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重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 01292)

*For identification purpose only

2021 Interim Report

HIGHLIGHTS

- For the six months ended 30 June 2021, the unaudited revenue of the Group was approximately RMB3,162,044,000, representing an increase of approximately 72.93% from the corresponding period in 2020.
- For the six months ended 30 June 2021, the unaudited profit attributable to owners of the parent was approximately RMB4,372,000, representing an increase of approximately RMB47,690,000 compared to the unaudited loss attributable to owners of the parent of RMB43,318,000 from the corresponding period in 2020.
- For the six months ended 30 June 2021, the unaudited basic earnings per share were RMB0.03(corresponding period in 2020: RMB(0.27)).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021.

INTERIM REPORT (UNAUDITED)

The board (the “Board”) of directors (the “Directors”) of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) hereby announces the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 as follows:

Interim consolidated statement of profit or loss and other comprehensive income

	Notes	For the six months ended 30 June	
		2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Revenue	4	3,162,044	1,828,526
Cost of sales		<u>(2,999,675)</u>	<u>(1,770,395)</u>
Gross profit		162,369	58,131
Other income and gains	5	20,815	19,609
Selling and distribution expenses		(30,067)	(24,926)
Administrative expenses		(120,631)	(85,381)
Other expenses		(4,228)	(2,498)
Finance costs	7	(2,489)	(3,813)
Share of profits and losses of an associate and a joint venture		<u>(1,571)</u>	<u>(1,654)</u>
(Loss)/profit before tax	6	24,198	(40,532)
Income tax refund/(expense)	8	<u>(12,915)</u>	<u>1,158</u>
(Loss)/profit for the period		<u>11,283</u>	<u>(39,374)</u>
Attributable to:			
Owners of the parent		4,372	(43,318)
Non-controlling interests		<u>6,911</u>	<u>3,944</u>
		<u>11,283</u>	<u>(39,374)</u>
Total comprehensive (loss)/income for the period		<u>11,283</u>	<u>(39,374)</u>
Attributable to:			
Owners of the parent		4,372	(43,318)
Non-controlling interests		<u>6,911</u>	<u>3,944</u>
		<u>11,283</u>	<u>(39,374)</u>
(Losses)/earnings per share attributable to ordinary equity holders of the parent			
--Basic and diluted	9	<u>RMB0.03</u>	<u>RMB(0.27)</u>

Interim consolidated statement of financial position

		As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
	Notes		
Non-current assets			
Property, plant and equipment	10	562,648	582,808
Investment properties		41,331	42,157
Right-of-use assets		283,220	295,735
Goodwill	12	5,016	5,016
Other intangible assets		20,956	21,724
Investment in a joint venture		12,683	12,521
Investments in an associate		80,900	82,634
An equity investment designated at fair value through other comprehensive income	11	67,068	67,068
Deferred tax assets		64,388	67,963
Other non-current assets	10	48,056	47,379
Total non-current assets		1,186,266	1,225,005
Current assets			
Inventories		5,912	2,896
Trade and bills receivables	13	905,069	865,343
Prepayments, other receivables and other assets	14	162,855	156,439
Due from related parties	15	1,229,946	1,050,447
Pledged deposits	16	14,673	200,156
Cash and cash equivalents	16	916,054	894,340
Total current assets		3,234,509	3,169,621
Current liabilities			
Trade and bills payables	17	1,782,911	1,700,853
Other payables and accruals	18	348,547	388,205
Lease liabilities	21	18,073	30,524
Due to related parties	19	132,327	167,799
Interest-bearing bank and other loans	20	-	6,000
Tax payable		1,650	(641)
Total current liabilities		2,303,508	2,292,740
Net current assets		931,001	876,881
Total assets less current liabilities		2,117,267	2,101,886

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Interim consolidated statement of financial position (continued)

	Notes	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Total assets less current liabilities		2,117,267	2,101,886
Non-current liabilities			
Lease liabilities	21	48,920	39,805
Deferred tax liabilities		5,976	6,050
Deferred income		15,343	15,532
Total non-current liabilities		70,239	61,387
Net assets		2,047,028	2,040,499
Equity			
Equity attributable to owners of the parent			
Share capital	22	162,064	162,064
Reserves		1,762,274	1,756,268
		1,924,338	1,918,332
Non-controlling interests		122,690	122,167
Total equity		2,047,028	2,040,499

Interim consolidated statement of changes in equity

For the six months ended 30 June 2021

	Unaudited							Total equity
	Attributable to owners of the parent				Non-controlling interests		Total equity	
	Share capital	Share premium account	Statutory reserve funds	Safety fund surplus reserve	Fair value reserve of financial assets at FV/TOCI	Retained profits		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2021	162,064	66,907	85,867	7,605	18,738	1,577,151	1,918,332	2,040,499
Total comprehensive income for the period	-	-	-	-	-	4,372	4,372	11,283
Provision for safety fund surplus reserve	-	-	-	1,761	-	-	1,761	1,972
Utilisation of safety fund surplus reserve	-	-	-	(127)	-	-	(127)	(186)
Changes in safety fund surplus reserve of an associate	-	-	-	-	-	-	-	6,000
Dividends paid to the non-controlling shareholder by a subsidiary	-	-	-	-	-	-	-	(12,540)
At 30 June 2021 (unaudited)	162,064	66,907*	85,867*	9,239*	18,738*	1,581,523*	1,924,338	2,047,028

* These reserve accounts comprised the consolidated reserves of RMB1,762,274,000 (31 December 2020: RMB1,756,268,000) in the interim consolidated statement of financial position.

