding the dividend entitlement in respect of the Company's existing shareholding in Zhuangbei Finance. As advised by the Management, the Company was entitled to a dividend of approximately RMB1.5 million for FY2015.

Having considered (i) the reasons for the Proposed Acquisition; and (ii) the improvement in the financial performance and net assets position of Zhuangbei Finance from 2012 to 2015, we consider that the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

Equity Transfer Agreement

Date:

12 October 2016

Parties:

(i) the Company, and

(ii) Zhongyuan Special Steel

Subject matter

Pursuant to the Equity Transfer Agreement, the Company has conditionally agreed to acquire an aggregate of 50,000,000 Zhuangbei Finance Shares (representing approximately 2.39% of the issued share capital of Zhuangbei Finance) from Zhongyuan Special Steel at the Consideration of RMB120,234,674. Following the completion of the Proposed Acquisition, the Company shareholding in Zhuangbei Finance will be increased to 3.20%.

Consideration

As refer to the Board Letter, the Consideration was determined after arm's length negotiations between the parties with reference to a number of factors including the past business performance and the overall asset base of Zhuangbei Finance, as well as the results of the Appraisal Report of Zhuangbei Finance as at 31 August 2016, which is RMB5,021,000,000 (the "**Appraised Value**").

We noted that in preparing the Appraisal Report, the Valuer has adopted the asset-based approach and income approach to appraise the value of Zhuangbei Finance as at the date of valuation, being 31 August 2016. The Appraised Value of Zhuangbei Finance as at 31 August 2016 was RMB5,021,000,000 by the income approach and was RMB4,911,315,300 by the asset-based approach.

With reference to the Board Letter, asset-based approach only gives the value of a business's assets rather than a full and reasonable view of the business as a whole, while the income approach takes into consideration not only the on-the-book and off-the-book assets declared by the appraised company but also material indicators that may influence the business's earning capacity that are not reflected under the asset-based approach, (e.g. stability of customer base, level of management, strength of teams). The Valuer, after looking into the financial conditions of Zhuangbei Finance and analyzing its historical business performance, eventually determined to adopt the result of the income approach that is believed to give a more comprehensive and reasonable view of the value of Zhuangbei Finance.

Besides, according to the Appraisal Report and as confirmed by the Valuer, there are substantial differences between Zhuangbei Finance and other non-bank financial institution in terms of size, business focus, capital structure, etc. As such, the Appraised Value cannot be derived by the market approach.

Given the above, we consider that the Appraisal Report is sufficient for us to assess the basis of the determination of the Consideration and we have not considered other valuation methodology in this regard.

For our due diligence purpose, we have reviewed the Appraisal Report and enquired into the Valuer on the methodology, basis and assumptions adopted in arriving at the Appraised Value in order for us to understand the Appraisal Report. As confirmed by the Valuer, the asset-based approach and income approach are commonly adopted approaches for valuation of companies and is also consistent with normal market practice. Based on our observation on valuation performed for acquisition/disposal of business entities, we noted that there is adoption of asset-based or income approach and the professional valuers usually consider that the asset-based approach and income approach are generally accepted approach.

Moreover, we have interviewed the Valuer as to its qualifications, expertise and independence to the Group, Zhongyuan Special Steel, Zhuangbei Finance and their respective connected persons and we have reviewed their terms of engagement. During our discussion with the Valuer, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Appraisal Report.

In light of the above and that the Consideration equals to the proportion of 50,000,000 Zhuangbei Finance Shares over 2,088,000,000 total issued shares of Zhuangbei Finance times the Appraised Value (i.e. $50,000,000/2,088,000,000 \times 5,021,000,000 = \text{RMB}120,234,674$), we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

We noted that the trading multiples analysis, such as price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”), are commonly adopted valuation method in the market. In this regard, we attempted to search for sale or purchase transaction of equity interest in group financing companies in the PRC announced by Hong Kong listed companies during the period from 13 October 2015 to 12 October 2016, being the one year period prior to and including date of the Equity Transfer Agreement. To the best of our knowledge, we only found the disposal of certain equity interests in 忠旺集團財務有限公司 (Zhongwang Group Finance Limited*) (“**ZW Group Finance**”) by a subsidiary of China Zhongwang Holdings Limited (Stock code: 1333) as announced by China Zhongwang Holdings Limited on 31 December 2015 (the “**ZW Disposal**”), which met the above criteria.

For reference only, (i) we could not derive the PER of the ZW Disposal as ZW Group Finance recorded net loss after taxation for FY2014 and its net profit after taxation for FY2015 was not available in the aforesaid announcement; (ii) the PBR of ZW Disposal was approximately 0.99 (as calculated by the aggregated consideration of the ZW Disposal over “the latest net asset value of ZW Group Finance as disclosed under the aforesaid announcement times the percentage interests to be disposed of under the ZW Disposal”); and (iii) the PBR of the Proposed Acquisition is approximately 1.01 (as calculated by the Consideration over “the net assets value of Zhuangbei Finance as at 31 August 2016 times the percentage interests to be acquired under the Proposed Acquisition”, i.e. $\text{RMB}120,234,674/(\text{RMB}4,995,000,000 \times 2.39\%)$).

Other terms of the Equity Transfer Agreement are set out in the section headed “Principal Terms and Conditions of the Equity Transfer Agreement” in the Board Letter.

Having considered the above principal terms of the Equity Transfer Agreement, we are of the opinion that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Possible financial effects of the Proposed Acquisition

As advised by the Management, all the shares of Zhuangbei Finance held/to be held by the Company after completion of the Proposed Acquisition will/will continue to be accounted for as available-for-sale investments of the Company.

With reference to the 2016 Interim Report, the unaudited consolidated net asset value of the Group was approximately RMB1,877.57 million as at 30 June 2016. As advised by the Management, the Proposed Acquisition would not have material impact on the consolidated net asset value of the Group.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Proposed Acquisition.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Proposed Acquisition is not conducted in the ordinary and usual course of the Group, the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Equity Transfer Agreement and the Proposed Acquisition and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this circular misleading.

2. DISCLOSURE OF INTEREST

(a) Directors and Supervisors of the Company

As at the Latest Practicable Date, none of the Directors, chief executive and the supervisors of the Company has any interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 they are taken or deemed to have under such provisions of the SFO); or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors, chief executive and the supervisors of the Company, the following persons, other than a Director, supervisor, 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 provision 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 Shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Sections 336 of the SFO, to be entered in the register referred to therein:

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
CSGC	Interest of a controlled corporation	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%
China Changan (<i>note 1</i>)	Beneficial owner	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%
Kintetsu World Express, Inc.	Interest of a controlled corporation	33,619,200(L) (Non-H Foreign Shares)	31.40%	-	20.74%
APL Logistics Ltd.	Beneficial owner	33,619,200(L) (Non-H Foreign Shares)	31.40%	-	20.74%
重慶盧作孚股權基金管理 有限公司	Interest of a controlled corporation	32,219,200(L) (Domestic Shares and Non-H Foreign Shares)	30.09%	-	19.88%
Minsheng Industrial (<i>note 2</i>)	Beneficial owner	25,774,720(L) (Domestic Shares)	24.07%	-	15.90%
Minsheng Industrial	Interest of a controlled corporation	6,444,480(L) (Non-H Foreign Shares)	6.02%	-	3.98%
Ming Sung (HK) (<i>note 2</i>)	Beneficial owner	6,444,480(L) (Non-H Foreign Shares)	6.02%	-	3.98%
Pemberton Asian Opportunities Fund	Beneficial owner	4,400,000(L)	-	8.00%	2.71%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments,LLC (<i>note 3</i>)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management,LP (<i>note 3</i>)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (<i>note 3</i>)	Interest of a controlled Corporation	3,423,000(L)	-	6.22%	2.11%

Note 1: Changan Industry Company and China Changan have completed relevant equity transfer registration procedures on 9 March 2016. Please refer to the announcement of the Company dated on 9 March 2016 for further details.

Note 2: Ming Sung (HK) is the subsidiary of Minsheng Industrial. Mr. Lu Xiaozhong, the Director of the Company, holds 6% shareholdings of Mingsheng Industrial.

Note 3: According to the disclosure of interests notice filed, Braeside Management, LP is a wholly-owned subsidiary of Braeside Investments, LLC. McIntyre Steven is the controlling shareholder of Braeside Investments, LLC.

Note 4: (L) – long position, (S) – short position, (P) - Lending Pool.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, supervisors and senior executives of the Company) having any interests or short positions in the Shares and underlying shares of the Company as at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Board, no director or supervisor is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Division 2 and 3 of Part XV of the SFO:

Directors

Lu Xiaozhong	President of Minsheng Industrial, chairman of Minsheng Shipping Co., Ltd. and director and general manager of Ming Sung (HK).
Wu Xiaohua	Director, deputy general manager and chief financial officer of Mingsheng Shipping Co., Ltd.
William K Villalon	American President Lines/Logistics, vice president of Land Transportation Services/Global Automotive Logistics.
Danny Goh Yan Nan	Chief Operations Officer in APLL

Supervisors

Steven Ho Kok Keong	Corporate Finance Director of APLL, Singapore.
Zhang Tianming	Director of comprehensive financial department of Minsheng Industrial.

