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重慶長安民生物流股份有限公司

CMA Logistics Co., Ltd.*

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

(Stock Code: 8217)

**CHANGE OF THE COMPANY'S ENGLISH NAME
ESTABLISHMENT OF JOINT VENTURE (DISCLOSEABLE TRANSACTION)
REVISED CAPS FOR CONTINUING CONNECTED TRANSACTIONS AND
NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

Change of the Company's English name

The Board of the Company proposes to change the English name of the Company to “Changan Minsheng APLL Logistics Co., Ltd.” to reflect the characteristics of the shareholding structure of the Company.

Formation of Joint Venture — a discloseable transaction

On 1 November 2006, the Company entered into the JV Agreement with Sumitomo and Changjiu for establishment of the JV Company. The principal scope of the business of the JV Company is logistic and relevant businesses.

The total investment of the JV Company is RMB100 million. The registered capital of the JV Company is RMB100 million. The Company will hold 51 per cent. of the registered capital in the JV Company and is obliged to contribute RMB51 million in cash and assets to the registered capital of the JV Company.

The establishment of the JV Company constitutes a discloseable transaction of the Company under the GEM Listing Rules. A circular containing details of the JV Company will be dispatched to the Shareholders as soon as practicable.

Revised Caps for certain existing connected transactions

Reference is made to the disclosure relating to certain existing continuing connected transactions entered into between the Company and its connected persons, as contained in the Prospectus dated 16 February 2006. Such continuing connected transactions include the logistics services provided by the Company to Changan Ford and the provision of transportation services for finished vehicles to Changan Hebei.

Changan Ford and Changan Hebei are connected persons of the Company and transactions with them by the Company constitute connected transactions of the Company for the purpose of the GEM Listing Rules. At the time of the Company's listing in February 2006, the Stock Exchange has granted a waiver to the Company from strict compliance with the announcement and/or independent shareholders' approval requirement in connection with such continuing connected transactions pursuant to Rule 20.42(3) of the Listing Rules, subject to the maximum aggregate annual value (cap). It is also a condition of the waiver that if any of the annual cap of such continuing connected transactions is exceeded or any of such transactions continues after 31 December 2006, the Company shall comply with the provisions of the then GEM Listing Rules relating to connected transactions.

The Directors had been monitoring the Company's continuing connected transactions and with the continued development of the Company and based on internal estimates of the demand and the operating conditions of the continuing connected transactions, the Directors note that the existing caps for 2006 for the continuing connected transactions relating to the provision of logistic services to Changan Ford and the provision of transportation services for finished vehicles to Changan Hebei under the Existing Waiver will not be sufficient for the Company's business needs, and therefore propose that the Existing Caps for such continuing connected transaction be revised.

Non-Exempt Continuing Connected Transactions from 2007 to 2008

Pursuant to the Framework Agreements entered into between the Company and Changan Co., Minsheng Industrial, Changan Automobile and Changan Sanchan respectively, the Company will continuously enter into certain non-exempt continuing connected transactions with the above-mentioned connected persons in 2007 and 2008. Since the highest of all applicable percentage ratios of the Non-Exempt Continuing Connected Transactions as calculated in accordance with Rule 19.06 of the GEM Listing Rules is above 2.5%, the conduct of such transactions shall be subject to the reporting, announcement and independent shareholders' approval requirements.

The INED Committee has been formed to advise the Independent Shareholders in connection with the Revised Caps and the Non-Exempt Continuing Connected Transactions (including the Proposed Caps), and Tanrich Capital Limited has been appointed as the Independent Financial Adviser to advise the INED Committee and the Independent Shareholders in relation thereto.

A circular containing, amongst other things, details regarding the change of the English name of the Company, the Revised Caps and the Non-Exempt Continuing Connected Transactions, a letter from the INED Committee, an opinion from Tanrich Capital Limited (the Independent Financial Advisor) together with a notice to convene an extraordinary general meeting to approve, among other things, the change of the English name of the Company, the Revised Caps and the Non-Exempt Continuing Connected Transactions (including the Proposed Caps), is expected to be issued to the Shareholders in November 2006.

CHANGE OF THE COMPANY'S ENGLISH NAME

The Board proposes to change the name of the Company to “Changan Minsheng APLL Logistics Co., Ltd.” (the “Change of Company Name”) to reflect the shareholding characteristics of the Company. The change of the English name will help to highlight and feature more clearly that the three founding shareholders as well as the existing three key shareholders of the Company are Changan Co., Minsheng Industrial and APL Logistics Ltd. The Chinese name of the Company will remain unchanged.

The Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders to approve the Change of Company Name and the corresponding amendment(s) to the Articles at a general meeting of the Company; and
- (ii) the obtaining of the relevant PRC governmental approval for the amendment of the Articles.

The effective date of the Change of Company Name (the “Effective Date”) will be the date on which the relevant PRC government authorities have approved the amendment(s) of the Articles.

The Change of Company Name will not affect any of the rights of the Shareholders. All the existing share certificates in issue bearing the existing English name of the Company will continue to be effective as documents of title and be valid for trading, settlement and registration purposes. Once the proposed Change of Company Name become effective, any new share certificate of the Company will be issued bearing the new English name. Accordingly, there will not be any arrangement for an exchange of existing share certificates of the Company for new share certificate bearing the new English name of the Company.

Further announcement will be made in relation to the Change of Company Name.

FORMATION OF JV COMPANY

Date of the JV Agreement

1 November 2006

Scope of the business of the JV Company

The scope of the business of the JV Company is transportation, storage, loading and unloading, packaging and distribution of common freight, and relevant information processing and consultancy services; domestic goods transportation agent; import/export business and related services, including import/export, and acting as agent to import/export, providing import/export services to exporting processing enterprises upon appointment; provision of agent services for international freight transportation by sea, by air and by land; transportation and storage of finished vehicles; design and development of logistics systems (reference to be made to the business scope as stipulated in the business licence issued by the relevant authority). Subject to the approval by the relevant PRC regulatory authorities of the JV Agreement and the articles of association of the JV Company, the term of the JV Company shall be 20 years from the date of issue of its business licence.

Information on the JV Parties

According to the information provided by Sumitomo, Sumitomo is an integrated international trading and investment corporation established in Japan.

According to the information provided by Changjiu, Changjiu is a limited liability company established in the PRC which provides planning, storage, transportation and post-sales services for finished vehicle logistics.

Total investment and registered capital of the JV Company

The total investment of the JV Company is RMB100 million. The registered capital of the JV Company is RMB100 million.

The Company, Sumitomo and Changjiu are obliged to contribute RMB51 million, RMB25 million and RMB24 million respectively to the registered capital of the JV Company and will hold 51 per cent., 25 per cent. and 24 per cent. respectively of the registered capital of the JV Company. The Company will contribute to the registered capital by cash and assets, while Sumitomo and Changjiu will contribute by cash. Profits derived from the JV Company are to be shared in proportion to the JV Parties' contributions to the registered capital of the JV Company.

The Company shall comply with the requirements of the GEM Listing Rules if it is required to make further contributions to or provide any guarantees or other security for the benefit of the JV Company.

The JV Company will be a subsidiary of the Company, and its accounts will then be consolidated into the accounts of the Company.

Representation of the JV Company's board of directors

The board of directors of the JV Company will comprise seven directors. Upon arm's length negotiations among the JV Parties, the Company is entitled to appoint three directors while each of Sumitomo and Changjiu is entitled to appoint two directors. According to the articles of association of the JV Company, certain matters such as amendments to the articles of

association, provision of guarantees by the JV Company and material litigation should be subject to the resolutions of the board with unanimous consent by all board members. Further, it was also agreed that the chairman of the board, the general manager and the financial controller of the JV Company will be appointed by the Company. In substance, the Company has actual control over the operation of the JV Company.

Timing of capital contribution

The JV Parties are obliged, within 30 days of the issue of JV Company's business licence in the PRC, to make initial contributions to the registered capital of the JV Company, with an aggregate of RMB20 million, being 20% of the registered capital of the JV Company, in proportion to their contribution to the registered capital of the JV Company. The issue of the business licence is subject to the approval by the relevant PRC regulatory authorities, and the Company anticipates that the JV Company will obtain its business licence within 12 months from the date of the JV Agreement. The board of directors of the JV Company has power to determine the timing and amount of the subsequent contributions to the remaining registered capital of the JV Company.

Condition

Pursuant to the JV Agreement, the establishment of the JV Company is conditional upon the obtaining of all necessary approvals from the relevant PRC regulatory authorities.

Reasons for Establishing the JV Company

The formation of the JV Company enables the Company to benefit from the special expertise, network and good relationship with target customers of the other JV Parties and to further develop the logistics business of the Company. The Company, through its participation in the JV Company, hopes to be benefited from the resource sharing with other JV Parties and the synergy achieved from the formation of the JV Company. In addition, the JV Company will help to effectively control risks arising from operation and management as well as satisfy the need of customers.

The Directors believe that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Funding

The contribution to the registered capital of the JV Company by the Company was agreed upon after arm's length negotiations with the other JV Parties, and is to be funded from the proceeds raised from the listing of the H Shares of the Company in February 2006 (the "Proceeds"), together with certain assets acquired using such proceeds.

