



重慶長安民生物流股份有限公司

Changan Minsheng APL 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*

**2017 Interim Report**

## **HIGHLIGHTS**

- For the six months ended 30 June 2017, the unaudited revenue of the Group was approximately RMB3,024,216,000, representing a decrease of approximately 2.48% from the corresponding period in 2016.
- For the six months ended 30 June 2017, the unaudited profit attributable to owners of the parent was approximately RMB56,915,000, representing an increase of approximately 17.85% from the corresponding period in 2016.
- For the six months ended 30 June 2017, the unaudited basic earnings per share were RMB0.35 (corresponding period in 2016: RMB0.30).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017.

## INTERIM REPORT (UNAUDITED)

The board (the “Board”) of directors (the “Directors”) of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) is pleased to announce the unaudited interim condensed financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 as follows:

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

	Notes	For the six months ended 30 June	
		2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Revenue	4	3,024,216	3,101,106
Cost of sales		<u>(2,809,605)</u>	<u>(2,894,902)</u>
<b>Gross profit</b>		<b>214,611</b>	<b>206,204</b>
Other income and gains	4	17,092	10,407
Selling and distribution expenses		(39,807)	(47,765)
Administrative expenses		(87,394)	(61,844)
Other expenses		(2,113)	(10,847)
Finance costs	6	(318)	(1,303)
Share of profits and losses of associates and a joint venture		<u>(3,723)</u>	<u>(638)</u>
<b>Profit before tax</b>	5	<b>98,348</b>	<b>94,214</b>
Income tax expense	7	(27,513)	(31,358)
<b>Profit for the period</b>		<b><u>70,835</u></b>	<b><u>62,856</u></b>
<b>Attributable to:</b>			
Equity holders of the parent		56,915	48,294
Non-controlling interests		<u>13,920</u>	<u>14,562</u>
		<b><u>70,835</u></b>	<b><u>62,856</u></b>
<b>Other comprehensive income for the period</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<b><u>70,835</u></b>	<b><u>62,856</u></b>
<b>Attributable to:</b>			
Owners of the parent		56,915	48,294
Non-controlling interests		<u>13,920</u>	<u>14,562</u>
		<b><u>70,835</u></b>	<b><u>62,856</u></b>
<b>Earnings per share for profit for the period attributable to ordinary equity holders of the parent</b>			
--Basic and diluted	8	<u>RMB0.35</u>	<u>RMB0.30</u>

## Interim consolidated statement of financial position

		As at 30 June 2017 (unaudited)	As at 31 December 2016 (audited)
	Notes	RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	9	517,528	544,072
Investment properties		8,599	9,705
Prepaid land lease payments	10	216,453	219,712
Goodwill	11	5,016	5,016
Other intangible assets		20,998	24,529
Investment in a joint venture		10,959	10,769
Investments in associates		26,331	33,548
An available-for-sale investment		28,900	28,900
Deferred tax assets		56,642	57,289
Other non-current assets	9	64,987	59,383
<b>Total non-current assets</b>		<b>956,413</b>	<b>992,923</b>
<b>Current assets</b>			
Inventories		37,836	44,120
Trade and bills receivables	12	420,701	387,978
Prepayments, deposits and other receivables	13	71,746	58,623
Due from related parties	14	1,809,985	2,012,615
Pledged deposits	15	38,356	51,136
Cash and cash equivalents	15	1,149,851	1,087,394
<b>Total current assets</b>		<b>3,528,475</b>	<b>3,641,866</b>
<b>Current liabilities</b>			
Trade and bills payables	16	1,836,930	1,975,076
Other payables and accruals	17	390,416	456,429
Due to related parties	18	237,261	223,354
Interest-bearing bank and other loans	19	7,167	6,981
Tax payable		(2,716)	1,842
<b>Total current liabilities</b>		<b>2,469,058</b>	<b>2,663,682</b>
<b>Net current assets</b>		<b>1,059,417</b>	<b>978,184</b>
<b>Total assets less current liabilities</b>		<b>2,015,830</b>	<b>1,971,107</b>

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## Interim consolidated statement of financial position (continued)

		As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
	Notes		
<b>Total assets less current liabilities</b>		<b>2,015,830</b>	<b>1,971,107</b>
<b>Non-current liabilities</b>			
Interest-bearing bank and other loans	19	891	1,460
Deferred tax liabilities		3,274	3,340
Deferred income		7,691	7,994
<b>Total non-current liabilities</b>		<b>11,856</b>	<b>12,794</b>
<b>Net assets</b>		<b>2,003,974</b>	<b>1,958,313</b>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	20	162,064	162,064
Reserves		1,734,091	1,675,950
		1,896,155	1,838,014
Non-controlling interests		107,819	120,299
<b>Total equity</b>		<b>2,003,974</b>	<b>1,958,313</b>

## Interim consolidated statement of changes in equity

For the six months ended 30 June 2017

	Unaudited						Total equity
	Attributable to owners of the parent						
	Share capital	Share premium account	Statutory reserve funds	Safety fund surplus reserve	Retained profits	Total	
RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
<b>At 1 January 2017</b>	162,064	66,907*	85,867*	7,165*	1,516,011*	1,838,014	1,958,313
<b>Total comprehensive income for the period</b>	-	-	-	-	56,915	56,915	70,835
<b>Establishment for safety fund surplus reserve</b>	-	-	-	1,267	-	1,267	1,267
<b>Utilisation of safety fund surplus reserve</b>	-	-	-	(41)	-	(41)	(41)
<b>Dividend paid to non-controlling shareholders</b>	-	-	-	-	-	-	(26,400)
<b>At 30 June 2017</b>	162,064	66,907*	85,867*	8,391*	1,572,926*	1,896,155	2,003,974

\* These reserve accounts comprise the consolidated reserves of RMB1,734,091,000 (31 December 2016: RMB1,675,950,000) in the consolidated statement of financial position.