3. NO MATERIAL ADVERSE CHANGE

The unaudited profit attributable to equity holders of the parent for the six months ended 30 June 2016 decreased by approximately 60% as compared to the corresponding period in 2015. The decrease was mainly attributable to the decreases in logistics service prices and the continuing increases in the costs of provision of the automobile logistics services and the relevant services to the Group's customers (please refer to the Company's interim results announcement dated 31 August 2016 and the Company's profit warning announcements dated 9 and 11 August 2016 for further details).

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2015, being the date to which the latest published audited accounts of the Company and its subsidiaries were made up to.

4. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any material litigation or arbitration and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company and its subsidiaries.

5. CONSENT OF EXPERT

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or statements and references to its name and logo in the form and context in which they are included:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) .

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of the Company and its subsidiaries nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisor of the Company had entered into any service contract with the Company or its subsidiaries which does not expire or is not terminable by the Company and its subsidiaries within one year without payment of compensation, other than statutory compensation.

7. DIRECTORS' OR SUPERVISORS' INTERESTS IN THE COMPANY AND ITS SUBSIDIARIES' ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any interest in any assets which have been since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

As at the Latest Practicable Date, none of the Directors or supervisors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Company.

8. COMPETING INTERESTS

Before the listing of the H shares on the GEM of the Stock Exchange, the Company's Shareholders, Changan Industry Company, APLL, Minsheng Industrial and Ming Sung (HK), had all entered into non-competition undertakings with the Company in favor of the Company. Please further refer to the Prospectus issued by the Company on 16 February 2006 for such undertakings.

Up to the Latest Practicable Date, the non-competition undertaking given by each of Changan Industry Company and APLL is still effective. As at the end of 2011, the aggregate shareholding in the Company held by Minsheng Industrial and Ming Sung (HK) (together with their respective associates) fell below 20%, the non-competition undertaking signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective.

In February 2016, the Company received the confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics and Changan Industry Company.

Save for the disclosure stated above, as at the Latest Practicable Date, none of the Director(s) or substantial shareholder(s) of the Company had any interest in any business that competes or may compete with the Group.

9. MISCELLANEOUS

- a. Mr. Huang Xuesong is the company secretary of the Company.
- b. The legal address of the Company is Liangjing Village, Yuanyang Town, Yubei District, Chongqing, the PRC. The H Share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- c. In case of any discrepancy, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Herbert Smith Freehills at 23/F., Gloucester Tower, 15 Queen's Road Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 30 November 2016:

- a) the articles of association of the Company;
- b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- c) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this circular;
- d) the consent letter of Gram Capital referred to in the paragraph headed "CONSENT OF EXPERT" in this Appendix
- e) the Appraisal Report; and
- f) this circular.

The full text of the Appraisal Report is set out below:

Appraisal Report of

The Total Equity Value of Binqi Zhuangbei Group Financial Limited Liability Company for the Purpose of the Proposed Acquisition of Equity Interest by Changan Minsheng APLL Logistics Co., Ltd.

Yin Xin Ping Bao Zi [2016] Hu No.1043

YINXIN APPRAISAL CO., LTD.

12 October 2016



Yinxin Appraisal Co., Ltd.
 Address: Jiujiang Road 69, Shanghai
 Tel: 021-63391088
 Fax: 021-63391116 Post code: 200002

CONTENTS

DECLARATION	32
SUMMERY	33
TEXT	35
I. Overview of the Consignor and Appraised Company	35
II. Appraisal Purpose	41
III. Appraisal Object and Scope	41
IV. Value Type and its Definition	44
V. Appraisal Base Date	45
VI. Appraisal Basis	45
VII. Appraisal Approaches	48
VIII. Procedures of Appraisal	52
IX. Appraisal Assumptions	54
X. Appraisal Result	55
XI. Special Notices	57
XII. Instructions for Use Restrictions of the Appraisal Report	58
XIII. Issue Date	60



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DECLARATION

1. In the process of conducting the appraisal, we abide by relevant laws, regulations and asset appraisal criteria, and follow the principles of independence, objectivity and impartiality. Based on the information we collected during the course of practice, the contents of the appraisal report are objective and we bear corresponding legal responsibility for the appraisal result.
2. The assets, liabilities checklist, future operation and profit forecast of the appraisal object are filed and sealed by the consignor and the appraised company; the consignor and related parties shall be held responsible for the authenticity, legality, completeness of the information provided as well as the proper use of the appraisal report.
3. We have no existing or prospective interests neither in the appraisal object, nor the parties involved, and have no bias against the parties involved.
4. We have conducted on-site investigation of the appraisal object and its assets involved in the appraisal report. We have given necessary attention to the legal ownership of the appraisal object and its assets involved, examined the relevant information, and faithfully disclosed the issues that have been identified. We have required the consignor and the parties involved to perfect the property right so as to meet the requirement of issuing the appraisal report.
5. The analysis, judgments and results are subject to the assumptions and limitations set out in the appraisal report. The users of the appraisal report should fully consider the assumptions, limitations, special notices and their influences on the appraisal results.
6. The purpose of the asset appraisal is to analyze and estimate the market value of the appraisal object at the base date of the appraisal and then issue our professional opinions. We do not assume any responsibility for decision-making of the relevant parties. The appraisal results should not be considered as a guarantee of the price of the appraisal object that can be realized.



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Appraisal Report of
The Total Equity Value of Binqi Zhuangbei Group Financial Limited Liability
Company for the Purpose of the Proposed Acquisition of Equity Interest by Changan
Minsheng APLL Logistics Co., Ltd.

Yin Xin Ping Bao Zi [2016] Hu No.1043

SUMMARY

1. **Project name:** Appraisal on the total equity value of Binqi Zhuangbei Group Financial Limited Liability Company for the Purpose of the Proposed Acquisition of Equity Interest by Changan Minsheng APLL Logistics Co., Ltd.
2. **Consignor:** Changan Minsheng APLL Logistics Co., Ltd.
3. **Other users of the appraisal report:** The appraised company and other related parties specified by laws and regulations who are in reliance on the appraisal report for economic activities relevant to the appraisal purpose.
4. **Appraised company:** Binqi Zhuangbei Group Financial Limited Liability Company
5. **Appraisal purpose:** the Proposed Acquisition of the Equity Interest in Zhuangbei Finance by Changan Minsheng APLL Logistics Co., Ltd. in accordance with the Resolution of the 18th Meeting of the 4th Board of Directors of Changan Minsheng APLL Logistics Co., Ltd.
6. **Economic activity:** To appraise the total equity value of Zhuangbei Finance for the purpose of the proposed acquisition of the equity interest in Zhuangbei Finance by Changan Minsheng APLL Logistics Co., Ltd., and provide basis on the value
7. **Appraisal object:** The total equity value of the appraised Company as of the appraisal base date
8. **Appraisal scope:** All of the assets and liabilities of the appraised company as of the appraisal base date
9. **Value type:** Market value
10. **Appraisal base date:** 31 August 2016
11. **Appraisal approach:** Asset-based approach and income approach
12. **Appraisal result:**

On the appraisal base date, 31 August 2016, under the assumptions and conditions set out in this report, the audited net assets attributable to the parent company (on aggregated basis) of Binqi Zhuangbei Group Financial Limited Liability Company are RMB 4,995,086,900, and the appraised value is RMB 5,021,000,000. The difference is RMB 25,913,100 and appreciation rate is 0.52%.



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13. Terms of Validity of the appraisal result:

The appraisal result shall take effect on the base date of the appraisal set out in this report, and the validity is one year (from 31 August 2016 to 30 August 2017). Users should re-entrust appraisal when the conditions of the appraised assets and the external market have significant changes after the base date, which will invalidate the original appraisal results.

14. Special Notices

Please refer to the text of the appraisal report for details of the special notices subject to disclosure.

The above content is extracted from the text of the asset appraisal report. For the details of this appraisal purpose and for a reasonable understanding of the appraisal result, the text of the asset appraisal report should be read and the users of the appraisal report are encouraged to pay attention to the appraisal assumptions, use restrictions and special notices.



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Appraisal Report of

The Total Equity Value of Binqi Zhuangbei Group Financial Limited Liability Company for the Purpose of the Proposed Acquisition of Equity Interest by Changan Minsheng APLL Logistics Co., Ltd.

Yin Xin Ping Bao Zi [2016] Hu No.1043

TEXT

Changan Minsheng APLL Logistics Co., Ltd.:

We, Yinxin Appraisal Co., Ltd, accepted your consignment and adopted the asset-based approach and income approach to appraise the market value of the total equity value of Zhuangbei Finance as at 31 August 2016 in accordance with relevant laws, regulations and asset appraisal standards as well as the necessary appraisal procedures for the purpose of the economic activity in relation to the proposed acquisition of equity interest in Zhuangbei Finance.

