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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)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS**

**ENDED 30 JUNE 2016**

### **HIGHLIGHTS**

- For the six months ended 30 June 2016, the unaudited revenue of the Group was approximately RMB3,101,106,000, representing an increase of approximately 9.94% from the corresponding period in 2015.
- For the six months ended 30 June 2016, the unaudited profit attributable to equity holders of the parent was approximately RMB48,294,000, representing a decrease of approximately 60.41% from the corresponding period in 2015.
- For the six months ended 30 June 2016, the unaudited basic earnings per share were RMB0.30 (corresponding period in 2015: RMB0.75).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

## INTERIM REPORT (UNAUDITED)

The board (the “Board”) of directors (the “Directors”) of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) is pleased to announce the unaudited interim condensed financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 as follows:

### Interim consolidated statement of profit or loss and other comprehensive income

	Notes	For the six months ended 30 June	
		2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Revenue	4	3,101,106	2,820,647
Cost of sales		(2,894,902)	(2,574,322)
<b>Gross profit</b>		<b>206,204</b>	<b>246,325</b>
Other income and gains	4	10,407	34,128
Selling and distribution expenses		(47,765)	(44,681)
Administrative expenses		(61,844)	(60,833)
Other expenses		(10,847)	(5,444)
Finance costs	6	(1,303)	(411)
Share of profits and losses of associates and a joint venture		(638)	1,312
<b>Profit before tax</b>	5	<b>94,214</b>	<b>170,396</b>
Income tax expense	7	(31,358)	(36,568)
<b>Profit for the period</b>		<b>62,856</b>	<b>133,828</b>
<b>Attributable to:</b>			
Equity holders of the parent		48,294	121,995
Non-controlling interests		14,562	11,833
		<b>62,856</b>	<b>133,828</b>
<b>Other comprehensive income for the period</b>		-	-
<b>Total comprehensive income for the period</b>		<b>62,856</b>	<b>133,828</b>
<b>Attributable to:</b>			
Equity holders of the parent		48,294	121,995
Non-controlling interests		14,562	11,833
		<b>62,856</b>	<b>133,828</b>
<b>Earnings per share for profit for the period attributable to ordinary equity holders of the parent</b>			
--Basic and diluted	8	RMB0.30	RMB 0.75

## Interim consolidated statement of financial position

		As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	9	512,291	498,081
Prepaid land lease payments	10	221,212	167,291
Goodwill	11	5,016	5,016
Other intangible assets		11,797	13,202
Investment in a joint venture		9,771	-
Investments in associates		25,886	26,295
Available-for-sale investments		28,900	28,900
Deferred tax assets		42,899	42,539
Other non-current assets		60,765	61,678
		<u>918,537</u>	<u>843,002</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		43,186	44,749
Trade and bills receivables	12	418,810	408,583
Prepayment, deposits and other receivables	13	81,936	116,363
Due from related parties	14	1,765,312	2,057,821
Pledged deposits	15	66,275	51,155
Cash and bank balances	15	1,043,987	658,952
		<u>3,419,506</u>	<u>3,337,623</u>
<b>Total current assets</b>			
<b>Current liabilities</b>			
Trade and bills payables	16	1,957,771	1,746,916
Other payables and accruals	17	296,063	429,482
Due to related parties	18	170,085	154,120
Interest-bearing bank and other borrowings	19	10,000	4,000
Tax payable		10,426	14,974
		<u>2,444,345</u>	<u>2,349,492</u>
<b>Total current liabilities</b>			
<b>Net current assets</b>		<u>975,161</u>	<u>988,131</u>
<b>Total assets less current liabilities</b>		<u>1,893,698</u>	<u>1,831,133</u>

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## Interim consolidated statement of financial position (continued)

	Notes	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
<b>Total assets less current liabilities</b>		<b><u>1,893,698</u></b>	<b><u>1,831,133</u></b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,414	3,481
Deferred income		<u>2,717</u>	<u>2,941</u>
<b>Total non-current liabilities</b>		<b><u>6,131</u></b>	<b><u>6,422</u></b>
<b>Net assets</b>		<b><u>1,887,567</u></b>	<b><u>1,824,711</u></b>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Issued shares	20	162,064	162,064
Other reserves		<u>1,604,074</u>	<u>1,555,780</u>
		1,766,138	1,717,844
Non-controlling interests		<u>121,429</u>	<u>106,867</u>
<b>Total equity</b>		<b><u>1,887,567</u></b>	<b><u>1,824,711</u></b>

## Interim consolidated statement of changes in equity

For the six months ended 30 June 2016

	Unaudited				Non-controlling interests	Total equity	
	Attributable to equity holders of the parent						
	Share premium account	Reserve funds	Retained profits	Total			
Issued shares	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>At 1 January 2016</b>	162,064	66,907	85,867	1,403,006	1,717,844	106,867	1,824,711
<b>Total comprehensive income for the period</b>	-	-	-	48,294	48,294	14,562	62,856
<b>At 30 June 2016</b>	<u>162,064</u>	<u>66,907</u>	<u>85,867</u>	<u>1,451,300</u>	<u>1,766,138</u>	<u>121,429</u>	<u>1,887,567</u>

## Interim consolidated statement of changes in equity(continued)

For the six months ended 30 June 2015

	Unaudited				Non-controlling interests	Total equity	
	Attributable to equity holders of the parent						
	Issued shares RMB'000	Share premium account RMB'000	Reserve funds RMB'000	Retained profits RMB'000	Total RMB'000	RMB'000	RMB'000
<b>At 1 January 2015</b>	162,064	66,907	85,867	1,208,805	1,523,643	85,810	1,609,453
<b>Acquisition of a subsidiary</b>	-	-	-	-	-	11,257	11,257
<b>Total comprehensive income for the period</b>	-	-	-	121,995	121,995	11,833	133,828
<b>Final 2014 dividend declared</b>	-	-	-	(43,757)	(43,757)	-	(43,757)
<b>At 30 June 2015</b>	<u>162,064</u>	<u>66,907</u>	<u>85,867</u>	<u>1,287,043</u>	<u>1,601,881</u>	<u>108,900</u>	<u>1,710,781</u>