The assets to be injected into the JV Company by the Company (the "Assets") will mainly comprise the land use rights of the land, office equipments and vehicles in anticipation for the provision of logistics services to the new factories of Changan Ford in Nanjing. By 30

June 2006, the Company has spent RMB6.36 million from the Proceeds in the Assets. In the interest of time, the Company plans to continue to invest in the Assets until the establishment of the JV Company, by which time the Assets will be injected into the JV Company as part of the Company's capital contribution.

As disclosed in the Prospectus, part of the Proceeds will be applied for the construction of phase I and phase II of a distribution centre for provision of supply chain management services for car components and parts to Changan Ford in Nanjing. The use of Proceeds to fund the JV Company is in accordance with such intention as stated in the Prospectus.

Articles of Association

The articles of association of the JV Company were entered into by the JV Parties on 1 November 2006 and contain substantially the same terms as the JV Agreement.

Implication under the GEM Listing Rules

The establishment of the JV Company constitutes a discloseable transaction for the Company under the GEM Listing Rules. A circular containing details of the JV Company will be dispatched to the Shareholders as soon as practicable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Sumitomo and Changjiu and their respective ultimate beneficial owners are independent third parties and are not connected with or related to the Company or its subsidiaries or their respective associates or connected persons of the Company.

Prior Relationships with Sumitomo and Changjiu

The Company has not entered into any prior transactions with Sumitomo. As regard Changjiu, the Company started to purchase certain transportation services from Changjiu since the first half of 2006. According to the management account of the Company, for the eight months ended 31 August 2006, the fees payable by the Company to Changjiu for the provision of transportation services amounted to RMB740,000. Upon the establishment of the JV Company, Changjiu will become a substantial shareholder of the JV Company (a subsidiary of the Company), thus a connected person of the Company under the GEM Listing Rules. The transactions between the Company and Changjiu will constitute connected transactions of the Company. The Company will comply with Rule 20.41 of the GEM Listing Rules regarding the transactions with Changjiu, including but not limited to the reporting, announcement and independent Shareholders' approval requirements, if applicable.

Revised Caps for Certain Continuing Connected Transactions

Background

Reference is made to the Prospectus issued on 16 February 2006 in relation to certain continuing connected transactions between the Company and its connected persons. Such continuing connected transactions include the services provided by the Company to Changan Ford and Changan Hebei as defined as Changan Ford Connected Transactions and Changan Hebei Connected Transactions, respectively, and as described below.

Changan Co. is one of the promoters and a substantial Shareholder of the Company, which currently holds 24.08% equity interest in the Company. Currently, Changan Co. is wholly-owned by CSG. CSA, a wholly-owned subsidiary of CSG, holds 45.55% equity interest in Changan Automobile, which in turn holds 50% and 98.94% in Changan Ford and Changan Hebei, respectively. According to the GEM Listing Rules, Changan Ford and Changan Hebei are connected persons of the Company, and the transactions between them and the Company constitute connected transactions of the Company.

At the time of the Company's listing, the Stock Exchange has granted a waiver to the Company from strict compliance with the announcement and/or independent shareholders approval requirement in connection with the Company's continuing connected transactions (including but not limited to Changan Hebei Connected Transactions and Changan Ford Connected Transactions) pursuant to Rule 20.42(3) of the Listing Rules, subject to the maximum aggregate annual values (caps). It is also a condition of the waiver that if any of the annual caps of such continuing connected transactions is exceeded or any of such transactions continues after 31 December 2006, the Company shall comply with the provisions of the then GEM Listing Rules relating to connected transactions.

The Directors had been monitoring the Company's continuing connected transactions and with the continued development and expansion of the business of the Company and based on internal estimates of the demand and the operating conditions of the continuing connected transactions, the Directors note that the existing caps for 2006 for Changan Hebei Connected Transactions and Changan Ford Connected Transactions will not be sufficient for the Company's business needs, and therefore propose that the existing caps for Changan Hebei Connected Transactions and Changan Ford Connected Transactions be revised.