The Asset Appraisal Report is as follows:

I. Overview of the Consignor and the Appraised Company

1. The Consignor and other users of the appraisal report:

(1.1). Overview of the Consignor

Name of the Consignor: Changan Minsheng APLL Logistics Co., Ltd.

Unified Credit Code of Enterprise: 91500000709426199C

Registered address: Liangjing Village, Yuanyang Town, Yubei District, Chongqing

Legal representative: Xie Shikang

Registered capital: RMB 162,064,000

Business type: limited liability Company (Taiwan, Hong Kong and Macao and domestic joint venture, listed)

Scope of Business: General freight transport, multimodal transport, domestic shipping forwarder service, storage, distribution, packing, sub-packaging, developing logistics software and information service as well as logistics planning, management and consulting service; import and export business and other related business including import and export business of self-run goods or agent goods; acceptance of consignment as an agent for provision of import and export businesses services; provision of international forwarding agent services for imported and exported cargos by sea, air and land including canvassing, consignment for shipment, space booking, storage, transshipment, container FCL and LCL, settling freight and other miscellaneous charges, customs clearance, inspection application and insurance and relevant service for short-distance transportation and consulting services; processing, assembling and selling of auto raw materials and parts as well as manufacturing and selling of packaging materials for auto parts; providing of freight stations for services such as cargo storage(excluding hazardous article), safekeeping, stowage, tally, forwarding,



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information service, loading and unloading (the business listed in the above scope shall subject to permission and approval procedures before putting into operation).

Date of establishment: 27 August 2001

Business term: Permanent operation since 27 August 2001

(1.2). Other users of the appraisal report

The appraised company and other related parties who are in reliance on this appraisal report for appraisal purpose related economic activities specified by laws and regulations.

2. Appraised company:

Name of the appraised company: Binqi Zhuangbei Group Financial Limited Liability Company

Registration ID: 110000010276355

Registered address: 5/F, No. 3 scientific research office building, No.10 courtyard, Chedaogou, Haidian District, Beijing

Legal representative: Li Shouwu

Registered capital: RMB 2,088,000,000

Business type: other Limited Liability Company

Scope of business: (1) Providing financial and financing consultation, credit authentication and related consultation and agent services for member units; (2) Provision of Assistance for the member units in receipt and payment of transaction amount; (3) Authorized insurance agency business; (4) Providing guarantee for member units; (5) Handling the entrusted loans and investment among the member units; (6) Provision of bill acceptance and discounting for the member units; (7) Internal transfer settlement of member units, design of related settlement and liquidation plan; (8) accepting deposits from the member unit; (9) Handling loans and financing lease for the member units (10) Engaging in interbank loans; (11) Issuing bonds of financial companies subject to approval; (12) Underwriting corporate bonds of its member units; (13) Equity investment in financial institutions; (14) Quoted securities investment; (15) provision of consumption credit, buyer's credit and financing lease services for products of the member units.

Business term: Permanent operation since 21 October 2005

(2.1). Relationship between the consignor and the appraised company

The consignor is the shareholder of the appraised company.



Yinxin Appraisal Co., Ltd.
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 Fax: 021-63391116 Post code: 200002

(2.2). Shareholding structure and history of the appraised company

As Approved by document (Yin Jian Fu [2005] No. 254) issued by the China Banking Regulatory Commission, Zhuangbei Finance was officially went into operation on 29 October 2005. The promoters and their respective shareholdings are listed as below:

Unit: RMB 10, 000 Yuan

S.N.	Shareholder's Name	Capital Contribution	Contribution Ratio
1	China South Industries Group Corporation	35,500.00	68.27%
2	Chongqing Changan Automobile Co., Ltd.	8,000.00	15.39%
3	Henan Zhongyuan Special Steel Co., Ltd.	3,000.00	5.77%
4	Chengdu Guangming Opto-electronic Information Material Co., Ltd.	1,500.00	2.89%
5	Guoying Hubei Huazhong Precision Instrument Factory	1,000.00	1.92%
6	Yunnan Xiyi Industry Co., Ltd	1,000.00	1.92%
7	Sichuan Jian'an Industry Co., Ltd.	1,000.00	1.92%
8	Hunan Jiangbin Machinery (Group) Limited Company	1,000.00	1.92%
Total		52,000.00	100.00%

The above capital contributions are verified by Zhongtian Huazheng Certified Public Accountants by the *Capital Verification Report (Zhongtian Huazheng (Jing) Yan [2005] No. 005)*.

In accordance with the resolution of the 2008 Second Extraordinary General Meeting of Binqi Zhuangbei Group Financial Limited Liability Company, its registered capital was increased by RMB 980 million in September 2008. Then its registered capital and paid-in capital were changed from RMB 520 million at the beginning of the period to RMB1.5 billion, and it completed the industrial and commercial registration of changes on 22 September 2008. This capital increase was verified by Beijing Zhongtianheng Certified Public Accountants Co., Ltd., by the *Capital Verification Report (Zhongtianheng Yan Zi [2008] No. 06002)*.

In accordance with the resolution of the 2014 Second Extraordinary General Meeting, its registered capital was increased by RMB 588 million in December 2014. Then its registered capital and paid-in capital were changed to RMB 2088 million, and it completed the industrial and commercial registration of changes on 31 December 2014. The shareholders and their respective shareholdings after the capital increase are as follows:



Yinxin Appraisal Co., Ltd.
 Address: Jiujiang Road 69, Shanghai
 Tel: 021-63391088
 Fax: 021-63391116 Post code: 200002

Unit: RMB 10, 000Yuan

S.N.	Shareholder's Name	Capital contribution	Contribution Ratio
1	China South Industries Group Corporation	47,800.00	22.89%
2	South Industry Assets Management Co., Ltd.	42,200.00	20.21%
3	China Changan Automobile Group Co., Ltd.	22,000.00	10.54%
4	Chongqing Changan Automobile Co., Ltd.	8,000.00	3.83%
5	Zhongyuan Special Steel Co., Ltd.	7,000.00	3.35%
6	Chongqing Changan Industry Company (Group) Limited	7,000.00	3.35%
7	Chengdu Guangming Opto-electronic Information Material Co., Ltd	5,000.00	2.39%
8	Chongqing Hongyu Precision Industry Co., Ltd.	5,000.00	2.39%
9	Chongqing Dajiang Industry Co., Ltd.	5,000.00	2.39%
10	Chongqing Wangjiang Industry Co., Ltd.	5,000.00	2.39%
11	Southwest Ordnance Industry Corporation	5,000.00	2.39%
12	Chongqing Jialing Special Equipment Co., Ltd.	5,000.00	2.39%
13	Luoyang North Enterprises Group Co., Ltd.	4,000.00	1.92%
14	Sichuan Jian'an Industry Co., Ltd.	3,000.00	1.44%
15	Chengdu Lingchuan Special Industrial Co., Ltd.	3,000.00	1.44%
16	Sichuan Huaqing Machinery Co., Ltd.	3,000.00	1.44%
17	Wuhan Binhu Electronic Limited Liability Company	3,000.00	1.44%
18	Xi'an Kunlun Industry (Group) Co., Ltd.	3,000.00	1.44%
19	Motorcycle Test Technology Institute of China South Industries Group Corporation	3,000.00	1.44%
20	Hubei Huaqiang High-Tech Co., Ltd.	2,500.00	1.20%
21	Henan Costar Group Co., Ltd.	2,000.00	0.96%
22	Chengdu Jinlin Industrial Manufacturing Co., Ltd.	2,000.00	0.96%
23	Chongqing Jianshe Industry (Group) Co., Ltd.	2,000.00	0.96%
24	Heilongjiang North Tool Co., Ltd.	2,000.00	0.96%
25	Hunan Vanguard Group Co., Ltd.	2,000.00	0.96%
26	Chongqing Changjiang Electrical Appliances Industries Group Co., Ltd.	2,000.00	0.96%
27	Changan Minsheng APLL Logistics Co., Ltd.	1,700.00	0.81%
28	Hunan Tyen Machinery Co., Ltd.	1,700.00	0.81%
29	Hubei Huaqiang High-Tech Co., Ltd.	1,200.00	0.57%
30	Hunan Huanan Opto-Electro-Sci-Tech Co., Ltd.	1,200.00	0.57%
31	Hunan Jiangbin Machinery (group) Co., Ltd.	1,000.00	0.48%
32	Shanghai Electronic Control Institute	1,000.00	0.48%
33	The 59th Research Institute of China North Industries	500.00	0.24%
Total		208,800.00	100.00%



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The above capital contributions are verified by Zhongtianheng Certified Public Accountants by the Capital Verification Report (Zhongtianheng Yan Zi [2014] No. 06002).