Interim consolidated statement of changes in equity (continued)

For the six months ended 30 June 2020

	Unaudited						Total equity		
	Attributable to owners of the parent							Non-controlling interests	
	Share capital	Share premium account	Statutory reserve funds	Safety fund surplus reserve	Fair value reserve of financial assets at FVTOCI	Retained profits			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Total RMB'000			
At 1 January 2020	162,064	66,907	85,867	7,247	18,680	1,576,730	1,917,495	121,259	2,038,754
Total comprehensive loss for the period	-	-	-	-	-	(43,318)	(43,318)	3,944	(39,374)
Provision for safety fund surplus reserve	-	-	-	1,769	-	-	1,769	139	1,908
Utilisation of safety fund surplus reserve	-	-	-	(1,793)	-	-	(1,793)	(197)	(1,990)
Changes in safety fund surplus reserve of an associate	-	-	-	36	-	-	36	-	36
Dividends paid to the non-controlling shareholder by a subsidiary	-	-	-	-	-	-	-	(11,550)	(11,550)
At 30 June 2020 (unaudited)	162,064	66,907	85,867	7,259	18,680	1,533,412	1,874,189	113,595	1,987,784

Interim consolidated statement of cash flows

	Notes	For the six months ended 30 June	
		2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Cash flows from operating activities			
(Loss)/profit before tax		24,198	(40,532)
Adjustments for:			
Finance costs	7	2,489	3,813
Share of profits and losses of an associate and a joint venture		1,571	1,654
Interest income	5	(6,070)	(4,340)
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets	6	(230)	(1,391)
Depreciation of property, plant and equipment	6	32,832	42,734
Depreciation of right-of-use assets	6	18,893	19,594
Depreciation of investment properties	6	826	274
Amortisation of other intangible assets	6	8,977	9,131
Reversal of loss allowances on impairment of trade and other receivables	6	(1,253)	(14,200)
Loss allowances/(reversal of loss allowances) on impairment of amounts due from related parties, net	6	(1,467)	11,227
Reversal on impairment of inventories	6	(230)	(300)
Deferred income released to profit or loss		(190)	(2,731)
		<u>81,133</u>	<u>24,933</u>
(Increase)/decrease in inventories		(3,015)	6,988
(Increase)/decrease in trade and bills receivables		(39,726)	229,863
(Increase)/decrease in prepayments		(9,277)	3,379
Decrease in pledged deposits		198,641	4,514
Decrease/(increase) in deposits and other receivables		3,066	(31,728)
(Increase)/decrease in amounts due from related parties		(179,499)	42,748
Increase/(decrease) in trade and bills payables		81,596	(67,911)
Decrease in other payables and accruals		(19,658)	(81,860)
Decrease in amounts due to related parties		(35,472)	(19,394)
Increase in safety fund surplus reserve		(1,634)	(82)
		<u>76,155</u>	<u>111,450</u>
Income taxes paid		<u>(9,607)</u>	<u>(2,806)</u>
Net cash flows generated from/(used in) operating activities		<u>66,548</u>	<u>108,644</u>

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Interim consolidated statement of cash flows (continued)

	For the six months ended 30 June	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Net cash flows generated from/(used in) operating activities	<u>66,548</u>	<u>108,644</u>
Cash flows from investing activities		
Purchase of items of property, plant and equipment and other intangible assets	(7,638)	(37,081)
Proceeds from disposal of items of property, plant and equipment and other intangible assets	399	7,058
Prepayment for purchase of plant and equipment	(21,755)	(24,244)
Dividend received from a joint venture	-	1,000
Interest received	<u>-</u>	<u>4,340</u>
Net cash flows used in investing activities	<u>(28,994)</u>	<u>(48,927)</u>
Cash flows from financing activities		
Proceeds from bank and other loans	-	-
Repayment of bank and other loans	(6,000)	(8,725)
Interest paid	(2,198)	(3,813)
Principal portion of lease payments	-	(11,245)
Dividend paid to the non-controlling shareholder by a subsidiary	<u>(6,540)</u>	<u>(11,550)</u>
Net cash flows used in financing activities	<u>(14,738)</u>	<u>(35,333)</u>
Net increase /(decrease) in cash and cash equivalents	22,816	24,384
Cash and cash equivalents at beginning of the period	893,113	826,203
Effect of foreign exchange rate changes, net	<u>125</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u><u>916,054</u></u>	<u><u>850,587</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 No. 1881, Jinkai Road, Yubei District, Chongqing, the PRC.

