



# 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: 08217)



**2012** Interim Report

\*For identification purpose only

# **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)**

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

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

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



## HIGHLIGHTS

- For the six-month period ended 30 June 2012, the unaudited revenue of the Group was approximately Renminbi (“RMB”)1,656,921,000, representing an increase of approximately 0.46 % from the corresponding period in 2011.
- For the six-month period ended 30 June, 2012, the unaudited profit attributable to equity holders of the Company was approximately RMB84,002,000, representing a decrease of approximately 43.70% from the corresponding period in 2011.
- For the six-month period ended 30 June, 2012, the unaudited basic earnings per share were RMB 0.52 (corresponding period in 2011: RMB0.92).
- The Board does not propose the payment of an interim dividend for the six-month period ended 30 June 2012.

## INTERIM REPORT (UNAUDITED)

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six-month period ended 30 June 2012 as follows:

### Condensed consolidated balance sheet

		As at 30 June 2012	As at 31 December 2011
		(unaudited)	(audited)
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	261,228	264,560
Prepaid lease payments	6	142,208	143,883
Intangible assets		8,874	9,547
Investments in associates	7	21,757	21,836
Deferred income tax assets		11,537	12,595
<b>Total non-current assets</b>		<b>445,604</b>	452,421
<b>Current assets</b>			
Inventories		7,000	3,988
Trade receivables	8	228,872	193,056
Prepayment and other receivables		72,654	21,647
Due from related parties	9	976,949	632,860
Restricted cash		650	850
Cash and cash equivalents		392,483	489,317
<b>Total current assets</b>		<b>1,678,608</b>	1,341,718
<b>Total assets</b>		<b>2,124,212</b>	1,794,139

		As at 30 June 2012	As at 31 December 2011
	Note	(unaudited) RMB'000	(audited) RMB'000
<b>Equity</b>			
Equity attributable to owners of the Company			
Share capital	10	162,064	162,064
Other reserves	11	161,017	161,017
Retained earnings	11		
-Proposed final dividend		-	25,930
-Others		748,094	664,092
		<hr/>	<hr/>
Non-controlling interests		82,949	106,009
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,154,124</b>	<b>1,119,112</b>
		<hr/>	<hr/>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability		722	995
Deferred income		2,362	3,657
		<hr/>	<hr/>
<b>Total Non-current liabilities</b>		<b>3,084</b>	<b>4,652</b>
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	12	817,982	544,931
Due to related parties	13	115,554	112,111
Dividends payable		25,930	-
Current income tax liabilities		7,538	13,333
		<hr/>	<hr/>
Total current liabilities		967,004	670,375
		<hr/>	<hr/>
Total liabilities		970,088	675,027
		<hr/>	<hr/>
Total equity and liabilities		<b>2,124,212</b>	<b>1,794,139</b>
		<hr/>	<hr/>
Net current assets		711,604	671,343
		<hr/>	<hr/>
Total assets less current liabilities		<b>1,157,208</b>	<b>1,123,764</b>
		<hr/>	<hr/>

## Condensed consolidated statement of comprehensive income

	Note	For the six-month period ended 30 June		For the three-month period ended 30 June	
		2012	2011	2012	2011
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		RMB'000	RMB'000	RMB'000	RMB'000
Revenue	14	1,656,921	1,649,369	909,659	810,224
Cost of sales		(1,457,309)	(1,362,046)	(805,481)	(632,413)
<b>Gross profit</b>		<b>199,612</b>	<b>287,323</b>	<b>104,178</b>	<b>177,811</b>
Other income		4,283	1,849	3,193	350
Distribution costs		(47,876)	(44,393)	(25,695)	(25,698)
Administrative expenses		(27,180)	(38,685)	(14,170)	(25,215)
<b>Operating profit</b>		<b>128,839</b>	<b>206,094</b>	<b>67,506</b>	<b>127,248</b>
Finance income		3,360	1,893	2,154	1,176
Finance costs	15	38	(678)	78	(169)
Finance income- net		3,398	1,215	2,232	1,007
Share of profit of associates		(79)	1,066	1,156	568
<b>Profit before income tax</b>	16	<b>132,158</b>	<b>208,375</b>	<b>70,894</b>	<b>128,823</b>
Income tax expense	17	(32,016)	(51,677)	(18,984)	(32,105)
Profit for the period		<b>100,142</b>	<b>156,698</b>	<b>51,910</b>	<b>96,718</b>
<b>Profit attributable to:</b>					
Equity holders of the company		84,002	149,206	43,063	94,662
Non-controlling interests		16,140	7,492	8,847	2,056
		<b>100,142</b>	<b>156,698</b>	<b>51,910</b>	<b>96,718</b>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>100,142</b>	<b>156,698</b>	<b>51,910</b>	<b>96,718</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		84,002	149,206	43,063	94,662
Non-controlling interests		16,140	7,492	8,847	2,056
		<b>100,142</b>	<b>156,698</b>	<b>51,910</b>	<b>96,718</b>
<b>Earnings per share for profit attributable to owners of the Company during the period</b>	18				
-basic and diluted		<b>RMB 0.52</b>	<b>RMB0.92</b>	<b>RMB 0.27</b>	<b>RMB0.58</b>
Dividends		-	-	-	-