As of the base date of the appraisal, there is no change in the shareholders and their shareholdings of Binqi Zhuangbei Group Financial Limited Liability Company.

3. Historical Financial Data of Appraised Enterprise

Assets and liabilities (on parent company basis) for a period of recent three years of the appraised enterprise are as the follows:

Unit: RMB 10,000 Yuan

Item/Date	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 August 2016
Assets	3,330,017.52	4,376,529.97	4,692,243.90	4,796,619.01
Liabilities	3,040,528.32	3,969,463.71	4,266,243.88	4,297,819.71
Shareholder's Equity	289,489.21	407,066.25	426,000.03	498,799.30

Operation performances for a period of three years (on parent company basis) are as follows:

Unit: RMB 10,000 Yuan

Item/Date	2013	2014	2015	For the eight months ended August 2016
I. Operating revenue	98,482.79	103,275.36	156,288.32	129,590.91
Net interest income	84,886.76	108,346.85	162,857.39	154,458.80
Interest income	129,482.72	157,191.12	233,539.95	193,138.06
Interest payment	44,595.96	48,844.27	70,682.56	38,679.26
Net income from handling fees and commissions	-3,053.22	-6,006.29	-15,462.54	-24,971.77
Incomes from handling fees and commissions	2,040.13	1,975.04	2,299.47	1,326.54
Handling fees and commission expenses	5,093.35	7,981.32	17,762.01	26,298.31
Return on investment	16,649.26	934.79	8,893.27	-90.12
Gains from change of fair value				
Gains from exchange rate difference		0.01	-	
Other business income			0.20	193.99
II. Operating expenses	18,140.01	32,663.42	64,835.19	33,844.10
Business taxes and surcharges	6,422.09	8,141.62	12,447.43	10,935.16
Operational and administrative expenses	9,124.94	14,062.30	15,079.48	13,966.61
Finance costs				
Assets impairment losses	2,592.98	10,459.50	37,308.28	8,942.33
Other business costs				
III. Operating profit	80,342.79	70,611.94	91,453.14	95,746.81
Plus: Non-operating revenue	24.66	186.47	488.47	720.48
Minus: Non-operating expenses	3.47	2.89	95.23	27.15
IV. Total profit	80,363.98	70,795.52	91,846.37	96,440.14
Minus: Income tax expenses	12,117.90	11,650.58	22,848.52	23,622.44
V. Net profit	68,246.08	59,144.94	68,997.85	72,817.70



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Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

Assets and liabilities (on an aggregated basis) for a period of three years of the appraised company are as the follows:

Unit: RMB 10,000Yuan

Item/Date	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 31 August 2016
Total assets	3,329,407.13	4,376,013.86	4,691,432.19	4,796,082.83
Liabilities	3,039,537.09	3,968,425.93	4,264,731.24	4,296,556.97
Shareholder's equity	289,870.04	407,587.92	426,700.95	499,525.86
Total equity attributable to the shareholders of the parent	289,856.33	407,572.81	426,684.04	499,508.69

Operation performances of the appraised company for a period of three years are as follows:

Unit: RMB 10,000Yuan

Item/Date	2013	2014	2015	For the eight months ended 2016 August 2016
I. Operating revenue	98,824.73	103,928.92	156,962.63	129,931.57
Net interest income	84,916.67	108,376.66	162,884.24	154,465.00
Interest income	129,482.72	157,191.12	233,539.95	193,138.06
Interest expense	44,566.05	48,814.46	70,655.71	38,673.06
Net Income from handling fees and commissions	-2,345.19	-5,184.54	-14,617.08	-24,439.30
Income from handling fees and commissions	2,748.16	2,796.78	3,144.93	1,859.01
Handling fees and commission expenses	5,093.35	7,981.32	17,762.01	26,298.31
Return on investment	16,253.26	736.79	8,695.27	-288.12
Gains from change of fair value				
Gains from exchange rate difference		0.01	-	
Other business income		-	0.20	193.99
II. Operating expense	18,445.87	33,048.41	65,193.71	34,091.09
Business tax and surcharges	6,461.74	8,187.66	12,494.77	10,953.63
Operational and administrative expenses	9,391.15	14,401.25	15,390.66	14,195.13
Financial cost				
Assets impairment loss	2,592.98	10,459.50	37,308.28	8,942.33
Other business expense				-
III. Operating profit	80,378.87	70,880.50	91,768.91	95,840.48
Plus: Non-operating income	24.66	186.53	488.47	720.62
Minus: Non- operating expense	3.47	2.89	95.63	27.15
IV. Total profit	80,400.06	71,064.14	92,161.75	96,533.95
Minus: income tax expense	12,226.52	11,776.37	22,982.64	23,688.61
V. Net profit	68,173.54	59,287.77	69,179.11	72,845.34
Net profit attributable to shareholders of the parent	68,170.31	59,284.36	69,175.32	72,843.08
Minority equity	3.23	3.41	3.79	2.26



Yinxin Appraisal Co., Ltd.
 Address: Jiujiang Road 69, Shanghai
 Tel: 021-63391088
 Fax: 021-63391116 Post code: 200002

The financial data shown in the above table is extracted from the audited financial statements of the appraised enterprise. The audit unit is BDO China Shu Lun Pan Certified Public Accountants LLP, and the reference number of the audit reports are Xin Kuai Shi Bao Zi[2015] No. 720938 and Xin Kuai Shi Bao Zi [2016] No. 728566 respectively.

The appraised company strictly implemented the Accounting Standards for Business Enterprises and relevant supplementary provisions. The main tax categories and tax rates are as follows: the VAT payable is the difference between output taxes minus the deductible input tax of the period which is calculated based on sales of goods and taxable services income under the tax rules, with a tax rate of 6%; the urban maintenance and construction tax shall be accounted and paid based on actually paid VAT with the tax rate of 7%; the education surcharge shall be accounted and paid according to the actually paid VAT with the tax rate of 3%; the local education surcharges shall be accounted and paid based on actually paid VAT with the tax rate of 2%.

II. Appraisal purpose

In accordance with the Resolution of 18th Meeting of the 4th Session of the Board of Changan Minsheng APLL Logistics Co., Ltd., Changan Minsheng APLL Logistics Co., Ltd. proposed to acquire the equity interest of Binqi Zhuangbei Group Financial Limited Liability Company which called for an appraisal on the market value of the total equity of shareholders and result of which shall be presented with basis and references.

III. Appraisal object and scope

The asset appraisal object refers to the total equity value of the appraised company as at the base date.

The appraisal scope refers to all assets and liabilities of the appraised enterprise as at the base date. The detailed financial data of parent company is as follows:

Total assets at book value	RMB 47,966,190,094.39
including: cash and carrying amount due from central bank	RMB 2,744,262,265.00
Carrying amount due from other banks	RMB 7,742,913,341.88
Carrying amount of interest receivable	RMB 131,810,710.55
Carrying amount of loans and advances granted	RMB 35,550,700,673.82
Carrying amount of the available-for-sale financial assets	RMB 210,873,346.30
Carrying amount of long-term equity investment	RMB 1,324,030,676.12
Carrying amount of fixed assets	RMB 96,367,941.32
Carrying amount of intangible assets	RMB 499,184.91
Carrying amount of deferred tax income assets	RMB 120,691,035.83
Carrying amount of other assets	RMB 44,040,918.66
Total liabilities at book value	RMB 42,978,197,096.41
including : carrying amount of absorbed deposit	RMB 35,935,328,775.72
Carrying amount of net assets	RMB4,987,992,997.98

The above asset and liabilities were audited by BDO China Shu Lun Pan Certified Public Accountants LLP, with *Audit Report of reference number of Xin Kuai Shi Bao Zi [2016] No.728566*.