Changan Ford Connected Transactions

Historical figures

The service fees payable by Changan Ford in respect of the following services during the three years ending 31 December 2005 are as follows:

| <i>(figures in RMB '000)</i> | For the year ended 31 December, | | |
|--|--|-------------|-------------|
| | 2003 | 2004 | 2005 |
| transportation of finished vehicles | 34,126 | 120,372 | 123,801 |
| supply chain management relating to car components and parts | 45,128 | 132,454 | 134,368 |
| storage and transportation of car components and parts | 3,215 | 7,452 | 30,149 |

Pricing principles

For the purposes of listing, on 18 January 2006, the Company entered into an agreement with Changan Ford (the "Changan Ford Framework Agreement") on the continuing provision of services to Changan Ford after listing of the Company. Changan Ford undertook to the

Company that, for transactions proposed to be carried out under the Changan Ford Framework Agreement, the terms offered to the Company should not be less favourable than those granted to an independent third party. The fees payable by Changan Ford to the Company should be reached in accordance with the following pricing principles:

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

Proposed revised caps for Changan Ford Connected Transactions and the rationale

The Board has considered and proposed that the following revised caps in respect of the logistics services provided to Changan Ford be set as the maximum annual values of such on-going transactions for the year ended 31 December 2006:

(figures in RMB '000)

| | Annual cap under existing waiver | For the eight months ended 31 August 2006 | Proposed revised cap for the year ending 31 December 2006 | Percentage of increment |
|--|---|--|--|------------------------------------|
| | | <i>(Note 1)</i> | | <i>(Note 2)</i> |
| transportation of finished vehicles | 273,460 | 193,799 | 297,219 | 8.69% |
| supply chain management relating to car components and parts | 157,160 | 135,520 | 220,233 | 40.13% |
| storage and transportation of car components and parts | 27,560 | 26,606 | 43,083 | 56.32% |

Note 1: Such figures are derived from the Company's unaudited management account.

Note 2: Percentage of increment of the revised cap over the annual cap under the existing waiver.

The revised caps are determined in consideration of the actual figures incurred in the first eight months ending 31 August 2006, and the increase in the logistics services that the Company is expected to provide to Changan Ford as a result of the significant increase in the production of Changan Ford. Changan Ford has achieved exceptional success in its

advertising campaign initiated in February 2006 for its new car model “Focus”, the sales of which tripled within months. It is estimated that the total production and sales of Changan Ford for 2006 will more than double its production and sales in 2005. Accordingly, the logistics services provided by the Company to Changan Ford also increased significantly. As the Changan Ford Connected Transactions are of revenue nature, the increase of the trading volume with Changan Ford will help to enlarge the business operation of the Company thus bringing positive impact on the performance of the Company.

The Company will make its best effort to seek the Shareholders’ approval for the revised cap as soon as possible. However, there is a possibility that the amount of Changan Ford Connected Transactions may exceed the relevant existing cap before such Shareholders’ approval is obtained.

Changan Hebei

Historical figures

The service fees payable by Changan Hebei in respect of the finished vehicle transportation services during the three years ended 31 December 2005 are as follows:

| <i>(figures in RMB '000)</i> | For the year ended 31 December, | | |
|-------------------------------------|--|-------------|-------------|
| | 2003 | 2004 | 2005 |
| transportation of finished vehicles | 8,203 | 55,170 | 101,697 |

Pricing principles

For the purpose of listing, on 18 January 2006, the Company entered into an agreement with Changan Hebei (the “Changan Hebei Framework Agreement”) in relation to the continuing provision of services to Changan Hebei after the listing of the Company. Changan Hebei undertook to the Company that, for transactions proposed to be carried out under the Changan Hebei Framework Agreement, the terms offered to the Company should not be less favourable than those granted to an independent third party. The fees payable by Changan Hebei to the Company should be reached in accordance with the principles as set out paragraphs (a) to (d) under “Changan Ford — Pricing principles” above.

Proposed revised caps for Changan Hebei Connected Transactions and the rationale

The Board has considered and proposed that the following revised caps in respect of the finished vehicle transportation services provided to Changan Hebei be set as the maximum annual values of such on-going transactions for the year ending 31 December 2006:

(figures in RMB '000)

| | Annual cap under existing waiver | For the eight months ended 31 August 2006 | Proposed revised cap for the year ending 31 December 2006 | Percentage of increment |
|-------------------------------------|---|--|--|------------------------------------|
| | | <i>(Note1)</i> | | <i>(Note2)</i> |
| Transportation of finished vehicles | 106,950 | 90,045 | 172,508 | 61.30% |

Note 1: Such figures are derived from the Company's unaudited management account.

Note 2: Percentage of increment of the revised cap over the annual cap under the existing waiver.

The revised caps are determined in consideration of the actual figures incurred in the first eight months ended 31 August 2006, and the increase in the logistics services that the Company is expected to provide in accordance with the significant increase in the production of Changan Hebei. Changan Hebei was successful in its products portfolio restructuring and market positioning in 2006. As a result, by 31 August 2006, its sales reached 80,000 vehicles, representing 85% of the total sales in 2005. Accordingly, the logistics services provided by the Company to Changan Hebei also increased significantly.