During the six months ended 30 June 2021 (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 2020.

Summary of significant accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following new amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Accountants ("HKICPA") for the first time for financial year beginning on or after 1 January 2021:

Amendments to HKFRS 16	COVID-19-related Rental Concessions
Amendments to HKFRS 9, Amendments to HKFRS 39, Amendments to HKFRS 7, Amendments to HKFRS 4, and HKFRS 16	Interest Rate Benchmark Reform - phase 2

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

3. Operating segment information

For management purposes, the Group's operating activities are related to a single operating segment, which is engaged in 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 the China's mainland and all of the assets of the Group are located in the China's mainland, 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	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Customer A	493,545	374,566
Customer B	1,077,746	604,049

4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Revenue from contracts with customers	3,162,044	1,828,526

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Sale of goods	170,196	166,682
Rendering of logistics services		
Transportation of finished vehicles	1,778,963	884,525
Supply chain management for vehicle raw materials, components and parts	1,212,885	777,319
Total revenue from contracts with customers	3,162,044	1,828,526

5. Other income and gains

	For the six months ended 30 June	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Bank interest income	6,070	4,340
Government grants	1,328	5,522
Reversal of loss allowances on trade and other receivables and amounts due from related parties, net	2,720	2,973
Penalty on transportation companies	1,326	2,978
Sales of recycled packages of vehicle spare parts	1,823	191
Rental income for investment properties	-	903
Others	7,548	2,702
	<u>20,815</u>	<u>19,609</u>

6. (Loss)/profit before tax

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

	For the six months ended 30 June	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Cost of inventories sold	163,293	161,286
Cost of logistics services rendered	2,474,586	1,381,085
Depreciation of property, plant and equipment	32,832	42,734
Depreciation of right-of-use assets	18,893	19,594
Depreciation of investment properties	826	274
Amortisation of other intangible assets	8,977	9,131
Lease payments not included in the measurement of lease liabilities	-	5,679
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	272,700	236,374
Pension scheme contributions	17,920	17,920
Termination benefits	645	166
	<u>291,265</u>	<u>254,460</u>

6. (Loss)/profit before tax (continued)

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

	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Foreign exchange differences, net	(33)	(252)
Reversal of loss allowances on trade and other receivables	(2,720)	(14,200)
Loss allowances/(reversal of loss allowances) on impairment of amounts due from related parties, net	-	11,227
Reversal of impairment of inventories	(230)	(300)
Bank interest income	(6,070)	(4,340)
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets, net	<u>(230)</u>	<u>(1,391)</u>

7. Finance costs

	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank and other loans	2,358	1,448
Interest on lease liabilities	<u>131</u>	<u>2,365</u>
	<u>2,489</u>	<u>3,813</u>

8. Income tax

	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current - the Chinese mainland		
- Charge for the Period	9,414	4,031
- Deferred tax	<u>3,501</u>	<u>(5,189)</u>
Total tax (credit)/charged for the period	<u>12,915</u>	<u>(1,158)</u>

8. Income tax (continued)

The Company and its subsidiaries are registered in the PRC and have operations only in the Chinese mainland. 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 subsidiaries is 25% except for below 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%.

According to Caishui (2020) No.23 “Notice on continuation of the corporate income tax policy for the enterprises in Western China”, jointly issued by Ministry of Finance, SAT and National Development and Reform Commission on 28 April 2020, the enterprises in encouraged industries in Western China continue to be eligible for a preferential CIT rate of 15% for the period from 1 January 2021 to 31 December 2030. So the Company and CMAL Bo Yu would continue to be applicable to the CIT rate of 15%.

9. (Losses)/earnings per share attributable to ordinary equity holders of the parent

The calculation of amount of the basic (losses)/earnings per share is based on the (loss)/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 month ended 30 June 2021: 162,064,000) in issue during the Period.

	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	RMB'000	RMB'000
(Loss)/profit attributable to ordinary equity holders of the parent	4,372	(43,318)
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>
Basic (losses)/earnings per share (RMB Yuan per share) #	<u>0.03</u>	<u>(0.27)</u>

Diluted (losses)/earnings per share is the same as basic (losses)/earnings per share as the Group had no potential dilutive ordinary shares in issue during the Period and the prior period.

10. Property, plant and equipment and other non-current assets

During the Period, the Group acquired assets with a cost of RMB21,130,000 (six months ended 30 June 2020: RMB30,284,000) excluding property, plant and equipment under construction.

As at 30 June 2021, the Group's other non-current assets with total carrying amount of RMB7,176,000 (31 December 2020: RMB7,176,000) were paid for development of software. In addition, approximately RMB39,029,000 were prepaid for acquiring a land use right as at 30 June 2021 (31 December 2020: RMB39,029,000).

11. An equity investment at fair value through other comprehensive income

This represents equity investment to China South Industries Group Finance Co, Ltd.