## Condensed consolidated statement of changes in equity

	Unaudited				
	Attributable to Equity holders of the Company			Non- controlling interests	Total equity
	Share Capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2011</b>	162,064	141,061	484,160	89,153	876,438
<b>Comprehensive income</b>					
Profit for the period	-	-	149,206	7,492	156,698
<b>Transactions with owners</b>					
Cash dividends	-	-	(24,310)	(19,600)	(43,910)
<b>Balance at 30 June 2011</b>	<u>162,064</u>	<u>141,061</u>	<u>609,056</u>	<u>77,045</u>	<u>989,226</u>
<b>Balance at 1 January 2012</b>	162,064	161,017	690,022	106,009	1,119,112
<b>Comprehensive income</b>					
Profit for the period	-	-	84,002	16,140	100,142
<b>Transactions with owners</b>					
Cash dividends	-	-	(25,930)	(39,200)	(65,130)
<b>Balance at 30 June 2012</b>	<u>162,064</u>	<u>161,017</u>	<u>748,094</u>	<u>82,949</u>	<u>1,154,124</u>

## Condensed consolidated cash flow statement

	For the six-month period ended 30 June	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from / (used in) operations	7,106	(78,878)
Income tax paid	(37,370)	(51,260)
<b>Net Cash used in operating activities</b>	<b>(30,264)</b>	<b>(130,138)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(30,885)	(33,771)
Increase in prepaid lease payments	-	(701)
Proceeds from disposal of property, plant and equipment	106	183
Interest received	3,360	1,893
<b>Net Cash used in investing activities</b>	<b>(27,419)</b>	<b>(32,396)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to equity holders and non-controlling interests	(39,200)	-
<b>Net Cash used in financing activities</b>	<b>(39,200)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(96,883)</b>	<b>(162,534)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>489,317</b>	<b>441,532</b>
<b>Exchange gain/ (losses) on cash</b>	<b>49</b>	<b>(121)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>392,483</b>	<b>278,877</b>

## Notes:

### 1. General information

The Company, formerly known as Chongqing Changan Minsheng Logistics Co., Ltd., was incorporated in the People's Republic of China (the "PRC") on 27 August 2001 as a limited liability company. 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 and was renamed CMA Logistics Co., Ltd.

On 5 June 2007, the English name of the Company was changed to "Changan Minsheng APLL Logistics Co., Ltd."

The address of the Company's registered office is Liangjing Village, Yuanyang Town, Yubei District, Chongqing, the PRC.

The H Shares of the Company have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited since February 2006.

This consolidated interim financial information has not been audited.

### 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

### 3. Principle accounting policies

The financial information has been prepared on the historical cost basis.

The accounting policies adopted in the interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2011.

The Group has adopted the new or amended HKFRS, amendments of standards and interpretations effective for the accounting periods beginning on or after 1 January 2012. Adoption of such new and amended standards, amendments of standards and interpretations has no material effect on the condensed consolidated Interim financial information, and has caused no material change to the accounting policies of the Group.

### 4. Segment information

Management has determined the operating segments based on the reports reviewed by the General Manager Meeting of the Company on monthly basis that are used to make strategic decisions.

The General Manager Meeting considers the business from a service perspective only, as geographically all the services are provided in PRC, which is considered as one geographic location with similar risks and returns.

The reportable operating segments derive their revenue primarily from the rendering of transportation and supply chain management for vehicle commodities, and transportation of non-vehicle commodities services.

Other services include the sales of package materials and processing of tyres, and the results of these operations are included in the “all other segments” column.

The General Manager Meeting assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes other income and administrative expenses. The measure also excludes the effects of the depreciation of property, plant and equipment, amortisation of prepaid lease payments and intangible assets, which are not allocated to segments, as these types of assets are driven by the central investment function, which manages the long-term assets investments of the Group.

The segment information provided to the General Manager Meeting for the reportable segments for the six-month period ended 30 June 2012 is as follows:

	Transportation and supply chain management for vehicle commodities (unaudited) RMB'000	Transportation of non-vehicle commodities (unaudited) RMB'000	All other segments (unaudited) RMB'000	Total (unaudited) RMB'000
Segment revenue	1,516,311	39,232	101,378	1,656,921
Inter-segment revenue	-	-	-	-
<b>Revenue from external customers</b>	<b>1,516,311</b>	<b>39,232</b>	<b>101,378</b>	<b>1,656,921</b>
<b>Adjusted operating profit</b>	<b>182,516</b>	<b>6,040</b>	<b>(6,905)</b>	<b>181,651</b>
<b>Total assets</b>	<b>975,898</b>	<b>13,015</b>	<b>71,782</b>	<b>1,060,695</b>

The segment information for the six-month period ended 30 June 2011 is as follows:

