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重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd.\*

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

\*For identification purpose only

2020 Interim Report

## **HIGHLIGHTS**

- For the six months ended 30 June 2020, the unaudited revenue of the Group was approximately RMB1,828,526,000, representing a decrease of approximately 4.80% from the corresponding period in 2019.
- For the six months ended 30 June 2020, the unaudited loss attributable to owners of the parent was approximately RMB43,318,000, representing a decrease of approximately 409.54% from the profit of approximately RMB13,994,000 for the corresponding period in 2019.
- For the six months ended 30 June 2020, the unaudited basic earnings per share were RMB(0.27) (corresponding period in 2019: RMB0.09).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

## 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 2020 as follows:

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

	Notes	For the six months ended 30 June	
		2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Revenue	4	1,828,526	1,920,833
Cost of sales		<u>(1,770,395)</u>	<u>(1,807,613)</u>
<b>Gross profit</b>		<b>58,131</b>	<b>113,220</b>
Other income and gains	5	19,609	28,675
Selling and distribution expenses		(24,926)	(25,642)
Administrative expenses		(85,381)	(82,266)
Other expenses		(2,498)	(2,712)
Finance costs	7	(3,813)	(3,454)
Share of profits and losses of an associate and a joint venture		<u>(1,654)</u>	<u>(912)</u>
<b>(Loss)/profit before tax</b>	6	<b>(40,532)</b>	<b>26,909</b>
Income tax credit/(expense)	8	<u>1,158</u>	<u>(8,081)</u>
<b>(Loss)/profit for the period</b>		<b><u>(39,374)</u></b>	<b><u>18,828</u></b>
<b>Attributable to:</b>			
Owners of the parent		(43,318)	13,994
Non-controlling interests		<u>3,944</u>	<u>4,834</u>
		<b><u>(39,374)</u></b>	<b><u>18,828</u></b>
<b>Other comprehensive income for the period</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/income for the period</b>		<b><u>(39,374)</u></b>	<b><u>18,828</u></b>
<b>Attributable to:</b>			
Owners of the parent		(43,318)	13,994
Non-controlling interests		<u>3,944</u>	<u>4,834</u>
		<b><u>(39,374)</u></b>	<b><u>18,828</u></b>
<b>(Loss)/earnings per share attributable to ordinary equity holders of the parent</b>			
--Basic and diluted	9	<u>RMB(0.27)</u>	<u>RMB0.09</u>

## Interim consolidated statement of financial position

	Notes	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	10	599,503	618,420
Investment properties		43,811	24,107
Right-of-use assets		308,566	323,316
Goodwill	12	5,016	5,016
Other intangible assets		25,918	28,231
Investment in a joint venture		12,107	13,045
Investments in an associate		83,250	84,931
An equity investment designated at fair value through other comprehensive income	11	67,000	67,000
Deferred tax assets		74,463	69,423
Other non-current assets	10	75,776	51,532
<b>Total non-current assets</b>		<b>1,295,410</b>	<b>1,285,021</b>
<b>Current assets</b>			
Inventories		4,188	10,876
Trade and bills receivables	13	503,132	753,841
Prepayments, other receivables and other assets	14	105,759	76,752
Due from related parties	15	1,537,331	1,591,306
Pledged deposits	16	11,073	15,587
Cash and cash equivalents	16	850,587	826,203
<b>Total current assets</b>		<b>3,012,070</b>	<b>3,274,565</b>
<b>Current liabilities</b>			
Trade and bills payables	17	1,614,105	1,682,016
Other payables and accruals	18	366,390	449,100
Lease liabilities	21	17,275	18,024
Due to related parties	19	219,819	239,213
Interest-bearing bank and other loans	20	4,839	13,564
Bank advances for discounted bills		-	14,411
Tax payable		(2,434)	(3,659)
<b>Total current liabilities</b>		<b>2,219,994</b>	<b>2,412,669</b>
<b>Net current assets</b>		<b>792,076</b>	<b>861,896</b>
<b>Total assets less current liabilities</b>		<b>2,087,486</b>	<b>2,146,917</b>

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## Interim consolidated statement of financial position (continued)

		As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
	Notes		
<b>Total assets less current liabilities</b>		<b>2,087,486</b>	<b>2,146,917</b>
<b>Non-current liabilities</b>			
Lease liabilities	21	74,210	79,791
Deferred tax liabilities		6,040	6,189
Deferred income		19,452	22,183
<b>Total non-current liabilities</b>		<b>99,702</b>	<b>108,163</b>
<b>Net assets</b>		<b>1,987,784</b>	<b>2,038,754</b>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	22	162,064	162,064
Reserves		1,712,125	1,755,431
		1,874,189	1,917,495
Non-controlling interests		113,595	121,259
<b>Total equity</b>		<b>1,987,784</b>	<b>2,038,754</b>

## Interim consolidated statement of changes in equity

For the six months ended 30 June 2020

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

\* These reserve accounts comprised the consolidated reserves of RMB1,712,125,000 (31 December 2019: RMB1,755,431,000) in the interim consolidated statement of financial position.

