



2023 Interim Report

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



HIGHLIGHTS

- For the six months ended 30 June 2023, the unaudited revenue of the Group was approximately RMB3,984,312,000, representing an increase of approximately 15.82% from the corresponding period in 2022.
- For the six months ended 30 June 2023, the unaudited revenue attributable to owners of the parent was approximately RMB28,135,000, representing an increase of approximately RMB8,869,000, compared to the unaudited revenue attributable to owners of the parent of RMB19,266,000 from the corresponding period in 2022.
- For the six months ended 30 June 2023, the unaudited basic earnings per share were RMB0.17 (corresponding period in 2022: RMB0.12).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.





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 2023 as follows:

Interim consolidated statement of profit or loss and other comprehensive income

	Notes	For the six months ended 30 June	
		2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Revenue	4	3,984,312	3,439,961
Cost of sales		<u>(3,821,941)</u>	<u>(3,267,141)</u>
Gross profit		162,371	172,820
Other income and gains	5	31,462	25,776
Selling and distribution expenses		(24,679)	(21,152)
Administrative expenses		(121,468)	(140,551)
Other expenses		(4,775)	(1,196)
Finance costs	7	(7,864)	(3,381)
Share of profits and losses of an associate and a joint venture		<u>(923)</u>	<u>(1,671)</u>
Profit before tax	6	34,124	30,645
Income tax expense	8	<u>(5,948)</u>	<u>(5,505)</u>
Profit for the period		<u>28,176</u>	<u>25,140</u>
Attributable to:			
Owners of the parent		28,135	19,266
Non-controlling interests		<u>41</u>	<u>5,874</u>
		<u>28,176</u>	<u>25,140</u>
Total comprehensive income for the period		<u>28,176</u>	<u>25,140</u>
Attributable to:			
Owners of the parent		28,135	19,266
Non-controlling interests		<u>41</u>	<u>5,874</u>
		<u>28,176</u>	<u>25,140</u>
Earnings per share attributable to ordinary equity holders of the parent			
-Basic and diluted	9	<u>RMB0.17</u>	<u>RMB0.12</u>





Interim consolidated statement of financial position

		As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
	Notes		
Non-current assets			
Property, plant and equipment	10	709,970	598,653
Investment properties		35,278	36,001
Right-of-use assets		331,912	431,055
Goodwill	12	5,016	5,016
Other intangible assets		25,239	24,258
Investment in a joint venture		12,473	12,370
Investments in an associate		76,016	77,042
An equity investment designated at fair value through other comprehensive income	11	72,000	72,000
Deferred tax assets		86,561	68,205
Other non-current assets	10	13,010	17,253
Total non-current assets		1,367,475	1,341,853
Current assets			
Inventories		97,716	18,522
Trade and bills receivables	13	1,532,774	1,648,974
Prepayments, other receivables and other assets	14	184,789	162,474
Due from related parties	15	1,129,270	768,689
Restricted bank balance	16	30,300	30,300
Pledged deposits	16	-	189,730
Cash and cash equivalents	16	1,035,924	755,717
Total current assets		4,010,773	3,574,406
Current liabilities			
Trade and bills payables	17	2,406,937	2,005,633
Other payables and accruals	18	390,683	432,625
Due to related parties	19	84,553	70,126
Interest-bearing bank and other loans	20	25,742	400
Lease liabilities	21	35,508	42,564
Tax payable		18,227	4,809
Total current liabilities		2,961,650	2,556,157
Net current assets		1,049,123	1,018,249
Total assets less current liabilities		2,416,598	2,360,102

continued/...





Interim consolidated statement of financial position (continued)

		As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Total assets less current liabilities		<u>2,416,598</u>	<u>2,360,102</u>
Non-current liabilities			
Other payables and accruals	18	1,474	3,150
Lease liabilities	21	139,376	139,711
Deferred tax liabilities		24,380	6,476
Deferred income		9,227	9,307
Interest-bearing bank and other loans	20	<u>52,808</u>	<u>39,584</u>
Total non-current liabilities		<u>227,265</u>	<u>198,228</u>
Net assets		<u><u>2,189,333</u></u>	<u><u>2,161,874</u></u>
Equity			
Equity attributable to owners of the parent			
Share capital	22	162,064	162,064
Reserves		<u>1,855,632</u>	<u>1,823,739</u>
		2,017,696	1,985,803
Non-controlling interests		<u>171,637</u>	<u>176,071</u>
Total equity		<u><u>2,189,333</u></u>	<u><u>2,161,874</u></u>