	Transportation and supply chain management for vehicle commodities (unaudited) RMB'000	Transportation of non-vehicle commodities (unaudited) RMB'000	All other segments (unaudited) RMB'000	Total (unaudited) RMB'000
Segment revenue	1,535,326	76,528	37,515	1,649,369
Inter-segment revenue	-	-	-	-
<b>Revenue from external customers</b>	<b>1,535,326</b>	<b>76,528</b>	<b>37,515</b>	<b>1,649,369</b>
<b>Adjusted operating profit</b>	<b>242,674</b>	<b>14,928</b>	<b>7,571</b>	<b>265,173</b>
<b>Total assets</b>	<b>595,717</b>	<b>40,827</b>	<b>5,183</b>	<b>641,727</b>

Sales between segments are carried out without profit making. The revenue from external parties reported to the General Manager Meeting is measured in a manner consistent with that in the consolidated statement of comprehensive income.

A reconciliation of adjusted operating profit to profit before tax is provided as follows:

	<b>2012</b>	<b>For the six-month period ended 30 June</b>
	<b>(unaudited)</b>	<b>2011</b>
	<b>RMB'000</b>	<b>(unaudited)</b>
		<b>RMB'000</b>
Adjusted operating profit for reportable segments	<b>188,556</b>	257,602
Other segments adjusted operating profit	<b>(6,905)</b>	7,571
<b>Total segments</b>	<b>181,651</b>	265,173
Depreciation and amortisation included in cost of sales and distribution cost	<b>(29,915)</b>	(22,443)
Other income	<b>4,283</b>	1,849
Administrative expenses	<b>(27,180)</b>	(38,685)
Finance income – net	<b>3,398</b>	1,415
Share of profit of associates	<b>(79)</b>	1,066
<b>Profit before income tax</b>	<b>132,158</b>	208,375

Reportable segments' assets are reconciled to total assets as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Segment assets for reportable segments	<b>988,913</b>	623,158
Other segments assets	<b>71,782</b>	8,976
<b>Total reportable segments assets</b>	<b>1,060,695</b>	632,134
Unallocated:		
Property, plant and equipment	<b>261,228</b>	264,560
Prepaid lease payments	<b>142,208</b>	143,883
Intangible assets	<b>8,874</b>	9,547
Investments in associates	<b>21,757</b>	21,836
Deferred income tax assets	<b>11,537</b>	12,595
Other current assets	<b>617,913</b>	709,584
<b>Total assets per balance sheet</b>	<b>2,124,212</b>	1,794,139

The entity is domiciled in China. All its revenue 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 2012, revenue of approximately RMB661,961,000, RMB369,248,000 and RMB140,943,000 (for the six months ended 30 June 2011: RMB536,056,000, RMB492,827,000 and RMB159,482,000) are derived from three external customers, respectively. These revenues are attributable to transportation and supply chain management for vehicle commodities segment and all other segments.

## 5. Property, plant and equipment

At 30 June 2012, the Group's original value of property, plant and equipment was approximately RMB455,639,000, and the net value was approximately RMB261,228,000.

During the reporting period, the detailed changes of the property, plant and equipment are as follows:

	<b>As at 30 June 2012</b> (unaudited) <b>RMB'000</b>	As at 31 December 2011 (audited) RMB'000	Changes during the reporting period RMB'000
Buildings	<b>256,047</b>	255,618	429
Machinery	<b>34,336</b>	34,564	(228)
Office facilities	<b>23,369</b>	20,591	2,778
Transportation vehicle	<b>135,044</b>	117,088	17,956
Construction in progress	<b>6,843</b>	-	6,843
Total	<b>455,639</b>	427,861	27,778

## 6. Prepaid lease payments

During the reporting period, the Group did not use any cash (corresponding period in 2011: RMB701,000) for lease payment of land use right. As at 30 June 2012, the net value of the Group's lease payment was approximately RMB142,208,000 (as at 31 December 2011: RMB143,883,000).

## 7. Investments in associates

As at 30 June 2012, the Company had interest in the following main associates (non-listed):

Name	Registered capital RMB'000	Location	Assets RMB'000	liabilities RMB'000	Revenue RMB'000	Profit RMB'000	Interest held
Wuhan Chang'an Minfutong Logistics Company Limited ("Wuhan Minfutong")	10,000	Wuhan, PRC	9,193	1,363	1,708	311	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	20,000	Chongqing, PRC	38,383	24,456	32,103	(390)	45%

## 8. Trade receivables

	<b>As at 30 June 2012 (unaudited) RMB'000</b>	As at 31 December 2011 (audited) RMB'000
Accounts receivable ( <i>Note (a)</i> )	<b>144,112</b>	118,053
Less: provision for impairment of receivables	<b>(10,859)</b>	(10,872)
Accounts receivable net	<b>133,253</b>	107,181
Bills receivable ( <i>Note (b)</i> )	<b>95,619</b>	85,875
	<b>228,872</b>	193,056

Note (a):

