



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)



*For identification purpose only

2014 Interim Report

HIGHLIGHTS

- For the six-month period ended 30 June 2014, the unaudited revenue of the Group was approximately RMB 2,577,023,000, representing an increase of approximately 26.59% from the corresponding period in 2013.
- For the six-month period ended 30 June 2014, the unaudited profit attributable to equity holders of the Company was approximately RMB 111,416,000, representing a slight increase of approximately 0.51% from the corresponding period in 2013.
- For the six-month period ended 30 June 2014, the unaudited basic earnings per share were RMB 0.69 (corresponding period in 2013: RMB 0.68).
- The Board does not propose the payment of an interim dividend for the six-month period ended 30 June 2014.

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 consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six-month period ended 30 June 2014 as follows:

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

	Note	For the six months ended 30 June	
		2014 (unaudited) RMB'000	2013 (unaudited) RMB'000
Revenue	4	2,577,023	2,035,695
Cost of sales		<u>(2,327,888)</u>	<u>(1,813,870)</u>
Gross profit		249,135	221,825
Other operating income		12,726	11,688
Selling and distribution costs		(71,561)	(57,610)
Administrative expenses		(43,988)	(36,422)
Finance costs	5	(947)	(847)
Share of profits and losses of associates		2,640	1,931
Profit before tax		148,005	140,565
Income tax expense	6	(26,936)	(24,982)
Profit for the period		121,069	115,583
Attributable to:			
Equity holders of the parent		111,416	110,853
Non-controlling interests		<u>9,653</u>	<u>4,730</u>
		121,069	115,583
Other comprehensive income for the period		-	-
Total comprehensive income for the period		121,069	115,583
Attributable to:			
Equity holders of the parent		111,416	110,853
Non-controlling interests		<u>9,653</u>	<u>4,730</u>
		121,069	115,583
Earnings per share for profit for the period attributable to ordinary equity holders of the parent			
--Basic and diluted	7	<u>RMB 0.69</u>	<u>RMB 0.68</u>

Interim condensed consolidated balance sheet

		As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Assets	Note		
Non-current assets			
Property, plant and equipment	8	302,675	251,594
Prepaid land lease payments	9	167,231	165,640
Intangible assets		10,469	10,221
Investment in associates		24,427	21,787
Deferred tax assets		36,745	35,910
Other non-current assets		-	13,821
Total non-current assets		541,547	498,973
Current assets			
Inventories		27,126	83,542
Trade and bills receivables	10	468,054	337,966
Prepayment, deposits and other receivables		67,255	34,360
Due from related parties	11	1,448,390	1,344,978
Pledged deposits	12	31,089	38,615
Cash and cash equivalents	12	647,863	614,008
Total current assets		2,689,777	2,453,469
Total assets		3,231,324	2,952,442

Interim condensed consolidated balance sheet (continued)

		As at 30 June 2014 (unaudited)	As at 31 December 2013 (audited)
	Note	RMB'000	RMB'000
Equity			
Issued capital	13	162,064	162,064
Reserves		1,251,031	1,139,615
Proposed final dividend		-	40,516
Equity attributable to equity holders of the parent		1,413,095	1,342,195
Non-controlling interests		71,893	62,240
Total equity		1,484,988	1,404,435
Liabilities			
Non-current liabilities			
Deferred revenue		1,614	1,614
Deferred tax liabilities		482	482
Total non-current liabilities		2,096	2,096
Current liabilities			
Trade and bills payables	14	1,360,404	1,116,274
Other payables and accruals	15	269,124	290,020
Due to related parties	16	59,436	64,480
Interest-bearing bank and other borrowings		-	50,000
Dividends payable		40,516	-
Tax payable		14,760	25,137
Total current liabilities		1,744,240	1,545,911
Total liabilities		1,746,336	1,548,007
Total liabilities and equity		3,231,324	2,952,442
Net current assets		945,537	907,558
Total assets less current liabilities		1,487,084	1,406,531

**Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2014**

	Unaudited							
	Attributable to equity holders of the Company					Total equity		
	Share capital	Share premium account	Reserve funds	Retained profits	Proposed final dividend		Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2014	162,064	66,907	85,867	986,841	40,516	1,342,195	RMB'000 1,404,435	
Comprehensive income								
Profit for the period	-	-	-	111,416	-	111,416	9,653	121,069
Proposed final 2013 dividend	-	-	-	-	(40,516)	(40,516)	-	(40,516)
Balance at 30 June 2014	162,064	66,907	85,867	1,098,257	-	1,413,095	71,893	1,484,988