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

12. Goodwill

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (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 2020.

Transportation services for finished vehicle cash-generating unit

As there had been no circumstances indicating that 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 2021.

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.

13. Trade and bill receivables

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Bill receivables (note (a))	367,311	463,831
Trade receivables (note (b))	558,221	423,776
Less: impairment (note (c))	<u>(20,463)</u>	<u>(22,264)</u>
	<u>905,069</u>	<u>865,343</u>

Note (a):

The ageing of bill receivables as at 30 June 2021 and 31 December 2020 were all within 6 months.

Note (b):

The Group's trading terms with its customers are mainly on credit. The credit period for major customers ranges from cash on delivery to three months. 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 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Within 3 months	356,268	376,151
3 to 6 months	178,135	19,354
6 months to 1 year	3,355	6,007
1 to 2 years	<u>-</u>	<u>-</u>
	<u>537,758</u>	<u>401,512</u>

Note (c):

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

	As at 30 June 2021 (unaudited) RMB'000
At 1 January 2021	22,264
Reversal of impairment losses	(1,179)
written off as uncollectible	<u>(622)</u>
	<u>20,463</u>

13. Trade and bill receivables (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2021

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0%	0%	15.00%	100.00%	3.67%
Gross carrying amount (RMB'000)	356,268	178,135	3,947	19,871	558,221
Expected credit losses (RMB'000)	-	-	592	19,871	20,463

As at 31 December 2020

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0%	0%	15.00%	100.00%	5.25%
Gross carrying amount (RMB'000)	376,151	19,354	7,067	21,204	423,776
Expected credit losses (RMB'000)	-	-	1,060	21,204	22,264

14. Prepayments, other receivables and other assets

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Prepayments	21,906	12,629
Deposits and other receivables	144,175	147,241
Less: impairment	<u>(3,226)</u>	<u>(3,431)</u>
	<u>162,855</u>	<u>156,439</u>

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

	As at 30 June 2020 (unaudited) RMB'000
At 1 January 2021	3,431
Reversal of impairment losses	(74)
Written off as uncollectible	<u>(131)</u>
	<u>3,226</u>

15. Due from related parties

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Balances from rendering of services and sales of goods (note (a))	1,283,644	1,036,748
Less: impairment (note (b))	<u>(65,737)</u>	<u>(66,620)</u>
Balances from rendering of services and sales of goods, net	<u>1,217,907</u>	<u>970,128</u>
Deposits and other receivables	13,276	81,663
Less: impairment (note (c))	<u>(1,746)</u>	<u>(2,330)</u>
Deposits and other receivables, net	<u>11,530</u>	<u>79,333</u>
Prepayments	<u>509</u>	<u>986</u>
	<u><u>1,229,946</u></u>	<u><u>1,050,447</u></u>

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 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Within 3 months	1,120,109	1,030,805
3 to 6 months	92,479	5,666
6 months to 1 year	5,101	277
1 year to 2 years	<u>218</u>	<u>-</u>
	<u><u>1,217,907</u></u>	<u><u>1,036,748</u></u>

15. Due from related parties (continued)

Note (b):

The movements in the provision for impairment of amounts from the rendering of services and the sales of goods due from related parties are as follows:

	As at 30 June 2021 (unaudited) RMB'000
At 1 January 2021	(66,620)
Impairment losses, net	<u>883</u>
	<u>(65,737)</u>

The increase in impairment loss mainly represents the provision of RMB11,351,000 for the expected credit loss of amount due from Jiangling Holding.

Set out below is the information about the credit risk exposure on the Group's amounts due from related parties from the rendering of services and the sale of goods using a provision matrix:

At as 30 June 2021

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0%	0%	15.00%	100.00%	5.12%
Gross carrying amount (RMB'000)	1,189,298	6,753	25,713	61,880	1,283,644
Expected credit losses (RMB'000)	-	-	3,857	61,880	65,737

At as 31 December 2020

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0%	0%	15.00%	100.00%	6.04%
Gross carrying amount (RMB'000)	1,030,805	5,666	326	66,571	1,103,368
Expected credit losses (RMB'000)	-	-	49	66,571	66,620

15. Due from related parties (continued)

Note (c):

The movements in the loss allowance for impairment of deposits and other receivables due from related parties are as follows:

	As at 30 June 2021 (unaudited) RMB'000
At 1 January 2021	(2,330)
Reversal of impairment losses	584
	<u>1,746</u>

16. Cash and cash equivalents and pledged deposits

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Cash and bank balances	930,727	1,094,496
Less:		
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	<u>(14,673)</u>	<u>(200,156)</u>
Cash and cash equivalents	<u>916,054</u>	<u>894,340</u>

17. Trade and bills payables

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Trade payables	1,337,452	1,037,516
Bills payable	<u>445,459</u>	<u>663,337</u>
	<u>1,782,911</u>	<u>1,700,853</u>

17. Trade and bills payables (continued)

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

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Within 3 months	1,723,304	1,668,554
3 to 6 months	19,877	16,219
6 months to 1 year	11,853	9,156
1 - 2 years	22,108	5,270
2 - 3 years	5,023	817
Over 3 years	746	837
	<u>1,782,911</u>	<u>1,700,853</u>

As at 30 June 2021, bills payables with an aggregate amount of approximately RMB445,459,000 (31 December 2020: RMB500,768,000) were secured by the pledge deposits of RMB11,073,000 (note 16) (31 December 2020: RMB44,923,000).