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

**For the six months ended 30 June 2016**

	Unaudited						Total equity
	Attributable to owners of the parent						
	Share capital	Share premium account	Statutory reserve funds	Safety fund surplus reserve	Retained profits	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2016</b>	162,064	66,907	85,867	-	1,403,006	1,717,844	1,824,711
<b>Total comprehensive income for the period</b>	-	-	-	-	48,294	48,294	62,856
<b>At 30 June 2016</b>	162,064	66,907	85,867	-	1,451,300	1,766,138	1,887,567

## Interim consolidated statement of cash flows

	Notes	For the six months ended 30 June	
		2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
<b>Cash flows from operating activities</b>			
Profit before tax		98,348	94,214
Adjustments for:			
Finance costs	6	318	1,303
Share of profits and losses of associates and a joint venture		3,723	638
Interest income	4	(4,771)	(3,455)
Loss/(gain) on disposal of items of property, plant and equipment and other intangible assets	5	21	(22)
Depreciation	5	44,841	40,532
Amortisation of prepaid land lease payments	5	2,907	2,746
Amortisation of other intangible assets	5	5,091	2,065
Provision/(reversal of provision) for impairment of trade and other receivables	5	(2,130)	1,912
Reversal of provision for impairment of due from related parties	5	(177)	(3,368)
Deferred income released to profit or loss		(303)	(224)
Unrealised foreign exchange losses/(gains), net		383	(1,021)
		<u>148,251</u>	<u>135,320</u>
Decrease in inventories		6,284	1,563
Increase in trade and bills receivables		(30,601)	(12,139)
Increase in prepayments		(13,076)	(3,993)
Decrease/(increase) in pledged deposits		12,780	(15,120)
Decrease/(increase) in deposits and other receivables		313	(4,802)
Decrease in amounts due from related parties		202,807	295,877
Increase/(decrease) in trade and bills payables		(138,146)	210,855
Decrease in other payables and accruals		(63,524)	(133,419)
Increase in amounts due to related parties		33,893	9,235
Increase in safety fund surplus reserve		1,226	-
		<u>160,207</u>	<u>483,377</u>
Income taxes paid		<u>(31,490)</u>	<u>(42,474)</u>
<b>Net cash flows from operating activities</b>		<u>128,717</u>	<u>440,903</u>

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## Interim consolidated statement of cash flows (continued)

	Notes	For the six months ended 30 June	
		2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
<b>Cash flows used in investing activities</b>			
Purchase of items of property, plant and equipment and other intangible assets		(46,902)	(55,068)
Proceeds from disposal of items of property, plant and equipment and other intangible assets		51	27
Investment in a joint venture		-	(10,000)
Liquidation of an associate		3,304	-
Interest received		4,771	3,455
Decrease/(increase) in time deposits with original maturity of more than three months		<u>(2,000)</u>	<u>6,403</u>
<b>Net cash used in investing activities</b>		<u>(40,776)</u>	<u>(55,183)</u>
<b>Cash flows from/(used in) financing activities</b>			
Proceeds from bank and other loans		6,000	106,000
Repayment of bank and other loans		(6,383)	(100,000)
Interest paid		(318)	(1,303)
Dividend paid to non-controlling shareholders by a subsidiary		<u>(26,400)</u>	<u>-</u>
<b>Net cash from/(used in) financing activities</b>		<u>(27,101)</u>	<u>4,697</u>
<b>Net increase in cash and cash equivalents</b>		60,840	390,417
<b>Cash and cash equivalents at beginning of the period</b>		1,074,394	624,549
<b>Effect of foreign exchange rate changes, net</b>		<u>(383)</u>	<u>1,021</u>
<b>Cash and cash equivalents at end of the period</b>		<u><u>1,134,851</u></u>	<u><u>1,015,987</u></u>
<b>Analysis of balances of cash and cash equivalents:</b>			
Non-pledged cash and bank balances	15	1,134,851	1,000,987
Time deposits	15	<u>15,000</u>	<u>43,000</u>
<b>Cash and cash equivalents as stated in the statement of financial position</b>		1,149,851	1,043,987
Less: Time deposits with original maturity of more than three months when acquired	15	<u>(15,000)</u>	<u>(28,000)</u>
<b>Cash and cash equivalents as stated in the statement of cash flows</b>		<u><u>1,134,851</u></u>	<u><u>1,015,987</u></u>

## Notes to interim condensed financial information

### 1. General information

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

During the six months ended 30 June 2017 (the "Period"), the principal activities of the Group are the rendering of transportation services of finished vehicles, supply chain management services for automobile raw materials, components and parts, transportation services for non-automobile commodities, the sales of packaging materials and the processing of tyres. There were no significant changes in the nature of the Group's principal activities during the Period.