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

1. Long-term equity investments are as follows:

Unit: RMB Yuan

S.N.	Name of Invested Company	Shareholding Ratio	Investment Cost	Book Value
1	Beijing Zhongbin Insurance Agent Co., Ltd.	99.00%	9,900,000.00	9,900,000.00
2	Changan Automobile Finance Co., Ltd.	40.00%	1,320,000,000.00	1,314,130,676.12
Total			1,329,900,000.00	1,324,030,676.12

2. Buildings and premises are as follows:

Unit: RMB Yuan

S.N.	Certificate Number	Name of Buildings	Date of Completion	Unit	Area	Book Value
1	2012-33373 -103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	377.82	8,744,473.56
2	2012-33375-103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	225.54	5,220,021.61
3	2012-33376-103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	378.44	8,758,823.18
4	2012-33379-103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	376.31	8,709,525.29
5	2013- 57576 -103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	377.82	10,323,325.58
6	2013- 57601 -103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	225.54	6,162,518.79
7	2013-57584 -103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	378.44	10,340,266.08
8	2013- 57604 -103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	376.31	10,282,067.25
9	2013- 57598 -103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	225.61	6,164,431.43
10	2013- 57592 -103	Financial Street-Building A Office, Chongqing Financial Center	2011-01	m ²	375.68	10,264,853.51
11	2013- 39172 -103	B1-15underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	168,699.96
12	2013- 39173 -103	B1-34 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	168,699.96
13	2013- 39175 -103	B1-35 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	168,699.96
14	2013- 39177 -103	B1-36underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	168,700.96
15	2013- 39186 -103	B1-38 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	168,700.96
16	2013- 39183 -103	B1-39 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	168,700.96
17	2013- 39182 -103	B1-40 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	173,595.36



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

18	2013-39178-103	B1-71 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	173,595.36
19	2013-39102-103	B1-72 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	173,595.36
20	2013-39180-103	B1-73 underground parking lot, Annex Building AB, Financial Street	2011-01	Piece	1.00	146,865.80
21	2014-64252-103	B1-049, Building A, Financial Street	2011-01	Piece	1.00	161,511.72
22	2014-64254-103	B1-050, Building A, Financial Street	2011-01	Piece	1.00	161,511.72
23	2014-64236-103	B1-066, Building A, Financial Street	2011-01	Piece	1.00	166,272.68
24	2014-64250-103	B1-067, Building A, Financial Street	2011-01	Piece	1.00	161,511.72
25	2014-64256-103	B1-059, Building A, Financial Street	2011-01	Piece	1.00	161,511.72
26	2014-64242-103	B1-060, Building A, Financial Street	2011-01	Piece	1.00	166,272.68
27	2014-64255-103	B1-051, Building A, Financial Street	2011-01	Piece	1.00	161,511.72
28	2014-64247-103	B1-068, Building A, Financial Street	2011-01	Piece	1.00	161,511.72
29	2014-64223-103	B1-061, Building A, Financial Street	2011-01	Piece	1.00	166,272.68
Total		-				88,118,049.28

3. Construction in progress are as follows:

Unit: RMB Yuan

S.N.	Name	Commencement Date	Expected Finish Date	Book Value
1	Digital seal system	2013-07	2016-09	87,500.00
2	Credit reference system	2013-08	2016-12	175,000.00
3	Inspur core system docking with FTP	2015-12	2016-09	132,500.00
4	Fund for equipment to information security improvement project	2016-06	2017-05	2,760,683.78
5	Storage device replacement project	2016-07	2017-03	1,252,136.75
6	Funds transfer pricing system for Vintage Point	2016-06	2016-12	287,179.50
7	Mobile provisioning services platform construction project	2016-08	2017-06	232,136.75
8	Safety risk removing equipment project	2016-08	2016-09	264,615.36
9	Inspur GS management software V6.0	2016-07	2017-10	97,435.90
10	Down payment for controlled invoice management system	2016-06	2016-11	21,367.52
Total				5,310,555.56



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

4. Intangible assets-others are as follows:

Unit: RMB Yuan

S.N.	Intangible Assets	Acquisition Date	Amortization Term	Original Entry Value	Book Value
1	Down payment for Inspur general ledger 6.0	2014-12	2	145,440.00	18,180.00
2	Great smart terminal software	2015-03	2	38,000.00	9,500.06
3	Delinquent receivables system	2015-05	2	240,700.00	80,233.28
4	BTIMIT integrated management software	2015-07	2	141,880.34	59,116.82
5	Down payment for Inspur general ledger 6.0	2015-12	2	96,960.00	60,600.00
6	Digital seal system	2015-12	2	156,000.00	97,500.00
7	Kingsoft WPS office software	2016-04	2	217,948.72	172,542.72
8	WIN1064-bit professional operating system	2016-05	2	650.00	541.68
9	Virtual box software	2016-07	2	408.55	374.51
10	WIN1064-bit professional operating system	2016-07	2	650.00	595.84
Total				1,038,637.61	499,184.91

5. Other physical assets:

Unit: RMB Yuan

Item	Book Amount	Quantity	Status and Feature
Vehicles	512,207.73	6	The account in line with the fact; functional
Electronic equipment	7,737,684.31	1,138	The account in line with the fact; functional

The appraised company is located at the 5/F of the No. 3 Scientific Research Office Building, No. 10 courtyard, Chedaogou, Haidian District, Beijing and the 12/F and 13/F floors of Financial Center, Financial Street, No. 27, Xidajie, Jiangbei town, Jiangbei District, Chongqing, the PRC. Because the No. 3 Scientific Research Office Building, No. 10 courtyard, Chedaogou, Haidian District, Beijing is a leased property and its rent has been paid off at the base date and therefore not included in the appraisal. The 12/F and 13/F of Financial Center, Financial Street, Xidajian 27, Jiangbei town, Jiangbei District, Chongqing are their own real estate and are included into the appraisal.

Save for aforesaid cases, the appraised company had no other tangible and intangible assets or other collateral or guarantee.

The physical assets subject to appraisal is either functional or under control.

The assets and liabilities within the scope of appraisal are consistent with those in the scope of the appraisal determined at the time of the consignment.

IV. Value Type and Definition

The type of value of the conclusion of the appraisal report is the market value.

The market value refers to the estimated value of the appraised object as at the base date in a normal and fair transaction that the voluntary buyer and the voluntary seller conducted rationally and under no coercion.



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

V. Appraisal Base Date

The appraisal base date is 31 August 2016.

The reasons for selecting the above date as the base date are as follows:

- (1) The appraisal base date is determined through negotiations with the consignor according to the appraisal purpose, mainly considering that the base date should be close to the realization date of the appraisal purpose to allow the appraisal conclusion reasonably serve the appraisal purpose.
- (2) The accounting date at the end of the month is selected as the appraisal date so that the overall condition of the assets and liabilities subject to appraisal can be comprehensively reflected to facilitate the inspection, clearing and verification of the asset.

The pricing standard adopted in the appraisal is the effective pricing standard at the base date.

VI. Appraisal Basis

1. Laws and Regulations

Resolution of 18th Meeting of 4th Session of Board of Directors of Changan Minsheng APLL Logistics Co., Ltd.

2. Laws and legal basis

- (2.1). *Company Law of the People's Republic of China* ([2005] No.42 Presidential Decree of the People's Republic of China);
- (2.2). No. 91 Decree of the State Council of *Administration of State Asset Valuation*;
- (2.3). The [1992] No. 36 document of *Detailed Rules for the Implementation of the Administrative Measures for State-Owned Assets Assessment* issued by former State-owned Assets Supervision and Administration Commission;
- (2.4). The [2001] No.14 Decree of the Ministry of Finance of *Rules on Issues concerning the State-owned Asset Appraisal and Administration*;
- (2.5). No.3 Decree of *Interim Measures for Transfer and Management of the State-owned Property Right of the Enterprise* issued by State-owned Assets Supervision and Administration Commission and the Ministry of Finance;
- (2.6). [2005] No.12 Decree of *Interim Measures for State-owned Assets Appraisal and Management* issued by State-owned Assets Supervision and Administration Commission and the Ministry of Finance of the State Council;
- (2.7). *Notices on Issues Related to Enhancing Appraisal and Management of the Enterprise* issued by the State-owned Assets Supervision and Administration Commission (Guo Zi Wei Chan Quan [2006] No.274);
- (2.8). *Interim Measures for Supervision and Management of State-owned Asset of Financial Enterprise Appraisal* (No.47 Decree of the Ministry of Finance);



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

- (2.9). *Method for Management on Assignment of State-owned Assets of Financial Enterprise* (No.54 decree of the Ministry of Finance);
 - (2.10). *Method for Management on Transfer of Listed Company* (No.108 Decree of China Securities Regulatory Commission);
 - (2.11). *Decisions on the Amendment of Administration of the Finance Companies of Enterprises Groups made by the China Banking Regulatory Commission* (No. 55 Chairman's meeting of the China Banking Regulatory Commission);
 - (2.12). *Accounting Standards for Business Enterprises* (Cai Kai [2006] No.3);
 - (2.13). *Provisional Regulations of the People's Republic of China on Value-Added Tax* (No.538 Decree of the State Council);
 - (2.14). *Decisions of the State Council on Amendment of part of the administrative rules and regulations* (No.666 Decree of the State Council);
 - (2.15). *Enterprise Income Tax Law of the PRC* (which passed on the 5th conference of 10th session of National People's Congress held on March 16, 2007);
 - (2.16). *Interim Regulations on Vehicle Purchase Tax of the PRC* (No.294 Decree of the State Council);
 - (2.17). *Mandatory scrappage Standard for Motor Vehicle* issued by the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security and Ministry of Environmental Protection ([2012] No.12 ordinance issued by the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security and Ministry of Environmental Protection);
 - (2.18). Other relevant laws, rules and regulations.
3. Basis of appraisal principals
- (3.1). Asset Appraisal Principal—General Principal;
 - (3.2). Asset Appraisal Principal—Use of Specialist Expertise;
 - (3.3). Code of Ethics for Asset Appraisal—General Principal;
 - (3.4). Principal of Code of Ethics—Independence;
 - (3.5). Asset Appraisal Principal—Appraisal Report;
 - (3.6). Asset Appraisal Principal—Appraisal Procedure;
 - (3.7). Asset Appraisal Principal—Machine and Equipment;
 - (3.8). Asset Appraisal Principal—Real Estate;