**Interim condensed consolidated statement of changes in equity
For the six months ended 30 June 2013**

	Unaudited						
	Attributable to equity holders of the Company					Total equity	
	Share capital	Share premium account	Reserve funds	Retained profits	Proposed final dividend		Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2013	162,064	66,907	85,867	819,750	48,619	1,183,207	RMB'000 1,242,899
Comprehensive income							
Profit for the period	-	-	-	110,853	-	110,853	4,730 115,583
Proposed final 2012 dividend	-	-	-	-	(48,619)	(48,619)	- (48,619)
Balance at 30 June 2013	162,064	66,907	85,867	930,603	-	1,245,441	64,422 1,309,863

Interim condensed consolidated cash flow statement

	For the six months ended 30 June	
	2014 (unaudited) RMB'000	2013 (unaudited) RMB'000
Operating activities		
Cash generated from operations	201,535	175,101
Interest paid	(1,452)	(412)
Income tax paid	(38,148)	(20,889)
Net cash flows from operating activities	<u>161,935</u>	<u>153,800</u>
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(81,192)	(18,594)
Cash received from returns on investments	-	3,500
Proceeds from disposal of property, plant and equipment	324	111
Interest received	2,574	3,080
Net cash used in investing activities	<u>(78,294)</u>	<u>(11,903)</u>
Cash flow from financing activities		
New interest-bearing bank and other borrowings	70,000	60,000
Repayment of interest-bearing bank and Other borrowings	(120,000)	-
Net cash from/(used in) financing activities	<u>(50,000)</u>	<u>60,000</u>
Increase of cash and cash equivalents	33,641	201,897
Cash and cash equivalents at beginning of the period	614,008	460,037
Effect of foreign exchange rate changes, net	214	(224)
Cash and cash equivalents at end of the period	<u><u>647,863</u></u>	<u><u>661,710</u></u>

Notes:

1. General information

The Company 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. The H share of the Company was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 February 2006, and has been transferred and traded on the Main Board since 18 July 2013.

The principal activities of the Group are the rendering of transportation of finished vehicles, supply chain management for automobile components and parts, transportation of non-vehicle commodities services, sales of packages materials and processing of tyres.

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

The consolidated interim financial information has not been audited.

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

Basis of preparation

This interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated financial statements do 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014 as follows:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)21	Levies

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

New standards, interpretations and amendments adopted by the Group (continued)

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 consolidated financial statements of the Group.

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

3. Segment information

During the reporting period, the Group changes its management model from horizontal management to vertical management in order to optimise resources allocation and improve operation efficiency. From perspective of management, the original four operating segments, i.e. transportation and supply chain management for vehicle commodities, transportation of non-vehicle commodities, processing of tyres and others, were integrated into one operating segment, i.e. provision of services and products on integrated logistics automobile supply chain and others, and the Group prepared the consolidated financial and operation information on a monthly basis for review and to make strategic decisions by the General Manager Office. On such basis, the Group is of the view that further detailed operating segment analysis is not required to be presented during the reporting period.

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 2014, revenues of approximately RMB1,479,960,000, RMB435,640,000 and RMB194,800,000 (for the six months ended 30 June 2013: RMB1,076,811,000, RMB385,811,000 and RMB97,161,000) were derived from three largest external customers, respectively.

4. Revenue

Revenues recognised for the six months ended 30 June 2014 are as follows:

	For the six months ended 30 June	
	2014 (unaudited) RMB'000	2013 (unaudited) RMB'000
Transportation of finished vehicles	1,138,356	1,051,433
Sale of tyres and others	749,083	402,345
Supply chain management for automobile components and parts	648,227	522,059
Transportation of non-vehicle commodities	39,948	55,611
Others	1,409	4,247
Total	<u>2,577,023</u>	<u>2,035,695</u>

5. Finance costs

	For the six months ended 30 June	
	2014 (unaudited) RMB'000	2013 (unaudited) RMB'000
Net exchange (gain)/losses	(505)	401
Interests on bank loans	1,452	412
Others	-	34
Total	<u>947</u>	<u>847</u>