The consolidated interim condensed financial information has not been audited.

### 2. Basis of preparation and summary of significant accounting policies

#### Basis of preparation

The unaudited interim condensed financial information for the Period has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

#### Summary of significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of following amendments to a number of Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time for financial year beginning 1 January 2017:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
<i>Annual Improvements</i> <i>2014-2016 Cycle</i>	<i>Amendments to HKFRS 12 Clarification of the scope of the Standard</i>

The adoption of these amendments to HKFRSs has had no significant financial effect on the financial position or performance of the Group.

### 3. Segment information

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

#### Geographical information

Since the Group solely operates in Mainland China and all of the assets of the Group are located in Mainland China, geographical segment information is not presented.

#### Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Customer A	1,759,564	1,720,521
Customer B	<u>501,714</u>	<u>578,791</u>

### 4. Revenue, other income and gains

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

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
<u>Revenue</u>		
Transportation of finished vehicles	1,259,506	1,242,389
Sale of tyres and others	915,815	940,392
Supply chain management for vehicle raw materials, components and parts	797,024	877,522
Transportation of non-vehicle commodities	45,388	30,931
Others	6,483	9,872
	<u>3,024,216</u>	<u>3,101,106</u>

#### 4. Revenue, other income and gains (continued)

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
<u>Other income and gains</u>		
Bank interest income	4,771	3,455
Government grants	501	1,371
Penalty on transportation companies	4,345	2,529
Sales of recycled packages of vehicle spare parts	2,151	1,639
Reversal of provision for impairment of trade and other receivables, and amounts due from related parties	2,307	-
Others	3,017	1,413
	<u>17,092</u>	<u>10,407</u>

#### 5. Profit before tax

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

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Cost of inventories sold	890,584	934,523
Cost of logistics services rendered	1,616,937	1,646,415
Depreciation	44,841	40,532
Amortisation of other intangible assets	5,091	2,065
Minimum lease payments under operating leases	22,342	17,726
Amortisation of prepaid land lease payments	2,907	2,746
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	286,667	289,890
Pension scheme contributions	35,395	37,479
Termination benefits	11,023	3,850
	<u>333,085</u>	<u>331,219</u>
Foreign exchange differences, net	(356)	(308)
Provision/(reversal of provision) for impairment of trade and other receivables	(2,130)	1,912
Reversal of provision for impairment of amounts due from related parties	(177)	(3,368)
Bank interest income	(4,771)	(3,455)
Loss/(gain) on disposal of items of property, plant and equipment and other intangible assets, net	<u>21</u>	<u>(22)</u>

## 6. Finance costs

	For the six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interests on bank and other loans	<u>318</u>	<u>1,303</u>

## 7. Income tax

	For the six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current - Mainland China		
- charge for the period	26,932	31,785
Deferred	<u>581</u>	<u>(427)</u>
Total tax charged for the period	<u>27,513</u>	<u>31,358</u>

The Company and its subsidiaries are registered in the PRC and only have operations in Mainland China. They are subject to PRC corporate income tax ("CIT") on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws.

The applicable CIT rate for the Company and its subsidiaries is 25% except for the entities that would be entitled to preferential tax rates as described below:

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

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

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

	For the six months ended 30 June	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Profit attributable to ordinary equity holders of the parent	56,915	48,294
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share) #	<u>0.35</u>	<u>0.30</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 the Period and the prior period.

## 9. Property, plant and equipment and other non-current assets

During the Period, the Group acquired assets with a cost of RMB24,100,000 (six months ended 30 June 2016: RMB38,665,000), excluding property, plant and equipment under construction.

As at 30 June 2017, the Group's other non-current assets with total carrying amount of RMB8,887,000 (31 December 2016: RMB3,283,000) were paid for development of software. In addition, RMB56,100,000 were prepaid for acquiring a land use right as at 30 June 2017 (31 December 2016: RMB56,100,000).

## 10. Prepaid land lease payments

During the Period, no land use right was newly acquired by the Group (six months ended 30 June 2016: RMB57,776,000) and the amortisation of prepaid land lease payments was approximately RMB2,907,000 (six months ended 30 June 2016: RMB2,746,000).

## 11. Goodwill

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Cost	7,457	7,457
Less: accumulated impairment	<u>(2,441)</u>	<u>(2,441)</u>
Net carrying amount	<u><u>5,016</u></u>	<u><u>5,016</u></u>

### *Impairment testing of goodwill*

The Group performs its annual impairment test of goodwill in December and when circumstances indicate the carrying value may be impaired. The recoverable amount of each cash-generating unit is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2016.

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

As no circumstances indicate the goodwill of RMB5,016,000 allocated to finished vehicle cash-generating unit may be impaired, the Group did not perform the impairment test of goodwill allocated to finished vehicle cash-generating unit as at 30 June 2017.

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

The goodwill of RMB2,441,000 allocated to storage management services cash-generating unit was fully impaired in 2015 due to significant decrease in the production volume and sales volume of the cash-generating unit's major customer.