## Interim consolidated statement of cash flows

	<b>For the six months ended 30 June</b>	
	2016	2015
	(unaudited)	(unaudited)
Notes	RMB'000	RMB'000
<b>Cash flows from /(used in) operating activities</b>		
Profit before tax	94,214	170,396
Adjustments for:		
Finance costs	1,303	405
Share of profits and losses of associates and a joint venture	638	(1,312)
Interest income	(3,455)	(2,955)
Loss/(gain) on disposal of items of property, plant and equipment	(22)	264
Depreciation	40,532	31,686
Amortisation of prepaid land lease payments	2,746	2,091
Amortisation of other intangible assets	2,065	1,901
Provision for impairment of trade and other receivables	1,912	-
Reversal of provision for impairment of due from related parties	(3,368)	-
Deferred income released to profit or loss	(224)	-
Exchange loss/(gain) from banks	(1,021)	38
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Decrease/(increase) in inventories	1,563	(2,717)
Increase in trade and bills receivables	(12,139)	(7,335)
Increase in prepayments	(3,993)	(22,181)
Increase in pledged deposits	(15,120)	(32,171)
Increase in deposits and other receivables	(4,802)	(1,086)
Decrease/(increase) in amounts due from related parties	295,877	(334,767)
Increase in trade and bills payables	210,855	104,015
Decrease in other payables and accruals	(133,419)	(85,167)
Increase in amounts due to related parties	9,235	70,411
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	483,377	(108,484)
Interest paid	(1,303)	(405)
Income tax paid	(42,474)	(59,404)
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<b>Net cash flows from/(used in) operating activities</b>	<b>439,600</b>	<b>(168,293)</b>

## Interim consolidated cash flow statement (continued)

	Note	For the six months ended 30 June	
		2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
<b>Cash flow used in investing activities</b>			
Purchase of items of property, plant and equipment and intangible assets		(55,068)	(123,672)
Proceeds from disposal of items of property, plant and equipment		27	500
Acquisition of a subsidiary		-	(19,673)
Investment in a joint venture		(10,000)	-
Purchases of available-for-sale investment		-	(40,000)
Interest received		3,455	2,955
Decrease in time deposits with original maturity of more than three months		6,403	20,199
<b>Net cash used in investing activities</b>		<u>(55,183)</u>	<u>(159,691)</u>
<b>Cash flow from financing activities</b>			
New interest-bearing bank and other borrowings		106,000	110,000
Repayment of interest-bearing bank and other borrowings		<u>(100,000)</u>	<u>-</u>
<b>Net cash from financing activities</b>		<u>6,000</u>	<u>110,000</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		390,417	(217,984)
<b>Cash and cash equivalents at beginning of the period</b>		624,549	843,322
<b>Effect of foreign exchange rate changes, net</b>		<u>1,021</u>	<u>(38)</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>1,015,987</u></u>	<u><u>625,300</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>			
Non- pledged cash and bank balances	15	1,000,987	659,300
Time deposits	15	43,000	40,403
<b>Cash and bank balances as stated in the statement of financial position</b>		1,043,987	699,703
Less: Structured deposit	15	-	(40,000)
Time deposits with original maturity of more than three months when acquired	15	<u>(28,000)</u>	<u>(34,403)</u>
<b>Cash and cash equivalents as stated in the statement of cash flows</b>		<u><u>1,015,987</u></u>	<u><u>625,300</u></u>

## Notes to the interim condensed financial information:

### 1. General information

The Company is a limited liability company incorporated in the People's Republic of China (the "PRC") on 27 August 2001. In 2002, the Company was converted to a Sino-foreign equity joint venture. On 31 December 2004, the Company was transformed into a joint stock limited liability company. The H shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 February 2006, and have been transferred and traded on the Main Board since 18 July 2013.

The principal activities of the Company and its subsidiaries (together the "Group") are the rendering of transportation of finished vehicles, supply chain management for automobile raw materials, components and parts, transportation services for non-automobile commodities, the sales of packaging materials and the processing of tyres.

The address of the Company's registered office is Liangjin Village, Yuanyang Town, Yubei District, Chongqing, the PRC. As at 30 June 2016, particulars of the Company's subsidiaries are as follows:

Company name	Place and date of Incorporation/ Registration and Place of operations	Percentage of Equity interest Attributable to the Company		Paid-in capital	Principal activities
		Direct	Indirect		
重慶長安民生博宇運輸有限公司 CMAL Bo Yu Transportation Co., Ltd. ("Chongqing Boyu")	PRC/Mainland China 3 November 2005	100	-	RMB60,000,000	Providing logistics services in Mainland China
南京長安民生住久物流有限公司 Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC") (note 1)	PRC/Mainland China 26 July 2007	67	-	RMB100,000,000	Providing logistics services in Mainland China
重慶福集供應鏈管理有限公司 Chongqing Future Supply Chain Management Co., Ltd. ("Chongqing Future")	PRC/Mainland China 18 March 2009	100	-	RMB30,000,000	Providing logistics services in Mainland China
重慶長安民生鼎捷物流有限公司 Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. ("Chongqing Dingjie") (note 2)	PRC/Mainland China 30 April 2010	95	-	RMB50,000,000	Providing logistics services in Mainland China
重慶長安民生福永物流有限公司 Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. ("Chongqing Fuyong")	PRC/Mainland China 28 April 2011	100	-	RMB5,000,000	Providing logistics services in Mainland China
杭州長安民生物流有限公司 Hangzhou Changan Minsheng Logistics Co., Ltd. ("Hangzhou Changan Minsheng")	PRC/Mainland China 17 May 2013	100	-	RMB250,000,000	Providing logistics services in Mainland China

