

Changan Minsheng APLL Logistics Co., Ltd.*

2022 Interim Report

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

* For identification purpose only



Stock Code: 01292

HIGHLIGHTS

- For the six months ended 30 June 2022, the unaudited revenue of the Group was approximately RMB3,439,961,000, representing an increase of approximately 8.79% from the corresponding period in 2021.
- For the six months ended 30 June 2022, the unaudited revenue attributable to owners of the parent was approximately RMB19,266,000, representing an increase of approximately RMB14,894,000, compared to the unaudited revenue attributable to owners of the parent of RMB4,372,000 from the corresponding period in 2021.
- For the six months ended 30 June 2022, the unaudited basic earnings per share were RMB0.12 (corresponding period in 2021: RMB0.03).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

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 2022 as follows:

Interim consolidated statement of profit or loss and other comprehensive income

	Notes	For the six months ended 30 June	
		2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Revenue	4	3,439,961	3,162,044
Cost of sales		<u>(3,267,141)</u>	<u>(2,999,675)</u>
Gross profit		172,820	162,369
Other income and gains	5	25,776	20,815
Selling and distribution expenses		(21,152)	(30,067)
Administrative expenses		(140,551)	(120,631)
Other expenses		(1,196)	(4,228)
Finance costs	7	(3,381)	(2,489)
Share of profits and losses of an associate and a joint venture		<u>(1,671)</u>	<u>(1,571)</u>
Profit before tax	6	30,645	24,198
Income tax expense	8	<u>(5,505)</u>	<u>(12,915)</u>
Profit for the period		<u>25,140</u>	<u>11,283</u>
Attributable to:			
Owners of the parent		19,266	4,372
Non-controlling interests		<u>5,874</u>	<u>6,911</u>
		<u>25,140</u>	<u>11,283</u>
Total comprehensive income for the period		<u>25,140</u>	<u>11,283</u>
Attributable to:			
Owners of the parent		19,266	4,372
Non-controlling interests		<u>5,874</u>	<u>6,911</u>
		<u>25,140</u>	<u>11,283</u>
Earnings per share attributable to ordinary equity holders of the parent			
--Basic and diluted	9	<u>RMB0.12</u>	<u>RMB0.03</u>

Interim consolidated statement of financial position

		As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
	Notes		
Non-current assets			
Property, plant and equipment	10	607,451	608,298
Investment properties		38,491	39,263
Right-of-use assets		279,638	305,308
Goodwill	12	5,016	5,016
Other intangible assets		14,756	21,680
Investment in a joint venture		12,817	12,777
Investments in an associate		77,361	79,072
An equity investment designated at fair value through other comprehensive income	11	70,000	70,000
Deferred tax assets		69,943	62,814
Other non-current assets	10	26,740	54,845
Total non-current assets		1,202,213	1,259,073
Current assets			
Inventories		13,681	2,817
Trade and bills receivables	13	997,572	1,188,978
Prepayments, other receivables and other assets	14	182,770	204,243
Due from related parties	15	800,768	515,089
Pledged deposits	16	19,410	13,762
Cash and cash equivalents	16	1,110,205	992,314
Total current assets		3,124,406	2,917,203
Current liabilities			
Trade and bills payables	17	1,587,108	1,398,188
Other payables and accruals	18	345,686	387,720
Due to related parties	19	109,820	139,695
Interest-bearing bank and other loans	20	12,800	2,800
Lease liabilities	21	24,128	36,889
Tax payable		4,819	3,562
Total current liabilities		2,084,361	1,968,854
Net current assets		1,040,045	948,349
Total assets less current liabilities		2,242,258	2,207,422

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Interim consolidated statement of financial position (continued)

		As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
	Notes		
Total assets less current liabilities		2,242,258	2,207,422
Non-current liabilities			
Lease liabilities	21	19,876	20,127
Deferred tax liabilities		6,243	6,325
Deferred income		9,594	11,519
Amounts due to related companies		94,905	73,378
Total non-current liabilities		130,618	111,349
Net assets		2,111,640	2,096,073
Equity			
Equity attributable to owners of the parent			
Share capital	22	162,064	162,064
Reserves		1,810,816	1,789,627
		1,972,880	1,951,691
Non-controlling interests		138,760	144,382
Total equity		2,111,640	2,096,073

