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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)

**Results Announcement
for the year ended 31 December 2014**

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2014, the audited consolidated revenue of the Group was approximately RMB5,344,351,000, representing an increase of approximately 15.02% from the previous year.
- The audited profit attributable to equity holders of the Company was approximately RMB221,964,000, representing an increase of 6.92% from the corresponding period in 2013.
- For the year ended 31 December 2014, the audited basic earnings per share was RMB1.37 (in 2013: RMB1.28).

ANNUAL RESULTS

The board of directors of Changan Minsheng APLL Logistics Co., Ltd (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2014 and the comparative figures for the corresponding period of 2013 as follows:

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	5	5,344,351	4,646,330
Cost of sales		<u>(4,832,617)</u>	<u>(4,124,947)</u>
Gross profit		511,734	521,383
Other income and gains	5	21,984	31,958
Selling and distribution expenses		(101,306)	(140,732)
Administrative expenses		(131,604)	(144,839)
Other expenses		2,066	-
Finance costs	7	(2,084)	(1,182)
Share of profits and losses of associates		<u>3,619</u>	<u>2,714</u>
PROFIT BEFORE TAX	6	304,409	269,302
Income tax expense	10	<u>(61,365)</u>	<u>(50,567)</u>
PROFIT FOR THE YEAR		<u>243,044</u>	<u>218,735</u>
Attributable to:			
Owners of the parent	11	221,964	207,607
Non-controlling interests		<u>21,080</u>	<u>11,128</u>
		<u>243,044</u>	<u>218,735</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted - For profit for the year		<u>RMB1.37</u>	<u>RMB1.28</u>

Details of the dividends payable and proposed for the year are disclosed in note 12 to the financial statements.

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
PROFIT FOR THE YEAR		243,044	218,735
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>243,044</u>	<u>218,735</u>
Attributable to:			
Owners of the parent	11	221,964	207,607
Non-controlling interests		<u>21,080</u>	<u>11,128</u>
		<u>243,044</u>	<u>218,735</u>

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	359,391	251,594
Prepaid land lease payments	15	157,129	161,935
Goodwill	16	4,663	4,663
Other intangible assets	17	5,647	5,558
Investments in associates	19	24,941	21,787
Available-for-sale investment	20	28,900	-
Deferred tax assets	29	46,373	35,910
Other non-current assets	21	<u>79,897</u>	<u>13,821</u>
Total non-current assets		<u>706,941</u>	<u>495,268</u>
CURRENT ASSETS			
Inventories	22	36,459	83,542
Trade and bills receivables	23	344,581	337,966
Prepayments, deposits and other receivables	24	53,438	38,065
Due from related parties	37	1,439,447	1,344,978
Pledged deposits	25	56,589	38,615
Cash and bank balances	25	<u>897,924</u>	<u>614,008</u>
Total current assets		<u>2,828,438</u>	<u>2,457,174</u>
CURRENT LIABILITIES			
Trade and bills payables	26	1,426,055	1,116,274
Other payables and accruals	27	370,799	290,020
Due to related parties	37	91,176	64,480
Interest-bearing bank and other borrowings	28	-	50,000
Tax payable		<u>34,508</u>	<u>25,137</u>
Total current liabilities		<u>1,922,538</u>	<u>1,545,911</u>
NET CURRENT ASSETS		<u>905,900</u>	<u>911,263</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,612,841</u>	<u>1,406,531</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,612,841</u>	<u>1,406,531</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	29	-	482
Deferred income	30	<u>3,388</u>	<u>1,614</u>
Total non-current liabilities		<u>3,388</u>	<u>2,096</u>
Net assets		<u>1,609,453</u>	<u>1,404,435</u>
EQUITY			
Equity attributable to owners of the parent			
Issued shares	31	162,064	162,064
Other reserves	32	1,317,822	1,139,615
Proposed final dividend	12	<u>43,757</u>	<u>40,516</u>
		1,523,643	1,342,195
Non-controlling interests		<u>85,810</u>	<u>62,240</u>
Total equity		<u>1,609,453</u>	<u>1,404,435</u>