18. Other payables and accruals

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Accruals for payroll and welfare	95,777	129,440
Dividend payable	-	-
Other payables	257,323	231,053
Contract liabilities	6,363	4,105
Other taxes	9,084	23,607
	<u>368,547</u>	<u>388,205</u>

19. Due to related parties

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Balance from transportation services provided by related parties	110,167	158,505
Other payables	13,143	9,229
Contract liabilities	9,017	65
	<u>132,327</u>	<u>167,799</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 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Within 3 months	81,188	126,285
3 to 6 months	1,352	-
6 months to 1 year	1,658	700
1 to 2 years	25,893	31,402
Over 2 years	76	118
	<u>110,167</u>	<u>158,505</u>

20. Interest-bearing bank and other loans

	As at 30 June 2021 (unaudited)			As at 31 December 2020 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Unsecured loans	-	-	-	-	-	-
Other secured loans*	-	-	-	4.15	2021	6,000
			<u>-</u>			<u>6,000</u>

21. Lease liabilities

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (unaudited) RMB'000
Minimum lease payments due		
- Within 1 year	25,411	34,365
- Between 1 to 5 years	18,494	40,871
- Over 5 years	30,426	434
	<u>74,331</u>	<u>75,670</u>
Less: future finance charge	<u>(7,338)</u>	<u>(5,341)</u>
Present value of lease liabilities	<u>66,993</u>	<u>70,329</u>
	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (unaudited) RMB'000
Present value of lease liabilities		
Within 1 year	18,073	30,524
Between 1 to 5 years	21,002	39,410
Over 5 years	27,918	395
	<u>66,993</u>	<u>70,329</u>

The Group leases various items of land-use-right, property, machinery, vehicles and other equipment. These lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

During the Period, the total cash outflows for leases including payments of principal portion and interest portion of lease liabilities are RMB3,119,000.

22. Share capital

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Authorised: 162,064,000 (31 December 2020: 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 2020: 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 2021 and 30 June 2021	<u>162,064,000</u>	<u>162,064</u>

23. Related parties transactions

	For the six months ended 30 June	
	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Revenue from rendering of transportation services for finished vehicles	1,414,398	822,005
Revenue from rendering of supply chain management services for vehicle raw materials, components and parts	701,683	511,010
Revenue from sale of goods	<u>168,756</u>	<u>166,645</u>
	<u>2,284,837</u>	<u>1,499,660</u>
Purchase of transportation services	74,297	89,079
Others	<u>5,635</u>	<u>2,999</u>
	<u>79,932</u>	<u>92,078</u>
Borrowings from a related party	<u>-</u>	<u>-</u>

24. Fair value and fair value hierarchy of financial instruments

The carrying amounts of the Group's and the Company'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, other receivables and other assets, financial liabilities included in other payables and accruals, amounts due from/to related parties, and the current portion of interest-bearing bank and other loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank and other loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate to their carrying amounts.

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.

The fair value of unlisted equity investment designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates a price to book value ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

25. Commitments of the Group

Capital expenditure commitments

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

	As at 30 June 2021 (unaudited) RMB'000	As at 31 December 2020 (audited) RMB'000
Contracted but not provided for Property, plant and equipment	<u>41,608</u>	<u>43,014</u>

26. Events after the reporting period

As at the date of approval of the financial statements, the Group had no significant events after the reporting period that need to be disclosed.



INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (corresponding period in 2020: nil).

The shareholders of the Company at the 2020 annual general meeting (“AGM”) of the Company held on 25 June 2021 approved no payment of final dividend for the year ended 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2021, in the face of complex and changing domestic and international situations, under the strong leadership of the Party Central Committee, all localities and departments effectively implemented the decisions and plans of the Party Central Committee and the State Council. Our gains in controlling Covid-19 and economic and social development were continuously consolidated with targeted macro-policies. Our economy continued to recover stably with rebounding production demand and positive expectations of market entities. The national economy was generally stable with growing momentum. In the first half of 2021, the gross domestic production (“GDP”) increased by 12.7% year on year, with a two-year average increase of 5.3%. In terms of quarters, the first quarter of 2021 went up by 18.3% year on year, with a two-year average increase of 5.0%; and the second quarter of 2021 increased by 7.9% year on year, with a two-year average increase of 5.5%.