Interim consolidated statement of changes in equity

For the six months ended 30 June 2023

	Unaudited						Non-controlling interests	Total equity	
	Attributable to owners of the parent			Fair value reserve of financial assets at FV/TOCI					
	Share capital	Share premium account	Statutory reserve funds	Safety fund surplus reserve	Retained profits	Total			
At 1 January 2023	162,064	66,907	85,867	11,479	22,930	1,636,556	1,985,803	176,071	2,161,874
Total comprehensive income for the period	-	-	-	-	-	28,135	28,135	41	28,176
Provision for safety fund surplus reserve	-	-	-	3,829	-	-	3,829	-	3,829
Utilisation of safety fund surplus reserve	-	-	-	(71)	-	-	(71)	-	(71)
Dividends paid to the non-controlling shareholder by a subsidiary	-	-	-	-	-	-	-	(4,475)	(4,475)
At 30 June 2023 (unaudited)	162,064	66,907	85,867	15,237	22,930	1,664,691	2,017,696	171,637	2,189,333



Interim consolidated statement of changes in equity (continued)

For the six months ended 30 June 2022

	Unaudited						Non-controlling interests	Total equity
	Attributable to owners of the parent			Fair value reserve of financial assets at FVTOCI				
	Share capital RMB'000	Share premium account RMB'000	Statutory reserve funds RMB'000	Safety fund surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000		
At 1 January 2022	162,064	66,907	85,867	9,324	21,230	1,951,691	144,382	2,096,073
Total comprehensive loss for the period	-	-	-	-	-	19,266	5,874	25,140
Provision for safety fund surplus reserve	-	-	-	2,960	-	2,960	67	3,027
Utilisation of safety fund surplus reserve	-	-	-	(1,037)	-	(1,037)	(343)	(1,380)
Dividends paid to the non-controlling shareholder by a subsidiary	-	-	-	-	-	-	(11,220)	(11,220)
At 30 June 2022 (unaudited)	162,064	66,907	85,867	11,247	21,230	1,972,880	138,760	2,111,640



Interim consolidated statement of cash flows

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	34,124	30,645
Adjustments for:		
Finance costs	7,864	3,381
Share of profits and losses of an associate and a joint venture	923	1,671
Interest income	(10,027)	(10,275)
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets	-	(1,629)
Depreciation of property, plant and equipment	51,770	35,429
Depreciation of right-of-use assets	21,569	18,721
Depreciation of investment properties	723	772
Amortisation of other intangible assets	8,778	6,924
Loss allowances on impairment of trade and other receivables, net	1,710	4,231
Loss allowances on impairment of amounts due from related parties, net	1,011	1,252
Deferred income released to profit or loss	(80)	(1,925)
	<u>118,365</u>	<u>89,197</u>
Increase in inventories	(79,194)	(10,864)
Decrease in trade and bills receivables	114,808	187,662
(Increase)/decrease in prepayments, other receivables and other assets	(22,633)	28,105
Increase in amounts due from related parties	(361,592)	(286,931)
Increase in trade and bills payables	401,304	188,920
Decrease in other payables and accruals	(41,942)	(42,514)
Increase/ (decrease) in amounts due to related parties	12,751	(8,348)
Increase in safety fund surplus reserve	3,758	1,647
	<u>145,625</u>	<u>162,212</u>
Income taxes credit/(paid)	<u>7,018</u>	<u>(11,459)</u>
Net cash flows generated from operating activities	<u>152,643</u>	<u>150,753</u>

continued/...





Interim consolidated statement of cash flows (continued)

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net cash flows generated from operating activities	<u>342,373</u>	<u>150,753</u>
Cash flows from investing activities		
Decrease/(increase) in pledged deposits	189,730	(5,648)
Purchase of items of property, plant and equipment and other intangible assets	(84,338)	(32,473)
Additions to right-of-use assets	(269)	-
Refund of prepayment for non-current assets	4,243	-
Interest received	<u>10,027</u>	<u>10,275</u>
Net cash flows from/(used in) investing activities	<u>119,393</u>	<u>(22,198)</u>
Cash flows from financing activities		
Proceeds from/(repayment of) bank and other loans	38,566	10,000
Interest paid	(7,864)	(3,381)
Principal portion of lease payments	(18,056)	(6,063)
Dividend paid to the non-controlling shareholder by a subsidiary	<u>(4,475)</u>	<u>(11,220)</u>
Net cash flows from/(used in) financing activities	<u>8,171</u>	<u>(10,664)</u>
Net increase in cash and cash equivalents	280,207	117,891
Cash and cash equivalents at beginning of the period	<u>755,717</u>	<u>992,314</u>
Cash and cash equivalents at end of the period	<u><u>1,035,924</u></u>	<u><u>1,110,205</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 2023 (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 2022.