Interim consolidated statement of changes in equity

For the six months ended 30 June 2022

	Unaudited							Total equity
	Attributable to owners of the parent			Fair value reserve of financial assets at FVTOCI	Retained profits	Non-controlling interests	Total	
	Share capital	Share premium account	Safety fund surplus reserve					
At 1 January 2022	162,064	66,907	9,324	21,230	1,606,299	144,382	2,096,073	
Total comprehensive income for the period	-	-	-	-	19,266	5,874	25,140	
Provision for safety fund surplus reserve	-	-	2,960	-	-	67	3,027	
Utilisation of safety fund surplus reserve	-	-	(1,037)	-	-	(343)	(1,380)	
Changes in safety fund surplus reserve of an associate	-	-	-	-	-	-	-	
Dividends paid to the non-controlling shareholder by a subsidiary	-	-	-	-	-	(11,220)	(11,220)	
At 30 June 2022 (unaudited)	162,064	66,907	11,247	21,230	1,625,565	138,760	2,111,640	

Interim consolidated statement of changes in equity (continued)

For the six months ended 30 June 2021

	Unaudited							Non-controlling interests	Total equity
	Attributable to owners of the parent								
	Share capital	Share premium account	Statutory reserve funds	Safety fund surplus reserve	Fair value reserve of financial assets at FVTOCI	Retained profits	Total		
RMB'000	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	122,167	2,040,499
Total comprehensive loss for the period	-	-	-	-	-	4,372	4,372	6,911	11,283
Provision for safety fund surplus reserve	-	-	-	1,761	-	-	1,761	211	1,972
Utilisation of safety fund surplus reserve	-	-	-	(127)	-	-	(127)	(59)	(186)
Changes in safety fund surplus reserve of an associate	-	-	-	-	-	-	-	6,000	6,000
Dividends paid to the non-controlling shareholder by a subsidiary	-	-	-	-	-	-	-	(12,540)	(12,540)
At 30 June 2021 (unaudited)	162,064	66,907	85,867	9,239	18,738	1,581,523	1,924,338	122,690	2,047,028

Interim consolidated statement of cash flows

	For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	30,645	24,198
Adjustments for:		
Finance costs	3,381	2,489
Share of profits and losses of an associate and a joint venture	1,671	1,571
Interest income	(10,275)	(6,070)
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets	(1,629)	(230)
Depreciation of property, plant and equipment	35,429	32,832
Depreciation of right-of-use assets	18,721	18,893
Depreciation of investment properties	772	826
Amortisation of other intangible assets	6,924	8,977
Loss allowances/ (reversal of loss allowances) on impairment of trade and other receivables	4,231	(1,253)
Loss allowances/(reversal of loss allowances) on impairment of amounts due from related parties, net	1,252	(1,467)
Reversal on impairment of inventories	-	(230)
Deferred income released to profit or loss	(1,925)	(190)
	89,197	80,346
Increase in inventories	(10,864)	(3,015)
Decrease/(increase) in trade and bills receivables	187,662	(38,939)
Decrease/(increase) in prepayments	28,105	(9,277)
(Increase)/decrease in pledged deposits	(5,648)	198,641
Decrease in deposits and other receivables	20,986	3,066
Increase in amounts due from related parties	(286,931)	(179,499)
Increase in trade and bills payables	188,920	81,596
Decrease in other payables and accruals	(42,514)	(19,658)
Decrease in amounts due to related parties	(8,348)	(35,472)
Increase/ (decrease) in safety fund surplus reserve	1,647	(1,634)
	162,212	76,155
Income taxes paid	(11,459)	(9,607)
Net cash flows generated from operating activities	150,753	66,548

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Interim consolidated statement of cash flows (continued)

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Net cash flows generated from operating activities	150,753	66,548
Cash flows from investing activities		
Purchase of items of property, plant and equipment and other intangible assets	(32,473)	(7,638)
Proceeds from disposal of items of property, plant and equipment and other intangible assets	-	399
Prepayment for purchase of plant and equipment	-	(21,755)
Interest received	10,275	-
Net cash flows used in investing activities	(22,198)	(28,994)
Cash flows from financing activities		
Proceeds from/(repayment of) bank and other loans	10,000	(6,000)
Interest paid	(3,381)	(2,198)
Principal portion of lease payments	(6,063)	-
Dividend paid to the non-controlling shareholder by a subsidiary	(11,220)	(6,540)
Net cash flows used in financing activities	(10,664)	(14,738)
Net increase in cash and cash equivalents	117,891	22,816
Cash and cash equivalents at beginning of the period	992,314	893,113
Effect of foreign exchange rate changes, net	-	125
Cash and cash equivalents at end of the period	1,110,205	916,054

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 2022 (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 2021.