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

For the six months ended 30 June 2019

	Unaudited						Total equity
	Attributable to owners of the parent					Non-controlling interests	
	Share capital	Share premium account	Statutory reserve funds	Safety fund surplus reserve	Retained profits		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2019	162,064	66,907	85,867	6,073	1,648,903	1,969,814	2,091,581
<b>Total comprehensive income for the period</b>	-	-	-	-	13,994	13,994	18,828
<b>Provision for safety fund surplus reserve</b>	-	-	-	2,503	-	2,503	2,503
<b>Utilisation of safety fund surplus reserve</b>	-	-	-	(1,980)	-	(1,980)	(1,980)
<b>Changes in safety fund surplus reserve of an associate</b>	-	-	-	28	-	28	28
<b>At 30 June 2019 (unaudited)</b>	<b>162,064</b>	<b>66,907</b>	<b>85,867</b>	<b>6,624</b>	<b>1,662,897</b>	<b>1,984,359</b>	<b>2,110,960</b>

## Interim consolidated statement of cash flows

	Notes	For the six months ended 30 June	
		2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before tax		(40,532)	26,909
Adjustments for:			
Finance costs	7	3,813	3,454
Share of profits and losses of an associate and a joint venture		1,654	912
Interest income	5	(4,340)	(5,208)
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets	6	(1,391)	(1,719)
Depreciation of property, plant and equipment	6	42,734	41,334
Depreciation of right-of-use assets	6	19,594	16,758
Depreciation of investment properties	6	274	640
Amortisation of other intangible assets	6	9,131	8,635
Reversal of loss allowances on trade and other receivables	6	(14,200)	(1,650)
Loss allowances/(reversal of loss allowances) on amounts due from related parties, net	6	11,227	(1,236)
Reversal of impairment of inventories	6	(300)	-
Deferred income released to profit or loss		(2,731)	(2,477)
Unrealised foreign exchange losses, net		-	11
		<u>24,933</u>	<u>86,363</u>
Decrease in inventories		6,988	7,005
Decrease/(increase) in trade and bills receivables		229,863	(44,203)
Decrease/(increase) in prepayments		3,379	(19,297)
Decrease in pledged deposits		4,514	1,512
Increase in deposits and other receivables		(31,728)	(1,356)
Decrease in amounts due from related parties		42,748	83,629
Decrease in trade and bills payables		(67,911)	(318,129)
Decrease in other payables and accruals		(81,860)	(115,883)
(Decrease)/increase in amounts due to related parties		(19,394)	50,785
(Decrease)/increase in safety fund surplus reserve		(82)	523
		<u>111,450</u>	<u>(269,051)</u>
Income taxes paid		<u>(2,806)</u>	<u>(9,305)</u>
<b>Net cash flows generated from/(used in) operating activities</b>		<u>108,644</u>	<u>(278,356)</u>

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## Interim consolidated statement of cash flows (continued)

	For the six months ended 30 June	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
<b>Net cash flows generated from/(used in) operating activities</b>	<u>108,644</u>	<u>(278,356)</u>
<b>Cash flows from investing activities</b>		
Purchase of items of property, plant and equipment and other intangible assets	(37,081)	(76,644)
Proceeds from disposal of items of property, plant and equipment and other intangible assets	7,058	4,874
Prepayment for purchase of plant and equipment	(24,244)	-
Dividend received from a joint venture	1,000	-
Addition of equity investment designated at fair value through other comprehensive income	-	(16,124)
Receipt of government grants for property, plant and equipment	-	5,600
Interest received	<u>4,340</u>	<u>5,208</u>
<b>Net cash flows used in investing activities</b>	<u>(48,927)</u>	<u>(77,086)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank and other loans	-	4,000
Repayment of bank and other loans	(8,725)	(8,508)
Interest paid	(3,813)	(556)
Principal portion of lease payments	(11,245)	(7,276)
Dividend paid to the non-controlling shareholder by a subsidiary	<u>(11,550)</u>	<u>-</u>
<b>Net cash flows used in financing activities</b>	<u>(35,333)</u>	<u>(12,340)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	24,384	(367,782)
<b>Cash and cash equivalents at beginning of the period</b>	826,203	1,189,749
<b>Effect of foreign exchange rate changes, net</b>	<u>-</u>	<u>(11)</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>850,587</u></u>	<u><u>821,956</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 2020 (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 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 consolidated financial statements for the year ended 31 December 2019.