The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of accounts receivable as at 30 June 2012 was as follows:

	<b>As at 30 June 2012 (unaudited)</b>	As at 31 December 2011 (audited)
	<b>RMB'000</b>	RMB'000
0 to 90 days	<b>95,349</b>	86,939
91 to 180 days	<b>27,830</b>	8,041
181 to 365 days	<b>8,279</b>	14,792
Over 1 year	<b>12,654</b>	8,281
	<b>144,112</b>	118,053

Note (b):

Ageing analysis of bills receivable as at 30 June 2012 was as follows:

	<b>As at 30 June 2012 (unaudited)</b>	As at 31 December 2011 (audited)
	<b>RMB'000</b>	RMB'000
0 to 180 days	<b>95,619</b>	85,875

## 9. Due from related parties

	As at 30 June 2012 (unaudited) RMB'000	As at 31 December 2011 (audited) RMB'000
Balance from rendering of services (Note (a))	965,568	622,217
Less: provision for impairment of due from related parties	<u>(1,076)</u>	<u>(1,076)</u>
Subtotal	<u>964,492</u>	<u>621,141</u>
Balance of deposits for service quality guarantee	8,660	8,542
Prepayments for transportation services	1,290	2,242
Other receivables	<u>2,507</u>	<u>935</u>
Total	<u><u>976,949</u></u>	<u><u>632,860</u></u>

Note (a):

The Group offers credit terms to its related parties ranging from cash on delivery to 90 days. Ageing analysis of trading balance from rendering of services as at 30 June 2012 was as follows:

	As at 30 June 2012 (unaudited) RMB'000	As at 31 December 2011 (audited) RMB'000
0 to 90 days	923,392	594,655
91 to 180 days	39,601	18,712
181 to 365 days	1,515	6,968
Over 1 year	<u>1,060</u>	<u>1,882</u>
Total	<u><u>965,568</u></u>	<u><u>622,217</u></u>

## 10.Share capital

	As at 30 June 2012 (unaudited)		As at 31 December 2011 (audited)	
	Number of shares	Nominal value	Number of shares	Nominal value
	Shares	RMB	shares	RMB
Registered capital	<u>162,064,000</u>	<u>162,064,000</u>	<u>162,064,000</u>	<u>162,064,000</u>
Issued and fully paid				
-domestic shares (including non-H foreign shares), par value RMB1.00	<u>107,064,000</u>	<u>107,064,000</u>	107,064,000	107,064,000
- H shares, par value RMB1.00	<u>55,000,000</u>	<u>55,000,000</u>	55,000,000	55,000,000

## 11.Other reserves and retained earnings

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011(audited)	75,150	61,076	4,835	484,160	625,221
Profit for the year (audited)	-	-	-	250,128	250,128
Cash dividends	-	-	-	(24,310)	(24,310)
Appropriation	-	19,956	-	(19,956)	-
At 31December 2011 (audited)	75,150	81,032	4,835	690,022	851,039
Profit for the period (unaudited)	-	-	-	40,939	40,939
At 31 March 2012 (unaudited)	<u>75,150</u>	<u>81,032</u>	<u>4,835</u>	<u>730,961</u>	<u>891,978</u>
Profit for the period (unaudited)	-	-	-	43,063	43,063
Cash dividends	-	-	-	(25,930)	(25,930)
At 30 June 2012 (unaudited)	<u>75,150</u>	<u>81,032</u>	<u>4,835</u>	<u>748,094</u>	<u>909,111</u>

## 12.Trade and other payables

	As at 30 June 2012 (unaudited) RMB'000	As at 31 December 2011 (audited) RMB'000
Accounts payable (Note (a))	660,038	353,345
Bills payable (Note (a))	20,302	17,100
Other payables	111,608	157,286
Advance from customers	1,360	901
Other taxes	24,674	16,299
	<hr/>	<hr/>
Total	<b>817,982</b>	<b>544,931</b>

Note (a):

Ageing analysis of accounts payable and bills payable as at 30 June 2012 was as follows:

	As at 30 June 2012 (unaudited) RMB'000	As at 31 December 2011 (audited) RMB'000
0 to 90 days	659,821	351,460
91 to 180 days	11,208	17,967
181 to 365 days	8,764	12
Over 1 year	547	1,006
	<hr/>	<hr/>
Total	<b>680,340</b>	<b>370,445</b>

### 13. Due to related parties

	<b>As at 30 June 2012 (unaudited) RMB'000</b>	As at 31 December 2011 (audited) RMB'000
Balance from transportation services provided by related parties	103,266	102,899
Balance from construction services provided by related parties	6,940	6,940
Advances for rendering of services	-	61
Other payables	5,348	2,211
Total	<u>115,554</u>	<u>112,111</u>

Ageing analysis of due to related parties as at 30 June 2012 was as follows:

	<b>As at 30 June 2012 (unaudited) RMB'000</b>	As at 31 December 2011 (audited) RMB'000
0 to 90 days	106,107	108,177
91 to 180 days	362	101
181 to 365 days	6,330	80
Over 1 year	2,755	3,753
Total	<u>115,554</u>	<u>112,111</u>