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 2022, 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 2023:

HKFRS 17 and HKFRS 17 (Revised)	Insurance Contracts
HKAS 1 and HKFRS Practice Statement 2 (Revised)	Disclosure of Accounting Policies
HKAS 8 (Revised)	Definition of Accounting Estimates
HKAS 12 (Revised)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 12 (Revised)	International Tax Reform - Pillar Two Model Rules

The adoption of these revised 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	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Customer A	-	734,325
Customer B	<u>1,163,460</u>	<u>1,034,279</u>

4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Revenue from contracts with customers	<u>3,984,312</u>	<u>3,439,961</u>

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Sale of goods	505,651	207,716
Rendering of logistics services		
Transportation of finished vehicles	1,857,777	1,810,828
Supply chain management for vehicle raw materials, components and parts	<u>1,620,884</u>	<u>1,421,417</u>
Total revenue from contracts with customers	<u>3,984,312</u>	<u>3,439,961</u>





5. Other income and gains

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Bank interest income	10,027	10,275
Government grants	7,119	2,660
Penalty on transportation companies	9,311	2,410
Sales of recycled packages of vehicle spare parts	-	3,651
Compensation income	348	-
Rental income for investment properties	839	6,602
Others	3,818	178
	<u>31,462</u>	<u>25,776</u>

6. Profit before tax

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

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Cost of inventories sold	498,595	199,649
Cost of logistics services rendered	3,323,346	3,067,492
Depreciation of property, plant and equipment	51,770	35,429
Depreciation of right-of-use assets	21,569	18,721
Depreciation of investment properties	723	772
Amortisation of other intangible assets	8,778	6,924
Short term lease payments not included in the measurement of lease liabilities	625	3
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	236,150	292,757
Pension scheme contributions	20,045	25,890
Termination benefits	376	833
	<u>256,571</u>	<u>319,480</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	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Foreign exchange differences, net	(1,253)	(4,800)
Loss allowances on trade and other receivables	1,710	3,257
Loss allowances on impairment of amounts due from related parties, net	1,011	1,252
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets, net	-	(1,629)
	<u>-</u>	<u>(1,629)</u>

7. Finance costs

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank and other loans	3,410	2,521
Interest on lease liabilities	4,454	860
	<u>7,864</u>	<u>3,381</u>

8. Income tax expense

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current - the Chinese mainland		
- Charge for the Period	6,742	12,955
- Deferred tax	(794)	(7,450)
	<u>5,948</u>	<u>5,505</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 its 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"), satisfied 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 2023: 162,064,000) in issue during the Period.

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Profit attributable to ordinary equity holders of the parent	28,135	19,266
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>0.17</u>	<u>0.12</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 RMB84,338,000 (six months ended 30 June 2022: RMB32,473,000) excluding property, plant and equipment under construction.

As at 30 June 2023, the Group's other non-current assets with total carrying amount of RMB25,192,000 (31 December 2022: RMB24,212,000) were paid for development of software.

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

This represents equity investment in 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 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Cost	7,457	7,457
Less: accumulated impairment	(2,441)	(2,441)
Net carrying amount	<u>5,016</u>	<u>5,016</u>

Impairment testing of goodwill

The Group performs its impairment test of goodwill in December every year 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 2022.

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 2023.

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 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Bill receivables (note (a))	649,427	608,818
Trade receivables (note (b))	941,081	1,096,497
Less: impairment	(57,734)	(56,341)
	<u>1,532,774</u>	<u>1,648,974</u>

Note (a):

The ageing of bill receivables as at 30 June 2023 and 31 December 2022 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 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Within 3 months	461,417	952,505
3 to 6 months	359,028	60,396
6 months to 1 year	57,831	25,778
1 to 2 years	5,071	1,477
	<u>883,347</u>	<u>1,040,156</u>





14. Prepayments, other receivables and other assets

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Prepayments	55,840	73,355
Deposits and other receivables	132,961	92,813
Impairment	(4,012)	(3,694)
	<u>184,789</u>	<u>162,474</u>

15. Due from related parties

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Balances from rendering of services and sales of goods (note (a))	1,121,761	798,139
Less: impairment	(45,495)	(45,675)
	<u>1,076,266</u>	<u>752,464</u>
Deposits and other receivables	54,267	16,297
Less: impairment	(1,263)	(72)
	<u>53,004</u>	<u>16,225</u>
	<u>1,129,270</u>	<u>768,689</u>





15. Due from related parties (continued)

Note (a):

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

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Within 3 months	1,066,167	737,284
3 to 6 months	9,826	10,315
6 months to 1 year	273	3,562
1 year to 2 years	-	503
2 years to 3 years	-	602
3 years to 4 years	-	198
	<u>1,076,266</u>	<u>752,464</u>

16. Cash and cash equivalents and pledged deposits

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Cash and bank balances	1,066,224	975,747
Less:		
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	-	(189,730)
Restricted bank balance	<u>(30,300)</u>	<u>(30,300)</u>
Cash and cash equivalents	<u>1,035,924</u>	<u>755,717</u>





17. Trade and bills payables

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Bills payable	445,377	503,502
Trade payables	1,961,560	1,502,131
	<u>2,406,937</u>	<u>2,005,633</u>

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

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Within 3 months	2,220,100	1,632,408
3 to 6 months	73,298	305,541
6 months to 1 year	93,988	35,682
1 - 2 years	13,702	17,407
2 - 3 years	4,114	12,654
Over 3 years	1,735	1,941
	<u>2,406,937</u>	<u>2,005,633</u>

As at 30 June 2023, bills payables with an aggregate amount of approximately RMB nil (31 December 2022: RMB167,116,000) were secured by the pledge deposits of RMB nil (note 16) (31 December 2022: RMB189,730,000).