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 2021, except for the adoption of the following new standards, interpretations and amendments to a member of 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 2022:

Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations

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 tires 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	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Customer A	734,325	493,545
Customer B	<u>1,034,279</u>	<u>1,077,746</u>

4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Revenue from contracts with customers	<u>3,439,961</u>	<u>3,162,044</u>

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Sale of goods	207,716	170,196
Rendering of logistics services		
Transportation of finished vehicles	1,810,828	1,778,963
Supply chain management for vehicle raw materials, components and parts	<u>1,421,417</u>	<u>1,212,885</u>
Total revenue from contracts with customers	<u>3,439,961</u>	<u>3,162,044</u>

5. Other income and gains

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Bank interest income	10,275	6,070
Government grants	2,660	1,328
Penalty on transportation companies	2,410	1,326
Sales of recycled packages of vehicle spare parts	3,651	1,823
Rental income for investment properties	6,602	-
Others	178	10,268
	<u>25,776</u>	<u>20,815</u>

6. Profit before tax

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Cost of inventories sold	199,649	163,293
Cost of logistics services rendered	3,067,492	2,474,586
Depreciation of property, plant and equipment	35,429	32,832
Depreciation of right-of-use assets	18,721	18,893
Depreciation of investment properties	772	826
Amortisation of other intangible assets	6,924	8,977
Short term lease payments not included in the measurement of lease liabilities	3	-
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	292,757	272,700
Pension scheme contributions	25,890	17,920
Termination benefits	833	645
	<u>319,480</u>	<u>291,265</u>

6. Profit before tax (continued)

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

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Foreign exchange differences, net	(4,800)	(33)
Loss allowances /(reversal of loss allowances) on trade and other receivables	3,257	(1,253)
Loss allowances/(reversal of loss allowances) on impairment of amounts due from related parties, net	1,252	(1,467)
Reversal of impairment of inventories	-	(230)
Bank interest income	(10,275)	(6,070)
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets, net	<u>(1,629)</u>	<u>(230)</u>

7. Finance costs

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Interest on bank and other loans	2,521	2,358
Interest on lease liabilities	<u>860</u>	<u>131</u>
	<u>3,381</u>	<u>2,489</u>

8. Income tax expense

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Current - the Chinese mainland		
- Charge for the Period	12,955	9,414
- Deferred tax	<u>(7,450)</u>	<u>3,501</u>
Total tax charged for the period	<u>5,505</u>	<u>12,915</u>

8. Income tax expense (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. Accordingly, the Company, CMAL Bo Yu, Chongqing Changan Minsheng Fuyong Logistics Co., Ltd and Chongqing Changxiang Supply Chain Technology Co., Ltd would be eligible to the CIT rate of 15%.

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

The calculation of amount of the basic earnings per share 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 month ended 30 June 2022: 162,064,000) in issue during the Period.

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Profit attributable to ordinary equity holders of the parent	19,266	4,372
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB Yuan per share) #	<u>0.12</u>	<u>0.03</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.

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

During the Period, the Group acquired assets with a cost of RMB32,473,000 (six months ended 30 June 2021: RMB21,130,000) excluding property, plant and equipment under construction.

As at 30 June 2022, the Group's other non-current assets with total carrying amount of RMB6,557,000 (31 December 2021: RMB7,176,000) were paid for development of software.

11. An equity investment designated 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 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Cost	7,457	7,457
Less: accumulated impairment	<u>(2,441)</u>	<u>(2,441)</u>
Net carrying amount	<u>5,016</u>	<u>5,016</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 2021.

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 2022.