#### 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 2019, except for the adoption of the following new standards, interpretations and amendments to a number of Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time for financial year beginning on or after 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendment to HKFRS 16	Covid-19-Related Rent Concessions (early adopted)

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

### 3. Operating segment information

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

#### Geographical information

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

#### Information about major customers

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

	<b>For the six months ended 30 June</b>	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Customer A	374,566	493,239
Customer B	<u>604,049</u>	<u>603,382</u>

### 4. Revenue

An analysis of revenue is as follows:

	<b>For the six months ended 30 June</b>	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Revenue from contracts with customers	<u>1,828,526</u>	<u>1,920,833</u>

#### Disaggregated revenue information for revenue from contracts with customers

	<b>For the six months ended 30 June</b>	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Sale of goods	166,682	168,518
Rendering of logistics services		
Transportation of finished vehicles	884,525	1,022,328
Supply chain management for vehicle raw materials, components and parts	<u>777,319</u>	<u>729,987</u>
Total revenue from contracts with customers	<u>1,828,526</u>	<u>1,920,833</u>

## 5. Other income and gains

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Bank interest income	4,340	5,208
Government grants	5,522	9,981
Reversal of loss allowances on trade and other receivables and amounts due from related parties, net	2,973	2,886
Penalty on transportation companies	2,978	2,714
Sales of recycled packages of vehicle spare parts	191	1,435
Rental income from investment properties	903	774
Others	2,702	5,677
	<u>19,609</u>	<u>28,675</u>

## 6. (Loss)/profit before tax

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

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Cost of inventories sold	161,286	163,613
Cost of logistics services rendered	1,381,085	1,399,908
Depreciation of property, plant and equipment	42,734	41,334
Depreciation of right-of-use assets	19,594	16,758
Depreciation of investment properties	274	640
Amortisation of other intangible assets	9,131	8,635
Minimum lease payments under operating leases	-	5,985
Lease payments not included in the measurement of lease liabilities	5,679	-
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries and relevant benefits	236,374	241,368
Pension scheme contributions	17,920	20,215
Termination benefits	166	1,225
	<u>254,460</u>	<u>262,808</u>

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

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

	For the six months ended 30 June	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Foreign exchange differences, net	(252)	230
Reversal of loss allowances on trade and other receivables	(14,200)	(1,650)
Loss allowances/(reversal of loss allowances) on amounts due from related parties, net	11,227	(1,236)
Reversal of impairment of inventories	(300)	-
Bank interest income	(4,340)	(5,208)
Gain on disposal of items of property, plant and equipment, right-of-use assets and other intangible assets, net	<u>(1,391)</u>	<u>(1,719)</u>

## 7. Finance costs

	For the six months ended 30 June	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Interest on bank and other loans	1,448	3,454
Interest on lease liabilities	<u>2,365</u>	<u>-</u>
	<u>3,813</u>	<u>3,454</u>

## 8. Income tax

	For the six months ended 30 June	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Current - Mainland China		
- Charge for the Period	4,031	7,013
- Deferred tax	<u>(5,189)</u>	<u>1,068</u>
Total tax (credit)/expense for the period	<u>(1,158)</u>	<u>8,081</u>

## 8. Income tax (continued)

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

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

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

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

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

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/profit for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 162,064,000 (six month ended 30 June 2019: 162,064,000) in issue during the Period.

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	RMB'000
(Loss)/profit attributable to ordinary equity holders of the parent	(43,318)	13,994
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>
Basic (loss)/earnings per share (RMB Yuan per share) #	<u>(0.27)</u>	<u>0.09</u>

# Diluted (loss)/earnings per share is the same as basic (loss)/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 RMB30,284,000 (six months ended 30 June 2019: RMB141,190,000) excluding property, plant and equipment under construction.

As at 30 June 2020, the Group's other non-current assets with total carrying amount of RMB25,166,000 (31 December 2019: Nil) were prepaid for acquisition of equipment for processing tyres, and total carrying amount of RMB11,273,000 (31 December 2019: RMB12,503,000) were paid for development of software. In addition, approximately RMB39,029,000 were prepaid for acquiring a land use right as at 30 June 2020 (31 December 2019: RMB39,029,000).

## 11. An equity investment 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 2020 (unaudited) RMB'000	As at 31 December 2019 (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 2019.