18. Other payables and accruals

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Contract liabilities	15,745	3,297
Other payables	287,275	287,461
Other taxes	1,320	11,962
Accruals for payroll and welfare	87,817	133,055
	<u>392,157</u>	<u>435,775</u>





19. Due to related parties

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Balance from transportation services provided by related parties	63,285	41,460
Other payables	21,268	28,666
	<u>84,553</u>	<u>70,126</u>

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

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Within 3 months	34,986	31,569
3 to 6 months	9,672	9,061
6 months to 1 year	18,156	703
1 year to 2 years	206	8
2 years to 3 years	-	6
Over 3 years	265	113
	<u>63,285</u>	<u>41,460</u>

20. Interest-bearing bank and other loans

	As at 30 June 2023 (unaudited)			As at 31 December 2022 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Unsecured loans	3.8	2024	43,442	3.8	2024	16,000
Unsecured loans	3.9	2025	<u>35,108</u>	3.9	2025	<u>23,894</u>
			<u>78,550</u>			<u>39,894</u>





21. Lease liabilities

	As at 30 June 2023 (unaudited) RMB'000
Minimum lease payments due	
- Within 1 year	38,589
- Between 1 to 5 years	31,605
- Over 5 years	<u>112,703</u>
Less: future finance charge	<u>(8,013)</u>
Present value of lease liabilities	<u><u>174,884</u></u>
	As at 30 June 2023 (unaudited) RMB'000
Present value of lease liabilities	
Within 1 year	35,508
Between 1 to 5 years	43,079
Over 5 years	<u>93,297</u>
	<u><u>174,884</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 RMB4,454,000.





22. Share capital

	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Authorised:		
162,064,000 shares (31 December 2022: 162,064,000 shares) ordinary shares of RMB1.00 each	<u>162,064</u>	<u>162,064</u>
Issued and fully paid:		
162,064,000 shares (31 December 2022: 162,064,000 shares) 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 2023 and 30 June 2023	<u>162,064,000</u>	<u>162,064</u>

23. Related parties transactions

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Revenue from rendering of transportation services for finished vehicles	1,657,093	1,352,462
Revenue from rendering of supply chain management services for vehicle raw materials, components and parts	645,727	852,922
Revenue from sale of goods	<u>302,921</u>	<u>199,649</u>
	<u>2,605,741</u>	<u>2,405,033</u>
Purchase of transportation services	138,160	129,727
Others	<u>7,150</u>	<u>38,754</u>
	<u>145,310</u>	<u>168,481</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 and Risk 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 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Contracted but not provided for property, plant and equipment	<u>83,830</u>	<u>89,886</u>





INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (corresponding period in 2022: nil).

The 2022 final dividend of RMB0.15 (including tax) per share, in the aggregate amount of RMB24,309,600 (including tax), has been approved by the shareholders at the 2022 annual general meeting of the Company held on 30 June 2023, and is expected to be paid on or around 28 September 2023.





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2023, given the complex international environment such as geopolitical tensions, trade protectionism, change in energy prices and exchange rate fluctuations etc. and impacted by domestic factors of weakening demand for consumption and obvious problems in economic growth etc., China's 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. In the first half year of 2023, with a series of policies adopted to restore and stabilize economic growth, with these measures coming into effect and the comparatively low figures in the same period of last year, China's economy is recovering continuously. The gross domestic production ("GDP") increased by 5.5% year on year in the first half of 2023. In terms of quarters, the first quarter of 2023 went up by 4.5% year on year and the second quarter increased by 6.3% year on year and 0.8% month on month.

The main business of the Group is to provide customers with automobiles and automobile raw materials and parts supply chain management services, such services include finished vehicle transportation and related logistics services, automobile raw materials and parts supply chain management services, tire assembly, after-sales logistics services, etc., and the growth of the Group is closely related to the automobile industry. In May 2023, the State issued the Announcement on the Implementation of National VI Emission Standards for Automobiles. The standards came into effect from 1 July 2023 and intensified competition in the automobile industry as the carmakers mainly take price reduction as a main tool to win the competition, the benefit of the industry is reduced. On the whole, due to price reduction and other promotion measures such as automobile consumption festivals, and the comparatively low figures in the same period last year as influenced by COVID 19, domestic automobile production and sales volume have recovered moderately. As shown by the production and sales figures as at June 2023 quoted by China Association of Automobile Manufacturers on its website, the cumulative automobile production volume and sales volume in the PRC were approximately 13,248,000 vehicles and 13,239,000 vehicles respectively, up by 9.3% and 9.8% year on year, respectively. For the six months ended 30 June 2023, the production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Company Limited ("Changan Automobile") were 1,164,677 vehicles and 1,215,681 vehicles, increased by 8.07% and 7.99% year on year, respectively. Changan Automobile's market performance was slightly lower than the industry average in the first half of the year.