## 12. Trade and bills receivables

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Trade receivables (note (a))	274,863	283,532
Less: impairment (note (b))	<u>(50,093)</u>	<u>(52,215)</u>
Trade receivables, net	224,770	231,317
Bills receivable (note (c))	<u>195,931</u>	<u>156,661</u>
	<u><u>420,701</u></u>	<u><u>387,978</u></u>

Note (a):

The Group's trading terms with its customers are mainly on credit. The credit period ranges from cash on delivery to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, net of provisions, is as follows:

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Within 3 months	175,147	198,304
3 to 6 months	27,351	16,943
6 months to 12 months	19,861	8,008
1 to 2 years	<u>2,411</u>	<u>8,062</u>
	<u><u>224,770</u></u>	<u><u>231,317</u></u>

Note (b):

The movements in the provision for impairment of trade receivables are as follows:

	As at 30 June 2017 (unaudited) RMB'000
At 1 January 2017	52,215
Reversal of impairment losses	<u>(2,122)</u>
	<u><u>50,093</u></u>

Note (c):

The ageing of bills receivable as at 30 June 2017 and 31 December 2016 were all within 1 year.



### 13. Prepayments, deposits and other receivables

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Prepayments	34,186	20,758
Deposits and other receivables	39,851	40,164
Impairment	<u>(2,291)</u>	<u>(2,299)</u>
	<u>71,746</u>	<u>58,623</u>

The movements in the provision for impairment of deposits and other receivables are as follows:

	As at 30 June 2017 (unaudited) RMB'000
At 1 January 2017	2,299
Reversal of impairment losses	<u>(8)</u>
	<u>2,291</u>

### 14. Due from related parties

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Balances from rendering of services and sales of goods (note (a))	1,819,940	2,031,506
Less: impairment (note (b))	<u>(30,465)</u>	<u>(30,559)</u>
Balances from rendering of services and sales of goods, net	<u>1,789,475</u>	<u>2,000,947</u>
Deposits and other receivables	20,719	12,743
Less: impairment (note (b))	<u>(1,821)</u>	<u>(1,904)</u>
Deposits and other receivables, net	<u>18,898</u>	<u>10,839</u>
Prepayments	<u>1,612</u>	<u>829</u>
	<u>1,809,985</u>	<u>2,012,615</u>

#### 14. Due from related parties (continued)

Note (a):

The Group offers credit terms to its related parties ranging from cash on delivery to three months. An ageing analysis of the amounts from the rendering of services and the sales of goods due from related parties as at the end of the reporting period, net of provisions, is as follows:

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Within 3 months	1,318,356	1,984,579
3 to 6 months	465,012	14,755
6 months to 1 year	5,838	1,612
1 year to 2 years	269	1
	<u>1,789,475</u>	<u>2,000,947</u>

Note (b):

The movements in the provision for impairment of amounts due from related parties are as follows:

	As at 30 June 2017 (unaudited) RMB'000
At 1 January 2017	32,463
Reversal of impairment losses	<u>(177)</u>
	<u>32,286</u>

#### 15. Cash and cash equivalents and pledged deposits

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Cash and bank balances	1,173,207	1,125,530
Time deposits	<u>15,000</u>	<u>13,000</u>
	<u>1,188,207</u>	<u>1,138,530</u>
Less:		
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	(38,356)	(51,136)
Time deposits with original maturity of more than three months when acquired	<u>(15,000)</u>	<u>(13,000)</u>
Cash and cash equivalents	<u>1,134,851</u>	<u>1,074,394</u>

## 16. Trade and bills payables

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Trade payables	1,591,103	1,660,144
Bills payable	245,827	314,932
	<u>1,836,930</u>	<u>1,975,076</u>

An ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Within 3 months	1,738,553	1,709,261
3 to 6 months	89,814	247,064
6 months to 1 year	3,244	11,625
1 to 2 years	3,390	4,871
2 to 3 years	320	1,369
Over 3 years	1,609	886
	<u>1,836,930</u>	<u>1,975,076</u>

As at 30 June 2017, bills payables with an aggregate amount of approximately RMB245,827,000 (31 December 2016: RMB210,872,000) were secured by the pledge deposits of RMB28,356,000 (note 15) (31 December 2016: secured by the pledge deposits of RMB39,329,000 and bills receivables of RMB14,347,000).

## 17. Other payables and accruals

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Accruals for payroll and welfare	189,636	249,736
Other payables	190,042	182,549
Advances from customers	2,755	1,475
Other taxes	7,983	22,669
	<u>390,416</u>	<u>456,429</u>

## 18. Due to related parties

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Balance from transportation services provided by related parties	185,933	126,231
Other payables	51,299	97,087
Advances from customers	29	36
	<u>237,261</u>	<u>223,354</u>

An ageing analysis of the amounts from transportation services provided by related parties as at the end of the reporting period is as follows:

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Within 3 months	182,201	123,909
3 to 6 months	3,269	1,760
6 months to 1 year	2	229
1 to 2 years	159	33
2 to 3 years	258	300
Over 3 years	44	-
	<u>185,933</u>	<u>126,231</u>

## 19. Interest-bearing bank and other loans

	As at 30 June 2017 (unaudited)			As at 31 December 2016 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Unsecured bank loans	5.00	2018	6,000*	5.20	2017	6,000
Other secured loans	4.75	2017	1,167**	4.75	2017	981
			<u>7,167</u>			<u>6,981</u>
Non-current						
Other secured loans	4.75	2019	891**	4.75	2019	1,460
			<u>8,058</u>			<u>8,441</u>

\* As at 30 June 2017, the Group's interest-bearing bank loans bore interest at 5.0% per annum and were repayable in 2018.