## 1. General information (continued)

Company name	Place and date of Incorporation/ Registration and Place of operations	Percentage of Equity interest Attributable to the Company		Paid-in capital	Principal activities
		Direct	Indirect		
重慶福路保稅物流有限公司 Chongqing Fulu Bonded Logistics Co., Ltd. (“Chongqing Fulu”)	PRC/Mainland China 9 April 2014	100	-	RMB3,000,000	Providing logistics services in Mainland China
重慶長安民生東立包裝有限公司 Chongqing Changan Minsheng Dongli Packaging Co., Ltd. (“Dongli Packaging”) (note 3)	PRC/Mainland China 16 May 2014	55	-	RMB18,000,000	Providing logistics services in Mainland China
長安民生（上海）供應鏈有限公司 Changan Minsheng (Shanghai) Supply Chain Co., Ltd. (“Shanghai Supply Chain”)	PRC/Mainland China 6 August 2014	100	-	RMB30,000,000	Providing logistics services in Mainland China
武漢長盛港通汽車物流有限公司 Wuhan Changsheng Gangtong Automobile Logistics Co., Ltd. (“Changsheng Gangtong”) (note 4)	PRC/Mainland China 18 August 2010	60	-	RMB23,070,000	Providing logistics services in Mainland China

Note 1: The Company and Sumitomo Corporation of Japan held 67% and 33% of Nanjing CMSC’s shareholdings respectively.

Note 2: The Company held 95% of Chongqing Dingjie’s shareholdings, Chongqing Dajiang Zhenyue Storage Company Limited, Chongqing Weitai Trade Company Limited and Chongqing Lingxin Storage Company Limited held respectively 2%, 2% and 1% of Chongqing Dingjie’s shareholdings.

Note 3: The Company and Tonglit Logistics Co., Ltd., held 55% and 45% of Dongli Packaging’s shareholdings respectively.

Note 4: On 25 February 2016, Wuhan Zhuoer Shengde Automobile Logistics Co., Ltd. was renamed “Changsheng Gangtong”. The Company, Hubei Zhuoer Eco-Industrial City Building Co., Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd. respectively holds 60.0%, 20.4% and 19.6% of equity interests in Changsheng Gangtong.

The consolidated interim condensed financial information has not been audited.

## 2. Basis of preparation and changes to the Group’s accounting policies

### Basis of preparation

The unaudited interim condensed financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The unaudited condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 2. Basis of preparation and changes to the Group's accounting policies (continued)

### New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim condensed financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016 as follows:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of new standards and interpretations would not be expected to have a material impact on the annual consolidated financial statements of the Group or the interim condensed financial information of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### Issued but not yet effective Hong Kong Financial Reporting Standards

HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> No specific effective date but early adoption is permitted

### 3. Segment information

For management purposes, the Group's operating activities are related to a single operating segment, the transportation and supply chain management for automobile commodities, transportation of non-automobile commodities, processing of tyres and others. Therefore, no analysis by operating segment is presented.

The operating entities are domiciled in China. All revenues from external customers are derived from the PRC, and all the non-current assets (there are no financial instrument, employment benefit assets and rights arising under insurance contracts) are located in the PRC.

For the six months ended 30 June 2016, revenues of approximately RMB1,720,521,000, RMB578,791,000 and RMB230,088,000 (for the six months ended 30 June 2015: RMB1,723,327,000, RMB439,013,000 and RMB210,006,000) were derived from three largest external customers, respectively.

### 4. Revenue, other income and gains

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of logistics services rendered during the period.

Revenues for the six months ended 30 June 2016 are as follows:

	<b>For the six months ended 30 June</b>	
	2016	2015
	(unaudited)	(unaudited)
	RMB'000	RMB'000
<u>Revenue</u>		
Transportation of finished vehicles	1,242,389	1,189,019
Sale of tyres and others	940,392	795,051
Supply chain management for automobile raw materials, components and parts	877,522	800,813
Transportation of non-vehicle commodities	30,931	29,035
Others	9,872	6,729
	<u>3,101,106</u>	<u>2,820,647</u>
<u>Other income and gains</u>		
Bank interest income	3,455	2,955
Government grants*	1,371	25,893
Penalty on transportation companies	2,529	2,244
Sales of recycled packages of vehicle spare parts	1,639	2,606
Others	1,413	430
	<u>10,407</u>	<u>34,128</u>

\* There were no unfulfilled conditions or contingencies relating to these grants.

## 5. Profit before tax

The Group's profit before tax is arrived at after charging/ (crediting):

	<b>For the six months ended 30 June</b>	
	2016	2015
	(unaudited) RMB'000	(unaudited) RMB'000
Cost of inventories sold	934,523	785,012
Cost of logistics services rendered	1,646,415	1,519,414
Depreciation	40,532	31,686
Amortisation of other intangible assets	2,065	1,901
Minimum lease payments under operating leases	17,726	14,946
Amortisation of land lease payments	2,746	2,091
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	293,740	261,837
Pension scheme contributions	37,479	34,069
	<u>331,219</u>	<u>295,906</u>
Foreign exchange differences, net	(308)	6
Provision for impairment of trade and other receivables	1,912	-
Reversal of provision for impairment of due from related parties	(3,368)	-
Bank interest income	(3,455)	(2,955)
Net loss/(gain) on disposal of items of property, plant and equipment	<u>(22)</u>	<u>264</u>

## 6. Finance costs

	<b>For the six months ended 30 June</b>	
	2016	2015
	(unaudited) RMB'000	(unaudited) RMB'000
Net exchange losses	-	6
Interests on bank loans	<u>1,303</u>	<u>405</u>
	<u>1,303</u>	<u>411</u>

## 7. Income tax expense

	<b>For the six months ended 30 June</b>	
	2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Current - Mainland China		
- Charge for the period	31,785	28,854
Deferred	(427)	7,714
	<hr/>	<hr/>
Total tax charged for the period	<u>31,358</u>	<u>36,568</u>

The applicable corporate income tax (“CIT”) rate for the Company and subsidiaries is 25% except for the entities that would be entitled to preferential tax rates as described below:

According to Caishui (2011) No. 58 issued jointly by Ministry of Finance, General Administration of Customs and State Administration of Taxation (SAT) on 27 July 2011, the enterprises in encouraged industries in Western China are eligible for a preferential CIT rate of 15% for the period from 1 January 2011 to 31 December 2020. Pursuant to the Public Notice [2014] No.15 issued by National Development and Reform Commission on 20 August 2014, the Company and Chongqing Boyu satisfy the conditions for tax incentives, and the applicable CIT rate for both of them is 15%.