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 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Bill receivables (note (a))	422,127	581,659
Trade receivables (note (b))	622,927	651,057
Less: impairment (note (c))	<u>(47,482)</u>	<u>(43,738)</u>
	<u>997,572</u>	<u>1,188,978</u>

Note (a):

The ageing of bill receivables as at 30 June 2022 and 31 December 2021 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 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Within 3 months	516,910	491,757
3 to 6 months	43,608	21,813
6 months to 1 year	14,927	93,749
1 to 2 years	<u>-</u>	<u>-</u>
	<u>575,445</u>	<u>607,319</u>

Note (c):

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

	As at 30 June 2022 (unaudited) RMB'000
At 1 January 2022	43,738
Impairment losses recognised	<u>3,744</u>
	<u>47,482</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 2022

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.00%	0.00%	15.00%	100.00%	7.62%
Gross carrying amount (RMB'000)	516,910	43,608	17,561	44,848	622,927
Expected credit losses (RMB'000)	-	-	2,634	44,848	47,482

As at 31 December 2021

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.00%	0.00%	1.90%	100.00%	6.72%
Gross carrying amount (RMB'000)	491,757	21,813	95,569	41,918	651,057
Expected credit losses (RMB'000)	-	-	1,820	41,918	43,738

14. Prepayments, other receivables and other assets

	As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Prepayments	58,647	55,282
Deposits and other receivables	84,670	150,374
Other assets	41,353	-
Impairment	(1,900)	(1,413)
	<u>182,770</u>	<u>204,243</u>

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

	As at 30 June 2022 (unaudited) RMB'000
At 1 January 2022	1,413
Impairment losses recognised	<u>487</u>
	<u>1,900</u>

15. Due from related parties

	As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Balances from rendering of services and sales of goods (note (a))	835,683	542,544
Less: impairment (note (b))	<u>(44,480)</u>	<u>(43,499)</u>
Balances from rendering of services and sales of goods, net	<u>791,203</u>	<u>499,045</u>
Deposits and other receivables	10,151	17,412
Less: impairment (note (c))	<u>(1,639)</u>	<u>(1,368)</u>
Deposits and other receivables, net	<u>8,512</u>	<u>16,044</u>
Prepayments	<u>1,053</u>	<u>-</u>
	<u><u>800,768</u></u>	<u><u>515,089</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 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Within 3 months	766,469	458,180
3 to 6 months	22,106	35,608
6 months to 1 year	2,628	5,257
1 year to 2 years	<u>-</u>	<u>-</u>
	<u><u>791,203</u></u>	<u><u>499,045</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 2022 (unaudited) RMB'000
At 1 January 2022	43,499
Impairment losses, net	<u>981</u>
	<u><u>44,480</u></u>

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 2022

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.00%	0.00%	15.00%	100.00%	5.32%
Gross carrying amount (RMB'000)	766,469	22,106	3,092	44,016	835,683
Expected credit losses (RMB'000)	-	-	464	44,016	44,480

At as 31 December 2021

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.00%	0.00%	20.84%	100.00%	8.02%
Gross carrying amount (RMB'000)	458,180	35,608	6,641	42,115	542,544
Expected credit losses (RMB'000)	-	-	1,384	42,115	43,499

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 2022 (unaudited) RMB'000
At 1 January 2022	1,368
Impairment losses recognised	<u>271</u>
	<u><u>1,639</u></u>

16. Cash and cash equivalents and pledged deposits

	As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Cash and bank balances	1,129,615	1,006,076
Less:		
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	<u>(19,410)</u>	<u>(13,762)</u>
Cash and cash equivalents	<u><u>1,110,205</u></u>	<u><u>992,314</u></u>

17. Trade and bills payables

	As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Bills payable	336,801	530,060
Trade payables	<u>1,250,307</u>	<u>868,128</u>
	<u><u>1,587,108</u></u>	<u><u>1,398,188</u></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 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Within 3 months	1,369,093	1,192,545
3 to 6 months	178,927	201,737
6 months to 1 year	26,569	864
1 - 2 years	10,136	1,272
2 - 3 years	2,383	1,770
Over 3 years	-	-
	<u>1,587,108</u>	<u>1,398,188</u>

As at 30 June 2022, bills payables with an aggregate amount of approximately RMB336,801,000 (31 December 2021: RMB105,821,000) were secured by the pledge deposits of RMB0 (note 16) (31 December 2021: RMB13,762,000).