\*\* CMAL Bo Yu entered into a sale-leaseback arrangement with an independent third party leasing company to sell and leaseback its 12 motor vehicles in 2016. Based on the substance of the sale-leaseback arrangement, the lease-back arrangement is a finance lease, whereby the lessor provided finance to CMAL Bo Yu, with the motor vehicles as security to the loan.

The sale-leaseback principal of the finance lease is RMB2,441,000 bearing effective interest at a rate of 4.75% per annum. Pursuant to the terms of the sale-leaseback arrangement, the loan is repayable on 17 October 2019. At the end of lease term, the lessor is obliged to transfer the ownership of the above assets to CMAL Bo Yu at a nominal consideration of RMB100.

Other loans were secured by mortgages over the Group's motor vehicles, which had an aggregate carrying amount as at 30 June 2017 of approximately RMB1,921,000 (31 December 2016: RMB2,174,000).

## 20. Share capital

### Shares

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Authorised:		
162,064,000 (31 December 2016: 162,064,000) ordinary shares of RMB1.00 each	<u>162,064</u>	<u>162,064</u>
Issued and fully paid:		
162,064,000 (31 December 2016: 162,064,000) ordinary shares of RMB1.00 each	<u>162,064</u>	<u>162,064</u>

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

	Number of shares in issue	Issued capital RMB'000
At 1 January 2017 and 30 June 2017	<u>162,064,000</u>	<u>162,064</u>

## 21. Related party transactions

	<b>For the six months ended 30 June</b>	
	2017 (unaudited) RMB'000	2016 (unaudited) RMB'000
Revenue from rendering of transportation services for finished vehicles	1,241,925	1,195,130
Revenue from rendering of supply chain management services for vehicle raw materials, components and parts	533,793	610,779
Revenue from sale of tyres	895,298	934,891
Revenue from others	13,388	6,394
	<u>2,684,404</u>	<u>2,747,194</u>
Purchase of transportation services	242,780	246,404
Purchase of construction services	-	15,665
Others	9,360	7,871
	<u>252,140</u>	<u>269,940</u>
Borrowings from a related party	<u>6,000</u>	<u>106,000</u>

## 22. Transfers of financial assets

### Financial assets that are derecognised in their entirety

As at 30 June 2017, the Group endorsed certain bills (notes) receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB38,748,000 (31 December 2016: RMB58,349,000) (“the Endorsement”). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in Mainland China, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the Group, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

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

## 23. Fair value and fair value hierarchy of financial instruments

The carrying amounts of the Group’s financial instruments reasonably approximate to fair value.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, and interest-bearing bank and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group’s corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the audit committee. At the end of each reporting period, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## 24. Commitments of the Group

### (a) Capital expenditure commitments

The Group had the following capital expenditure commitments at the end of the reporting period:

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Property, plant and equipment		
-Contracted but not provided for	<u>109,771</u>	<u>101,964</u>

### (b) Operating lease arrangements

The Group leases certain of its office properties and equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2017 (unaudited) RMB'000	As at 31 December 2016 (audited) RMB'000
Within one year	37,881	38,780
In the second to fifth years, inclusive	50,758	51,169
After five years	<u>64,267</u>	<u>85,783</u>
	<u>152,906</u>	<u>175,732</u>

## 25. Events after the reporting period

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





## **INTERIM DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (corresponding period in 2016: nil).

The 2016 final dividend of RMB0.10 (including tax) per share, aggregate of RMB16,206,400 (including tax), has been approved by the shareholders of the Company at the annual general meeting of the Company held on 30 June 2017, and is expected to be paid before 30 September 2017.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2017, the macro-economic performance in China kept a flatlined trend with a GDP growth rate of 6.9%. The automobile production and sales in the PRC has showed the sign of modest increase. According to the China Association of Automobile Manufacturers' statistics, for the first half of 2017, automobile production volume and sales volume in the PRC were 13,525,800 vehicles and 13,353,900 vehicles respectively, up approximately 4.6% and 3.8% respectively as compared with the corresponding period of last year, representing an increase rate drop of 1.9 and 4.3 percentage points respectively as compared with the corresponding period of last year. For the six months ended 30 June 2017, the production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile") were 1,380,200 vehicles and 1,429,500 vehicles respectively, representing a drop of approximately 5.37% and 3.63% respectively as compared with the corresponding period of last year. For the six months ended 30 June 2017, the Group recorded a total revenue of approximately RMB3,024,216,000, representing a decrease of approximately 2.48% as compared with the corresponding period of last year. The income from transportation of finished vehicles, processing of tyres and supply chain management of car raw materials, components and parts for the six months ended 30 June 2017 represented approximately 41.65%, 30.28% and 26.35%, respectively, of the Group's total revenue (for the six months ended 30 June 2016: approximately 40.06%, 30.32% and 28.30%, respectively). Detailed breakdown of revenue is set out in note 4 to the interim condensed financial information.