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

- (3.9). Asset Appraisal Principal—Worksheet;
 - (3.10). Asset Appraisal Principal—Engagement Letter;
 - (3.11). Asset Appraisal Principal—Enterprise Value;
 - (3.12). Guide to Business Quality Control of Appraisal Institution;
 - (3.13). Guiding Opinions on the Value Type of the Asset Appraisal;
 - (3.14). Guiding Opinions on Legal Ownership of Appraisal Object Concerned by Certified Public Appraisers;
 - (3.15). Guide to State-owned Asset Appraisal Report of Financial Enterprises;
 - (3.16). Expert's Guidance for Asset Appraisal
4. Basis of property right
- (4.1). Business License of the appraised company;
 - (4.2). Copies of the Zhong Tian Hua Zheng (Jing) Yan[2005] No.005 Capital Verification Report issued by the Zhongtian Huazheng Certified Public Accountants, and the Zhong Tian Heng Yan Zi [2014] No.06002 Capital Verification Report issued by Beijing ZhongTianHeng Certified Public Accountants Co., Ltd.;
 - (4.3). The copies of House Ownership Certificates with the certificate number as follows: 2012-33373-103, 2012-33375-103, 2012-33376-103, 2012-33379-103, 2013- 57576 -103, 2013-57601-103, 2013-57584 -103, 2013- 57604 -103, 2013- 57598 -103, 2013- 57592 -103, 2013-39172 -103, 2013- 39173 -103, 2013- 39175 -103, 2013- 39177 -103, 2013- 39186 -103, 2013- 39183 -103, 2013- 39182 -103, 2013- 39178 -103, 2013-39102 -103, 2013-39180 -103, 2014-64252-103, 2014-64254 -103, 2014-64236 -103, 2014-64250-103, 2014-64256-103, 2014-64242-103, 2014-64255-103, 2014-64247-103, 2014-64223-103;
 - (4.4). Copies of Driving License with the number of (J) HD2839, (Y) A2A522, (J) PKR51, (Yu) AVH207, (J) EE6795 and (Y) BZJ618;
 - (4.5). Other related property certificates.
5. Pricing basis
- (5.1). [2012] No.12 ordinance of *Mandatory scrappage Standard for Motor Vehicle* issued by the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security and Ministry of Environmental Protection;
 - (5.2). *Manual for Common Data for Asset Appraisal*, Beijing Science and Technology Press;
 - (5.3). Statistics and Technical Standard material published by the relevant national department;



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

- (5.4). Xin Kuai Shi Bao Zi [2016] No. 728566 *Audit Report* issued by BDO China Shu Lun Pan Certified Public Accountants LLP;
- (5.5). The loan interest rate at the appraisal base date issued and implemented by the People's Bank of China;
- (5.6). The profit forecast provided by the appraised company;
- (5.7). Ifind Information data;
- (5.8). Price related information on market at the base date;
- (5.9). The loan contract and deposit contract signed by the company and the relevant units;
- (5.10). The contracts, accounting vouchers, account books and other accounting materials related to the acquisition and use of asset of the appraised company;
- (5.11). Detailed appraisal statement of all assets and liabilities consigned for appraisal;
- (5.12). Various supporting information related to the appraisal collected by the appraiser;
- (5.13). Other materials related to the appraisal provided by the consignor and the appraised company;

VII.Appraisal Approaches

In the process of the appraisal of the total equity value, the applicability of the basic methods for asset appraisal shall be analyzed to select one or more appropriate ones for asset appraisal based on the appraisal purpose, appraisal object, value type, market conditions as well as information collection in the course of the appraisal and other related conditions.

The basic methods for asset appraisal include the asset-based approach, income approach and market approach:

Asset-based approach refers to the approach in which, based on the balance sheet of the appraised company on the appraisal base date, the value of the assets and liabilities in and out of the balance sheet shall be reasonably appraised so as to determine the value of the appraisal object.

Income approach refers to the approach in which the expected return shall be capitalized or discounted so as to determine the value of the appraisal object.

Market approach refers to the approach in which the appraisal object shall be compared with other comparable listed company or transaction cases so as to determine the value of the appraisal object.

1. Selection of the Appraisal Approaches

The appraised company has integrated financial information and asset management information and a wide source of data and information related to the cost of asset acquisition for use, therefore, the asset-based approach would be adopted in this appraisal.



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

Based on our understanding of the present business status, business plan and development plan of Binqi Zhuangbei Group Financial Limited Liability Company, and the research and analysis of the related industries and markets, we believe that it is competitive in the industry and has a predictable sustainable operating capacity and profitability in the future, and the conditions for adopting the income approach are mature.

Binqi Zhuangbei Group Financial Limited Liability Company is a non-bank financial institution. There are a certain number of such listed companies on the domestic securities market, differing in scale, business proportion, capital structure and other aspects. The value of the appraised company cannot be calculated by modification of the related ratio multiplier, and the conditions for adopting the market approach are not mature.

Through the above analysis, the appraisal shall adopt the income approach and asset-based approach respectively. On the basis of comparing the appraisal results of two approaches, the reasons for the difference are analyzed and ultimately the appraisal value is determined.

2. Introduction to asset-based approach

The asset-based approach refers to the method of calculating the value of each asset and summing them up, and then deducting the appraised value of the liabilities so as to reach the value of the enterprise.

Brief introduction to the approach adopted for each asset item:

(2.1). Appraisal on cash and due from Central Bank

The value of due from Central People's Bank in the Central Bank was determined by collating the balance of the deposit as at the base date on the bank deposit subsidiary ledger with the bank statement.

(2.2). Appraisal on due from banks

Due from banks refers to the amount of money deposited in the bank for liquidation and settlement. The general ledger, subsidiary ledger and financial statements of the due from banks are checked in this appraisal. The bank statement and bank reconciliation on the base date are collected to certify the due from banks, and the appraisal value was determined on a true, accurate and unmistakable basis.

(2.3). Appraisal on interest receivable

The interest receivable mainly covers the interest receivable of the appraised company generated from, the due from the Central Bank, due from banks and loans and advances granted. The correctness of interest receivable was calculated and verified by spot checking the related book entry and loan contract; the authenticity and completeness of the interest receivable was determined based on the verification and the response letter. The appraisal value was determined after the authenticity and accurateness of the book value of interest receivable and its consistency with accounting statement, general ledger and detail account are verified.



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
Tel: 021-63391088
Fax: 021-63391116 Post code: 200002

(2.4). Appraisal on loans and advances

On the basis of consistency of loan and advances among the general ledger, subsidiary ledger and accounting statements, refer to the relevant accounting documents and related loan contracts to verify the authenticity, rationality and legitimacy of the amount occurred; analyze repayment history of the loans due after the base date, check borrowers' financial position, business performance, bank credibility, solvency and etc. so as to comprehensively estimate and determine the risk of losses. With the recoverable amount as the appraisal value, after analysis, the provisions for loan loss can basically reflect the expected risk of losses. The expected amount of loan loss in the appraisal is mainly reflected in the appraisal value of expected risk of loss.

(2.5). Appraisal on available-for-sale financial asset

Appraisers of available-for-sale financial assets have checked the relevant purchase vouchers and proof of property rights and verified their authenticity. The value of shares is determined through multiplying the closing price of the shares of the listed company on the base date by the number of shares held by the appraised company; the value of funds is determined through multiplying the closing price of fund on the open market on base date by the number of funds held; the value of the trust products is its book value verified after checking the relevant purchasing contracts for their authenticity and reliability; the value of the equity investment in joint stock is the book value of the investment cost after referring to the alternative procedures such as investment agreement, articles of association and related financial statements and etc..

(2.6). Appraisal on long-term equity investment

The income approach adopted in the appraisal is on a consolidated basis, so when appraising the controlling subsidiaries, the value is determined through multiplying shareholdings ratio of the invested enterprise held by the appraised company by the fair value of the net assets of the invested enterprise. Meanwhile, considering that the controlling subsidiaries' assets mainly are bank deposit, intercourse funds, and the liabilities mainly are current liabilities, the value is determined through multiplying shareholdings ratio in the invested enterprise held by the appraised company on the base date by the audited net assets of the invested enterprise.

The value of the joint stock subsidiaries (shareholdings of which are less than 50%) is determined through multiplying shareholding ratio of the invested enterprise held by the appraised company by the carrying amount of the net assets of the invested enterprise.

(2.7). Appraisal on fixed asset- buildings

The appraised company's buildings mainly include the office buildings and the market approach is adopted in the appraisal on buildings.

The market approach is to select from the market the recently sold real estate in the same area which is similar to the appraised real estate as reference. The differences between the appraised real estate and the comparable referenced one were compared in terms of time, transaction, region and individual factors. The value of appraised real estate was determined after comprehensive analysis on the comparable referenced objects and adjustment of the transaction price.