The Company will make its best effort to seek the Shareholders' approval for the revised cap as soon as possible. However, there is a possibility that the amount of Changan Hebei Connected Transactions may exceed the relevant existing cap before such Shareholders' approval is obtained.

Disclosure and Independent Shareholders' approval requirements

The Directors (including the independent non-executive Directors), after reviewing the respective bases, are of the view that the Revised Caps of Changan Hebei Connected Transactions and Changan Ford Connected Transactions are fair and reasonable.

Under the GEM Listing Rules, the respective Revised Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements. The Company will seek the Independent Shareholders' approval at the EGM for the Revised Caps on the condition that:

1. the respective annual amount of Changan Hebei Connected Transactions and Changan Ford Connected Transactions shall not exceed their respective Revised Caps;

2. (i) the Changan Hebei Connected Transactions and Changan Ford Connected Transactions will be entered into in the usual and ordinary course of businesses of the Company and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Company than terms available from independent third parties; and
- (ii) the Changan Hebei Connected Transactions and Changan Ford Connected Transactions will be entered into in accordance with the relevant agreements and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company will comply with relevant provisions of the GEM Listing Rules in relation to the non-exempt continuing connected transactions.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS IN 2007 AND 2008

Background

On 18 January 2006 the Company entered into framework agreements with Changan Co. and Minsheng Industrial separately, which shall be valid from 1 January 2006 to 31 December 2008. Please refer to the Prospectus for details. The Company entered into other two respective framework agreements with Changan Automobile and Changan Sanchan on 2 November 2006, which shall be valid from 1 January 2007 to 31 December 2008. The Framework Agreements set out the basis and the pricing principles for the transactions between the Company and the connected persons as described below.

Changan Co. is one of the promoters and a substantial Shareholder of the Company. Currently, Changan Co. is wholly-owned by CSG. CSA, a wholly-owned subsidiary of CSG, holds 45.55% equity interest in Changan Automobile. Changan Sanchan is also one of the promoters of the Company. Therefore, according to the GEM Listing Rules, Changan Co., Changan Automobile and Changan Sanchan are connected persons of the Company. Minsheng Industrial is one of the promoters and a substantial Shareholder of the Company. According to the GEM Listing Rules, Minsheng Industrial is a connected person of the Company. Since the highest of all applicable percentage ratios of the Non-Exempt Continuing Connected Transactions as calculated in accordance with Rule 19.06 of the GEM Listing Rules is above 2.5%, transactions described below constitute non-exempt continuing connected transactions of the Company.

Reasons for and benefits of the Non-Exempt Continuing Connected Transactions

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

In order to provide logistics services, the Company also needs to purchase transportation services on a continuing basis. The Company has established long-term co-operation relationships with Minsheng Industrial, Changan Sanchan and their respective subsidiaries, and is generally satisfied with the quality and terms of the transportation services provided by them. Therefore, the Directors expect the Company to continuously enter into transactions with them. Due to the long-term relationship between the Company and each of Changan Co., Changan Automobile, Minsheng Group and Changan Sanchan, the Board considers it to be beneficial to the Company to continue to enter into the Non-exempt Continuing Connected Transactions as such transactions have facilitated and will continue to facilitate the operation and growth of the Company's business.

The Board considers that the Non-exempt Continuing Connected Transactions have been conducted on normal commercial terms or on terms no less favourable than those available to independent third parties, under prevailing local market conditions, and were entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pricing of the Non-exempt Continuing Connected Transactions

According to the Framework Agreements, Changan Co., Minsheng Group, Changan Automobile and Changan Sanchan undertook to the Company that, for transactions proposed to be carried out under the Framework agreements, the terms offered to the Company should not be less favourable than those granted to an independent third party. The fees for transactions under the Framework Agreements should be reached in accordance with the following principles:

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

Proposed caps for Non-Exempt Continuing Connected Transactions and the rationale

The Board has considered and proposed that the following caps in respect of the Non-Exempt Continuing Connected Transactions be set as the maximum annual values for the two years ending 31 December 2008:

1. Services provided by the Company to Changan Co. and its subsidiaries

| | |
|---|---|
| Continuing connected transactions | Supply chain management services for car raw materials, components and parts |
| Historical figures | For the three years ended 31 December 2005, RMB826,000, RMB5,093,000 and RMB6,102,000 respectively |
| Proposed caps | For the two years ending 31 December 2008, RMB 12,345,000 and RMB13,018,000 respectively |
| Basis for determination of the proposed caps | Since Changan Co. and its subsidiaries produce car components and parts for Changan Automobile, their production will increase accordingly as a result of an expected increase in the production and sales of Changan Automobile. |