For the six months ended 30 June 2017, although affected by the unfavorable factors such as the intensifying competition in the domestic automobile market, the sliding logistics service prices as well as the ever-rising operational costs, the Group actively engaged in cost reduction and thus achieved certain results. The Group saw a slight up in both the gross profit margin and net profit margin, at 7.10% (for six months ended 30 June 2016: 6.65%) and 2.34% (for six months ended 30 June 2016: 2.03%), respectively. The Group's profit attributable to the equity holders of the parent for the six months ended 30 June 2017 up to approximately RMB56,915,000 from approximately RMB48,294,000 in the corresponding period of last year.

## FINANCIAL REVIEW

### Working Capital and Financial Resources

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

As at 30 June 2017, the cash and bank balance and pledged deposits were approximately RMB1,188,207,000 (31 December 2016: RMB1,138,530,000). As at 30 June 2017, the total assets of the Group amounted to approximately RMB4,484,888,000 (31 December 2016: RMB4,634,789,000). The Group had current liabilities of approximately RMB2,469,058,000 (31 December 2016: RMB2,663,682,000), non-current liabilities of approximately RMB11,856,000 (31 December 2016: RMB12,794,000), shareholders' equity excluding non-controlling interest of approximately RMB1,896,155,000 (31 December 2016: RMB1,838,014,000) and non-controlling interest of approximately RMB107,819,000 (31 December 2016: RMB120,299,000).



## Capital Structure

For the six months ended 30 June 2017, there has been no change to the Company's issued shares.

## Loans and Borrowings

As at 30 June 2017, the outstanding balance of borrowings of the Group was RMB8,058,000 (31 December 2016: RMB8,441,000), please refer to the note 19 to the interim condensed financial information for further details.

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

## Gearing and Liquidity Ratio

As at 30 June 2017, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 40.38% (31 December 2016: approximately 45.34%). The gearing ratio between the total liabilities and the total equity of the Group was approximately 123.80% (31 December 2016: 136.67%).

## Pledge of Assets

CMAL Bo Yu entered into a sale-leaseback arrangement with an independent third-party leasing company to sell and leaseback its 12 motor vehicles in 2016. Based on the substance of the sale-leaseback arrangement, the lease-back arrangement is a finance lease, whereby the lessor provided finance to CMAL Bo Yu, with the motor vehicles as a security to the loan.

The sale-leaseback principal of the finance lease is RMB2,441,000 bearing effective interest at a rate of 4.75% per annum. Pursuant to the terms of the sale-leaseback arrangement, the loan is repayable by 17 October 2019. At the end of the lease term, the lessor is obliged to transfer the ownership of the above assets to CMAL Bo Yu at a nominal consideration of RMB100.

Other loans were secured by mortgages over the Group's motor vehicles, which had an aggregate carrying amount as at 30 June 2017 of approximately RMB1,921,000 (31 December 2016: RMB2,174,000).

As at 30 June 2017, bills payables with an aggregate amount of approximately RMB245,827,000 (31 December 2016: RMB210,872,000) were secured by the pledge deposits of RMB28,356,000 (31 December 2016: secured by the pledge deposits of RMB39,329,000 and bills receivables of RMB14,347,000).

## 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 2017, the Group employed 7,948 employees (as at 31 December 2016: 8,558 employees). The salaries of the employees are determined based on the remuneration policy approved by the Board and the remuneration committee of the Company and in accordance with the relevant PRC policies. The salary level is in line with the economic efficiency of the Company. The benefits of the employees comprise endowment insurance, medical insurance, unemployment insurance, personal injury insurance and housing funds. During the reporting period, the Company has provided the staff with training regarding technology, security and management, etc.

### **Major Investment**

For the six-month period ended 30 June 2017, there had been no material investment of the Group.

### **Major Acquisition and Assets Sale**

For the six months ended 30 June 2017, there had been no material acquisition and assets sale of the Group.

### **Contingent Liabilities**

As at 30 June 2017, the Group did not have any material contingent liabilities.

## **PROSPECTS**

For the second half of 2017, the international environment remains harsh and complicated, and with the grim economic transformation in China, as well as the overcapacity and intensifying market competition in the automobile industry, the Company expects that there will be increased pressure in the automobile logistics operation in China and the logistics service prices will be further reduced. All these unfavorable factors will cause negative impact on the operation and profitability of the Group. In the second half of 2017, the Group shall strive to stabilize the traditional business with greater efforts. By upholding the value creation strategy based on the cost-efficiency as the core principle, adhering to the working guidelines of “reform, strictness, professionalism and honesty” and enhancing quality operation to face up to the challenges, we hope to forge a solid foundation for the long-term development of the Company.



## CORPORATE GOVERNANCE

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

### SECURITIES TRANSACTIONS BY DIRECTORS

Since the transfer of listing on 18 July 2013, the Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard (the “Code of Conduct”) set out in Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)) to the Listing Rules. After making specific enquiries to all Directors, the Company confirms that the Directors had complied with the Code of Conduct for the six months ended 30 June 2017.