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Director

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Director

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2014

	Attributable to owners of the parent				Proposed final dividend RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Issued shares RMB'000 (note 31)	Share premium account RMB'000	Reserve funds RMB'000	Retained profits RMB'000			
At 1 January 2013	162,064	66,907	85,867	819,750	48,619	59,692	1,242,899
Total comprehensive income for the year	-	-	-	207,607	-	11,128	218,735
Final 2012 dividend declared	-	-	-	-	(48,619)	-	(48,619)
Dividend paid to non-controlling shareholders by a subsidiary	-	-	-	-	-	(8,580)	(8,580)
Proposed final 2013 dividend	-	-	-	(40,516)	40,516	-	-
At 31 December 2013	<u>162,064</u>	<u>66,907*</u>	<u>85,867*</u>	<u>986,841*</u>	<u>40,516</u>	<u>62,240</u>	<u>1,404,435</u>
Total comprehensive income for the year	-	-	-	221,964	-	21,080	243,044
Capital contribution from non-controlling shareholders in a new subsidiary	-	-	-	-	-	8,100	8,100
Final 2013 dividend declared	-	-	-	-	(40,516)	-	(40,516)
Dividend paid to non-controlling shareholders by a subsidiary	-	-	-	-	-	(5,610)	(5,610)
Proposed final 2014 dividend	-	-	-	(43,757)	43,757	-	-
At 31 December 2014	<u>162,064</u>	<u>66,907*</u>	<u>85,867*</u>	<u>1,165,048*</u>	<u>43,757</u>	<u>85,810</u>	<u>1,609,453</u>

* These reserve accounts comprise the consolidated other reserves of RMB1,317,822,000 (2013: RMB1,139,615,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		304,409	269,302
Adjustments for:			
Finance costs	7	2,084	1,182
Share of profits and losses of associates		(3,619)	(2,714)
Interest income	6	(5,682)	(6,852)
(Gain)/loss on disposal of items of property, plant and equipment	6	557	(194)
Depreciation	14	55,358	62,725
Recognition of prepaid land lease payments	15	4,166	3,705
Amortisation of other intangible assets	17	3,550	2,667
Provision/(reversal of provision) for impairment of trade and other receivables	6	(12,333)	12,756
Provision for impairment of due from related parties	6	206	30,659
Recognition of asset-related subsidy income	30	(76)	(77)
		<u>348,620</u>	<u>373,159</u>
Decrease/(increase) in inventories		47,083	(57,280)
Decrease/(increase) in trade and bills receivables		4,601	(3,685)
Increase in prepayments		(5,530)	(1,172)
Increase in pledged deposits		(17,974)	(32,236)
Increase in deposits and other receivables		(8,086)	(7,843)
Increase in amounts due from related parties		(94,675)	(336,601)
Increase in trade and bills payables		309,781	346,573
Increase in other payables and accruals		76,204	91,950
Increase/(decrease) in amounts due to related parties		<u>20,263</u>	<u>(65,869)</u>
Cash generated from operations		680,287	306,996
Income taxes paid		<u>(62,939)</u>	<u>(51,896)</u>
Net cash flows from operating activities		<u>617,348</u>	<u>255,100</u>

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Net cash flows from operating activities	<u>617,348</u>	<u>255,100</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,682	6,852
Dividends received from an associate	465	4,500
Purchases of items of property, plant and equipment	(220,167)	(76,469)
Proceeds from disposal of items of property, plant and equipment	1,387	2,040
Receipt of government grants	1,850	-
Additions to other intangible assets	(3,639)	(887)
Purchases of available-for-sale investment	(28,900)	-
Increase in time deposits with original maturity of more than three months	(54,602)	-
Increase in prepaid lease payments	<u>-</u>	<u>(28,913)</u>
Net cash flows used in investing activities	<u>(297,924)</u>	<u>(92,877)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	120,000	110,000
Repayment of bank loans	(170,000)	(60,000)
Capital contribution from non-controlling shareholders in a new subsidiary	8,100	-
Dividends paid	(40,516)	(48,619)
Dividends paid to non-controlling shareholders by a subsidiary	(5,610)	(8,580)
Interest paid	<u>(2,084)</u>	<u>(512)</u>
Net cash flows used in financing activities	<u>(90,110)</u>	<u>(7,711)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of year	614,008	460,037
Effect of foreign exchange rate changes, net	<u>-</u>	<u>(541)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>843,322</u>	<u>614,008</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	897,924	614,008
Time deposits with original maturity of more than three months when acquired	<u>(54,602)</u>	<u>-</u>
Cash and cash equivalents as stated in the statement of cash flows	<u>843,322</u>	<u>614,008</u>

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	220,319	192,172
Investments in subsidiaries	18	492,933	478,033
Prepaid land lease payments	15	109,229	112,330
Goodwill		2,222	2,222
Other intangible assets	17	3,102	2,742
Investments in associates	19	12,100	12,100
Available-for-sale investments	20	28,900	-
Deferred tax assets	29	42,596	30,278
Other non-current assets	21	63,166	-
Total non-current assets		<u>974,567</u>	<u>829,877</u>
CURRENT ASSETS			
Inventories	22	36,190	83,542
Trade and bills receivables	23	276,618	295,607
Prepayments, deposits and other receivables	24	27,528	25,911
Due from related parties	37	1,272,595	1,185,574
Pledged deposits	25	55,889	38,615
Cash and bank balances	25	718,091	483,851
Total current assets		<u>2,386,911</u>	<u>2,113,100</u>
CURRENT LIABILITIES			
Trade and bills payables	26	1,239,536	980,003
Other payables and accruals	27	315,107	261,192
Due to related parties	37	375,935	378,353
Interest-bearing bank and other borrowings	28	-	50,000
Tax payable		24,047	21,426
Total current liabilities		<u>1,954,625</u>	<u>1,690,974</u>
NET CURRENT ASSETS		<u>432,286</u>	<u>422,126</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,406,853</u>	<u>1,252,003</u>