No provision for Hong Kong profits tax was made as the Group had no assessable profit arising in or derived from Hong Kong for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (or jurisdictions) in which the Group are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	<b>For the six months ended 30 June</b>	
	2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Profit before tax	<u>94,214</u>	<u>170,396</u>
Tax at the statutory tax rate	23,554	42,599
Lower tax rate for specific provinces or enacted by local authority	(1,456)	(9,784)
Adjustments in respect of current tax of previous periods	3,709	834
Expenses not deductible for tax	4,197	520
Profits and losses attributable to associates and a joint venture	96	(197)
Tax losses utilised from previous periods	(384)	(132)
Tax losses and deductible temporary differences not recognised	<u>1,642</u>	<u>2,728</u>
Tax charge	<u>31,358</u>	<u>36,568</u>

## 8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amounts is based on the profit for the six months ended 30 June 2016 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 162,064,000 (for the six month ended 30 June 2015: 162,064,000) in issue during the six months ended 30 June 2016, as adjusted to reflect the rights issue during the year.

	For the six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Profit attributable to ordinary equity holders of the parent	48,294	121,995
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share)#	<u>0.30</u>	<u>0.75</u>

#Diluted earnings per share is the same as basic earnings per share as the Group had no potential dilutive ordinary shares in issue during those periods.

## 9. Property, plant and equipment

During the six months ended 30 June 2016, the Group acquired assets with a cost of RMB38,665,000 (for the six months ended 30 June 2015: RMB107,330,000), excluding property, plant and equipment under construction.

The Group continued its construction of a logistics information center, and the carrying amount as at 30 June 2016 was RMB110,811,000 (31 December 2015: RMB99,736,000). The Group also continued the development of an automobile components and parts manufacturing, distribution and supply chain integration project, and the carrying amount of which as at 30 June 2016 was RMB49,940,000 (31 December 2015: RMB44,933,000).

## 10. Prepaid land lease payments

During the six months ended 30 June 2016, the Group acquired a land use right at a total consideration of RMB57,776,000 including deed tax of RMB1,686,000, and the amortisation of prepaid land lease payments was approximately RMB2,746,000 (for six months ended 30 June 2015: RMB2,091,000).

## 11. Goodwill

	As at 30 June 2016	As at 31 December 2015
	(unaudited)	(audited)
	RMB'000	RMB'000
Cost	7,457	7,457
Less: Provision for impairment losses	<u>(2,441)</u>	<u>(2,441)</u>
Net carrying amount	<u>5,016</u>	<u>5,016</u>

## **11. Goodwill (continued)**

### *Impairment testing of goodwill*

The Group performs its annual impairment test of goodwill in December and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2015.

### **Transportation services for finished vehicle cash-generating unit**

As no circumstances indicate the goodwill of RMB5,016,000 allocated to finished vehicle cash-generating unit may be impaired, the Group did not perform the impairment test of goodwill allocated to finished vehicle cash-generating unit as at 30 June 2016.

### **Storage management services cash-generating unit**

The goodwill of RMB2,441,000 allocated to storage management services cash-generating unit was fully impaired due to significant decrease in the production volume and sales volume of the cash-generating unit's major customer, Chongqing Changan Suzuki Automobile Co., Ltd. in 2015. For the six months ended 30 June 2016, the production volume and sales volume of the cash-generating unit's major customer, Chongqing Changan Suzuki Automobile Co., Ltd., continued to decrease by 16.11% and 14.17% as compared with that of the corresponding period of 2015.

## 12. Trade and bills receivables

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Trade receivables (note a)	338,005	295,941
Less: Impairment	<u>(38,821)</u>	<u>(37,053)</u>
Trade receivables, net	299,184	258,888
Bills receivable (note b)	<u>119,626</u>	<u>149,695</u>
	<u>418,810</u>	<u>408,583</u>

### Note a:

The Group offers credit terms to its customers ranging from cash on delivery to three months. An aged analysis of the trade receivables as at 30 June 2016 and 31 December 2015, net of provisions, is as follows:

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Within 3 months	227,312	191,201
3 to 6 months	46,860	37,818
6 months to 12 months	<u>25,012</u>	<u>29,869</u>
	<u>299,184</u>	<u>258,888</u>

### Note b:

The ageing of bills receivable as at 30 June 2016 and 31 December 2015 were all within 6 months.

## 13. Prepayments, deposits and other receivables

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Prepayments	33,868	22,625
Deposits and other receivables	<u>48,068</u>	<u>93,738</u>
	<u>81,936</u>	<u>116,363</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

#### 14. Due from related parties

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Balances from rendering of services and sales of goods (note a)	1,782,477	2,077,456
Less: impairment (note b)	<u>(26,851)</u>	<u>(30,219)</u>
Balances from rendering of services and sales of goods, net	1,755,626	2,047,237
Prepayments	455	267
Deposits and other receivables	<u>9,231</u>	<u>10,317</u>
	<u>1,765,312</u>	<u>2,057,821</u>

##### Note a:

The Group offers credit terms to its related parties ranging from cash on delivery to three months. An aged analysis of the amounts from the rendering of services and the sales of goods due from related parties as at 30 June 2016 and 31 December 2015, net of provisions, is as follows:

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Within 3 months	1,646,645	1,734,886
3 to 6 months	63,157	311,070
6 months to 1 year	44,543	1,090
1 year to 2 years	<u>1,281</u>	<u>191</u>
	<u>1,755,626</u>	<u>2,047,237</u>

##### Note b:

Included in the above provision for impairment of amounts due from related parties is a provision for individually impaired trade receivables of RMB26,851,000 (31 December 2015: RMB30,219,000) with a carrying amount before provision of RMB31,515,000 (31 December 2015: RMB31,400,000).