### BOARD OF DIRECTORS

The fourth session of the Board comprises 11 Directors, including 4 executive Directors, 3 non-executive Directors and 4 independent non-executive Directors. The Board considers that the composition of the Board represents a reasonable balance and is able to provide protection to the Company and the shareholders as a whole. The non-executive Directors and independent non-executive Directors provide constructive advice in relation to the formulation of the Company’s policies. The Company is not aware of any family or material relationship among the members of the Board. The Company has four independent non-executive Directors, of whom at least one has appropriate professional qualification and financial management expertise. The Company considers that, during the reporting period, each of the independent non-executive Directors has complied with the guidelines on independence set out in the Listing Rules. As at the date of this report, except for the fact that the independent non-executive director Mr. Chong Teck Sin has served for consecutive 9 years, the term of office of each of the other 3 independent non-executive directors does not exceed nine years. Notwithstanding the fact that Mr. Chong Teck Sin has served the Company for more than nine years, there are no circumstances which are likely to affect his independence as an independent non-executive director. Mr. Chong Teck Sin is not involved in the daily management of the Company nor in any relationships which would interfere with the exercise of the independent judgment. The Board considers Mr. Chong Teck Sin remains independent notwithstanding the length of his service. As regard the re-election of independent non-executive Directors, the Company will ensure compliance with code A.4.3 of the Corporate Governance Code under the Listing Rules.

### BOARD CHAIRMAN AND GENERAL MANAGER

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



## AUDIT COMMITTEE

The disclosure of financial information in this report complies with Appendix 16 to the Listing Rules. The audit committee of the Company has reviewed the Group's business performance and the unaudited financial statements of the Group for the six months ended 30 June 2017. 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

Due to retirement, Mr. Wu Xiaohua resigned as a non-executive Director of the fourth session of the Board of the Company on 10 May 2017. The resignation of Mr. Wu Xiaohua took effect from the conclusion of the 2016 annual general meeting of the Company held on 30 June 2017. (Please refer to the announcements of the Company dated 10 May 2017 and 30 June 2017 respectively for further details.)

Due to job relocation, Ms. Zhang Tianming resigned as a shareholder representative Supervisor of the fourth session of the supervisory committee of the Company. The resignation of Ms. Zhang Tianming took effect from the conclusion of the 2016 annual general meeting of the Company held on 30 June 2017. (Please refer to the announcements of the Company dated 10 May 2017 and 30 June 2017 respectively for further details.)

At the 2016 annual general meeting of the Company held on 30 June 2017, Mr. Tan Hongbin was elected as a non-executive Director of the fourth session of the Board of the Company for a term commencing from the conclusion of the annual general meeting until the expiry of the fourth session of the Board of the Company. (Please refer to the announcement of the Company dated 30 June 2017 for further details.)

At the 2016 annual general meeting of the Company held on 30 June 2017, Mr. Tang Yizhong was elected as a shareholder representative Supervisor of the fourth session of the supervisory committee of the Company for a term commencing from the conclusion of the annual general meeting until the expiry of the fourth session of the supervisory committee of the Company. (Please refer to the announcement of the Company dated 30 June 2017 for further details.)

During the reporting period, Mr. Poon Chiu Kwok, an independent non-executive Director of the Company, has been appointed as the independent non-executive director of Jinchuan Group International Resources Co., Ltd, Honghua Group Limited and Yanzhou Coal Mining Company Limited, all the above companies are listed on the Stock Exchange. He is now a fellow member of CPA Australia.



## **OTHER INFORMATION**

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

As at 30 June 2017, 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”), Chapter 571 of Laws of Hong Kong) which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

As at 30 June 2017, 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 he/she have any interest, either direct or indirect, in any assets which have been, since 31 December 2016, 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 2017, so far as is known to the Directors and chief executive of the Company, the following persons, other than a Director, chief executive, or Supervisor 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:

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
China South Industries Group Corporation	Interest of a controlled corporation	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%
China Changan Automobile Group Co., Ltd. ("China Changan")	Beneficial owner	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%
Kintetsu World Express, Inc.	Interest of a controlled corporation	33,619,200(L) (Non-H Foreign Shares)	31.40%	-	20.74%
APL Logistics Ltd. ("APL Logistics")	Beneficial owner	33,619,200(L) (Non-H Foreign Shares)	31.40%	-	20.74%
重慶盧作孚股權基金管理 有限公司	Interest of a controlled corporation	32,219,200(L) (Domestic Shares and Non-H Foreign Shares)	30.09%	-	19.88%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial") (note 1)	Beneficial owner	25,774,720(L) (Domestic Shares)	24.07%	-	15.90%
Minsheng Industrial	Interest of a controlled corporation	6,444,480(L) (Non-H Foreign Shares)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") (note 1)	Beneficial owner	6,444,480(L) (Non-H Foreign Shares)	6.02%	-	3.98%
Pemberton Asian Opportunities Fund (note 2)	Beneficial owner	5,000,000 (L)	-	9.09%	3.09%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Commonwealth Bank of Australia (note 3)	Interest of a controlled corporation	3,755,000(L)	-	6.83%	2.32%