### *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 2020.

### *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 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Bill receivables (note (a))	122,893	347,818
Trade receivables (note (b))	405,254	445,495
Less: impairment (note (c))	<u>(25,015)</u>	<u>(39,472)</u>
	<u>503,132</u>	<u>753,841</u>

Note (a):

The ageing of bill receivables as at 30 June 2020 and 31 December 2019 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 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Within 3 months	336,594	365,410
3 to 6 months	23,927	20,875
6 months to 1 year	17,686	17,358
1 to 2 years	<u>2,032</u>	<u>2,380</u>
	<u>380,239</u>	<u>406,023</u>

Note (c):

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

	As at 30 June 2020 (unaudited) RMB'000
At 1 January 2020	39,472
Reversal of impairment losses	(13,542)
Written off as uncollectible	<u>(915)</u>
	<u>25,015</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 2020

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.43%	2.01%	6.50%	91.49%	6.17%
Gross carrying amount (RMB'000)	338,045	24,418	18,916	23,875	405,254
Expected credit losses (RMB'000)	1,451	491	1,230	21,843	25,015

As at 31 December 2019

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.47%	1.68%	2.59%	93.94%	8.86%
Gross carrying amount (RMB'000)	367,150	21,231	17,820	39,294	445,495
Expected credit losses (RMB'000)	1,740	356	462	36,914	39,472

### 14. Prepayments, other receivables and other assets

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Prepayments	8,923	12,302
Deposits and other receivables	97,990	66,585
Impairment	<u>(1,154)</u>	<u>(2,135)</u>
	<u>105,759</u>	<u>76,752</u>

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

	As at 30 June 2020 (unaudited) RMB'000
At 1 January 2020	2,135
Reversal of impairment losses	(658)
Written off as uncollectible	<u>(323)</u>
	<u>1,154</u>

## 15. Due from related parties

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Balances from rendering of services and sales of goods (note (a))	1,592,162	1,635,242
Less: impairment (note (b))	<u>(66,754)</u>	<u>(55,476)</u>
Balances from rendering of services and sales of goods, net	<u>1,525,408</u>	<u>1,579,766</u>
Deposits and other receivables	13,899	13,825
Less: impairment (note (c))	<u>(2,369)</u>	<u>(2,420)</u>
Deposits and other receivables, net	<u>11,530</u>	<u>11,405</u>
Prepayments	<u>393</u>	<u>135</u>
	<u><u>1,537,331</u></u>	<u><u>1,591,306</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 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Within 3 months	1,506,292	1,559,200
3 to 6 months	10,390	9,710
6 months to 1 year	<u>8,726</u>	<u>10,856</u>
	<u><u>1,525,408</u></u>	<u><u>1,579,766</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 2020 (unaudited) RMB'000
At 1 January 2020	55,476
Impairment losses, net	<u>11,278</u>
	<u>66,754</u>

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

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

At as 30 June 2020

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.00%	2.77%	14.98%	99.93%	4.19%
Gross carrying amount (RMB'000)	1,506,248	10,686	10,264	64,964	1,592,162
Expected credit losses (RMB'000)	-	296	1,538	64,920	66,754

At as 31 December 2019

	Current	Past due			Total
		Less than 3 months	4 to 9 months	Over 9 months	
Expected credit loss rate	0.06%	0.15%	14.56%	98.31%	3.39%
Gross carrying amount (RMB'000)	1,559,196	9,715	12,771	53,560	1,635,242
Expected credit losses (RMB'000)	945	15	1,860	52,656	55,476

## 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 2020 (unaudited) RMB'000
At 1 January 2020	2,420
Reversal of impairment losses	<u>(51)</u>
	<u><u>2,369</u></u>

## 16. Cash and cash equivalents and pledged deposits

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Cash and bank balances	861,660	841,790
Less:		
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	<u>(11,073)</u>	<u>(15,587)</u>
Cash and cash equivalents	<u><u>850,587</u></u>	<u><u>826,203</u></u>

## 17. Trade and bills payables

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Trade payables	1,394,387	1,477,197
Bills payable	<u>219,718</u>	<u>204,819</u>
	<u><u>1,614,105</u></u>	<u><u>1,682,016</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 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Within 3 months	1,552,905	1,613,920
3 to 6 months	22,411	27,034
6 months to 1 year	12,630	15,235
1 - 2 years	20,568	24,811
2 - 3 years	4,962	17
Over 3 years	629	999
	<u>1,614,105</u>	<u>1,682,016</u>

As at 30 June 2020, bills payables with an aggregate amount of approximately RMB42,588,000 (31 December 2019: RMB64,126,000) were secured by the pledged deposits of RMB11,073,000 (note 16) (31 December 2019: RMB15,587,000).