## 15. Cash and bank balances and pledged deposits

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Cash and bank balances	1,067,262	666,704
Time deposits	43,000	43,403
	<u>1,110,262</u>	<u>710,107</u>
Less:		
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	(66,275)	(51,155)
Time deposits with original maturity of more than three months when acquired	(28,000)	(34,403)
	<u>1,015,987</u>	<u>624,549</u>

## 16. Trade and bills payables

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Trade payables	1,555,717	1,546,607
Bills payable	402,054	200,309
	<u>1,957,771</u>	<u>1,746,916</u>

An aged analysis of the trade and bills payables as at 30 June 2016 and 31 December 2015 is as follows:

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Within 3 months	1,656,267	1,668,564
3 to 6 months	285,442	72,498
6 months to 1 year	10,404	1,521
1 to 2 years	2,954	3,262
2 to 3 years	2,090	261
Over 3 years	614	810
	<u>1,957,771</u>	<u>1,746,916</u>

## 17. Other payables and accruals

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Accruals for payroll and welfare	145,994	218,548
Other payables	123,959	116,345
Advance from customers	4,212	5,563
Other taxes	21,898	89,026
	<u>296,063</u>	<u>429,482</u>

## 18. Due to related parties

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Balance from transportation services provided by related parties	125,327	109,091
Other payables	44,758	45,029
	<u>170,085</u>	<u>154,120</u>

An aged analysis of the amounts from transportation services provided by related parties as at 30 June 2016 and 31 December 2015 is as follows:

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Within 3 months	121,996	108,600
3 to 6 months	1,696	180
6 months to 1 year	1,324	-
1 to 2 years	107	300
Over 2 years	204	11
	<u>125,327</u>	<u>109,091</u>

## 19. Interest-bearing bank and other borrowings

	As at 30 June 2016 (unaudited)			As at 31 December 2015 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current Related party loans	<u>5.2</u>	<u>2016-2017</u>	<u>10,000</u>	<u>5.2</u>	<u>2016</u>	<u>4,000</u>

## 20. Issued shares

### Shares

	As at 30 June 2016 (unaudited) RMB'000	As at 31 December 2015 (audited) RMB'000
Authorised: 162,064,000 (31 December 2015: 162,064,000) ordinary shares of RMB1.00 each	<u>162,064</u>	<u>162,064</u>
Issued and fully paid: 162,064,000 (31 December 2015: 162,064,000) ordinary shares of RMB1.00 each	<u>162,064</u>	<u>162,064</u>

During the period, there was no movement in the Company's issued share capital:

	Number of shares in issue	Issued capital RMB'000
At 1 January 2016 and 30 June 2016	<u>162,064,000</u>	<u>162,064</u>

## 21. Related party transactions

	For the six months ended 30 June	
	2016 (unaudited) RMB'000	2015 (unaudited) RMB'000
Revenue from rendering of transportation services for finished vehicles	1,195,130	1,189,019
Revenue from rendering of supply chain management services for automobile raw materials, components and parts	610,779	561,217
Revenue from sale of tyres	934,891	795,051
Revenue from others	6,394	2,232
	<u>2,747,194</u>	<u>2,547,519</u>
Purchase of transportation services	246,404	234,809
Purchase of construction services	15,665	24,516
Others	7,871	3,139
	<u>269,940</u>	<u>262,464</u>
Borrowings from a related party	<u>106,000</u>	<u>110,000</u>

## 22. Financial instruments

Set out below is an overview of financial instruments held by the Group as at 30 June 2016 and 31 December 2015:

30 June 2016 (unaudited)

### Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investment	-	28,900	28,900
Trade and bills receivables	418,810	-	418,810
Financial assets included in prepayment, deposits and other receivables	48,068	-	48,068
Due from related parties	1,764,857	-	1,764,857
Pledged deposits	66,275	-	66,275
Cash and bank balances	1,043,987	-	1,043,987
	<u>3,341,997</u>	<u>28,900</u>	<u>3,370,897</u>

## 22. Financial instruments (continued)

### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,957,771
Financial liabilities included in other payables and accruals	123,959
Due to related parties	170,085
Interest-bearing bank and other borrowings	<u>10,000</u>
	<u>2,261,815</u>

31 December 2015 (audited)

### Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investment	-	28,900	28,900
Trade and bills receivables	408,583	-	408,583
Financial assets included in prepayment, deposits and other receivables	93,738	-	93,738
Due from related parties	2,057,554	-	2,057,554
Pledged deposits	51,155	-	51,155
Cash and bank balances	<u>658,952</u>	<u>-</u>	<u>658,952</u>
	<u>3,269,982</u>	<u>28,900</u>	<u>3,298,882</u>

### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,746,916
Financial liabilities included in other payables and accruals	116,345
Due to related parties	154,120
Interest-bearing bank and other borrowings	<u>4,000</u>
	<u>2,021,381</u>

## 23. Transfers of financial assets

### Financial assets that are derecognised in their entirety

At 30 June 2016, the Group endorsed certain bills (notes) receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB47,477,000 (31 December 2015: RMB51,702,000) (“the Endorsement”). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in Mainland China, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the reporting period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The Endorsement has been made evenly throughout the period.