## 14.Revenue

The Group is principally engaged in rendering of transportation of finished vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities services. Revenues recognized for the six-month period ended 30 June 2012 are as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Transportation of finished vehicles	1,047,654	1,139,465	527,608	612,929
Supply chain management for automobile components and parts	468,657	395,861	269,439	131,775
Transportation of non-vehicle commodities	39,232	76,528	21,540	34,554
Others	101,378	37,515	91,072	30,966
Total	<u>1,656,921</u>	<u>1,649,369</u>	<u>909,659</u>	<u>810,224</u>

## 15.Finance costs

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Net exchange (gain) / losses	(70)	477	(95)	149
Others	32	201	17	20
Total	<u>(38)</u>	<u>678</u>	<u>(78)</u>	<u>169</u>

As at 30 June 2012, the balance of the bank loan of the Group is nil.

## 16. Profit before income tax

For the six-month period ended 30 June 2012, the profit before income tax was determined after charging the following items:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Depreciation and amortization	<b>30,037</b>	24,304	<b>14,844</b>	14,272
Employee benefit expense	<b>157,265</b>	146,397	<b>92,970</b>	74,011

## 17. Income tax expense

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Current PRC corporate income tax ("CIT")	<b>31,231</b>	52,685	<b>18,199</b>	28,143
Deferred tax	<b>785</b>	(1,008)	<b>785</b>	3,962
Total	<b>32,016</b>	51,677	<b>18,984</b>	32,105

The applicable CIT rate and the actual CIT rate of the Company and its subsidiaries are shown as follows:

	<b>For the six-month period ended 30 June</b>	
	<b>2012</b>	2011
	<b>CIT rate</b>	CIT rate
The Company	<b>15.0%</b>	25.0%
Chongqing CMAL Boyu Logistics Company Limited (“Chongqing Boyu”)	<b>15.0%</b>	25.0%
Nanjing CMSC Logistics Company Limited (“Nanjing CMSC”)	<b>25.0%</b>	25.0%
Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd (“Chongqing MFBL”)	<b>25.0%</b>	25.0%
Chongqing Changan Mingsheng Dingjie Logistics Co, Ltd (“Chongqing Dingjie”)	<b>25.0%</b>	25.0%
Chongqing Changan Mingsheng Fuyong Logistics Co, Ltd (“Chongqing Fuyong ”)	<b>25.0%</b>	25.0%

Pursuant to the regulations of the Finance Tax (2011) No. 58 Document jointly issued by the PRC Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on 27 July 2011, as the encouraged industry enterprise in the western China, the CIT rate for the Company and its subsidiary Chongqing Boyu are both 15% for the period from 2011 to 2020. For the six-month period ended 30 June 2012 and the corresponding period for the last year, the applicable CIT rate of the wholly owned subsidiaries of the Company, Chongqing MFBL and Chongqing Fuyong, are both 25%.

For the six-month period ended 30 June 2012 and the corresponding period for the last year, the applicable CIT rate for Nanjing CMSC, the Company’s subsidiary, is 25% (As at 30 June 2012, the Company holds 51% of Nanjing CMSC’s shareholdings, Beijing Changjiu Logistics Company Limited (“Beijing Changjiu”) and Sumitomo Corporation (“Sumitomo”) holds respectively 24% and 25% of Nanjing CMSC’s shareholdings).

For the six-month period ended 30 June 2012 and the corresponding period for the last year, the applicable CIT rate for Chongqing Dingjie, the Company’s subsidiary, is 25% (As at 30 June 2012, the Company holds 95% of Chongqing Dingjie’s shareholdings, Chongqing Dajiang Zhenyue Storage Company Limited and Chongqing Weitai Trade Company Limited holds respectively 2% and 2% of Chongqing Dingjie’s shareholdings and Chongqing Lingxin Storage Company Limited holds 1% of Chongqing Dingjie’s shareholdings).

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-month period ended 30 June 2012 (corresponding period in 2011: nil).

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Profit before tax	<u>132,158</u>	<u>208,375</u>	<u>70,894</u>	<u>128,823</u>
Tax calculated at weighted average tax rate applicable to the Group	<u>24,883</u>	<u>52,130</u>	<u>12,036</u>	<u>32,434</u>
Expenses not deductible for tax purposes	<u>168</u>	<u>4</u>	<u>168</u>	<u>4</u>
Share of profit of associates	<u>12</u>	<u>(266)</u>	<u>(173)</u>	<u>(142)</u>
Others	<u>6,953</u>	<u>(191)</u>	<u>6,953</u>	<u>(191)</u>
Tax charge	<u><u>32,016</u></u>	<u><u>51,677</u></u>	<u><u>18,984</u></u>	<u><u>32,105</u></u>

The weighted average applicable tax rate for the six-month period ended 30 June 2012 was 18.83% (2011: 25.02%).

## 18. Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of share in issue for the six-month period or for the three-month period ended 30 June 2012.