According to the statistics of the China Association of Automobile Manufacturers, in the first half of 2021, the cumulative automobile production volume and sales volume in the PRC were approximately 12,569,000 vehicles and 12,891,000 vehicles respectively, up by 24.2% and 25.6% year on year respectively, and up by 3.4% and 4.4% compared with the same period in 2019. As shown by the production and sales figures as of June 2021 quoted by the China Association of Automobile Manufacturers on its website, notwithstanding the expanding overall business with less intensity, the automobile industry is still facing great pressure in the second half of the year.

Thanks to steady growth of the automobile industry and new product launches, for the six months ended 30 June 2021, the production volume and sales volume of the Group’s major customer, Chongqing Changan Automobile Co., Ltd. (“Changan Automobile”) were 1,126,776 vehicles and 1,200,847 vehicles, up by 37.48% and 44.51% year on year respectively. Changan Automobile’s market performance exceeded the industry average in the first half of the year.

For the six months ended 30 June 2021, thanks to the increase in production and sales of automobiles by customers, the Group recorded total revenue of approximately RMB3,162,044,000, with an increase of approximately 72.93% year on year. The income from transportation of finished vehicles, sale of goods and supply chain management of car raw materials, components and parts for the six months ended 30 June 2021 accounted for approximately 44.73%, 5.34% and 49.93%, respectively, of the Group’s total revenue (for the six months ended 30 June 2020: approximately 48.37%, 9.12% and 42.51%, respectively). A detailed breakdown of revenue is set out in note 4 to the interim condensed consolidated financial information of this announcement.

For the six months ended 30 June 2021, though with fiercer competition in the domestic automotive market, lower logistics service prices, higher operating costs and human resources costs and other unfavorable factors, the auto industry has enjoyed the increase in its sales volume. With the bigger sales volume of the Group’s major customer, Changan Automobile, and the implementation of the cost-effectiveness programme and market expansion, the Company has made sound fruits. The Group’s gross profit margin and net profit margin slightly increased to 5.13% (for six months ended 30 June 2020: 3.17%) and 0.36% (for six months ended 30 June 2020: negative 2.15%) respectively. The profit attributable to the equity holders of the Company for the six months ended 30 June 2021 increased to approximately RMB4,372,000 from approximately RMB(43,318,000) in the corresponding period of last year.

FINANCIAL REVIEW

Working Capital and Financial Resources

During the reporting period, the Group's sources of funds generally represented income arising from our daily operations.

As at 30 June 2021, the cash and bank balance and pledged deposits of the Group were approximately RMB930,727,000 (31 December 2020: RMB1,094,496,000). As at 30 June 2021, the total assets of the Group amounted to approximately RMB4,420,775,000 (31 December 2020: RMB4,394,626,000). The Group had current liabilities of approximately RMB2,303,508,000 (31 December 2020: RMB2,292,740,000), non-current liabilities of approximately RMB70,239,000 (31 December 2020: RMB61,387,000), shareholders' equity excluding non-controlling interest of approximately RMB1,924,338,000 (31 December 2020: RMB1,918,332,000) and non-controlling interest of approximately RMB122,690,000 (31 December 2020: RMB122,167,000).

Capital Structure

For the six months ended 30 June 2021, there has been no change to the Company's issued shares.

Loans and Borrowings

As at 30 June 2021, the outstanding balance of borrowings of the Group was RMB0 (31 December 2020: RMB6,000,000), please refer to note 20 to the interim condensed consolidated financial information for further details.

During the reporting period, the Group had no short-term loans that were due but not repaid and no financial instrument that were used for hedging purposes.

Gearing and Liquidity Ratio

As at 30 June 2021, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 41.28% (31 December 2020: approximately 37.85%). The gearing ratio between the total liabilities and the total equity of the Group was approximately 115.96% (31 December 2020: 115.37%).

Pledge of Assets

As at 30 June 2021, bills payables with an aggregate amount of approximately RMB445,459,000 (31 December 2020: RMB500,768,000) were secured by the pledge deposits of RMB11,073,000 (31 December 2020: secured by the pledge deposits of RMB44,923,000).

As at 20 October 2020, Shenyang Changyou Supply Chain Co., Ltd. ("Shenyang Changyou"), a subsidiary of the Company, and Binqi Zhuangbei Group Finance Lease Limited Liability Company ("Industries Financing") entered into the Finance Lease Agreements, in which (1) Industries Financing acquired the Production Lines from Shanghai Hofmann Machinery Equipment Co., Ltd. at the consideration of RMB83,888,000 and leased it to Shenyang Changyou as a leased asset; Industries Financing acquired the AS/RS from Wuxi Lead Intelligent Equipment Co., Ltd. at the consideration of RMB20,880,000, and leased it to Shenyang Changyou as a leased asset; and (2) Shenyang Changyou leased the Production Lines and the AR/RS from Industries Financing for a total rent not exceeding RMB130,280,000 (calculated based on the interest rate of 5.3% per annum and paid on a quarterly basis), and the lease term was up to 60 months. Shenyang Changyou was also required to pay a lump sum payment of contract security deposit in the sum of RMB4,190,720 and handling fee in the sum of RMB523,840 to Industries Financing. In addition, Shenyang Changyou charged the accounts receivable not exceeding 1.2 times of the rental balance in favour of Industries Financing. Upon the expiration of the Finance Lease Agreements, Shenyang Changyou has an option to purchase the Productions Lines and the AS/RS from Industries Financing at the nominal consideration of RMB1 each. Please refer to the announcement of the Company dated 20 October 2020 and the circular of the Company dated 14 December 2020 for further details.