## 24. Commitments of the Group

### (a) Capital expenditure commitments

As at 30 June 2016, the Group had the following capital expenditure commitments:

	As at 30 June 2016 (unaudited) RMB’000	As at 31 December 2015 (audited) RMB’000
Property, plant and equipment		
-Contracted but not provided for	110,226	100,490

### (b) Operating lease commitments

The future aggregate minimum lease payments due under non-cancellable operating lease arrangements for office premises and distribution center are as follows:

	As at 30 June 2016 (unaudited) RMB’000	As at 31 December 2015 (audited) RMB’000
Not more than 1 year	27,873	35,231
More than 1 year and less than 5 years	57,306	43,329
More than 5 years	59,368	61,921
	144,547	140,481

## 25. Events after the reporting period

There was no significant event occurring after the balance sheet date that needed to be disclosed.

## **INTERIM DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (corresponding period in 2015: nil).

The shareholders of the Company at the annual general meeting of the Company held on 30 June 2016 approved no payment of final dividend for the year ended 31 December 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

In the first half of 2016, the macro-economic performance in China kept a flatlined trend while automobile production and sales in the PRC has witnessed a sustained growth from last year. According to the China Association of Automobile Manufacturers' statistics, for the first half of 2016, automobile production volume and sales volume in the PRC were respectively 12,892,000 vehicles and 12,830,000 vehicles, up approximately 6.5 % and 8.1% as compared with the corresponding period of last year, representing an increase rate of 3.9 and 6.7 percentage points respectively as compared with the corresponding period of last year. For the six months ended 30 June 2016, the production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile") were 1,458,500 vehicles and 1,483,300 vehicles, respectively, representing an increase of approximately 3.01% and 1.2% as compared with the corresponding period of last year. For the six months ended 30 June 2016, the Group recorded a total revenue of approximately RMB3,101,106,000, representing an increase of approximately 9.94% as compared with the corresponding period of last year. The income from transportation of finished vehicles, processing of tyres and supply chain management of car raw materials, components and parts for the six months ended 30 June 2016 represented approximately 40.06%, 30.32% and 28.30%, respectively, of the Group's total revenue (for the six months ended 30 June 2015: approximately 42.15%, 28.19% and 28.39%, respectively). Detailed breakdown of revenue is set out in note 4 to the interim condensed financial information.

For the six months ended 30 June 2016, affected by the unfavorable factors such as the intensifying competition in the domestic automobile market, the tumbling logistics service prices as well as the ever rising operational costs, the Group met with an apparent decline in both the gross profit margin and net profit margin, at 6.65% (for six months ended 30 June 2015: 8.73%) and 2.03% (for six months ended 30 June 2015: 4.74%), respectively. Coupled with a sharp reduction in the government subsidy in the first half year of 2016, the Group's profit attributable to the equity holders of the parent for the six months ended 30 June 2016 decreased by approximately 60.41% to approximately RMB48,294,000 from approximately RMB121,995,000 in the corresponding period in 2015.

### **FINANCIAL REVIEW**

#### **Working Capital and Financial Resources**

The Group maintained a balanced financial position. During the reporting period, the Group's sources of funds generally represented income arising from our daily operations.

As at 30 June 2016, the cash and bank balance and pledged deposits were approximately RMB 1,110,262,000 (31 December 2015: RMB710,107,000). As at 30 June 2016, the total assets of the Group amounted to approximately RMB4,338,043,000 (31 December 2015: RMB4,180,625,000). The Group had current liabilities of approximately RMB2,444,345,000 (31 December 2015: RMB2,349,492,000), non-current liabilities of approximately RMB6,131,000 (31 December 2015: 6,422,000), shareholders' equity excluding non-controlling interest of approximately RMB1,766,138,000 (31 December 2015: RMB1,717,844,000) and non-controlling interest of approximately RMB121,429,000 (31 December 2015: RMB106,867,000).

## **Capital Structure**

For the six months ended 30 June 2016, there has been no change to the Company's issued shares.

## **Loans and Borrowings**

As at 30 June 2016, the outstanding balance of borrowings of the Group was RMB10,000,000 (31 December 2015: RMB4,000,000), please refer to the note 19 to the interim condensed financial information for further details.

The Group does not have unpaid short-term loans at maturity or using financial instrument for offsetting purposes.

## **Gearing and Liquidity Ratio**

As at 30 June 2016, the gearing ratio (defined as the ratio between the total liabilities and the total assets) of the Group was approximately 56.49% (31 December 2015: approximately 56.35%). The gearing ratio between the total liabilities and the total equity of the Group was approximately 1.30:1 (31 December 2015: 1.29:1).

## **Pledge of Assets**

As at 30 June 2016, the Group had not pledged any assets as security.

## **Foreign Currency Risk**

As the transactions of the Group denominated in foreign currency were limited, the foreign currency risk did not have any material impact on the Group.

## **Employee, Remuneration Policy and Training Programme**

As at 30 June 2016, the Group employed 8,419 employees (as at 31 December 2015: 9,213 employees). The salaries of the employees are determined based on the remuneration policy approved by the Board and the remuneration committee of the Company and in accordance with the relevant PRC policies. The salary level is in line with the economic efficiency of the Company. The benefits of the employees comprise endowment insurance, medical insurance, unemployment insurance, personal injury insurance and housing funds. During the reporting period, the Company has provided the staff with training regarding technology, security and management, etc.

## **Major Investment**

On 7 March 2016, Hangzhou Changan Misheng, one of the wholly-owned subsidiaries of the Company entered into a Transfer Contract of Land Use Right with Da Jiangdong Industrial Cluster District Sub-Bureau of Land Resources Bureau and Xiaoshan Sub-Bureau of Land Resources Bureau in Hangzhou, Zhejiang Province, the PRC, pursuant to which, Hangzhou Changan Minsheng agreed to acquire the land which is located within the Qianjin Park in the Da Jiangdong Industrial Cluster District of Hangzhou, Zhejiang Province, the PRC, with a total site area of approximately 74,771 square meters at a consideration of RMB56,090,000 (exclusive of deed tax). Please refer to the announcement of the Company dated on 7 March 2016 for further details.