Yinxin Appraisal Co., Ltd.
Address: Jiujiang Road 69, Shanghai
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The calculation formula of the market approach for appraisal on real estate is as follows:

Price of real estate to be appraised = transaction price of referenced object × normal transaction / transaction conditions of referenced object;
× regional factor value of real estate to be appraised/ regional factor value of referenced real estate
× Individual factor value of real estate to be appraised/ individual factor value of referenced real estate
× Price index of real estate to be appraised on appraisal date/price index of referenced real estate on the transaction date

(2.8). Appraisal on equipment-fixed assets

Replacement cost approach is applied to the appraisal on equipment assets including machinery equipment, vehicles and electronic devices took on a replacement cost approach. The replacement cost approach is designed to determine the valuation of the equipment based on the determined comprehensive residue ratio of the equipment appraised or using the replacement cost of the equipment under evaluation in its brand-new conduction minus the physical deterioration, functional depreciation and economic depreciation.

(2.9). Other appraisal-other intangible assets

As for the appraised company's other intangible assets- other purchased software for use by the unit, the valuer inspected and examined the intangible assets and looked into the period total and the original vouchers and verified by evidence the book value category, the accounting method, the determination of the amortization period and site survey so as to ensure the truthfulness and accuracy of the book value of the intangible assets. The appraised value was determined based on the verified book value of the intangible assets.

(2.10). Appraisal on deferred income tax assets

The appraised value of the deferred income tax assets was determined after a thorough analysis on the relevant assets and liabilities' appraisal conclusion based on a verified inventory of the deferred income tax assets.

(2.11). Appraisal on other receivables

Appraisal on other receivables took on a letter of confirmation or the alternative review procedures to decide the accuracy of the book item balance and analyzed its returnability based on which the appraised value shall be determined.

(2.12). Appraisal on construction in progress

The appraised value of the construction in progress was determined based on the verified book value, the accuracy of which was confirmed using alternative procedures.

(2.13). Appraisal on long-term deferred expenses

Long-term deferred expenses were appraised based on verified remaining proceeds.



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(2.14). Appraisal on liabilities

Liabilities were appraised in accordance with the incurred liabilities.

3. Illustration on income approach

Income approach in the appraisal adopted the discounted free cash flow model, that is, the projected revenue was the cash flow generated from the equity capital of the company. With the prospective free cash flow volume in a couple of years as the basis, aggregate the free cash flow discounted at an appropriate rate to derive the value of the business assets, which plus the residual assets value and non-operating assets value and minus the non-operating liabilities to arrive at the total equity value. The calculation formula is as follows:

Total equity value= operating equity cash flow discounted value + residual assets value + non-operating assets value – non-operating liabilities

$$\text{Shareholders' free net cash flow discounted value} = \sum_{i=1}^n \frac{F_i}{(1+r)^i}$$

Where:

F_i : the projected revenue (free cash flow of equity) of the appraised company for the year of i

r : discount rate

n : future forecast period of the appraised company.

VIII. Procedures of Appraisal

After accepting the engagement, we organize the appraisal team to perform the work. The detailed steps are as follows:

1. Basic items clarification

When undertaking the appraisal, we confirmed and defined the relevant parties such as the consignor, the appraised company, users of the report, related parties, appraisal purpose, basic information of the object, scope, value type, the appraisal base date, assumptions, and limitations through various ways such as communication with consignor and information access as well as the primary survey.

2. Engagement letter

According to the specific circumstances of the appraisal, after comprehensive analysis of our professional competence and independence, and evaluation of risks of the project, we determined to undertake the appraisal and entered into the engagement letter with the consignor.

3. Appraisal plan making

We define the appraisal object and scope according to the characteristics of the project. We focus on the appraisal purpose, assets situation, project risks, the scale and complexity, nature and features and trend of industry of the appraisal object, the structure, class, quantity and distribution of the assets relevant to the appraisal project, relevant information collection, records of assets appraisal and



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integrity of the appraised company and the credibility, integrity and correlation of the information provided, and appraisers' professional competence, experience and expertise, assistants' staffing before went on to come up with a reasonable plan and we shall revise, supplement the appraisal plan during the work in tandem with the circumstances.

4. Fieldwork

We shall perform fieldwork necessary to check the appraisal object as required by the circumstances, including necessary tangible assets check to have a better understanding of the function of the assets and necessary site survey on the intangible assets.

5. Information collection

We shall understand the information on appraisal object through communicating with consignor and appraised company as well as guiding their clearing. Meanwhile, we collect related materials and other asset appraisal information on the appraisal object, which shall be supplemented with the necessary information as need during the course of appraisal to better understand the operation and the assets to be appraised and the current conditions of the appraised company, to assist the appraised company in collecting basic operational data, to collate the assets appraisal declaration form with the relevant financial statements, general ledger and subsidiary ledger and verify the relevant information and take necessary steps to ensure the credibility of the information source.

6. Financial analysis

Conduct analysis on historical operational performance of the appraised company's principal business entities, on the revenue, cost and expense formation and the reasons for their changes, on its profitability and trend of development.

7. Operational analysis

Conduct analysis on comprehensive strength, level of management, profitability, development capacity and competitive edge and as such of the appraised company's principal business entities.

8. Review of profit forecast

The profit forecast for the future period prepared by the unit are reviewed according to the financial plan, development plan and potential market edge of the appraised company's principal business entities, and comprehensive financial environment and market development condition.

9. Validation and estimating

We shall analyze the materials to determine their reliability, relativity, and comparability and disregard the information which turns out to be unreliable or unrelated. We shall adjust the incomparable information to select suitable appraisal approaches and timely supplement the relevant information as needed in the course of appraisal. Preliminary appraisal result will be formed based on the fundamentals and standard requirements of appraisal. We shall synthetically analyze the quality and rationality of the selected materials and parameters to reach the appraisal conclusion. The valuers shall conduct an inhouse review on the abovementioned.



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10. Preparation and submission of the appraisal report

After necessary procedures to reach the result, we shall compose the report following the requirements and standards of an assets appraisal report. We shall present the report to the consignor in a proper way through necessary communication with the consignor and taking into consideration feedbacks on the appraisal result from the consignor and the appraised company and guide the consignor, the appraised company, users of the report to correctly understand the appraisal result.

IX. Appraisal assumptions

1. General assumptions

- (1.1). Assumptions on transactions: assume that the appraised company was in the course of a transaction, the appraised result of the transaction shall be the most likely transaction amount estimated by the appraiser in market simulated as per transaction terms of the appraised object.
- (1.2). Assumptions on open markets: assume that the appraised object and its involving assets are traded in an open market, in which the buyer and the seller on an equal basis, both have the time and opportunity to access to sufficient market information and both parties' transaction practice is voluntary, reasonable and under no duress or coercion.
- (1.3). Consecutive operation assumptions: assume that the appraised object's involving assets continue to develop or operate in accordance with the preset development and operation plan as well as the development and operation manner after realization of the economic activity under the appraisal purpose.

2. Macroeconomic environment assumptions

- (2.1). No major change in the existing national economic policy;
- (2.2). No major change in the bank credit rate, exchange rate, taxation rate within the forecasting years;
- (2.3). No major change in the socioeconomic environment of the locality of the appraised company;
- (2.4). Stable development trend of the industry of the appraised company and the steady prevailing laws, regulations and economic policy.

3. Assumptions on the conditions of the appraisal object at the base date

- (3.1). Save for what's in the knowledge of the appraisers, we assume that the purchase, acquisition and development of the appraisal object and its involving assets are strictly in compliance with relevant national laws and regulations.
- (3.2). Save for what's in the knowledge of the appraisers, we assume that the appraisal object and its involving assets do not attach any right blemish, liabilities and restrictions which would affect their values and the appraisal object and its involving assets' consideration taxes and amounts payable are fully paid off.



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(3.3). Save for what's in the knowledge of the appraisers, the appraisal object and its involving tangible assets, such as properties and equipments facing no major technical malfunction against its subsequent usage, no existence of such hazardous substances as detrimental to the assets' value, no such other adverse environmental conditions within the locality of the assets as harmful to their value.

4. Prediction assumptions

(4.1). Assuming that will continue to operate according to their original operation purpose and operation manner after the realization of the economic activities relevant to the appraisal purpose and the revenue is predictable;

(4.2). Assuming that the appraisal object's enterprise remain at the same management level as at the base date or as those of general market participants in its subsequent operation and disregarding the future ownership management level's influence on the enterprise's prospective revenue;

(4.3). The appraised company's financial structure and capital scale remain unchanged in the future operational period;

(4.4). The calculation of the revenue is conducted in accordance with the accounting years in the PRC and the revenue generated evenly

(4.5). No other unpredictable factors or force majeure having major influence on the appraised company.