18. Other payables and accruals

	As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Contract liabilities	3,254	5,397
Other payables	240,276	235,353
Other taxes	15,955	11,817
Accruals for payroll and welfare	86,201	135,153
	<u>345,686</u>	<u>387,720</u>

19. Due to related parties

	As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Balance from transportation services provided by related parties	97,671	125,349
Other payables	7,473	14,172
Contract liabilities	4,676	174
	<u>109,820</u>	<u>139,695</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 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Within 3 months	73,319	93,472
3 to 6 months	5,070	183
6 months to 1 year	1,940	-
1 to 2 years	610	315
Over 2 years	16,732	31,379
	<u>97,671</u>	<u>125,349</u>

20. Interest-bearing bank and other loans

	As at 30 June 2022 (unaudited)			As at 31 December 2021 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Unsecured loans	5.50	2022/11/23	2,800	5.50	2022	2,800
Other secured loans*	5.22	2023/3/15	10,000	-	-	-
			<u>12,800</u>			<u>2,800</u>

21. Lease liabilities

	As at 30 June 2022 (unaudited) RMB'000
Minimum lease payments due	
- Within 1 year	25,903
- Between 1 to 5 years	20,249
- Over 5 years	<u>306</u>
Less: future finance charge	<u>(2,454)</u>
Present value of lease liabilities	<u><u>44,004</u></u>
	As at 30 June 2022 (unaudited) RMB'000
Present value of lease liabilities	
Within 1 year	24,128
Between 1 to 5 years	19,631
Over 5 years	<u>245</u>
	<u><u>44,004</u></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 RMB6,923,000.

22. Share capital

	As at 30 June 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Authorised: 162,064,000 (31 December 2021: 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 2021: 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 2022 and 30 June 2022	<u>162,064,000</u>	<u>162,064</u>

23. Related parties transactions

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Revenue from rendering of transportation services for finished vehicles	1,352,462	1,414,398
Revenue from rendering of supply chain management services for vehicle raw materials, components and parts	852,922	701,683
Revenue from sale of goods	<u>199,649</u>	<u>168,756</u>
	<u>2,405,033</u>	<u>2,284,837</u>
Purchase of transportation services	129,727	74,297
Others	<u>38,754</u>	<u>5,635</u>
	<u>168,481</u>	<u>79,932</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 2022 (unaudited) RMB'000	As at 31 December 2021 (audited) RMB'000
Contracted but not provided for Property, plant and equipment	<u>10,388</u>	<u>43,014</u>

26. Events after the reporting period

On 29 July 2022, Shenyang Changyou, a non-wholly owned subsidiary of the Company, as Purchaser, entered into a purchase and sale agreement with Shenyang Changyou Auto Parts Co., Ltd., as Vendor, for the acquisition of certain land and property located in Dadong District, Shenyang in PRC for the wheel assembly project of BMW with consideration of RMB 68,522,400. Details please refer to the announcement of the Company dated on 29 July 2022.



INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (corresponding period in 2021: nil).

The 2021 final dividend of RMB0.05 (including tax) per share, in the aggregate amount of RMB8,103,200 (including tax), has been approved by the shareholders at the 2021 annual general meeting of the Company held on 30 June 2022, and is expected to be paid on or around 23 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2022, given the complex changes taking place around the world, re-emergence of the Novel Coronavirus Pandemic ("COVID-19") at home country and other unexpected factors, the Chinese economy was under considerable downward pressure and faced difficulties and challenges. However, the fundamentals of China's positive long-term economic prospects did not change. It still has strong resilience, huge potential and room for growth. The gross domestic production ("GDP") increased by 2.5% year on year. In terms of quarters, the first quarter of 2022 went up by 4.8% year on year and 1.4% month on month; and the second quarter of 2022 increased by 0.4% year on year and -2.6% month on month.

In the first half of 2022, especially in the second quarter, China's auto industry faced three layers' pressure—supply shocks, contracting demand and weakening expectations and business production encountered great difficulties. According to the statistics of China Association of Automobile Manufacturers, in the first half of 2022, the cumulative automobile production volume and sales volume in the PRC were approximately 12,117,000 vehicles and 12,057,000 vehicles respectively, down by 3.7% and 6.6% year on year respectively. Since July 2022, all parts of auto industry have worked collectively and pressed ahead to push the Chinese auto industry out of bottom. As supply chain affected by the epidemic has fully recovered, vehicle production accelerated to make up for losses. With national policy of halved tax rate on car purchase and local policy of promoting car consumption, the production and sales of automobiles have fully returned to normal. As shown by the production and sales figures as of June 2022 quoted by China Association of Automobile Manufacturers on its website, the cumulative automobile production volume and sales volume in the PRC were approximately 2,499,000 vehicles and 2,502,000 vehicles respectively, up by 29.7% and 34.4% month on month and up by 28.2% and 23.8% year on year, respectively.