## 18. Other payables and accruals

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Accruals for payroll and welfare	120,442	188,856
Dividend payable	204	204
Other payables	228,762	249,227
Contract liabilities	4,745	3,471
Other taxes	12,237	7,342
	<u>366,390</u>	<u>449,100</u>

## 19. Due to related parties

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Balance from transportation services provided by related parties	185,875	198,110
Other payables	33,328	40,964
Contract liabilities	616	139
	<u>219,819</u>	<u>239,213</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 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Within 3 months	153,925	163,853
3 to 6 months	1,478	1,585
6 months to 1 year	8,789	9,367
1 to 2 years	21,683	23,302
Over 2 years	-	3
	<u>185,875</u>	<u>198,110</u>

## 20. Interest-bearing bank and other loans

	As at 30 June 2020 (unaudited)			As at 31 December 2019 (audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Unsecured loans	-	-	-	5.30	2020	4,000
Other secured loans*	4.75	2020	<u>4,839</u>	4.75	2020	<u>9,564</u>
			<u>4,839</u>			<u>13,564</u>

\* It represented the other loan borrowed from a related party by the Company and its subsidiary Hangzhou Changan Minsheng Logistics Co, Ltd, by way of production lines sale-leaseback arrangement, with the principal of RMB27,390,000 in 2017, which bears interest at an effective rate of 4.75% per annum with quarterly instalment payments up to the maturity date on 31 December 2020. The production lines were set as security to the other loan in substance.

## 21. Lease liabilities

	As at 30 June 2020 (unaudited) RMB'000
Minimum lease payments due	
- Within 1 year	18,285
- Between 1 to 5 years	54,883
- Over 5 years	38,560
	<u>111,728</u>
Less: future finance charge	<u>(20,243)</u>
Present value of lease liabilities	<u><u>91,485</u></u>
	As at 30 June 2020 (unaudited) RMB'000
Present value of lease liabilities	
Within 1 year	17,275
Between 1 to 5 years	45,856
Over 5 years	28,354
	<u>91,485</u>
	<u><u>91,485</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 RMB13,610,000.

## 22. Share capital

### Shares

	As at 30 June 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Authorised: 162,064,000 (31 December 2019: 162,064,000) ordinary shares of RMB1.00 each	162,064	162,064
Issued and fully paid: . 162,064,000 (31 December 2019: 162,064,000) ordinary shares of RMB1.00 each	162,064	162,064

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 2020 and 30 June 2020	162,064,000	162,064

## 23. Related parties transactions

	<b>For the six months ended 30 June</b>	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Revenue from rendering of transportation services for finished vehicles	822,005	899,293
Revenue from rendering of supply chain management services for vehicle raw materials, components and parts	511,010	533,737
Revenue from sale of goods	166,645	146,067
	1,499,660	1,579,097
Purchase of transportation services	89,079	158,489
Others	2,999	7,556
	92,078	166,045
Borrowings from a related party	-	4,000

## 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 2020 (unaudited) RMB'000	As at 31 December 2019 (audited) RMB'000
Contracted but not provided for Property, plant and equipment	<u>58,721</u>	<u>70,444</u>

## 26. Events after the reporting period

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



## **INTERIM DIVIDENDS**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (corresponding period in 2019: nil).

The shareholders of the Company at the 2019 annual general meeting (“AGM”) of the Company held on 30 June 2020 approved no payment of final dividend for the year ended 31 December 2019.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

In the first half of 2020, the impact brought about by the unexpected coronavirus outbreak has been unprecedented, and the world economy has fallen into the worst recession since World War II. Internationally, trade protectionism is on the rise, Sino-US trade frictions continue to worsen and escalate, world trade expansion has slowed down, putting the world economy under mounting pressure, weakening economic recovery and increasing uncertainty. Domestically, the first half of 2020 has witnessed severe risks and challenges, and the whole country has made concerted efforts in preventing and controlling the epidemic to facilitate social and economic development. China's economic operation first declined and then rose, and it has steadily recovered. The gross domestic production ("GDP") decreased by 1.6% as compared with the corresponding period of last year. In terms of quarters, the first quarter of 2020 went down by 6.8% compared to the same period of last year, and the second quarter of 2020 increased by 3.2% compared to the same period of last year.

According to the statistics of China Association of Automobile Manufacturers, in the first half of 2020, the cumulative automobile production volume and sales volume in the PRC were approximately 10,112,000 vehicles and 10,257,000 vehicles respectively, down approximately 16.8% and 16.9% respectively as compared to the corresponding period of last year. The completion in the first half of the year was lower than expected. As shown by the production and sales figures as of June 2020 quoted by China Association of Automobile Manufacturers on its website, notwithstanding the narrowing overall declining rate, the automobile industry is still facing a great amount of downward pressure in terms of automobile production and sales.