5. Limitation assumptions

(5.1). This appraisal report assumes that the legal documents, technical information and operational information and other information provided by the consignor are authentic, and we bear no legal liabilities arising from the appraisal object's assets ownership undertaken by us;

(5.2). Unless otherwise stated, this appraisal report assumes that the results of fieldwork of tangible assets identified through their visible physical appearance are roughly consistent with their actual economic usage life. We didn't perform specific tech check on their data, situation, structure, attachments and etc.

X. Appraisal Results

1. Appraisal result by asset-based approach

The value of the audited total assets as at the base date, being 31 August 2016, of Binqi Zhuangbei Group Financial Limited Liability Company (on the parent company basis) are RMB 47,966,190,100, total liabilities RMB 42,978,197,100 and the total shareholders' equity RMB 4,987,993,000. The appraised value of the total assets (on the parent company basis) by asset-based approach is RMB 47,889,512,400, total liabilities RMB 42,978,197,100; the appraised value of total shareholders' equity is RMB 4,911,315,300, representing a depreciation of RMB 76, 677, 700, and a depreciation rate of 1.54%.



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Summary of Appraisal Result by Asset-based Approach

Unit: RMB 10, 000 Yuan

S.N.	Items	Book Value	Appraisal Value	Appreciation or Depreciation	Appreciation Rate (%)
1	Total Assets	4,796,619.01	4,788,951.24	-7,667.77	-0.16
2	Cash and due from the Central Bank	274,426.23	274,426.23	-	-
3	Due from banks	774,291.33	774,291.33	-	-
4	Interest receivable	13,181.07	13,181.07	-	-
5	Loans and advances granted	3,555,070.07	3,555,070.07	-	-
6	Available-for-sale financial assets	21,087.33	21,087.33	-	-
7	Long-term equity investment	132,403.07	122,827.94	-9,575.13	-7.23
8	Fixed assets	9,636.79	11,824.21	2,187.42	22.70
9	Intangible assets	49.92	49.92	-	-
10	Deferred tax assets	12,069.10	12,069.10	-	-
11	Other assets	4,404.09	4,124.03	-280.06	-6.36
12	Total Liabilities	4,297,819.71	4,297,819.71	-	-
13	Deposits absorbed	3,593,532.88	3,593,532.88	-	-
14	Employee remuneration payable	3,961.69	3,961.69	-	-
15	Taxes payable	8,595.55	8,595.55	-	-
16	Interest payable	21,573.78	21,573.78	-	-
17	Deferred income tax liabilities	1,543.14	1,543.14	-	-
18	Other liabilities	668,612.68	668,612.68	-	-
19	Net assets (shareholders' equity)	498,799.30	491,131.53	-7,667.77	-1.54

The details of the appraisal results are shown in the asset appraisal list.

2. Appraisal result by income approach

The book value of the audited net assets attributable to parent company (on consolidated basis) of Binqi Zhuangbei Group Financial Limited Liability Company is RMB 4,995,086,900 and the appraised value is RMB 5,021,000,000, representing a difference of RMB 25,913,100, and appreciation rate of 0.52%.

3. Selection of appraisal conclusions

The appraisal value by income approach is RMB 5,021,000,000. The appraisal value by asset-based approach is 4,911,315,300. The value by income approach is RMB109, 684,700 greater than that by asset-based approach.

Considering that generally, asset-based approach only gives the value of a business's assets, rather than a fully and reasonable view of the business as a whole. The appraisers, after looking into the financial position and analyzing the historical business performance of Binqi Zhuangbei Group Financial Limited Liability Company, eventually determined to adopt the result of the income approach that is believed to give a more comprehensive and reasonable view of the value of Binqi Zhuangbei Group Financial Limited Liability Company.



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The total equity value of Binqi Zhuangbei Group Financial Limited Liability Company is RMB 5, 021,000,000.

4. Terms for the appraisal results to be true

- (4.1). The appraisal results are based on the above principles, basis, assumptions, approaches and procedures, and are valid only when the above principles, basis, assumptions, approaches and procedures exist;
- (4.2). The appraisal results only serve for the appraisal purpose;
- (4.3). The appraisal results do not take into account the impact of special transaction modes on the appraisal results;
- (4.4). The appraisal results do not take into account significant changes in national macroeconomic policies and the impact of natural forces and other force majeure;
- (4.5). The appraisal results are issued by the valuer and subject to the profession competency and ability of appraisers.

XI. Special Notices

1. The assets and liabilities of the appraised company within the appraisal scope are audited and the relevant audit report is obtained. This appraisal is conducted on an auditing basis. Yinxin Appraisal assumes the legal responsibility for reference of correct data, but does not bear the legal responsibility for auditing.
2. The appraisers and the valuer assume the legal responsibility for making professional judgment on the value of the assets under the appraisal purpose described in this report, but do not bear the legal responsibility for making any judgment on the feasibility of any economic activity for the appraisal purpose described in this report. The appraisal inevitably depends to some extent on the information on the appraisal object provided by the consignor, the appraised company and other related parties. Therefore, the appraisal is based on the premise of the truthfulness and lawfulness of the relevant documents and materials provided by the consignor and the appraised company, such as the economic activity documents, the documents of ownership of the assets, the certificates and accounting vouchers, and the technical parameters and business data. The authenticity and completeness of the relevant information have an impact on the appraisal results. The appraisers assume that the information is reliable and do not guarantee their authenticity and integrity. The consignor and the appraised company shall take responsibility for the authenticity and completeness of the information, and the appraisers are not be responsible for verifying the information from relevant departments or undertaking any legal matters related to the property rights of the subject assets in the appraisal.
3. In the absence of special notices from the consignor and the appraised company and the appraisers are not generally aware by professional experience, the valuers and the appraisers shall not be held responsible for the flaws in the enterprise that may affect the appraisal of equity value.



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4. Yinxin Appraisal only estimates the value of the shareholders' equity of the appraised company and provides professional opinions for reference for the users of the report. Confirmation of the legal ownership of the appraisal object or issuance of opinion is not within the scope of our practice, and we do not provide guarantee to the legal ownership of the appraisal object. We do not take into account the impact of the ownership of assets on the appraisal value, nor the effects of possible transactions that may occur when ownership changes in future on assets value. Binqi Zhuangbei Group Financial Limited Liability Company shall be held responsible for the authenticity, legality and completeness of the information provided.
5. This appraisal report only provides reference for the appraisal purpose. In general, the value of the same assets varies due to different appraisal purpose, value type and appraisal base date. We are not responsible for the consequences arising from improper use of the appraisal report.
6. The appraisal results do not take into account the taxes that may be resulted from the appreciation or depreciation of the value of the appraised company.
7. The appraisal results do not take into account the impact of control or lack of control on the value of the appraisal object, nor the effect of liquidity on the value of the appraisal object.

The appraisal results do not take into account the possible impact of special events on the appraisal. The users of the report should pay attention to its impact on economic activities.

XII. The Instructions for Use Restrictions of the Appraisal Report

1. Instructions for use of the appraisal report

- (1.1). The right to use this report is claimed by the consignor. The consignor or other parties permitted by the consignor for the use of this appraisal report should carefully read and understand each part of this report. The use of each component of this report (including the summary of the asset appraisal report) alone or in any other combination except the full text may result in misunderstanding of the results of this report. The users should pay special attention to the value definition, appraisal assumptions, appraisal basis, special notices and commitment letter of the appraised company in this report.
- (1.2). This report is about professional advice on value. Although we have made necessary checks on the legal documents such as the proof of ownership of the relevant assets provided by the appraised company and disclosed the relevant matters in this report, we do not provide any guarantee of any kind for the legal ownership of the appraisal object.
- (1.3). Information in relation to the quantity, usage and custody of the appraised assets is provided by the appraised company. Although we have made necessary random inspection and collation, we believe that the information is reliable but cannot guarantee its accuracy.



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2. Restriction instructions

- (2.1). This report can only be used for the appraisal purpose as specified in the appraisal report.
- (2.2). The appraisal report can only be used by the users specified in this report.
- (2.3). The contents of this report shall not be excerpted, quoted or disclosed in the public media without the permission of Yinxin Appraisal, unless otherwise required by laws, regulations or agreed by relevant parties.
- (2.4). This report is mere advisory opinion on value of the appraised object based on certain appraisal criteria and assumptions rather than a proof of its value.
- (2.5). This report shall be put into formal use only after it is submitted to the State-owned Assets Supervision and Administration Department or the relevant competent departments in the enterprises for review and approval.

3. Terms of validity of the appraisal results

The appraisal results only come into effect on the base date set out in this report, and are valid within one year (from 31 August 2016 to 30 August 2017). The users should re-entrust for appraisal when the conditions of the appraised assets and the external market have significant changes which will invalidate the original appraisal results after the base date.



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XIII. Issue Date

The issue date of the report is 12 October 2016.

Yinxin Assets Appraisal Co., Ltd.

Chief CPV: Mei Huimin

Legal representative: Mei Huimin

CPV: Zheng Leixian

CPV: Feng Ka