2. Services provided by the Company to Changan Automobile and its subsidiaries

| | |
|---|--|
| (a) Continuing connected transactions | Finished vehicle transportation |
| Historical figures | For the three years ended 31 December 2005, RMB 376,752,000, RMB540,803,000 and RMB588,202,000 respectively |
| Proposed caps | For the two years ending 31 December 2008, RMB 1,759,486,000 and RMB2,203,881,000 respectively |
| Basis for determination of the proposed caps | <p>(1) The new products of Changan Automobile is expected to perform well in 2007 and 2008, including but not limited to the expected batch production of the new model - “Benben” sedan (expected to be put to market in November 2006) in 2007 and 2008. With the introduction of Benben and other new models to be introduced in 2007 and 2008, and the significant increase in their production volume, the finished vehicle transportation and supply chain management services for car raw material, components and parts services to be provided by the Company will increase significantly.</p> <p>(2) Changan Ford, a subsidiary of Changan Automobile will achieve significant increase in its business in 2007 and 2008 as the new models such as Mazda III and Volvo will reach designed production capacity in 2007. Furthermore, its factories in Nanjing will commence production in 2007, further boosts its production scale and sales in 2008.</p> <p>(3) The Company plans to boost its land transportation business from Changan Suzuki, another subsidiary of Changan Automobile. The Company also plans to increase its share of the finished vehicle transportation services purchased by Changan Suzuki from the existing 5-10% to approximately 40%, as well as to increase its share of the international freight agency services purchased by Changan Suzuki.</p> <p>(4) The production and sales of Changan Nanjing will increase significantly in 2007 and 2008 as a result of the introduction of the newest models.</p> <p>(5) The Company estimates that (i) during 2006, the Company will provide transportation of not less than a total number of 500,000 finished vehicles for Changan Automobile and its subsidiaries; (ii) there will be a 70% and 20% increase of the total number of finished vehicles for such services in 2007 and 2008, respectively.</p> |

| | |
|---|--|
| (b) Continuing connected transactions | Supply chain management services for car raw materials, components and parts |
| Historical figures | For the three years ended 31 December 2005, RMB 89,213,000, RMB220,528,000 and RMB229,695,000 respectively |
| Proposed caps | For the two years ending 31 December 2008, RMB 799,127,000 and RMB1,281,206,000 respectively |
| Basis for determination of the proposed caps | <p>In addition to the above,</p> <p>(1) The production of new models requires importation of components and parts in large volume, which is expected to bring significant increase to the revenue of the Company from international freight transportation agency business, component parts Milk-Run services, storage and distribution, post-sales component parts services and integrated logistics services.</p> <p>(2) The Company will develop its business for the transportation of component parts for CV9 and CV6, two models of Changan Automobile. A successful development of such business will lead to a greater demand from Changan Automobile and its subsidiaries for supply chain management services for car raw materials, components and parts.</p> <p>(3) Changan Ford Mazda Engine Co., Ltd. will commence production in 2007, followed by full-scale logistics distribution and international freight agency business, which is expected to further increase demand on the Company's supply chain management services.</p> |

3. Services provided to the Company by Minsheng Industrial and its subsidiaries

| | |
|--|--|
| Continuing connected transactions | Transportation of finished vehicles and car raw materials, components and parts |
| Historical figures | For the three years ended 31 December 2005, RMB 54,900,000, RMB199,500,000 and RMB170,270,000 respectively |
| Proposed caps | For the two years ending 31 December 2008, RMB 500,000,000 and RMB700,000,000 respectively |

| | |
|---|--|
| Basis for determination of the proposed caps | (1) Because of the significant increase in the logistics services that the Company expects to provide to our customers, the purchase of external transportation services by the Company will increase accordingly. Since the cost of maritime transportation is much less than that of land transportation, the Company will increase purchase of water transportation services from Minsheng Industrial and its subsidiaries, as well as seeking co-operation opportunities in land transportation. |
| | (2) With the rapid increase of the import and export business from Changan Automobile, the international freight transportation agency services to be purchased from Minsheng Industrial and its subsidiaries will also increase significantly. |

4. Services provided to the Company by Changan Sanchan and its subsidiaries

| | |
|---|---|
| Continuing connected transactions | Transportation and related ancillary services |
| Historical figures | For the three years ended 31 December 2005, RMB 2,500,000, RMB2,200,000 and RMB3,484,000 respectively |
| Proposed caps | For the two years ending 31 December 2008, RMB 20,000,000 and RMB30,000,000 respectively |
| Basis for determination of the proposed caps | (1) The development of the local market in Chongqing brings notable upswing in the short-distance transportation of finished vehicles produced by Changan Automobile and its subsidiaries; (2) The transportation of car components and parts also increased significantly. The Company estimates that the transportation services to be purchased from Changan Sanchan and its subsidiaries will increase rapidly. |