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Group's profit attributable to equity holders of the Company	<u>84,002</u>	<u>149,206</u>	<u>43,063</u>	<u>94,662</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share) #	<u><u>0.52</u></u>	<u><u>0.92</u></u>	<u><u>0.27</u></u>	<u><u>0.58</u></u>

# Diluted earnings per share is the same as basic earnings per share as there were no potentially dilutive instruments outstanding.

## 19. Commitments of the Group

### (a) Capital expenditure commitments

As at 30 June 2012, the capital expenditure commitments not provided for are as follows:

	As at 30 June 2012 (unaudited) RMB'000	As at 31 December 2011 (audited) RMB'000
Property, plant and equipment - Contracted but not provided for	<u>10,020</u>	<u>-</u>
Total	<u><u>10,020</u></u>	<u><u>-</u></u>

### (b) Operating lease commitments

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

	As at 30 June 2012 (unaudited) RMB'000	As at 31 December 2011 (audited) RMB'000
Not more than one year	6,295	9,191
More than one year and less than five years	<u>1,769</u>	<u>4,083</u>
Total	<u><u>8,064</u></u>	<u><u>13,274</u></u>

## 20. Foreign currency

As the transactions of the Group denominated in foreign currency were limited, the foreign currency risk has no material impact on the Group.

## 21. Event after the balance sheet date

On 11 June 2012, the Company entered the Nanjing CMSC Equity Transfer Agreement ("the agreement") with Beijing Changjiu and Sumitomo. The agreement was approved by the PRC government on 13 July 2012, and the Company shall pay the consideration to Beijing Changjiu in accordance with the agreement. For detailed information about the payment terms, please refer to the announcement dated 11 June 2012 disclosed by the Company.



## **INTERIM DIVIDENDS**

The Board does not propose the payment of an interim dividend for the six-month period ended 30 June 2012 (corresponding period in 2011: nil).

The final dividend of 2011 of RMB0.16 per share, including tax, has been approved by the shareholders of the Company in the annual general meeting of the Company held on 26 June 2012 and will be paid before 30 September 2012.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

For the first half year of 2012, against the background of the slowing down of the PRC macro economy development outlook, the automobile production and sales volume had a decrease in its growth momentum as compared with the corresponding period of last year. According to the PRC Automobile Industry Association's statistics, for the first half year of 2012, the production and sales volume of automobile were 9,529,200 vehicles and 9,598,100 vehicles, respectively, representing an increase of approximately 4.1% and 2.9% as compared with the corresponding period of last year. For the six-month period ended 30 June 2012, the production and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile") are 864,000 vehicles and 887,000 vehicles, respectively, representing a decrease of approximately 4.73% and 4.15% as compared with the corresponding period of last year. For the six-month period ended 30 June 2012, the Group recorded a total revenue of approximately RMB1,656,921,000, which remains relatively the same compared to the same period of last year (an increase of approximately 0.46% compared to the same period of last year). The income from transportation of finished vehicles and supply chain management of car components and parts for the six-month period ended 30 June 2012 represented 63.23% and 28.28%, respectively, of the Group's total revenue (for the six-month period ended 30 June 2011: 69.08% and 24.00% respectively). Detailed breakdown of revenue is set out in Note 14 to the section headed "Condensed Consolidated Statement of Comprehensive Income" of this report.

For the six-month period ended 30 June 2012, the domestic automobile market developed slowly. Affected by the intensifying competition of the domestic automobile market and the decreasing in the logistics service prices, as well as the unfavourable factors like the increasing labour costs and the logistics operational costs, there has been a decreasing trend for both the Group's gross profit margin and the net profit margin: 12.05% (for the same period in 2011: 17.42%) and 6.04% (for the same period in 2011: 9.50%), respectively. The Group's profit attributable to the equity holders of the Company for the six-month period ended 30 June 2012 decreased by approximately 43.70% to approximately RMB 84,002,000 from RMB149,206,000 in the corresponding period in 2011.

## FINANCIAL REVIEW

### Working capital and financial resources

During the reporting period, the Group maintained a balanced financial position. Our sources of funds were generally the income arising from our daily operations.

As at 30 June 2012, the cash and bank balance was approximately RMB392,483,000 (31 December 2011: RMB 489,317,000). As at 30 June 2012, the total assets of the Group amounted to approximately RMB2,124,212,000 (31 December 2011: RMB1,794,139,000). The Group had current liabilities of approximately RMB967,004,000 (31 December 2011: RMB670,375,000), non-current liabilities of approximately RMB3,084,000 (31 December 2011: RMB4,652,000), shareholders' equity excluding non-controlling interest of approximately RMB1,071,105,000 (31 December 2011: RMB1,013,103,000) and non-controlling interest of approximately RMB82,949,000 (31 December 2011: RMB106,009,000).

### Capital structure

For the six-month period ended 30 June 2012, there had been no change to the Company's capital structure.