For the six months ended 30 June 2023, thanks to measures such as market expansion contributing to increased revenue, the Group recorded total revenue of approximately RMB3,984,312,000, with an increase of approximately 15.82% 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 2023 accounted for approximately 46.63%, 12.69% and 40.68%, respectively, of the Group's total revenue (for the six months ended 30 June 2022: approximately 52.64%, 6.04% and 41.32%, respectively). A detailed breakdown of revenue is set out in note 4 to the interim condensed consolidated financial information of this report.

For the six months ended 30 June 2023, 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 Group has made sound progress by implementing the cost-effectiveness programme and market expansion. The Group's gross profit margin and net profit margin were 4.08% (for six months ended 30 June 2022: 5.02%) and 0.71% (for six months ended 30 June 2022: 0.73%), respectively. The profit attributable to the equity holders of the Company for the six months ended 30 June 2023 increased to approximately RMB28,135,000 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 2023, the cash and bank balance and pledged deposits of the Group were approximately RMB1,035,924,000 (31 December 2022: RMB755,717,000). As at 30 June 2023, the total assets of the Group amounted to approximately RMB5,378,248,000 (31 December 2022: RMB4,916,259,000). The Group had current liabilities of approximately RMB2,961,650,000 (31 December 2022: RMB2,556,157,000), non-current liabilities of approximately RMB227,265,000 (31 December 2022: RMB198,228,000), shareholders' equity excluding non-controlling interest of approximately RMB2,017,696,000 (31 December 2022: RMB1,985,803,000) and non-controlling interest of approximately RMB171,637,000 (31 December 2022: RMB176,071,000).

Capital Structure

For the six months ended 30 June 2023, there has been no change to the Company's issued shares.

Loans and Borrowings

As at 30 June 2023, the outstanding balance of borrowings of the Group was RMB78,550,000 (31 December 2022: RMB39,984,000). 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 2023, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 59.29% (31 December 2022: approximately 56.03%). The gearing ratio between the total liabilities and the total equity of the Group was approximately 145.66% (31 December 2022: 127.41%).





Pledge of Assets

As at 30 June 2023, bills payables with an aggregate amount of approximately RMB nil (31 December 2022: RMB189,730,000) were secured by the pledged deposits of RMB nil (31 December 2022: secured by the pledged deposits of RMB189,730,000).

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 at 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. For the six months ended 30 June 2023, Shenyang Changyou paid the interest of RMB2,295,972.20 to Industries Financing and the balance of the financing to be payable by Shenyang Changyou to Industries Financing is RMB82,804,041.87. 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 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 2023, the Group employed 4,077 employees (as at 31 December 2022: 4,397 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 2023, 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 businesses, 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. ("Changyou Parts"), as vendor, for the acquisition of certain land and property located in Dadong District, Shenyang, the PRC (the "Real Estate Purchase and Sale Agreement"), at a consideration of RMB 68,522,400. Please refer to the announcement of the Company dated 29 July 2022 for further details.

On 2 December 2022, Shenyang Changyou, as purchaser, entered into the real estate purchase and sale agreement (Phase II) with Changyou Parts, as vendor, for the acquisition of certain land and property located in Dadong District, Shenyang, the PRC ("Real Estate Purchase and Sale Agreement (Phase II)"), at a consideration of RMB23,825,400. The Real Estate Purchase and Sale Agreement (Phase II) shall be conditional upon the Company having obtained all necessary approval by its shareholders at general meeting. Given changes in the market conditions, the Company terminated the major transaction in relation to the acquisition of land and property under the Real Estate Purchase and Sale Agreement (Phase II) with effect from 30 August 2023. As of 30 August 2023, no payment has been made by Shenyang Changyou to Changyou Parts, and the parties will not make any claims against each other following the termination of the transaction. The termination of the Acquisition will not cause any material adverse effect to the ordinary operation of the Group, and will not prejudice the interests of the Company and its shareholders. The Company does not rule out the possibility of negotiating the acquisition of land and property under the Real Estate Purchase and Sale Agreement (Phase II) again with reference to the market conditions in the future, and will make further disclosure as appropriate in accordance with the Listing Rules in such event. Please refer to the announcements of the Company dated 2 December 2022 and 30 August 2023 respectively for further details.