6. Income tax expense

	For the six months ended 30 June	
	2014 (unaudited) RMB'000	2013 (unaudited) RMB'000
Current income tax expense- the PRC	27,771	23,937
Deferred income tax expense	(835)	1,045
Total income tax expense	<u>26,936</u>	<u>24,982</u>

The Company and its subsidiaries are subject to different corporate income tax (“CIT”) rates and the applicable CIT rates are shown as follows:

	For the six months ended 30 June	
	2014 applicable tax rate	2013 applicable tax rate
The Company	15.0%	15.0%
Chongqing CMAL Boyu Logistics Company Limited (“Chongqing Boyu”)	15.0%	15.0%
Nanjing CMSC Logistics Company Limited (“Nanjing CMSC”)	25.0%	25.0%
Chongqing Changan Minsheng Future Bonded Logistics Co., Ltd. (“Chongqing MFBL”)	25.0%	25.0%
Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. (“Chongqing Dingjie”)	25.0%	25.0%
Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. (“Chongqing Fuyong”)	25.0%	25.0%

6. Income tax expense (continued)

The Company and its subsidiaries are subject to different CIT rates. The applicable CIT rates are shown as follows (continued):

	For the six months ended 30 June	
	2014	2013
	applicable tax rate	applicable tax rate
Hangzhou Changan Minsheng Logistics Co., Ltd. ("Hangzhou Changan Minsheng")	25.0%	25.0%
Chongqing Fulu Bonded Logistics Co., Ltd. ("Chongqing Fulu Bonded")	25.0%	N/A
Chongqing Changan Minsheng Dongli Packaging Co., Ltd. ("Dongli Packaging")	25.0%	N/A

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 reduced CIT rate of 15% for the period from 1 January 2011 to 31 December 2020. Pursuant to the Public Notice [2012] No.12 issued by SAT on 6 April 2012, the Company and Chongqing Boyu complied with the conditions for tax incentives, and the applicable tax rate for both of them is 15%.

For the six-month period ended 30 June 2014 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, were both 25%.

For the six-month period ended 30 June 2014 and the corresponding period for the last year, the applicable CIT rate for Nanjing CMSC, the subsidiary of the Company, was 25% (as at 30 June 2014, the Company and Sumitomo Corporation ("Sumitomo") of Japan held 67% and 33% of Nanjing CMSC's shareholdings respectively).

For the six-month period ended 30 June 2014 and the corresponding period for the last year, the applicable CIT rate for Chongqing Dingjie, the subsidiary of the Company, was 25% (as at 30 June 2014, the Company held 95% of Chongqing Dingjie' 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' shareholdings).

Hangzhou Changan Minsheng, a wholly owned subsidiary of the Company, was incorporated on 17 May 2013, and the applicable CIT rate for it has been 25% since its establishment.

Chongqing Fulu Bonded, a wholly-owned subsidiary of the Company, was incorporated on 9 April 2014, and the applicable CIT rate for it has been 25% since its establishment.

Dongli Packaging was incorporated on 16 May 2014 with 55% and 45% shareholding held by the Company and Donglit Logistics Co., Ltd., respectively, and the applicable CIT rate for it has been 25% since its establishment.

6. Income tax expense (continued)

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 2014 (corresponding period in 2013: nil).

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries 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:

	For the six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Profit before tax	148,005	140,565
Tax at applicable tax rates of the Group entities	26,344	24,072
Adjustments in respect of current tax of previous periods	598	232
Expenses not deductible for tax	390	968
Profits and losses attributable to associates	(396)	(290)
Tax charge	<u>26,936</u>	<u>24,982</u>

The effective rate of tax for the six months period ended 30 June 2014 is 18.2% (corresponding period in 2013:17.8%).

7. Earnings per share

The calculation of basic earnings per share amounts is based on the profit for the six months ended 30 June 2014 attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 162,064,000 (30 June 2013: 162,064,000) in issue during the six months ended 30 June 2014, as adjusted to reflect the rights issue during the year.

	For the six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Group's profit attributable to equity holders of the Company	111,416	110,853
Weighted average number of shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share)#	<u>0.69</u>	<u>0.68</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 years.

8. Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired assets with a cost of RMB13,728,000 (the six months ended 30 June 2013: RMB8,005,000).

The Group continued its construction of a logistics information center, and the carrying amount as at 30 June 2014 was RMB 45.5 million (31 December 2013: RMB32.7 million). The Group also continued the development of an automobile components and parts manufacturing, distribution and supply chain integration project, and the carrying amount as at 30 June 2014 was RMB39.4 million (31 December 2013: RMB0.6 million). The Group also started the construction of two new production lines for its tyres processing segment, and the carrying amount as at 30 June 2014 was RMB16.2 million (31 December 2013: nil).

Assets with a net book value of RMB178,000 were disposed of by the Group during the six months ended 30 June 2014 (for the year ended 31 December 2013: RMB1,846,000), resulting in a net gain on disposal of RMB10,000 (for the year ended 31 December 2013: RMB194,000).

9. Prepaid land lease payments

During the six months ended 30 June 2014, the Group acquired a new piece of land at a consideration of RMB3,863,160, and the amortisation of prepaid land lease payments was approximately RMB2,272,000 (for six months ended 30 June 2013: RMB1,763,000).

10. Trade and bills receivables

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Accounts receivables (Note(a))	270,477	196,784
Less: Impairment	(19,238)	(25,381)
Accounts receivable, net	251,239	171,403
Bills receivable (Note(b))	216,815	166,563
	<u>468,054</u>	<u>337,966</u>

10. Trade and bills receivables (continued)

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 2014 and 31 December 2013 was as follows:

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
0 to 90 days	187,996	113,231
91 to 180 days	46,141	43,505
181 to 365 days	22,535	16,544
Over 1 year	13,805	23,504
	<u>270,477</u>	<u>196,784</u>

Note (b):

The ageing of bills receivable as at 30 June 2014 and 31 December 2013 were all less than 6 months.

11. Due from related parties

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Balance from rendering of services and sales of goods (Note(a))	1,465,625	1,362,538
Less: Impairment (Note(b))	<u>(31,117)</u>	<u>(30,960)</u>
Balance from rendering of services and sales of goods, net	1,434,508	1,331,578
Balance of deposits for service quality guarantee	2,906	4,700
Prepayments for transportation services	5,410	530
Other receivables	<u>5,566</u>	<u>8,170</u>
	<u>1,448,390</u>	<u>1,344,978</u>

11. Due from related parties (continued)

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 and sales of goods as at 30 June 2014 and 31 December 2013 was as follows:

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
0 to 90 days	1,418,409	1,269,009
91 to 180 days	10,398	56,523
181 to 365 days	16,837	15,568
Over 1 year	19,981	21,438
	<u>1,465,625</u>	<u>1,362,538</u>

Note (b):

The Group provided full provision for impairment of receivable amounted to RMB31,117,000 (31 December 2013:RMB30,659,000) due from Hafei Automobile Co., Ltd.. The reversal of RMB301,000 was due to the collection of trade receivables due from related parties during the six months ended 30 June 2014.

12. Cash and cash equivalents and pledged deposits

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Cash and bank balances	516,753	602,623
Time deposits	162,199	50,000
	<u>678,952</u>	<u>652,623</u>
Less: Pledged for bills payables	31,089	38,615
Cash and cash equivalents	<u>647,863</u>	<u>614,008</u>

13. Share capital

	As at 30 June 2014 (unaudited)		As at 31 December 2013 (audited)	
	Number of shares Shares	Nominal value RMB	Number of shares Shares	Nominal value 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>	<u>107,064,000</u>	<u>107,064,000</u>
-H shares, par value RMB1.00	<u>55,000,000</u>	<u>55,000,000</u>	<u>55,000,000</u>	<u>55,000,000</u>

14. Trade and bills payables

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Accounts payable (Note(a))	1,279,434	1,086,434
Bills payable (Note(a))	<u>80,970</u>	<u>29,840</u>
	<u>1,360,404</u>	<u>1,116,274</u>

Note (a):

Ageing analysis of accounts payable and bills payable as at 30 June 2014 and 31 December 2013 was as follows:

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
0 to 90 days	1,321,196	1,068,913
91 to 180 days	31,272	44,617
181 to 365 days	6,435	1,590
Over 1 year	<u>1,501</u>	<u>1,154</u>
	<u>1,360,404</u>	<u>1,116,274</u>