For the six months ended 30 June 2022, the production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile") were 1,077,732 vehicles and 1,125,764 vehicles, down by 4.35% and 6.25% year on year, respectively. Changan Automobile's market performance was in line with the industry average in the first half of the year.

For the six months ended 30 June 2022, thanks to market expansion and increased revenue, the Group recorded total revenue of approximately RMB3,439,960,000, with an increase of approximately 8.79% 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 2022 accounted for approximately 52.64%, 6.04% and 41.32%, respectively, of the Group's total revenue (for the six months ended 30 June 2021: approximately 44.73%, 5.34% and 49.93%, 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 2022, 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 Company has made sound progress by implementing the cost-effectiveness programme and market expansion. The Group's gross profit margin and net profit margin were 5.02% (for six months ended 30 June 2021: 5.13%) and 0.73% (for six months ended 30 June 2021: 0.36%), 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 RMB19,266,000 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 2022, the cash and bank balance and pledged deposits of the Group were approximately RMB19,410,000 (31 December 2021: RMB13,757,000). As at 30 June 2022, the total assets of the Group amounted to approximately RMB4,326,618,000 (31 December 2021: RMB4,176,276,000). The Group had current liabilities of approximately RMB2,084,360,000 (31 December 2021: RMB1,964,312,000), non-current liabilities of approximately RMB130,617,000 (31 December 2021: RMB115,891,000), shareholders' equity excluding non-controlling interest of approximately RMB1,972,880,000 (31 December 2021: RMB1,951,690,000) and non-controlling interest of approximately RMB138,760,000 (31 December 2021: RMB144,381,000).

Capital Structure

For the six months ended 30 June 2022, there has been no change to the Company's issued shares.

Loans and Borrowings

As at 30 June 2022, the outstanding balance of borrowings of the Group was RMB12,800,000 (31 December 2021: RMB2,800,000). 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 2022, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 51.19% (31 December 2021: approximately 49.81%). The gearing ratio between the total liabilities and the total equity of the Group was approximately 104.89% (31 December 2021: 99.24%).

Pledge of Assets

As at 30 June 2022, bills payables with an aggregate amount of approximately RMB336,801,000 (31 December 2021: RMB105,821,000) were secured by the pledged deposits of RMB19,410,000 (31 December 2021: secured by the pledged deposits of RMB13,757,000 and the banker's acceptance of RMB250,000).

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 payable 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. As of 30 June 2022, Shenyang Changyou paid the interest of RMB2,292,000 and the balance of the financing to be payable by Shenyang Changyou to Industries Financing is RMB92,291,200. 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.



Covid-19 Related Risks

In the first half of 2022, the recurring pandemic has disrupted the supply chain and business activities and macroeconomic downturn has impeded the growth or lowered the earnings for most logistics networks in China. As the pandemic continues to develop, the extent of the disruption and the affected factors and parties will vary. If the pandemic rebounds or the government tightens the management and control over business activities to control the pandemic, the Company's production and operation may be adversely affected to certain extent.

Foreign Currency Exposure

The Group's reporting currency is RMB. As the transactions of the Group denominated in foreign currency were limited, the Group had no material exposure to foreign currency risk.

Employee, Remuneration Policy and Training Programme

As at 30 June 2022, the Group employed 4,448 employees (as at 31 December 2021: 4,692 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 months ended 30 June 2022, there had been no material investment by the Group.

With a view of strengthening the wheel assembly project of BMW, one of the core customers of the Group, and expanding other business, on 29 July 2022, Shenyang Changyou, a non-wholly owned subsidiary of the Company, as Purchaser, entered into a purchase and sale agreement with Shenyang Changyou Auto Parts Co., Ltd., as Vendor, for the acquisition of certain land and property located in Dadong District, Shenyang, the PRC at a consideration of RMB 68,522,400. Please refer to the announcement of the Company dated 29 July 2022.

Major Acquisition and Assets Disposal

For the six months ended 30 June 2022, there had been no material acquisition and assets disposal of the Group.