Major Acquisition and Assets Disposal

For the six months ended 30 June 2023, there had been no material acquisition and disposal of subsidiaries, associates and joint ventures of the Group.

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities.





LITIGATION

Litigation 1

The Company and Chongqing Supply and Marketing Automobile Trading Co., Ltd.* (“SMAT”) entered into a storage supervision agreement, which stipulates, among others, that the Company shall provide vehicle storage supervision services to SMAT, for a term of one year. The Company entrusted above business to Chongqing Yaohang Logistics Co., Ltd.* (“Yaohang Logistics”) which is responsible for storage supervision. In April 2022, a total of 105 vehicles was stolen. SMAT filed lawsuits with Chongqing Yubei District People’s Court (“Yubei District Court”). On 21 December 2022, Yubei District Court accepted the case of contract disputes and froze a total of over RMB30 million in the Company’s bank account.

The Company has engaged a law firm to represent the case. On 20 July 2023, the Yubei District Court opened a session and adjourned until it notifies the next session. The Company will keep up with the follow-up arrangements to actively respond to the lawsuit.

Yaohang Logistics has made a written commitment to the Company that it will undertake to bear all direct responsibilities and related direct expenses in the case, including but not limited to litigation fees and attorney fees.

After seeking legal advice from the Company’s external lawyers, the management believes that the Company will be less likely to eventually bear the liability for compensation, and the possibility of impairment of the assets/contingent liabilities is relatively small. The Company will keep the shareholders and potential investors of the Company informed of any further material development by way of announcement as and when appropriate. Please refer to the announcement of the Company dated 30 December 2022 and the Litigation 2 referred to on Page 130 of the Results Announcement for the year ended 31 December 2022 of the Company published on 30 March 2023 for further details.





Litigation 2

The Company, as the logistics supplier of WM New Energy Automobile Sales (Shanghai) Co., Ltd.* (“WM Auto”), provided vehicle transportation services to WM Auto. As WM Auto failed to duly pay the Company’s logistics service fees on time, in order to recover the money, the Company filed civil lawsuits as claimant with the Qingpu District People’s Court of Shanghai twice for an order that WM Motor pay a total of RMB58.4591 million in logistics service fees owed to the Company and capital occupation fees caused by overdue payment (case number: Qingpu District People’s Court of Shanghai (2022) Hu 0118 Min Chu No.21525 and Qingpu District People’s Court of Shanghai (2022) Hu 0118 Min Chu No. 274). The Company applied to the court for property preservation and has frozen the above-mentioned arrears in full.

On 23 January 2023, the Company received the first-instance judgment on the Qingpu District People’s Court of Shanghai (2022) Hu 0118 Min Chu No. 21525 case, ordering WM Auto to pay RMB35.1974 million and capital occupation fees caused by overdue payment to the Company. WM Auto appealed to the Shanghai No. 2 Intermediate People’s Court which, on 3 July 2023, made a final judgment of affirming the first-instance judgment, ordering WM Auto to pay logistics service fees of RMB35.1974 million and capital occupation fees caused by overdue payment to the Company. The Company has applied to the court for enforcement procedure. On 5 September 2023, the Company received a payment of RMB18,281,825.40 for logistics service fees owned to the Company by WM Auto.

On 6 February 2023, the Qingpu District People’s Court of Shanghai opened a court hearing on the (2022) Hu 0118 Min Chu No. 274 case regarding the Company’s claims on WM Auto for payment of RMB24.351 million. On 4 July 2023, the Qingpu District People’s Court of Shanghai issued a judgment, ordering WM Auto to pay RMB23.451 million and capital occupation fees caused by overdue payment to the Company within ten days of the issuance of the judgment. Now WM Auto has appealed to the Shanghai No. 2 Intermediate People’s Court. Please refer to the Litigation 3 referred to on Page 130 to Page 131 of the Results Announcement for the year ended 31 December 2022 of the Company published on 30 March 2023 for further details.

Save as disclosed above, as at 30 June 2023, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.