15. Other payables and accruals

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Accrued payroll	102,686	129,917
Other payables	77,894	76,342
Advance from customers	3,319	1,345
Other taxes	85,225	82,416
	<hr/>	<hr/>
Total	<u>269,124</u>	<u>290,020</u>

16. Due to related parties

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Balance from transportation services provided by related parties (Note(a))	47,991	47,241
Balance from construction services provided by related parties (Note(a))	7,134	14,790
Other payables	4,311	2,449
	<hr/>	<hr/>
	<u>59,436</u>	<u>64,480</u>

Note (a):

Ageing analysis of balance from transportation services and construction services provided by related parties as at 30 June 2014 and 31 December 2013 was as follows:

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
0 to 90 days	51,005	58,364
91 to 180 days	566	467
181 to 365 days	2,140	135
Over 1 year	1,414	3,065
	<hr/>	<hr/>
	<u>55,125</u>	<u>62,031</u>

17. Related party transactions

	For the six months ended 30 June	
	2014	2013
	(unaudited) RMB'000	(unaudited) RMB'000
Revenue from rendering of transportation of finished vehicles services	1,122,071	961,291
Revenue from rendering of supply chain management for automobile components and parts services	450,869	425,420
Revenue from sale of tyres	749,083	402,345
Revenue from others	1,409	3,746
	<u>2,323,432</u>	<u>1,792,802</u>
Purchase of transportation services	152,156	197,177
Purchase of construction services	37,150	92
Operation lease - warehouse and venue	1,048	350
	<u>190,354</u>	<u>197,619</u>

18. Financial instruments

Set out below is an overview of financial instruments held by the Group as at 30 June 2014 and 31 December 2013:

Financial assets	Loans and receivables	
	As at 30 June 2014	As at 31 December 2013
	(unaudited) RMB'000	(audited) RMB'000
Trade and bills receivables	468,054	337,966
Financial assets included in prepayment, deposits and other receivables	23,923	17,059
Due from related parties	1,442,980	1,344,448
Pledged deposits	31,089	38,615
Cash and cash equivalents	647,863	614,008
Total current	<u>2,613,909</u>	<u>2,352,096</u>
Total	<u>2,613,909</u>	<u>2,352,096</u>

18. Financial instruments (continued)

Financial liabilities	Other financial liabilities	
	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Trade and bills payables	1,360,404	1,116,274
Financial liabilities included in		
Other payables and accruals	77,894	76,342
Due to related parties	59,436	64,480
Dividends payable	40,516	-
Interest-bearing bank and other borrowings	-	50,000
Total current	1,538,250	1,307,096
Total	1,538,250	1,307,096

19. Commitments of the Group

(a) Capital expenditure commitments

As at 30 June 2014, the capital expenditure commitments not provided for are as follows:

	As at 30 June 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Property, plant and equipment		
-Contracted but not provided for	132,975	96,536

(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 2014 (unaudited) RMB'000	As at 31 December 2013 (audited) RMB'000
Not more than 1 year	8,486	8,771
More than 1 year and less than 5 years	13,309	6,766
Total	21,795	15,537



20. Events after the reporting period

On 30 July 2014, the Group signed a contract to acquire the use right of a new piece of land at a consideration of RMB99,000,000. Except for the land use right purchase, there were no significant events occurring after the balance sheet date that need to be disclosed.

21. Comparative figures

Certain comparative figures have been restated to conform to the presentation requirements for the current period.



INTERIM DIVIDENDS

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2014 (corresponding period in 2013: nil).