Due to the overall slowdown in the growth of automobile industry, fierce market competition and decrease in new products launches as compared with the corresponding period of last year, for the six months ended 30 June 2020, the production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile") were 819,575 vehicles and 830,992 vehicles respectively, representing a decrease of 0.01% and an increase of 1.33% respectively as compared with the corresponding period of last year. Changan Automobile's market performance exceeded the industry average in the first half of the year.

For the six months ended 30 June 2020, affected by decline in production and sales of automobiles by customers, the Group recorded a total revenue of approximately RMB1,828,526,000, representing a decrease of approximately 4.80% as compared with the corresponding period of last 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 2020 accounted for approximately 48.37%, 9.12% and 42.51%, respectively, of the Group's total revenue (for the six months ended 30 June 2019: approximately 53.23%, 8.77% and 38.00%, respectively). 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 2020, due to the overall weakness of the domestic automotive industry, intensified competition in the automotive logistics market, continued decline in logistics service prices, and rising operating costs caused by rising transportation costs and other unfavorable factors, the Group's gross profit margin and net profit margin decreased to 3.17% (for six months ended 30 June 2019: 5.89%) and negative 2.15% (for six months ended 30 June 2019: 0.98%), respectively. The profit attributable to the equity holders of the Company for the six months ended 30 June 2020 decreased to approximately RMB (43,318,000) from approximately RMB13,994,000 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 2020, the cash and bank balance and pledged deposits of the Group were approximately RMB861,660,000 (31 December 2019: RMB841,790,000). As at 30 June 2020, the total assets of the Group amounted to approximately RMB4,307,480,000 (31 December 2019: RMB4,559,586,000). The Group had current liabilities of approximately RMB2,219,994,000 (31 December 2019: RMB2,412,669,000), non-current liabilities of approximately RMB99,702,000 (31 December 2019: RMB108,163,000), shareholders' equity excluding non-controlling interest of approximately RMB1,874,189,000 (31 December 2019: RMB1,917,495,000) and non-controlling interest of approximately RMB113,595,000 (31 December 2019: RMB121,259,000).

### Capital Structure

For the six months ended 30 June 2020, there has been no change to the Company's issued shares.

### Loans and Borrowings

As at 30 June 2020, the outstanding balance of borrowings of the Group was RMB4,839,000 (31 December 2019: RMB13,564,000), please refer to the 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 2020, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 53.85% (31 December 2019: approximately 44.80%). The gearing ratio between the total liabilities and the total equity of the Group was approximately 116.70% (31 December 2019: 123.65%).

### Pledge of Assets

As at 30 June 2020, bills payables with an aggregate amount of approximately RMB42,588,000 (31 December 2019: RMB64,126,000) were secured by the pledge deposits of RMB11,073,000 (31 December 2019: secured by the pledge deposits of RMB15,587,000).

At the end of 2017, Harbin Branch of Changan Minsheng APLL Logistics Co., Ltd., a branch company of the Company, and Hangzhou Changan Minsheng APLL Logistics Co., Ltd., a subsidiary of the Company respectively entered into finance leasing and leaseback arrangements with United Prosperity Investment (Shenzhen) Co., Ltd. ("leasing and leaseback arrangements"). The leasing and leaseback arrangements is in nature a loan with the tire assembly lines as security and the aggregate principal of the leasing and lease-back arrangements is approximately RMB27,390,000, which bears interest at an effective interest rate 4.75% per annum with quarterly instalment payments up to the maturity date on 31 December 2020. Please refer to the announcement of the Company dated 1 January 2018 and the note 20 to the interim condensed consolidated financial information for further details.



### **Foreign Currency Risk**

As the transactions of the Group denominated in foreign currency were limited, the foreign currency risk did not have any material impact on the Group.

### **Employee, Remuneration Policy and Training Programme**

As at 30 June 2020, the Group employed 5,702 employees (as at 31 December 2019: 6,012 employees). The salaries of the employees are determined based on the remuneration policy approved by the Board and the remuneration committee of the Company and in accordance with the relevant PRC policies. The salary level is in line with the economic efficiency of the Company. The benefits of the employees comprise endowment insurance, medical insurance, unemployment insurance, personal injury insurance and housing funds. During the reporting period, the Company has provided the staff with training regarding technology, security and management, etc.

### **Major Investment**

For the six-month period ended 30 June 2020, there had been no material investment by the Group.

### **Major Acquisition and Assets Disposal**

For the six months ended 30 June 2020, there had been no material acquisition and assets disposal of the Group.