PROSPECTS

From a global perspective, changes in energy prices, foreign exchange rate fluctuations, Russia-Ukraine conflict and tightened monetary policy in the US, hold back economic growth in terms of economic recovery, soaring commodity prices and market liquidity. From a domestic perspective, the targets of ensuring stable growth and operation in the automobile industry are still hard to attain, while with the promotion of a series of policies for restoring and stabilizing economic growth 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 2023 shows that vehicle production and supply have been restored slowly. In the first quarter of 2023, the production and sales volume of cars declined as impacted by the withdrawal of the policy of halved car purchase tax, increases in sales volume at the end of last year driven by promotion measures taken by carmakers and the traditional Spring Festival holiday. Since April 2023, the automobile industry has seen a moderate recovery attributed to measures such as price reduction and other promotion measures introduced by various local governments, and the operation of the auto industry is still under great pressure. On the whole, the demand for car consumption is still not strong facing the complicated domestic and international economic environments. The automobile industry is still facing the arduous tasks of stabilizing its growth, which should be boosted by continuing to adopt relevant policies for stabilizing economic growth and expanding demand for car consumption, so as to facilitate a smooth operation of the automobile 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 brands increased significantly. Auto exports continued to grow rapidly, showing a rising international competitiveness of Chinese brands. In June 2023, three government departments including the Ministry of Finance, the State Administration of Taxation, and the Ministry of Industry and Information Technology jointly issued the Announcement on Continuing and Optimizing the Policy for the Reduction of New Energy Vehicle Purchase Tax, stating that the validity of the policy of reduction and exemption of purchase tax of new energy vehicles will be extended to 31 December 2027 from 31 December 2023. It is expected that the new energy vehicles will continue to maintain rapid growth. Meanwhile, chip shortages, the high prices of raw materials for power batteries and high energy prices caused by the Russia-Ukraine conflict are still problematic. With uncertainties in the 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 2023, the Company will press ahead with a sense of urgency to achieve its goal by turning crises into opportunities and being proactive. In the third quarter of 2023, the whole Company is sprinting towards success in the second half of 2023 by quickly being involved in the battle of "ensuring stable growth, preventing risk and promoting reforms". 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.

As at the date of the 2022 Annual Report of the Company, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun, independent non-executive Directors of the Company, have continuously been in office for over nine years. As regard all independent non-executive Directors have been in office for over nine years, the Company will comply with the Code Provision B.2.4 in Part 2 of the Appendix 14 to the Listing Rules by appointing or changing at least one new independent non-executive director at the forthcoming annual general meeting of the Company.

With effect from the conclusion of the 2022 annual general meeting, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun retired as the independent non-executive Directors of the Company. Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing were approved as the independent non-executive Directors for a term commencing from the conclusion of the 2022 annual general meeting until the expiry of the term of the sixth session of the Board of the Company. Please refer to the announcements of the Company dated 5 June 2023 and 30 June 2023 and the circular of the Company dated 14 June 2023 for further details.

During the reporting period, the Company has complied with the code provisions of the Corporate Governance Code (including Code Provision B.2.4 in Part 2) set out in Appendix 14 to the Listing Rules.

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 than the required standard (the "Code of Conduct") set out in Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to the Listing Rules. After making specific enquiries to all Directors, the Company confirms that the Directors had complied with the Code of Conduct for the six months ended 30 June 2023.

BOARD OF DIRECTORS

The sixth session of the Board of the Company was elected at the 2022 annual general meeting of the Company held on 30 June 2023, comprising nine Directors, including two executive Directors, four non-executive Directors and three 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 three independent non-executive Directors, of whom at least one has appropriate professional qualifications 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.





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 AND RISK COMMITTEE

The disclosure of financial information in this report complies with Appendix 16 to the Listing Rules. The Audit and Risk 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 2023. The Audit and Risk Committee has also discussed the relevant internal audit matters and approved the contents of this interim report.

CHANGES OF DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD

Mr. Man Hin Wai Paul, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun retired as Directors of the Company with effect from the conclusion of the 2022 annual general meeting held on 30 June 2023. Ms. Jin Jie retired as Supervisor of the Company with effect from the conclusion of the 2022 annual general meeting held on 30 June 2023.

Ms. Jin Jie was elected as non-executive Director of the Company, Mr. Li Ming, Mr. Man Wing Pong and Ms. Chen Jing was elected as independent non-executive Directors of the Company, for a term commencing from the conclusion of the 2022 annual general meeting held on 30 June 2023 until the expiry of the term of the sixth session of the Board of the Company. Ms. Ang Lai Fern was elected as Supervisor of the Company for a term commencing from the conclusion of the 2022 annual general meeting held on 30 June 2023 until the expiry of the term of the sixth session of the Supervisory Committee of the Company. Please refer to the announcements of the Company dated 5 June 2023 and 30 June 2023 and the circular of the Company dated 14 June 2023 for further details.

In accordance with Rule 13.51(B)(1) of the Listing Rules, the details of the changes in information of Directors and Supervisors after the publication of the annual report for the year ended 31 December 2022 of the Company are set out below:

On 30 June 2023, Mr. Poon Chiu Kwok, an independent non-executive Director, was appointed as an independent non-executive director of China Isotope & Radiation Corporation (the shares of which are listed on the Stock Exchange, stock code: 1763) and resigned as an independent non-executive director of Yankuang Energy Group Company Limited (the shares of which are listed on the Stock Exchange, stock code: 1171).

Save as disclosed above, as at the date of this report, there are no other personnel changes in relation to the Directors, Supervisors and senior management of the Company.





OTHER INFORMATION

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

As at 30 June 2023, 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 2023 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.