On 5 January 2016, the Company incorporated a joint venture, Hangzhou Changan Minsheng Anji Logistics Co., Ltd., with Shanghai Anji Components and Parts Logistics Co., Ltd.. The registered capital of Hangzhou Changan Minsheng Anji Logistics Co., Ltd. is RMB20,000,000, in which the Company and Shanghai Anji Components and Parts Logistics Co., Ltd. hold 50% of its equity interests, respectively.

## **Major Acquisition and Assets Sale**

For the six months ended 30 June 2016, there had been no major acquisition and assets sale of the Group.

## **Contingent Liabilities**

As at 30 June 2016, the Group did not have any contingent liabilities.

## **PROSPECTS**

For the second half of 2016, with the increasingly complicated and harsh international environment, the grim economic transformation in China, as well as the overcapacity and intensifying market competition in the automobile industry, the Company expects that there will be increased pressure in the automobile logistics operation in China and the logistics service prices will be further reduced. All these unfavorable factors will cause negative impact on the operation and profitability of the Group. In 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, we hope to forge a solid foundation for the long-term development of the Company.

## **CORPORATE GOVERNANCE**

During the reporting period, the Company has complied with the code provisions of Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange (“Listing Rules”). During the reporting period, the Company has implemented and complied with the revised Corporate Governance Code in relation to risk management and internal control.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

Since the transfer of listing on 18 July 2013, the Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting the required standard (the “Code of Conduct”) set out in Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)) to the Listing Rules. After making specific enquiries to all Directors, the Company confirms that the Directors had complied with the Code of Conduct for the six months ended 30 June 2016.

## **BOARD OF DIRECTORS**

The fourth session of the Board comprises 10 Directors, including 4 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors. The Board considers that the composition of the Board represents a reasonable balance between the non-executive and independent non-executive Directors and the 4 executive Directors in the interest of the Company and the shareholders. The non-executive Directors and independent non-executive Directors provide constructive advice in relation to the formulation of the Company’s policies. The Company is not aware of any family or material relationship among the members of the Board. The Company has four independent non-executive Directors, of whom at least one has appropriate professional qualification and financial management expertise. The Company considers that, during the reporting period, each of the independent non-executive Directors has complied with the guidelines on independence set out in the Listing Rules. As at the date of this report, except for the fact that the independent non-executive director Mr. Chong Teck Sin has served for consecutive 9 years, the term of office of each of the other 3 independent non-executive directors does not exceed nine years. As regard the re-election of independent non-executive Directors, the Company will ensure compliance with code A.4.3 of the Corporate Governance Code under the Listing Rules.

## **BOARD CHAIRMAN AND GENERAL MANAGER**

The chairman of the Board is Mr. Xie Shikang and our general manager is Mr. Shi Jinggang. The chairman is in charge of formulating the development and business strategies and deal with the Company’s affairs in accordance with the Articles of Association and with the board’s resolution. The general manager is in charge of the daily operations of the Company. The chairman is responsible for ensuring that the Board operates efficiently and encourages all Directors, including independent non-executive Directors, to contribute to the Board and the three board committees under the Board.

## **AUDIT COMMITTEE**

The disclosure of financial information in this report complies with Appendix 16 to the Listing Rules. The audit committee of the Company has reviewed the Group’s business performance and the unaudited financial statements of the Group for the six months ended 30 June 2016. The audit committee has also discussed the relevant internal audit matters and approved the contents of this interim report.

## **CHANGES OF DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD**

On 31 May 2016, Mr. Wang Yang resigned as the general manager and the executive director of the Company due to job relocations. The resignation of Mr. Wang Yang took effect from 31 May 2016 (Please refer to the announcement of the Company dated 31 May 2016 for further details).

On 31 May 2016, Mr. Zhu Minghui resigned as the Chairman, executive director, chairman of the nomination committee, member of the remuneration committee, Compliance Officer and Authorized Representative of the Company due to job relocations. The resignation of Mr. Zhu Minghui took effect from the conclusion of the 2015 annual general meeting of the Company held on 30 June 2016. (Please refer to the announcement of the Company dated 31 May 2016 and the announcement dated 30 June 2016 for further details).

The annual general meeting held on 30 June 2016 elected Mr. Xie Shikang and Mr. Shi Jinggang as the executive director of the Company for a term commencing from the conclusion of the annual general meeting until the expiry of the fourth session of the board. Mr. Xie Shikang was also appointed as the Chairman, chairman of the nomination committee, member of the remuneration committee and Authorized Representative of the Company (Please refer to the announcement of the Company dated 30 June 2016).

On 12 August 2016, Mr. Wang Lin resigned as the non-executive director of the Company due to job relocation. The resignation of Mr. Wang Lin took effect from 12 August 2016 (Please refer to the announcement of the Company dated 12 August 2016 for further details).

On 12 August 2016, Ms. Zhu Ying resigned as the Chairman of the Supervisory Committee and the shareholder representative supervisor of the Company due to job relocation. The resignation of Ms. Zhu Ying took effect from 12 August 2016 (Please refer to the announcement of the Company dated 12 August 2016 for further details).

On 12 July 2016, Mr. Poon Chiu Kwok, the independent non-executive director of the Company, was appointed as an independent non-executive director of Greentown Service Group Co. Ltd. (a company listed on the main board of the Hong Kong Stock Exchange with stock code 02869).