## Gearing and liquidity ratio

As at 30 June 2012, the asset-liability ratio (that is the ratio between the total liabilities and the total assets) of the Group was 45.67% (31 December 2011: 37.62%). The gearing ratio between the total liabilities and the total equity of the Group was 0.84:1 (31 December 2011: 0.60:1).

## Foreign currency risk

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

## EMPLOYEE AND REMUNERATION POLICY

The Group had 6,340 employees as at 30 June 2012 (31 December 2011: 5,925, among which, the number of the Company's own staffs was 4,799). The salaries of the employees are determined based on the remuneration policy approved by the Board and the remuneration committee of the Company in accordance with PRC laws and regulations. The salary level is in line with the financial performance of the Company. The benefits of the employees comprise endowment insurance, medical insurance, unemployment insurance, personal injury insurance and housing funds.

## PROSPECTS

In the next half year of 2012, it is expected that the development of the PRC economy will still be affected by a complicated internal and external environment: from the international perspective, the fall in the growth rate of international trade, the acute fluctuation of the international financing market and the continuous aggravation of European debt crisis; from the domestic perspective, there will be a low demand in the domestic market, and the control in the real estate is expected to continue. The above mentioned unfavorable factors will bring uncertainties to the PRC economy development in the next half year of 2012 and it is difficult to have a considerable improvement for the general development in a short time. Besides, with the PRC economy's further opening up to the outside world and the continuous development of the logistics industry, the Company anticipates that the automobile logistics market in China will be full of challenges in the future and the competition will be further intensified. These will bring unfavorable factors to the Group's operation and profit-gaining. In the next half year of 2012, although facing the slowing down of the automobile industry development and fierce competition in the automobile logistics market, the Group will continue to improve its core competitiveness through enhancing the "Management, Operation and Serving", and to carry out Overall Cost Saving Project and Overall Risks Controlling Project to enhance profit earning capability.

## CORPORATE GOVERNANCE

During the reporting period, the Company has complied with the code provisions set out in Appendix 15 (Corporate Governance Code and Corporate Governance Report) of the GEM Listing Rules.

### SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). After making specific enquiries to all directors, the Company is not aware of any non-compliance with the Code by directors.

### Board of Directors

The third session of the Board currently has 14 directors, including 5 executive directors, 6 non-executive directors and 3 independent non-executive directors. The Board considers that the Board's composition has maintained a reasonable balance between the 9 non-executive and independent non-executive directors and the number of executive directors to ensure the interest of the Company and the shareholders. The 9 non-executive directors and independent non-executive directors provide constructive advice in relation to the formulation of the Company's policies. Among the current directors of the Company, Mr. Lu Guoji and Mr. Lu Xiaozhong are father and son; besides, the Company is not aware of there being any family or material relationship between the members of the Board. The Company has three independent non-executive directors, of whom at least one has appropriate professional qualification and financial management expertise. The Company considers that each of the independent non-executive directors has complied with the guidelines on independence set out in rule 5.09 of the GEM Listing Rules. The term of office of each independent non-executive director does not exceed nine years.

### Board Chairman and General Manager

The Chairman of the Board is Mr. Zhang Lungang and our General Manager is Mr. Zhu Minghui. The Chairman is in charge of setting the development and business strategies whereas 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 3 committees.

### AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules and "A Guide For The Formation of An Audit Committee" compiled by the Hong Kong Society of Accountants, the Company has set up an audit committee. In compliance with Rule of 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee have been properly laid down. The primary duties of the audit committee are to review and monitor the Company's financial reporting process and internal control system. The Company had published the Terms of Reference and Modus Operandi of Audit Committee on 29 March 2012 both on the websites of the Stock Exchange and the Company.

The audit committee comprises Mr. Peng Qifa (the chairman of the committee), Mr. Chong Teck Sin and Mr. Poon Chiu Kwok. Mr. Peng Qifa is the independent non-executive director with appropriate professional qualifications and financial experience.



Up to the date of this report, the audit committee held four meetings in 2012:

The audit committee met on 13 March 2012 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2011, listened to the auditor's suggestions for the Company and approved the 2011 Annual Report.

The audit committee met on 10 April 2012 to review and discuss the proposal of Auditors' Appointment and approved such proposal.

The audit committee met on 3 May 2012 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2012, and approved such report.

The audit committee met on 25 July 2012 to review the unaudited interim report of the Group for the six months ended 30 June 2012, and approved such report.

## **REMUNERATION COMMITTEE**

The Company has established a remuneration committee pursuant to the requirements of Article 5.34 under the GEM Listing Rules and its duties and responsibilities have been properly laid down pursuant to Article 5.35 under the GEM Listing Rules. The principal responsibilities of the remuneration committee include making proposals to the Board in respect of the overall remuneration policy and structures of the directors and senior management. The Company had published the Terms of Reference and Modus Operandi of Remuneration Committee on 29 March 2012 both on the websites of the Stock Exchange and the Company.