### **Contingent Liabilities**

As at 30 June 2020, the Group did not have any material contingent liabilities.



## PROSPECTS

From a global perspective, the epidemic continues to spread rapidly, and the prevention and control situation is still severe. Affected by the pandemic, the world economy has slid into recession and subsequent recovery will be prolonged, while, at the same time, the global trade protectionism and geopolitical risks will further increase uncertainties for global economic recovery. From the perspective of the domestic situation, the economy will gradually recover as a result of better virus control, proactive macroeconomic policies, and a massive domestic market which will support further reform, opening-up and the continuous release of innovation. That being said, the unstable Sino-US relations and fast spreading of virus worldwide will lead to greater uncertainties in terms of global economic recovery. The pressure and challenges facing China's economic development are still great.

With the increasing uncertainty of global and domestic microeconomic trends, the development trend of automobile industry in the second half of 2020 is also mixed. From the perspective of international situation, the current international market environment is complicated and international economic and trade rules have entered into a period of in-depth adjustment, which would confront the domestic automakers with harsher export environment. In addition, the statistics released by China Association of Automobile Manufacturers has shown that automobile exports in the first half of 2020 totaled 386,000 units, representing a decrease of 20.9% compared with the corresponding period of last year. Under the combined effect of the objective conditions of repeated overseas resurgence of the virus, suppressed exports and intensified trade frictions, the prospects for export of automobiles in the second half of 2020 are also not optimistic. From a domestic perspective, as China has achieved positive results in the overall epidemic prevention and control and economic and social development, the overall recovery of economic operations has continued to improve, especially driven by various consumer promotion policies, market players have accelerated the resumption of business and market, consumption by residents has increased in an orderly manner, market vitality has gradually increased, and market sales have continued to improve.

With crisis comes the opportunities and with challenges comes with new prospects. In the second half of 2020, the Company will continue to work hard to carry out operational plans and try its best to achieve a decent business results by sizing every moment with passion and overcoming obstacles with unswerving determination. The Company will remain committed to self-transformation and upgrading, high quality development, deepening reform and innovation against all the difficulties and challenges, pushing itself towards becoming a trust-worthy first-class intelligent logistics and supply chain provider.



## CORPORATE GOVERNANCE

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

### SECURITIES TRANSACTIONS BY DIRECTORS

Since the transfer of listing 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 2020.

### BOARD OF DIRECTORS

The fifth session of the Board of the Company comprises 11 Directors, including 4 executive Directors, 3 non-executive Directors and 4 independent non-executive Directors. The Board considers that the composition of the Board represents a reasonable balance and is able to provide protection to the Company and the shareholders as a whole. The non-executive Directors and independent non-executive Directors provide constructive advice in relation to the formulation of the Company’s policies. The Company is not aware of any family or material relationship among the members of the Board. The Company has four independent non-executive Directors, of whom at least one has appropriate professional qualification and financial management expertise. The Company considers that, during the reporting period, each of the independent non-executive Directors has complied with the guidelines on independence set out in the Listing Rules. As at the date of this report, except for the fact that the independent non-executive director Mr. Chong Teck Sin and Mr. Poon Chiu Kwok have served for consecutive 9 years, the term of office of each of the other 2 independent non-executive directors does not exceed nine years. Notwithstanding the fact that Mr. Chong Teck Sin and Mr. Poon Chiu Kwok have served the Company for more than nine years, there are no circumstances which are likely to affect their independence as an independent non-executive director. Mr. Chong Teck Sin and Mr. Poon Chiu Kwok are not involved in the daily management of the Company nor in any relationships which would interfere with the exercise of the independent judgment. The Board considers Mr. Chong Teck and Mr. Poon Chiu Kwok remain independent notwithstanding the length of their service.

## **BOARD CHAIRMAN AND GENERAL MANAGER**

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

## **AUDIT COMMITTEE**

The disclosure of financial information in this report complies with Appendix 16 to the Listing Rules. The audit committee of the Company has reviewed the Group's business performance and the unaudited financial statements of the Group for the six months ended 30 June 2020. The audit committee has also discussed the relevant internal audit matters and approved the contents of this interim results report.

## **CHANGES OF DIRECTORS AND SUPERVISORS DURING THE REPORTING PERIOD**

The members of the fifth session of the Board and the Supervisory Committee (excluding employee representative supervisors) were elected and appointed at the 2019 AGM held by the Company on 30 June 2020. Please refer to the circular and the announcement of the Company dated 15 May 2020 and 30 June 2020 respectively.