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 2021, the Group employed 5,131 employees (as at 31 December 2020: 5,300 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

As at 24 March 2021, the Company and FAW Logistics Co., Ltd. ("FAW Logistics") established Chongqing Changxiang Supply Chain Technology Co., Ltd., a joint venture, with a registered capital of RMB20,000,000. The Company and FAW Logistics hold a direct interest of 70 % And 30% respectively in the joint venture. The ultimate shareholder of FAW Logistics is China FAW Group Corporation, which is a third party independent of the Company and its connected persons.

Major Acquisition and Assets Disposal

For the six months ended 30 June 2021, there had been no material acquisition and assets disposal of the Group.

Contingent Liabilities

As at 30 June 2021, the Group did not have any material contingent liabilities.



PROSPECTS

From a global perspective, benefiting from the acceleration of vaccination, continued policy support, and the economic growth becoming more adaptable to the pandemic and other factors, the process of global economic recovery is accelerating, and the recovery of major economies has shown a strong momentum, presenting imbalance and stark differences. From a domestic perspective, the national economy performs stably overall, in particular, new growth drivers are being fostered, and enterprises' production is expanding, but there are gaps in different industries. The foundations for a sustained economic recovery need to be strengthened, and China's economic development still faces great pressure and challenges.

The automobile industry in the first half of 2021 shows that though passenger cars have experienced chip shortages and the increase in raw material prices, the sales volume was over 10,000,000 units. The cumulative sales volume of new energy vehicles was up to the level of 2019, in which the sales volume of pure electric vehicles was over 1,000,000 units with the penetration rate up to 9.4% in the first half of 2021 from 5.4% in early 2021. As the global market is recovering, China's automobile exports reached 828,000 units in the first half of 2021, increased by 1.1 times year on year. Chinese automobile brands have become more competitive. In the second half of 2021, chip supply will be a major concern in production, and greater cost pressure caused by the big increase in raw material prices and other factors will also affect the auto industry. With complex and changing domestic and international situations, the prospect of the auto industry needs to be viewed with caution.

In the second half of 2021, as stability comes with changes and changes come with opportunities, there will be a bright future with great challenges. The Company takes the business plan of having the courage to innovate and create as its overarching principle, and is committed to building itself with "high technology, high vitality, high efficiency, big brand, and high quality". Guided by the principles of "all for customers, all for market, all for frontline, and all for growth", and taking "grasping key points, focusing on high-end, preventing risks and working hard" as its key, the Company strives to implement its "service-oriented strategy", makes self-improvements and expands the market to push itself towards a first-class green intelligent logistics and supply chain provider.



CORPORATE GOVERNANCE

During the reporting period, the Company has complied with the code provisions of the 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 and save for the deviation of Provision A.2.1 of the Corporate Governance Code, 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 to the Main Board on 18 July 2013, the Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting the required standard (the “Code of Conduct”) set out in Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)) to the Listing Rules. After making specific enquiries to all Directors, the Company confirms that the Directors had complied with the Code of Conduct for the six months ended 30 June 2021.

BOARD OF DIRECTORS

The fifth session of the Board of the Company comprises ten Directors, including three executive Directors, three non-executive Directors and four 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 announcement, except for the fact that the independent non-executive director Mr. Chong Teck Sin and Mr. Poon Chiu Kwok have served for consecutive nine years, the term of office of each of the other two independent non-executive directors does not exceed nine years. Notwithstanding the fact that Mr. Chong Teck Sin and Mr. Poon Chiu Kwok have served the Company for more than nine years, there are no circumstances which are likely to affect their independence as an independent non-executive director. Mr. Chong Teck Sin and Mr. Poon Chiu Kwok are 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 that Mr. Chong Teck and Mr. Poon Chiu Kwok remain independent notwithstanding the length of their service.



BOARD CHAIRMAN AND GENERAL MANAGER

The chairman of the Board of the Company is Mr. Xie Shikang. The general manager is Mr. Wan Nianyong. The chairman is in charge of formulating the development and business strategies and deals 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 four board committees under the Board.

The general manager Mr. Shi Jinggang resigned on 24 June 2021. During the transition period, the duties of the general manager are temporarily assumed by Mr. Xie Shikang. Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 30 July 2021, the company appointed Mr. Wan Nianyong as the general manager. Please refer to the announcement of the Company dated 30 July 2021. During the transition period, the duties of the general manager are temporarily assumed by the chairman and the Board will meet regularly to consider matters relating to the business operations of the Group. The Board believes that such arrangements will not impair the balance of power and responsibility between the Board and the management, nor will it affect the planning, strategy implementation and decision-making of the Company.