## 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
Colonial Holding Company Limited <i>(note 3)</i>	Investment manager	3,755,000(L)	-	6.83%	2.32%
Commonwealth Insurance Holdings Limited <i>(note 3)</i>	Investment manager	3,755,000(L)	-	6.83%	2.32%
Colonial First State Group Ltd <i>(note 3)</i>	Investment manager	3,755,000(L)	-	6.83%	2.32%
First State Investment Managers (Asia) Limited <i>(note 3)</i>	Investment manager	3,755,000(L)	-	6.83%	2.32%
First State Investments (Hong Kong) Ltd <i>(note 3)</i>	Beneficial owner	3,755,000(L)	-	6.83%	2.32%
McIntyre Steven <i>(note 4)</i>	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%
Braeside Investments, LLC <i>(note 4)</i>	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP <i>(note 4)</i>	Investment manager	3,423,000(L)	-	6.22%	2.11%

*Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial. Mr. Lu Xiaozhong, the Director of the Company, holds 6% of shareholdings of Mingsheng Industrial.*

*Note 2: According to the Corporate Substantial Shareholder Notice filed by Pemberton Asian Opportunities Fund, the H shares of the Company held by it increased to 5,000,000 shares, representing 9.09% of the issued H shares and 3.09% of the total issued share capital of the Company.*

*Note 3: According to the Corporate Substantial Shareholder Notice filed by Commonwealth Bank of Australia, First State Investments (Hong Kong) Ltd is a wholly-owned subsidiary of First State Investment Managers (Asia) Limited; First State Investment Managers (Asia) Limited is a wholly-owned subsidiary of Colonial First State Group Ltd; Colonial First State Group Ltd is a wholly-owned subsidiary of Commonwealth Insurance Holdings Limited; Commonwealth Insurance Holdings Limited is a wholly-owned subsidiary of Colonial Holding Company Limited; and Colonial Holding Company Limited is a wholly-owned subsidiary of Commonwealth Bank of Australia.*

*Note 4: According to the Corporate Substantial Shareholder 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 5: (L) – long position, (S) – short position, (P) - Lending Pool.*

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

Save as disclosed in this report, as at 30 June 2017, so far as is known to the Directors and chief executive of the Company, there is no person (other than the Directors, chief executive, or Supervisors 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**

The share appreciation right incentive scheme of the Company became ineffective since 23 February 2016. Please refer to the 2016 Annual Report of the Company for further details.

## **COMPETING INTERESTS**

The Company has entered into a non-competition undertaking with each of its shareholders, namely APL Logistics, Minsheng Industrial, Ming Sung (HK) and China Changan, respectively. For details of the non-competition undertakings, please refer to the Prospectus issued on 16 February 2006 and the 2016 Annual Report of the Company.

As the aggregate shareholding in the Company held by Minsheng Industrial and Ming Sung (HK) (together with their respective associates) fell below 20%, the non-competition undertaking signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective.

## **CONTINUING CONNECTED TRANSACTIONS**

For the six months ended 30 June 2017, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the Listing Rules) was approximately RMB2,683,861,000 (unaudited) (of which RMB2,660,467,000 was attributable to Changan Automobile and its associates, RMB10,558,000 to Chongqing Changan Industry Company (Group) Limited (“Changan Industry Company”) and its associates, RMB6,439,000 to Nanjing Baogang Zhushang Metal Manufacturing Company Limited, RMB2,705,000 to Minsheng Industrial and its associates, and RMB3,692,000 to Tonglit Logistics Co., Ltd. and its associates), which accounted for approximately 88.75% of the total revenue during the reporting period.

For the six months ended 30 June 2017, the cost of purchasing transportation services from connected persons (as defined in the Listing Rules) was approximately RMB236,117,000 (unaudited) (of which RMB6,921,000 was attributable to Changan Industry Company and its associates, RMB227,630,000 to Minsheng Industrial and its associates, and RMB1,566,000 to APL Logistics and its associates), which accounted for approximately 8.40% of the cost of sales during the reporting period.

For the six months ended 30 June 2017, the maximum daily balance of deposit (including interests) on a daily basis with Binqi Zhuangbei Group Financial Limited Liability Company was approximately RMB336,697,000 (unaudited).

For the six months ended 30 June 2017, the cost of purchasing security and cleaning services from Chongqing Changan Property Management Co., Ltd. and its associates was RMB2,688,000 (unaudited).

For the six months ended 30 June 2017, the cost of purchasing property leasing services from China Changan and its associates was RMB864,000 (unaudited).

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

For the six months ended 30 June 2017, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

## **PUBLIC FLOAT**

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

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

Chongqing, the PRC  
15 August 2017

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

### **Executive Directors:**

Mr. Xie Shikang  
Mr. Lu Xiaozhong  
Mr. William K Villalon  
Mr. Shi Jinggang

### **Non-executive Directors:**

Mr. Tan Hongbin  
Mr. Danny Goh Yan Nan  
Mr. Li Xin

### **Independent Non-executive Directors:**

Mr. Chong Teck Sin  
Mr. Poon Chiu Kwok  
Mr. Jie Jing  
Ms. Zhang Yun