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.



PROSPECTS

From a global perspective, the protracted pandemic, Russia-Ukraine conflict and tightened monetary policy in the US, hold back economic growth in terms economic recovery, soaring commodity prices and market liquidity. From a domestic perspective, the targets of ensuring stable growth and operation in the automobile industry is still hard to attain, while with effectively coordinated epidemic prevention and control, economic growth, and measures of stabilizing the economy coming into effect, China's economy is expected to recover continuously and be maintained within a reasonable range.

The automobile industry in the first half of 2022 shows that vehicle production and supply has been impacted by chip shortages, the increase in prices of raw material for power batteries and other factors. Particularly, COVID-19 has seriously disrupted the automobile industrial supply chain with its rapid spread in many parts of Jilin, Shanghai and other regions in mid-to-late March 2022. From mid-March to April 2022, vehicle production and sales have plummeted, which posed severe challenges to the industry. While with such great difficulties in the whole auto industry, the production and sales of new energy vehicles continued to present a high growth and the production and market share of Chinese passenger car brand increased significantly. Auto exports continued to grow rapidly, showing a rising international competitiveness of Chinese brand. In the second half of 2022, the production and sales of new energy vehicles are expected to maintain a high-speed growth momentum as consumer confidence will recover and policy of halved tax rate on car purchase will continue to come into effect when measures regarding promoting consumption in policy package to stabilize economy issued by the Chinese government are put into place. Meanwhile, chip shortages, the high prices of raw material for power batteries and high energy prices caused by Russia-Ukraine conflict are still problematic. With uncertainties in international community and complex and changing domestic and international situations, the prospect of the auto industry needs to be viewed with caution.

In the second half of 2022, the Company will press ahead with a sense of urgency to achieve its goal by turning crisis into opportunities and being proactive. In the third quarter of 2022, the whole Company is sprinting towards success of the second half of 2022 by quickly being involved in the battle of “ensuring stable growth, preventing risk, promoting reforms and strengthening Party building”. The Company will focus on being “strategy-oriented, goal-directed, problem-based and result-oriented” and be guided by the principles of “all for customers, all for market, all for frontline, and all for growth”. The Company will forge ahead and strive to achieve its annual operation goal so as 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 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 2022.

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, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun, the independent non-executive directors, have continuously been in office for over 9 years. Notwithstanding the fact that Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun have served the Company for more than 9 years, they are not involved in the daily management of the Company. As regard all independent non-executive directors have been in office for over 9 years, the Company will comply with the code provision B.2.4 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules as soon as reasonably practicable.



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 deal with the Company's affairs in accordance with the Articles of Association and 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.

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 2022. 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. Yang Xunping resigned as the employee representative Supervisor of the Company with effect from 17 June 2022. Please refer to the announcement of the Company dated 17 June 2022.

Ms. Liu Shasha was elected as employee representative supervisor, for a term commencing from 17 June 2022 to the date when the term of the fifth session of the Board of Supervisors of the Company expires. Please refer to the announcement of the Company dated 17 June 2022.

OTHER INFORMATION

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

As at 30 June 2022, 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.

RIGHTS OF DIRECTORS, CHIEF EXECUTIVE AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in section headed "Share Appreciation Right Incentive Scheme" below, at no time during the period ended 30 June 2022 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors, chief executive and the Supervisors of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

APPLICATION FOR THE H SHARE FULL CIRCULATION

On 23 June 2022, the Company received the formal approval from the China Securities Regulatory Commission (the "CSRC") in relation to the H share full circulation programme of the Company, pursuant to which China Changan Automobile Group Co., Ltd.* (中國長安汽車集團有限公司) and APL LOGISTICS LTD, the holders of the domestic unlisted shares of the Company, were approved to convert an aggregate of 74,844,800 domestic unlisted shares (comprised of 41,225,600 domestic shares and 33,619,200 non-H foreign shares in issue) (the "Domestic Unlisted Shares") into overseas listed shares of the Company for listing on the Stock Exchange (the "Conversion and Listing"). The Approval is valid for 12 months from 15 June 2022.