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

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

Disclosure and Independent Shareholders' approval requirements

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

1. the annual amount of the Non-Exempt Continuing Connected Transactions shall not exceed the applicable cap proposed;
2. (i) the Non-Exempt Continuing Connected Transactions will be entered into in the usual and ordinary course of businesses of the Company and either (A) on normal commercial terms or (B) if there is no available comparison, on terms no less favourable to the Company than terms available from independent third parties; and

(ii) the Non-Exempt Continuing Connected Transactions will be entered into in accordance with the relevant Framework Agreements and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

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

APPROVAL BY INDEPENDENT SHAREHOLDERS

The Revised Caps for Changan Hebei Connected Transactions and Changan Ford Connected Transactions, and the Non-Exempt Continuing Connected Transactions (including the Proposed Caps) are subject to approval by the Independent Shareholders in accordance with the GEM Listing Rules. Changan Co., Changan Sanchan and their respective associates will abstain from voting in relation to the resolutions approving the Revised Caps for Changan Ford Connected Transactions and Changan Hebei Connected Transactions and the Non-Exempt Continuing Connected Transactions with Changan Co., Changan Automobile, Changan Sanchan and their respective subsidiaries. Minsheng Industrial, Ming Sung (HK) and their respective associates will abstain from voting in relation to the resolution approving the Non-Exempt Continuing Connected Transactions with Minsheng Industrial and its subsidiaries. The voting at the EGM will be taken by a poll and the Company will make an announcement of the poll results.

The INED Committee has been formed to advise the Independent Shareholders in connection with the Revised Caps for Changan Hebei Connected Transactions and Changan Ford Connected Transactions and the terms of the Non-Exempt Continuing Connected Transactions (including the Proposed Caps), and Tanrich Capital Limited has been appointed as the independent financial adviser to advise the INED Committee and the Independent Shareholders on the same.

GENERAL INFORMATION

The Company is a joint stock company with limited liability incorporated in the PRC and provides a variety of logistics services mainly for car manufacturers and car components suppliers in China.

Changan Ford produces and sells automobiles.

Changan Hebei produces and sells automobiles.

Changan Co. produces and sells car components and other industrial products.

Changan Automobile produces and sells automobiles.

Changan Sanchan engages in trading, restaurants and other services.

Minsheng Industrial engages in transportation via rivers and by sea.

A circular containing, amongst other things, further information on the Revised Caps for Changan Hebei Connected Transactions and Changan Ford Connected Transactions, the Non-Exempt Continuing Connected Transactions, the letter from the INED Committee, an opinion from Tanrich Capital Limited together with a notice to convene the EGM to approve, among other things, the Revised Caps for Changan Hebei Connected Transactions and Changan Ford Connected Transactions and the Non-Exempt Continuing Connected Transactions (including the Proposed Caps), is expected to be issued to the Shareholders in November 2006.

DEFINITIONS

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| Articles | the articles of association of the Company |
| associate | has the meaning ascribed thereto in the GEM Listing Rules |
| Board | the board of directors of the Company |
| Changan Automobile | Chongqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司), a joint stock company established in China on 31 October 1996, the shares of which are listed on the A and B share markets of the Shenzhen Stock Exchange |
| Changan Co. | Changan Automobile Company (Group) Limited (長安汽車(集團)有限責任公司), a limited liability company established in China on 28 October 1996 |

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| Changan Ford | Changan Ford Mazda Automobile Corporation Ltd. (長安福特馬自達汽車有限公司), formerly known as Changan Ford Automobile Corporation Ltd. (長安福特汽車有限公司), a sino-foreign equity joint venture company established in China on 27 April 2001 |
| Changan Ford Connected Transactions | the on-going connected transactions between the Company and Changan Ford in 2006, in which the Company provides logistics services to Changan Ford |
| Changan Hebei | Hebei Changan Automobile Co., Ltd. (河北長安汽車有限公司), a limited liability company established in China on 17 May 2002, and held as to 98.74% by Changan Automobile and 1.06% by Changan Co. |
| Changan Hebei Connected Transactions | the on-going connected transactions between the Company and Changan Hebei in 2006, in which the Company provides finished vehicle transportation services to Changan Hebei |
| Changan Sanchan | Chongqing Changan Sanchan Industrial Company Limited (重慶長安三產實業有限公司), a limited liability company established in China on 12 February 1999 |
| Changan Suzuki | Chongqing Changan Suzuki Automobile Co., Ltd. (重慶長安鈴木汽車有限公司), a sino-foreign equity joint venture company established in China on 25 May 1993 |
| Changjiu | Beijing Changjiu Logistics Limited (北京長久物流有限公司), a limited liability company established in China |
| China or PRC | the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan |
| Company | CMA Logistics Co., Ltd. (重慶長安民生物流股份有限公司) |
| connected person | has the meaning ascribed thereto in the Listing Rules |
| CSA | China South Industries Automobile Corporation (中國南方工業汽車股份有限公司), a joint stock limited company established in the PRC on 26 December 2004 |
| CSI | 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 |
| Director(s) | the director(s) of the Company |