Mr. Xia Lijun was appointed as a non-executive Directors of the fifth session of the Board at the 2019 AGM held on 30 June 2020 for a term commencing from the conclusion of the AGM till the expiry of the fifth session of the Board. Please refer to the circular and the announcement of the Company dated 15 May 2020 and 30 June 2020 respectively.

Mr. Yang Xunping was elected democratically by the employee representatives of the Company as the employee representative Supervisor of the fifth session of the Supervisory Committee for a term commencing from the conclusion of the 2019 AGM till the expiry of the fifth session of the Supervisory Committee. Please refer to the announcement of the Company dated 30 June 2020.

Mr. Deng Gang resigned as the employee representative Supervisor of the Company, effective from the conclusion of the 2019 AGM held on 30 June 2020.

During the reporting period, Mr. Poon Chiu Kwok, an independent non-executive Director, resigned as the independent non-executive director of TUS International Limited (Listed on the Stock Exchange, Stock Code: 00872) with effect from 17 July 2020.

During the reporting period, Mr. Chong Teck Sin, an independent non-executive Director, replaced Mr. Xie Shikang, an executive Director, as a member of the Remuneration Committee of the Company with effect from 28 August 2020.



## **OTHER INFORMATION**

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

As at 30 June 2020, none of the Directors, chief executive and the Supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), Chapter 571 of Laws of Hong Kong) which were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

As at 30 June 2020, the Directors, chief executive and the Supervisors of the Company were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did he/she have any interest, either direct or indirect, in any assets which have been, since 31 December 2019, made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

As at 30 June 2020, so far as is known to the Directors and chief executive of the Company, the following persons, other than a Director, chief executive, or Supervisor of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of Shares	Percentage of Domestic Shares (non- H Foreign Shares Included)	Percentage of H Shares	Percentage of Total Registered Share Capital
China South Industries Group 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)	-	9.09%	3.09%
788 China Fund Ltd.	Investment manager	4,000,000 (L)	-	7.27%	2.47%
McIntyre Steven (note 2)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

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

Name of Shareholders	Capacity	Number of Shares	Percentage of Domestic Shares (non- H Foreign Shares Included)	Percentage of H Shares	Percentage of Total Registered Share Capital
Braeside Investments, LLC (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%

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

Note 2: *According to the Corporate Substantial Shareholder Notice filed, Braeside Management, LP is a wholly-owned subsidiary of Braeside Investments, LLC. McIntyre Steven is the controlling shareholder of Braeside Investments, LLC.*

Note 3: *(L) – long position, (S) – short position, (P) - Lending Pool.*

Save as disclosed in this report, as at 30 June 2020, so far as is known to the Directors and chief executive of the Company, there is no person (other than the Directors, chief executive, or Supervisors of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interest amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

### SHARE APPRECIATION RIGHT INCENTIVE SCHEME

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

On 28 August 2020, the Board has considered and approved the Share Appreciation Rights Scheme (comprising the grant of the Share Appreciation Rights to Incentive Recipients), which is conditional on approval by the SASAC and Shareholders at the general meeting. The Scheme (comprising the grant of the Share Appreciation Rights to Incentive Recipients) shall become effective for implementation after obtaining the approval from the SASAC and the Shareholders at the general meeting. For further details, please refer to the relevant announcement of the Company dated 28 August 2020.

### COMPETING INTERESTS

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

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

## CONTINUING CONNECTED TRANSACTIONS

For the six months ended 30 June 2020, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the Listing Rules) was approximately RMB1,499,659,000 (unaudited) (of which RMB1,459,435,000 was attributable to Changan Automobile and its associates, RMB31,076,000 to China Changan and its associates, RMB7,337,000 to Minsheng Industrial and its associates, and RMB1,811,000 to Nanjing Baogang Zhushang Metal Manufacturing Company Limited), which accounted for approximately 82% of the total revenue during the reporting period.

For the six months ended 30 June 2020, the cost of purchasing transportation services from connected persons (as defined in the Listing Rules) was approximately RMB89,079,000 (unaudited) (of which RMB79,698,000 was attributable to Minsheng Industrial and its associates, RMB9,381,000 was attributable to China Changan and its associates), which accounted for approximately 5% of the cost of sales during the reporting period.

For the six months ended 30 June 2020, the maximum daily balance of deposit (including interests) on a daily basis with Binqi Zhuangbei Group Financial Limited Liability Company was approximately RMB194,762,000 (unaudited).

For the six months ended 30 June 2020, the cost of purchasing security and cleaning services from China Changan and its associates was RMB2,999,000 (unaudited).

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six months ended 30 June 2020, 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  
28 August 2020



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

**Executive Directors:**

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

**Non-executive Directors:**

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

**Independent Non-executive Directors:**

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