The Remuneration Committee currently has 5 members. Mr. Peng Qifa is the chairman and the other members are Mr. Zhang Lungang, Mr. William K Villalon, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok. The majority of the members of the remuneration committee are independent non-executive directors of the Company and the chairman Mr. Peng Qifa is the independent non-executive director of the Company.

## **NOMINATION COMMITTEE**

The Company has established a nomination committee pursuant to the requirements under the GEM Listing Rules and its duties and responsibilities have been properly laid down. The principal responsibilities of the nomination Committee are to continually review the structure and composition of the Board, enhance the corporate governance of the Company and assess the independence of the Company's independent directors. The Company had published the Terms of Reference and Modus Operandi of Nomination Committee on 29 March 2012 both on the websites of the Stock Exchange and the Company.

The Nomination Committee currently has 5 members. Mr. Zhang Lungang is the chairman and the other members are Ms. Lau Man Yee, Vanessa, Mr. Peng Qifa, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok. The majority of the members of the nomination committee are independent non-executive directors of the Company and the chairman Mr. Zhang Lungang is the Chairman of the Board of the Company.



## **OTHER INFORMATION**

### **THE INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS HELD BY THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY**

As at 30 June 2012, 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”)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and the supervisors are taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

As at 30 June 2012, the directors, chief executive and the supervisors 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 they have any interest, either direct or indirect, in any assets which have been, since 31 December 2011 were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

As at 30 June 2012, 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 share capital carrying rights to vote in all circumstances at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non- H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Chongqing Changan Industry Company (Group) Limited ("Changan Industry Co.")	Beneficial owner	41,225,600(L)	38.51%	-	25.44%
APL Logistics Ltd. ("APLL")	Beneficial owner	33,619,200(L)	31.40%	-	20.74%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Beneficial owner	25,774,720(L)	24.07%	-	15.90%
Minsheng Industrial (Note 1)	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)")	Beneficial owner	6,444,480(L)	6.02%	-	3.98%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments, LLC (Note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (Note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (Note 2)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%
Pemberton Asian Opportunities Fund	Beneficial owner	3,300,000(L)	-	6.00%	2.04%

*Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial. The directors of the Board of the Company Mr. Lu Guoji and Mr. Lu Xiaozhong holds respectively 24% and 6% shareholdings of Minsheng Industrial.*

*Note 2: 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 3: (L) – long position, (S) – short position, (P) - Lending Pool.*

Save as disclosed above, as at 30 June 2012, so far as is known to the directors and chief executive of the Company, there is no other 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.

## COMPETING INTERESTS

The Company has entered into a non-competition undertaking with each of its shareholders, namely APLL, Minsheng Industrial, Ming Sung (HK) and Changan Industry Co., respectively. For details of the non-competition undertakings, please refer to the prospectus of the Company published on 16 February 2006 and the 2011 Annual Report of the Company.

During the reporting period, since 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-month period ended 30 June 2012, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the GEM Listing Rules) was approximately RMB1,491,206,000 (among which, Changan Automobile and its associates was RMB1,478,249,000, Changan Industry Co. and its associates was RMB4,254,000 and Nanjing Baogang Zhushang Metal Manufacturing Company Limited was RMB8,703,000), which accounted for approximately 90.00% of the total revenue during the reporting period.

For the six-month period ended 30 June 2012, the cost of purchasing transportation services from connected persons (as defined in the GEM Listing Rules) was approximately RMB186,929,000 (among which, Changan Industry Co. and its associates was RMB228,000, Minsheng Industrial and its associates was RMB156,373,000 and Beijing Changjiu and its associates was RMB30,328,000), which accounted for approximately 12.83% of the cost of sales during the reporting period.

For the six-month period ended 30 June 2012, there is no purchasing engineering construction services from connected persons (as defined in the GEM Listing Rules).

For the six-month period ended 30 June 2012, the balance of the maximum amount of loan outstanding (including interests) on a daily basis taken from connected persons (as defined in the GEM Listing Rules) was nil, the balance of the maximum amount of deposit (including interests) on a daily basis with connected persons was approximately RMB154,779,000, the accumulated amount of note discounting at connected persons was RMB38,000,000.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six-month period ended 30 June 2012, the Company and its subsidiaries have 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 GEM Listing Rules and as approved by the Stock Exchange throughout the reporting period.

By the Order of the Board  
**Changan Minsheng APLL Logistics Co., Ltd.**  
**Zhang Lungang**  
*Chairman*

Chongqing, the PRC  
30 July 2012



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

**Executive directors:**

Mr. Zhang Lungang  
Mr. Gao Peizheng  
Mr. Lu Xiaozhong  
Mr. Zhu Minghui  
Mr. William K Villalon

**Non-executive directors:**

Mr. Lu Guoji  
Ms. Lau Man Yee, Vanessa  
Mr. Li Ming  
Mr. Wu Xiaohua  
Mr. Zhou Zhengli  
Mr. Danny Goh Yan Nan

**Independent non-executive directors:**

Mr. Peng Qifa  
Mr. Chong Teck Sin  
Mr. Poon Chiu Kwok