The 2013 final dividend of RMB 0.25 per share, including tax, has been approved by the shareholders of the Company at the annual general meeting of the Company held on 30 June 2014 and is expected to be paid before 30 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2014, the macro-economic environment in China showed signs of stabilization and automobile production and sales in the PRC experienced relatively fast growth. According to China Association of Automobile Manufacturers' statistics, for the first half of 2014, automobile production volume and sales volume in the PRC were 11,783,400 vehicles and 11,683,500 vehicles, respectively, representing an increase of approximately 9.6 % and 8.4 %, respectively, as compared with the corresponding period of last year. For the six-month period ended 30 June 2014, the production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile") were 1,320,300 vehicles and 1,320,300 vehicles, respectively, representing an increase of approximately 25.92% and 25.04%, respectively, as compared with the corresponding period of last year. For the six-month period ended 30 June 2014, the Group recorded a total revenue of approximately RMB 2,577,023,000, representing an increase of approximately 26.59% as compared with the corresponding period of last year. The income from transportation of finished vehicles, sale of tyres and supply chain management of car raw materials, components and parts for the six months ended 30 June 2014 represented approximately 44.17%, 29.07% and 25.15%, respectively, of the Group's total revenue (for the six-month period ended 30 June 2013: approximately 51.65%, 19.76% and 25.65%, respectively). Detailed breakdown of revenue is set out in Note 4 to the Group's interim condensed consolidated statement of profit or loss and other comprehensive income.

For the six-month period ended 30 June 2014, as affected by unfavorable factors such as the intensifying competition in the domestic automobile market, the decreasing trend in the logistics service prices as well as the rises in the logistics operational costs including labor costs, the Group's gross profit margin and the net profit margin decreased to: approximately 9.67% (for six months ended 30 June 2013: approximately 10.90%) and 4.70% (for six months ended 30 June 2013: approximately 5.68%), respectively. The Group's profit attributable to the equity holders of the parent for the six months ended 30 June 2014 increased by approximately 0.51% to approximately RMB 111,416,000 from approximately RMB 110,853,000 in the corresponding period in 2013.

FINANCIAL REVIEW

Working Capital and Financial Resources

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

As at 30 June 2014, the cash and bank balance and pledged deposits were approximately RMB 678,952,000 (31 December 2013: RMB 652,623,000). As at 30 June 2014, the total assets of the Group amounted to approximately RMB 3,231,324,000 (31 December 2013: RMB 2,952,442,000). The Group had current liabilities of approximately RMB 1,744,240,000 (31 December 2013: RMB 1,545,911,000), non-current liabilities of approximately RMB 2,096,000 (31 December 2013: RMB 2,096,000), shareholders' equity excluding non-controlling interest of approximately RMB 1,413,095,000 (31 December 2013: RMB 1,342,195,000) and non-controlling interest of approximately RMB 71,893,000 (31 December 2013: RMB 62,240,000).



Capital Structure

For the six-month period ended 30 June 2014, there had been no change to the Company's share capital.

Gearing and Liquidity Ratio

As at 30 June 2014, the gearing ratio (defined as the ratio between the total liabilities and the total assets) of the Group was approximately 54.04% (31 December 2013: approximately 52.43%). The gearing ratio between the total liabilities and the total equity of the Group was approximately 1.18:1 (31 December 2013: 1.10:1).

Pledge of Assets

As at 30 June 2014, 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 2014, the Group employed 7,577 employees (as at 31 December 2013: 7,496 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, employment 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

For the six-month period ended 30 June 2014, there had been no major investment of the Group.

Major Acquisition and Assets Sale

For the six-month period ended 30 June 2014, there had been no major acquisition and assets sale of the Group.

Contingent Liabilities

As at 30 June 2014, the Group did not have any contingent liabilities.



PROSPECTS

As the surrounding environment of China is getting increasingly sophisticated, China further opens its economy to the outside world and the competition of logistics market is intensifying, the Company estimates that the pressure in operating the automobile logistics in China will increase. This will have an unfavorable impact on the Group's operation and profitability. In the second half of 2014, in spite of the unfavorable factors, such as the continuous rise in labor cost and tax, etc., the Group will continue to improve its core competitiveness through enhancing the "Management, Operations and Services", and to carry out "Overall Cost Saving Project, and Overall Risks Controlling Project" to improve the Group's profitability.



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”).

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-month period ended 30 June 2014.

BOARD OF DIRECTORS

The Board comprises 14 Directors, including 4 executive Directors, 4 non-executive Directors and 6 independent non-executive Directors. The Board considers that the composition of the Board represents a reasonable balance between the 10 non-executive and independent non-executive Directors and the 4 executive Directors in the interest of the Company and the shareholders. The 10 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, Mr. Lu Guoji and Mr. Lu Xiaozhong are father and son. Besides, the Company is not aware of any family or material relationship among the members of the Board. The Company has six 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 issue date of this report, except for the fact that the independent non-executive directors Mr. Peng Qifa and Mr. Chong Teck Sin have served for consecutive 9 years, the term of office of each of the other 4 independent non-executive directors does not exceed 9 years. As regard the re-election of 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. Zhu Minghui and our general manager is Mr. Wang Yang. The chairman is in charge of formulating the development and business strategies whereas the general manager is in charge of the daily operation 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 its three board committees.