AUDIT COMMITTEE

The disclosure of financial information in this announcement 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 2021. The audit committee has also discussed the relevant internal audit matters and approved the contents of this interim results announcement.

CHANGES OF DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

Mr. Shi Jinggang resigned as the executive director, general manager and member of the Strategy and Investment Committee of the Company with effect from 24 June 2021.

Mr. Chong Teck Sin ceased to be the independent director of Accordia Golf Trust Management Private Limited with effect from 19 August 2021, because of the delisting of Accordia Golf Trust Management Private Limited from Singapore Exchange on 18 August 2021.



OTHER INFORMATION

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

As at 30 June 2021, 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 2021, 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 2020, 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 2021, so far as is known to the Directors and chief executive of the Company, the following substantial shareholders, 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company, were as follows:

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 Co., Ltd.	Interest of a controlled corporation	41,225,600(L) (Domestic Shares)	38.51%	-	25.44%
China Changan Automobile Group Company Limited ("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	Beneficial owner	5,000,000 (L) (H shares)	-	9.09%	3.09%

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

Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

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

Save as disclosed in this announcement, as at 30 June 2021, so far as is known to the Directors and chief executive of the Company, there were no other persons (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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company.

SHARE APPRECIATION RIGHT INCENTIVE SCHEME

The share appreciation right incentive scheme established by the Company on 6 June 2005 has become ineffective since 23 February 2016.

On 28 August 2020, the Board has considered and approved a Share Appreciation Rights Scheme (the “Scheme”). The Scheme has been approved by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and the shareholders of the Company at the 2021 First Extraordinary General Meeting. The Scheme shall remain valid for a period of five years. The Board set the date of 27 April 2021 as the Date of Grant and HKD2.98 as the Exercise Price. The Company granted Incentive Recipients Share Appreciation Rights with 4,861,400 underlying Shares to 29 Incentive Recipients, accounting for 3.00% of the total issued share capital of the Company. The Scheme does not constitute the grant of options on the new shares or other new securities of the Company (or any of its subsidiaries); it does not fall within the ambit of, and is not subject to, the requirements under Chapter 17 of the Listing Rules. Please refer to the announcements of the Company dated 28 August 2020, 1 March 2021 and 27 April 2021, and the circular of the Company dated 12 April 2021 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 Company’s Prospectus issued on 16 February 2006 of the Company and 2020 Annual Report.

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 2021, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the Listing Rules) was approximately RMB2,284,837,000 (unaudited) (of which RMB2,234,417,000 was attributable to Changan Automobile and its associates, RMB47,128,000 to China Changan and its associates, RMB1,057,000 to Minsheng Industrial and its associates, and RMB2,235,000 to Nanjing Baogang Zhushang Metal Manufacturing Company Limited), which accounted for approximately 72.26% of the total revenue during the reporting period.

For the six months ended 30 June 2021, the cost of purchasing transportation services from connected persons (as defined in the Listing Rules) was approximately RMB74,297,000 (unaudited) (of which RMB71,760,000 was attributable to Minsheng Industrial and its associates, RMB2,388,000 to China Changan and its associates and RMB149,000 to APL Logistics and its associate), which accounted for approximately 2.48% of the cost of sales during the reporting period.

For the six months ended 30 June 2021, the maximum daily balance of deposit (including interests) on a daily basis with Binqi Zhuangbei Group Financial Limited Liability Company was approximately RMB183,190,000 (unaudited).

For the six months ended 30 June 2021, the cost of purchasing security and cleaning services from China Changan and its associates was RMB5,635,000 (unaudited).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

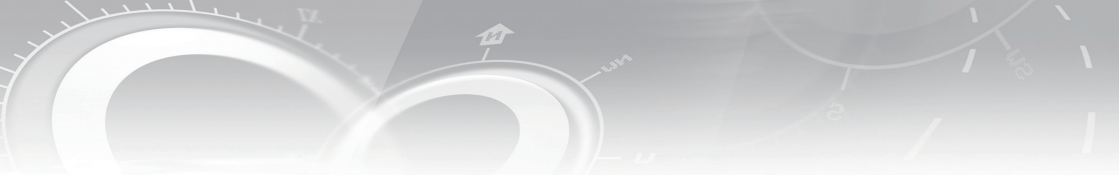
For the six months ended 30 June 2021, the Company and its subsidiaries had not purchased, sold or redeemed any of the Company's listed securities.

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
27 August 2021



As at the date of this report, the board of directors of the Company comprises:

Executive Directors:

Mr. Xie Shikang
Mr. Chen Wenbo
Mr. William K Villalon

Non-executive Directors:

Mr. Chen Xiaodong
Mr. Man Hin Wai Paul (also known as Paul Man)
Mr. Xia Lijun

Independent Non-executive Directors:

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