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| EGM | the extraordinary general meeting to be held by the Company to consider the approval of the change of the English name of the Company, the Revised Caps for Changan Ford Connected Transactions and Changan Hebei Connected Transactions and the Non-exempt Continuing Connected Transactions (including the Proposed Caps) |
| Existing Waiver | the waiver granted upon the listing of the Shares on the Stock Exchange to the Company by the Stock Exchange in relation to the non-exempt continuing connected transactions of the Company, including Changan Ford Connected Transactions and Changan Hebei Connected Transactions. For details, please see the Prospectus |
| GEM Listing Rules | Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited |
| Hong Kong | the Hong Kong Special Administrative Region of China |
| Independent Financial Adviser | Tanrich Capital Limited, a licensed corporation under the Securities and Futures Ordinance to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance |
| Independent Shareholders | Shareholders that, in relation to the resolutions approving the Revised Caps for Changan Ford Connected Transactions and Changan Hebei Connected Transactions and the Non-Exempt Continuing Connected Transactions with Changan Co., Changan Automobile, Changan Sanchan and their respective subsidiaries, exclude Changan Co., Changan Sanchan and their respective associates; and in relation to the resolution approving the Non-Exempt Continuing Connected Transactions with Minsheng Industrial and its subsidiaries, exclude Minsheng Industrial, Ming Sung (HK) and their respective associates. |
| INED Committee | a committee comprised of Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin, all of whom are independent non-executive directors of the Company |
| Ming Sung (HK) | Ming Sung Industrial Co., (HK) Limited, a company established in Hong Kong with limited liability on 31 May 1949 |
| Minsheng Industrial | Minsheng Industrial (Group) Co., Ltd. (民生實業(集團)有限公司), a limited liability company established in China on 10 October 1996 |
| Minsheng Group | Minsheng Industrial and its subsidiaries from time to time |

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| Non-Exempt Continuing Connected Transactions | the on-going connected transactions to be conducted in 2007 and 2008, as set out under the paragraph headed “Non-Exempt Continuing Connected Transactions in 2007 and 2008” of this announcement |
| Proposed Caps | the proposed annual maximum limitation of the Non-exempt Continuing Connected Transactions as set out in the section headed “Proposed Caps and Basis” in this announcement |
| Prospectus | the prospectus of the Company dated 16 February 2006 |
| Revised Caps | the proposed revised annual maximum limitation of Changan Ford Connected Transactions and Changan Hebei Connected Transactions |
| RMB | Renminbi, the legal currency of China |
| Shareholders | shareholders of the Company |
| Shares | ordinary shares of the Company, with a par value of RMB1.00 each |
| Stock Exchange | The Stock Exchange of Hong Kong Limited |
| Sumitomo | Sumitomo Corporation, a limited company established in Japan on 24 December 1919 |
| JV Agreement | the joint venture agreement entered into among the JV Parties on 1 November 2006 in relation to the formation of the JV Company |
| JV Company | a joint venture company to be incorporated in the PRC according to the JV Agreement, which is tentatively named Nanjing CMSC Logistics Company Ltd. |
| JV Parties | the Company, Sumitomo and Changjiu |

By Order of the Board
CMA Logistics Co., Ltd.
Shi Chaochun
Director

Chongqing, the PRC, 2 November, 2006

As at the date of this announcement, the Board comprises:

Executive directors:

Yin Jiayu
Huang Zhangyun
Lu Xiaozhong
Shi Chaochun
James H McAdam

Non-executive directors:

Lu Guoji
Zhang Baolin
Cao Dongping
Wu Xiaohua
Lau Man Yee, Vanessa

Independent non-executive directors:

Wang Xu
Peng Qifa
Chong Teck Sin

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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: - (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the pages of “Latest Company Announcements” on the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting.

** For identification purposes*