## **OTHER INFORMATION**

### **INTERESTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS**

As at 30 June 2016, none of the Directors, chief executive and the Supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) in Chapter 571 of Laws of Hong Kong) which (a) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

As at 30 June 2016, the Directors, chief executive and the Supervisors of the Company were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2015, made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

As at 30 June 2016, so far as is known to the Directors and chief executive 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 provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

**SUBSTANTIAL SHAREHOLDERS AND PARTIES HOLDING INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)**

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of domestic shares (non-H foreign shares Included)</b>	<b>Percentage of H shares</b>	<b>Percentage of total registered share capital</b>
China South Industries Group Corporation	Interest of a controlled corporation	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%
China Changan Automobile Group Co., Ltd. (“China Changan”) (note 1)	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. (“APL Logistics”)	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 (Group) Co., Ltd. (“Minsheng Industrial”) (note 2)	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 Industrial Co., (HK) Limited (“Ming Sung (HK)”) (note 2)	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 (note 3)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (note 3)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (note 3)	Interest of a controlled Corporation	3,423,000(L)	-	6.22%	2.11%

## **SUBSTANTIAL SHAREHOLDERS AND PARTIES HOLDING INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)**

- Note 1: Chongqing Changan Industry Company (Group) Limited (“Changan Industry Company”) and China Changan Automobile Group Co., Ltd. (“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 in this report, as at 30 June 2016, so far as is known to the Directors and chief executive of the Company, there is no person (other than the Directors, Supervisors, or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interest amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

### **SHARE APPRECIATION RIGHT INCENTIVE SCHEME**

On 6 June 2005, in order to enhance the Company’s incentive mechanism, the share appreciation right incentive scheme (the “Scheme”) was approved by the shareholders of the Company at the second extraordinary general meeting of the Company. The principal terms and conditions of the Scheme are summarized in the section headed “Summary of Terms of the Share Appreciation Right Incentive Scheme” in Appendix VII to the Prospectus of the Company issued by the Company on 16 February 2006 (the “Prospectus”).

To comply with the regulations of The Administration of Share Right Incentive for State Holding Listed Company (Overseas) (State Assets Development Distribution [2006] No. 8 Document), the remuneration committee of the Company has approved the amendments to the Scheme on 25 June 2013, stipulating that the implementation of the specific plans of the Scheme must be submitted to the state owned assets supervision and administration department for approval, the exercise waiting period was extended by one year, and the total number of the share appreciation right granted within the validity of the Scheme which must not in aggregate exceed 10% of the total share capital of the Company.

During the reporting period, no such plan of the Scheme has been implemented. Given, it has been more than ten years since the adoption of Scheme, the Scheme became invalid since 23 February 2016.

## **COMPETING INTERESTS**

The Company has entered into a non-competition undertaking with each of its shareholders, namely APL Logistics, Minsheng Industrial, Ming Sung (HK) and China Changan, respectively. For details of the non-competition undertakings, please refer to the Prospectus issued on 16 February 2006 and the 2015 Annual Report of the Company.

As 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.

## **CONTINUING CONNECTED TRANSACTIONS**

For the six months ended 30 June 2016, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the Listing Rules) was approximately RMB2,753,839,000 (of which RMB2,739,155,000 was attributable to Changan Automobile and its associates, RMB5,740,000 to Changan Industry Company and its associates, RMB7,190,000 to Nanjing Baogang Zhushang Metal Manufacturing Company Limited, RMB1,754,000 to Minsheng Industrial and its associates), which altogether accounted for approximately 88.80% of the total revenue during the reporting period.

For the six months ended 30 June 2016, the cost of purchasing transportation services from connected persons (as defined in the Listing Rules) was approximately RMB227,718,000 (of which RMB5,920,000 was attributable to Changan Industry Company and its associates, RMB220,587,000 to Minsheng Industrial and its associates, and RMB1,211,000 to APL Logistics and its associates), which altogether accounted for approximately 7.87% of the cost of sales during the reporting period.

For the six months ended 30 June 2016, the cost of purchasing engineering construction services from connected persons (as defined in the Listing Rules) was RMB15,665,000.

For the six months ended 30 June 2016, the maximum daily balance of deposit (including interests) with connected persons was approximately RMB401,300,000.

For the six months ended 30 June 2016, the cost of purchasing packaging process services from connected persons (as defined in the Listing Rules) was RMB3,420,000.

For the six months ended 30 June 2016, the cost of purchasing security and cleaning services from connected persons (as defined in the Listing Rules) was RMB4,300,000.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

For the six months ended 30 June 2016, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

## **PUBLIC FLOAT**

Based on the public information currently available to the Company, the Company met with the public float requirement as stipulated by Listing Rules and as approved by the Stock Exchange throughout the reporting period.

## **CHANGE OF COMPANY SECRETARY**

Mr. Joseph Au Yeung Wai Ki resigned from his position as one of the joint Company Secretaries of the Company with effect from 30 June 2016. Mr. Huang Xuesong remains to be the Company Secretary of the Company. Please refer to the announcement of the Company dated 30 June 2016 for further details.

## **AMENDMENT OF THE ARTICLES OF ASSOCIATION**

The amendment of the Article 18 of the Articles of the Association regarding the shareholding of Company was approved at the 2015 annual general meeting held on 30 June 2016. The Company has filed an application for the amendment to the relevant governmental body and that the amendment was approved by Document YU WAI JING MAO HAN [2016] 【372】 issued by Chongqing Foreign Trade & Economic Relations Commission on 14 July 2016.

*By the Order of the Board*  
**Changan Minsheng APLL Logistics Co., Ltd.**  
**Xie Shikang**  
*Chairman*

Chongqing, the PRC  
31 August 2016

*As at the date of this announcement, the board of directors of the Company comprises: (1) Mr. Xie Shikang, Mr. Lu Xiaozhong, Mr. William K Villalon and Mr. Shi Jinggang as the executive directors; (2) Mr. Wu Xiaohua and Mr. Danny Goh Yan Nan as the non-executive directors; (3) Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun as independent non-executive directors.*

*\* For identification purpose only*