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-month period ended 30 June 2014. 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 30 April 2014, Mr. Du Bin resigned as a non-executive director of the Company due to change of work arrangement in Chongqing Changan Industry Company (Group) Limited ("Changan Industry Company"). The resignation of Mr. Du Bin took effect on the date on which the new director, Mr. Wang Lin, who replaced Mr. Du Bin was elected by the shareholders of the Company at the general meeting of the Company held on 30 June 2014 (please refer to the announcements regarding the resignation of director published on 30 April 2014 and the appointment of director published on 30 June 2014 for details).

Mr. Wu Jun resigned as a shareholder representative supervisor of the Company due to his departure from APL Logistics Ltd. ("APL Logistics"). The resignation of Mr. Wu Jun took effect on 11 July 2014 (please refer to the announcement of the Company regarding the resignation of supervisor dated 11 July 2014 for details).



OTHER INFORMATION

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

As at 30 June 2014, 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 2014, 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 2013, 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 2014, 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)

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non- H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Changan Industry Company	Beneficial owner	41,225,600(L)	38.51%	-	25.44%
APL Logistics	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)") (note 1)	Beneficial owner	6,444,480(L)	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 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%

Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial. Mr. Lu Guoji and Mr. Lu Xiaozhong, the Directors of the Company, are father and son, hold respectively 24% and 6% shareholdings of Mingsheng Industrial.

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

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 in this report, as at 30 June 2014, 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 specific plans of the Scheme must be submitted to the state owned assets supervision and administration department for approval on the implementation, the exercise waiting period increased by one year, and the total number of the share appreciation right granted within the validity of the Scheme which must not accumulatively exceed 10% of the total share capital of the Company.

During the year, no such plan has been implemented.

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 Company, respectively. For details of the non-competition undertakings, please refer to the Prospectus and the 2013 Annual Report of the Company.

During the reporting period, 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-month period ended 30 June 2014, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the Listing Rules) of the Company was approximately RMB 2,323,432,000 (of which RMB 2,313,300,000 was attributable to Changan Automobile and its associates, RMB 2,830,000 to Changan Industry Company and its associates, and RMB 7,302,000 to Nanjing Baogang Zhushang Metal Manufacturing Company Limited), which altogether accounted for approximately 90.16% of the total revenue during the reporting period.

For the six-month period ended 30 June 2014, the cost of purchasing transportation services from connected persons (as defined in the Listing Rules) was approximately RMB 152,156,000 (of which RMB 10,206,000 was attributable to Changan Industry Company and its associates and RMB 141,950,000 to Minsheng Industrial and its associates), which altogether accounted for approximately 6.54% of the cost of sales during the reporting period.

For the six-month period ended 30 June 2014, the cost of purchasing engineering construction services from connected persons (as defined in the Listing Rules) was RMB 37,150,000.

For the six-month period ended 30 June 2014, maximum daily outstanding loan balance (including interests) due to connected persons (as defined in the Listing Rules) was approximately RMB 120,513,000 while the maximum daily balance of deposit (including interests) with connected persons was approximately RMB 327,939,000 and the accumulated balance of note discounting with connected persons was approximately RMB 82,000,000.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six-month period ended 30 June 2014, 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 requirements as stipulated by 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.

Zhu Minghui

Chairman

Chongqing, the PRC
25 August 2014



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

Executive Directors:

Mr. Zhu Minghui
Mr. Lu Xiaozhong
Mr. William K Villalon
Mr. Wang Yang

Non-executive Directors:

Mr. Lu Guoji
Mr. Wu Xiaohua
Mr. Danny Goh Yan Nan
Mr. Wang Lin

Independent Non-executive Directors:

Mr. Peng Qifa
Mr. Chong Teck Sin
Mr. Poon Chiu Kwok
Mr. Jie Jing
Ms. Zhang Yun
Mr. Goh Chan Peng