As at the date of this announcement, the details of implementation plan of the Conversion and Listing have not been finalised and the trading of the overseas listed shares of the Company to be converted from the Domestic Unlisted Shares is subject to the obtaining of all relevant approvals (including but not limited to the approval from the Stock Exchange, completion of all relevant procedures such as registration of the cancellation of the Domestic Unlisted Shares and registration of the overseas listed shares of the Company to be converted from the Domestic Unlisted Shares, deposit and settlement of transactions with China Securities Depository and Clearing Corporation Limited) and the compliance with all applicable laws and regulations. The Company will make further announcements on the progress of the Conversion and Listing in compliance with the requirements under Listing Rules and the applicable laws, as and when appropriate.

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

As at 30 June 2022, 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 2022, 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 lapsed on 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 held on 27 April 2021. 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.

The Scheme shall remain valid for a period of five years from 27 April 2021. The Board set the date of 28 August 2020 as the date of grant (the "Date of Grant") and HKD2.98 as the exercise price of the share appreciation right ("Share Appreciation Right(s)"). Incentive recipients ("Incentive Recipient") are the individual(s) eligible to receive the Share Appreciation Rights to be granted by the Company under the Scheme, including Directors (External Directors and Supervisors are excluded), senior management, and key employees having immediate impact on the business performance and sustainable development of the Company, but shall not be a substantial shareholder or de facto controller holding over 5% of the Shares, or parents, spouses or children thereof. The Scheme will include no more than 29 Incentive Recipients. Vesting Period is a period of two years (24 months) commencing from the Date of Grant until the first Vesting Date, (i.e., no Share Appreciation Rights shall be exercised for a period of two years since the Date of Grant). The Share Appreciation Rights to be granted to the Incentive Recipients shall take effect by one third each year in the next three years upon the expiry of the Vesting Period. Each of the Vesting Dates shall be the second, third and fourth anniversary of the Date of Grant. The Vesting Date may be extended to the next trading day should the anniversaries fall to be on a non-trading day.

On the Date of Grant, 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.

As at 30 June, 2022, none of the Share Appreciation Rights granted under the Scheme have been vested.



COMPETING INTERESTS

Before the listing of the H shares on the Growth Enterprise Market (“GEM”) of the Stock Exchange, the Company’s substantial shareholders, APL Logistics, Minsheng Industrial, Ming Sung (HK) and Chongqing Changan Industry Company (Group) Limited (“Changan Industry Company”), had all entered into non-competition undertakings with the Company in favor of the Company. Please further refer to the Prospectus for details of such undertakings.

Up to the date of this announcement, the non-competition undertakings given by each of Changan Industry Company and APL Logistics are still effective. As at the end of 2011, 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.

China Changan acquired all the shares in the Company held by Changan Industry Company on 9 March 2016. The obligations under the non-competition undertakings signed by Changan Industry Company will be assumed by China Changan since 9 March 2016.

Save as disclosed above, during the reporting period, none of the director(s) or substantial shareholder(s) of the Company had any interest in any business that competes or may compete with the Group.

CONTINUING CONNECTED TRANSACTIONS

For the six months ended 30 June 2022, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the Listing Rules) was approximately RMB2,405,032,000 (unaudited) (of which RMB2,316,020,000 was attributable to Changan Automobile and its associates, RMB80,963,000 to China Changan and its associates, RMB6,134,000 to Minsheng Industrial and its associates, and RMB1,915,000 to Nanjing Baogang Zhushang Metal Manufacturing Company Limited), which accounted for approximately 69.91% of the total revenue during the reporting period.

For the six months ended 30 June 2022, the cost of purchasing transportation services from connected persons (as defined in the Listing Rules) was approximately RMB159,865,000 (unaudited) (of which RMB147,995,000 was attributable to Minsheng Industrial and its associates, RMB11,870,000 to China Changan and its associates and RMB0 to APL Logistics and its associate), which accounted for approximately 4.90% of the cost of sales during the reporting period.

For the six months ended 30 June 2022, the maximum daily balance of deposit (including interests) on a daily basis with Binqi Zhuangbei Group Financial Limited Liability Company was approximately RMB198,240,000 (unaudited).

For the six months ended 30 June 2022, the cost of purchasing security and cleaning services from China Changan and its associates was RMB5,503,000 (unaudited).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six months ended 30 June 2022, 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
26 August 2022

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

Executive Directors:

Mr. Xie Shikang
Mr. Chen Wenbo
Mr. Wan Nianyong

Non-executive Directors:

Mr. Che Dexi
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