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

As at 30 June 2023, 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) (H Shares)	-	31.75%	25.44%
China Changan Automobile Group Company Limited ("China Changan")	Beneficial owner	41,225,600(L) (H Shares)	-	31.75%	25.44%
Kintetsu World Express, Inc.	Interest of a controlled corporation	33,619,200(L) (H Shares)	-	25.89%	20.74%
APL Logistics Ltd. ("APL Logistics")	Beneficial owner	33,619,200(L) (H Shares)	-	25.89%	20.74%
Chongqing Luzuofu Equity Fund Management Co., Ltd.	Interest of a controlled corporation	32,219,200(L) (Domestic Shares and Non-H Foreign Shares)	100%	-	19.88%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial") (note 1)	Beneficial owner	25,774,720(L) (Domestic Shares)	80%	-	15.90%
Minsheng Industrial	Interest of a controlled corporation	6,444,480(L) (Non-H Foreign Shares)	20%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") (note 1)	Beneficial owner	6,444,480(L) (Non-H Foreign Shares)	20%	-	3.98%





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 report, as at 30 June 2023, 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 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. Unless otherwise defined, capitalized terms used herein shall have the same meaning as those defined in the aforementioned announcements and circular.

The Board set the date of 27 April 2021 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)”). 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. 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 shall remain valid for a period of five years from 27 April 2021 and will expire on 27 April 2026. 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 in three tranches in the proportion of one third each from the third to the fifth year after the Date of Grant. 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.

The H Share Appreciation Rights granted by the Company has entered into the First Exercise Period on 27 April 2023. Pursuant to the audited financial report prepared by PKF Hong Kong Limited, the international auditor of the Company, the revenue of the Group for 2021 was RMB6.021 billion, the net profit for 2021 was RMB42,109,000 and the return on equity for 2021 was 2.01%. The return on equity for 2021 is lower than 75 percentile of the respective indicators of benchmark companies and the industry average. Thus, the effective conditions to the First Exercise Period of the H Share Appreciation Rights under the Scheme were not met. The Board has considered and approved the “Proposal on the Unfulfillment of the Conditions to the First Exercise Period under the H Share Appreciation Rights Scheme” at the 35th Meeting of the Fifth Board of Directors on 12 May 2023. The Board approved that a total number of 1,620,467 units (representing 1/3 of the total number of H Share Appreciation Rights granted) of H Share Appreciation Rights in the First Exercise Period shall be nullified. This nullification will not affect the remaining number of H Share Appreciation Rights of 3,240,933 units to be effective in the Second Exercise Period and the Third Exercise Period under the Scheme. Please refer to the announcement of the Company dated 12 May 2023 for further details.





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 report, 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 was assumed by China Changan since 9 March 2016.

Up to the date of this report, the non-competition undertakings given by each of China Changan and APL Logistics are still effective.

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 2023, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the Listing Rules) was approximately RMB2,605,741,000 (unaudited) (of which RMB2,507,240,000 was attributable to Changan Automobile and its associates, RMB96,640,000 to China Changan and its associates, RMB70,000 to Minsheng Industrial and its associates, and RMB1,790,000 to Nanjing Baogang Zhushang Metal Manufacturing Company Limited), which accounted for approximately 65.40% of the total revenue during the reporting period.

For the six months ended 30 June 2023, the cost of purchasing transportation services from connected persons (as defined in the Listing Rules) was approximately RMB138,160,000 (unaudited) (of which RMB138,160,000 was attributable to Minsheng Industrial and its associates), which accounted for approximately 3.61% of the cost of sales during the reporting period.

For the six months ended 30 June 2023, the maximum daily balance of deposit (including interests) on a daily basis with Binqi Zhuangbei Group Financial Limited Liability Company was approximately RMB189,950,000 (unaudited).

For the six months ended 30 June 2023, the cost of purchasing security and cleaning services from China Changan and its associates was RMB5,030,000 (unaudited).





PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six months ended 30 June 2023, 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 the Listing Rules and as approved by the Stock Exchange throughout the reporting period.

AMENDMENTS OF ARTICLES OF ASSOCIATION

According to the actual situations of the Company, the Company has proposed to amend the Articles of Association of the Company. The amendments of the Articles of Association were approved by the Shareholders at the 2022 annual general meeting held on 30 June 2023 by way of special resolution, and are still subject to approval from the relevant PRC government authorities. For details of the amendments, please refer to the Company's announcement dated 19 January 2023 and the circular dated 14 June 2023.

Up to the date of this report, the Group had no significant events after the reporting period.

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

Chongqing, the PRC
30 August 2023





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

Executive Directors:

Mr. Xie Shikang
Mr. Wan Nianyong

Non-executive Directors:

Mr. Che Dexi
Mr. Chen Wenbo
Ms. Jin Jie
Mr. Dong Shaojie

Independent Non-executive Directors:

Mr. Li Ming
Mr. Man Wing Pong
Ms. Chen Jing