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CHANGAN MINSHENG APLL LOGISTICS CO., LTD.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,406,853</u>	<u>1,252,003</u>
NON-CURRENT LIABILITIES			
Deferred income	30	<u>3,388</u>	<u>1,614</u>
Total non-current liabilities		<u>3,388</u>	<u>1,614</u>
Net assets		<u>1,403,465</u>	<u>1,250,389</u>
EQUITY			
Equity attributable to owners of the parent			
Issued shares	31	162,064	162,064
Other reserves	32	1,197,644	1,047,809
Proposed final dividend		<u>43,757</u>	<u>40,516</u>
Total equity		<u>1,403,465</u>	<u>1,250,389</u>

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Director

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Director

1. CORPORATE INFORMATION

Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 27 August 2001 as a limited liability company. 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 (“GEM”) on 23 February 2006, and have been transferred and traded on the Main Board since 18 July 2013.

The principal activities of the Company and its subsidiaries (together the “Group”) are the rendering of transportation services for finished vehicles, supply chain management services for automobile components, raw materials and parts, transportation services for non-automobile commodities, the sale of packaging materials and the processing of tyres.

The address of the Company’s registered office is Liangjing Village, Yuanyang Town, Yubei District, Chongqing, the PRC.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year’s financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

- (a) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.
- (b) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments⁴</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception²</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations²</i>
HKFRS 14	<i>Regulatory Deferral Accounts⁵</i>
HKFRS 15	<i>Revenue from Contracts with Customers³</i>
Amendments to HKAS 1	<i>Disclosure Initiative²</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation²</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants²</i>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions¹</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements²</i>
<i>Annual Improvements 2010-2012 Cycle</i>	<i>Amendments to a number of HKFRSs¹</i>
<i>Annual Improvements 2011-2013 Cycle</i>	<i>Amendments to a number of HKFRSs¹</i>
<i>Annual Improvements 2012-2014 Cycle</i>	<i>Amendments to a number of HKFRSs²</i>

- ¹ Effective for annual periods beginning on or after 1 July 2014
- ² Effective for annual periods beginning on or after 1 January 2016
- ³ Effective for annual periods beginning on or after 1 January 2017
- ⁴ Effective for annual periods beginning on or after 1 January 2018
- ⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.2%-9.7%
Plant and machinery	32.3%-19.4%
Office equipment	19.4%
Motor vehicles	24.3%-19.4%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(a) Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship (i.e. 6.5 years).

(b) Software

Acquired software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

(c) Trademark

Acquired trademark is shown at historical cost. Trademark is finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 3 years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group may elect to reclassify these financial assets due to inactive markets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- from the rendering of services, on the completion basis, as further explained in the accounting policy for "Contracts for services" below;
- interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services includes rendering of transportation services for finished vehicles, supply chain management services for automobile components, raw materials and parts, and transportation services for non-automobile commodities. According to the service contract, acceptance of the the finished vehicle, automobile components and parts or non-vehicle commodities by the cusomter is a specific act that is much more significant than any other act. Therefore, service revenue is recognised upon the completion of services.

Pension schemes

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute its payroll costs in a range from 20% to 22% to the central pension scheme, depending on the specific provinces that the entities are incorporated. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the items whose fair value gain or loss are recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2014 was RMB4,663,000 (2013: RMB4,663,000). Further details are given in note 16.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets other than indefinite life intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for impairment of receivables

The Group makes provision for impairment of receivables based on an assessment of the recoverability of receivables taking into consideration the estimation of future cash flows. The provision is measured as the difference between the carrying amount of the assets and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Provision is applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation on the recoverability of receivables is different from the original estimate, such difference will impact carrying value of receivables and provision for impairment of receivables in the year in which such estimate has been changed.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that tax profit will be available against which the unused tax losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 29 to the financial statements.

Income taxes

The Group is subject to various taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax in the period in which such determination is made.

Revenue recognition

The Group recognises its revenue from rendering of transportation services for finished vehicles, supply chain management services for automobile components, raw materials and parts and transportation services for non-automobile commodities upon the completion of services, where the amount of revenue and costs can be measured reliably and the economic benefits associated with transaction will probably flow to the Group when such service is completed. In making its judgement in applying this recognition method, the Group made reference to various factors which include, among others, master contracts signed with certain customers, actual sales amount of similar historical transactions, as well as confirmations received from customers.

4. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2014, the Group changes its management model from horizontal management to vertical management in order to optimise resources allocation and improve operation efficiency. From perspective of management, the original four operating segments, i.e. transportation and supply chain management for vehicle commodities, transportation of non-vehicle commodities, processing of tyres and others, have similar economic characteristics, and were integrated into one operating segment, i.e. provision of services and products on integrated logistics automobile supply chain and others, and the Group prepared the consolidated financial and operation information on a monthly basis for review and to make strategic decisions by the General Manager Office. 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 as required by HKFRS 8 *Operating Segments* is not presented.

Information about major customers

Revenues from major customers in the corresponding years contributing to more than 10% of the total revenue of the Group are as follows:

Revenue of approximately RMB3,003,935,000 (2013: RMB2,566,909,000) was derived from the rendering of transportation services for finished vehicles, supply chain management services for automobile components, raw materials and parts, and the sale of packages and the processing of tyres and others to Customer A.

Revenue of approximately RMB1,022,744,000 (2013: RMB886,341,000) was derived from the rendering of transportation services for finished vehicles, supply chain management services for automobile components, raw materials and parts, and the sale of packages and the processing of tyres and others to Customer B.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of logistics services rendered during the year.

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

	2014 RMB'000	2013 RMB'000
<u>Revenue</u>		
Sale of goods	1,335,855	1,015,974
Rendering of logistics services	4,008,496	3,630,356
	<u>5,344,351</u>	<u>4,646,330</u>
<u>Other income and gains</u>		
Government grants	9,209	17,058
Bank interest income	5,682	6,852
Penalty on transportation companies	3,200	2,732
Sales of recycled packages of vehicle spare parts	1,956	3,331
Gain on disposal of items of property, plant and equipment	39	194
Others	1,898	1,791
	<u>21,984</u>	<u>31,958</u>

6. PROFIT BEFORE TAX

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

	Notes	2014 RMB'000	2013 RMB'000
Cost of inventories sold		1,304,409	976,582
Cost of logistics services rendered		2,919,635	2,604,608
Depreciation	14	55,358	62,725
Amortisation of other intangible assets	17	3,550	2,667
Minimum lease payments under operating leases:			
Land and buildings		30,496	26,468
Amortisation of land lease payments	15	4,166	3,705
Auditors' remuneration		1,800	2,000
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		647,123	479,184
Pension scheme contributions		<u>60,349</u>	<u>35,210</u>
		<u>707,472</u>	<u>514,394</u>
(Reversal of provision)/provision for impairment of trade and other receivables		(12,333)	12,756
Provision for impairment of due from related parties		206	30,659
Dividend income from associates		(465)	(4,500)
Bank interest income	5	(5,682)	(6,852)
Net loss/(gain) on disposal of items of property, plant and equipment		<u>557</u>	<u>(194)</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Interest on bank loans and other loans wholly repayable within five years	1,569	1,182
Other finance costs:		
Interest on the discounting of bank accepted notes	<u>515</u>	<u>-</u>
	<u>2,084</u>	<u>1,182</u>

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Fees	<u>600</u>	<u>600</u>
Other emoluments:		
Salaries, allowances and benefits in kind	743	658
Performance related bonuses	489	427
Pension scheme contributions	<u>44</u>	<u>35</u>
	<u>1,276</u>	<u>1,120</u>
	<u>1,876</u>	<u>1,720</u>

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2014 RMB'000	2013 RMB'000
Chong Teck Sin	100	100
Poon Chiu Kwok	100	100
Jie Jing	100	100
Zhang Yun	100	100
Peng Qifa*	100	100
Goh Chan Peng*	<u>100</u>	<u>100</u>
	<u>600</u>	<u>600</u>

* With effect from 14 November 2014, Mr. Peng Qifa and Mr. Goh Chan Peng ceased to be independent non-executive director.

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

(b) Executive directors, non-executive directors, supervisors and the chief executive

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2014				
Executive directors:				
Zhu Ming Hui	-	-	-	-
Lu Xiao Zhong	-	-	-	-
William K. Villalon	-	-	-	-
Wang Yang (i)	286	238	15	539
Non-executive directors:				
Lu Guo Ji (ii)	-	-	-	-
Wu Xiao Hua	-	-	-	-
Danny Goh Yan Nan	-	-	-	-
Du Bin (iii)	-	-	-	-
Wang Lin (iv)	-	-	-	-
Supervisors:				
Zhu Ying	-	-	-	-
Wu Jun (ii)	-	-	-	-
Steven Ho Kok Keong (v)	-	-	-	-
Zhang Tian Ming	-	-	-	-
Zhou Zheng Li	229	126	15	370
Deng Gang	228	125	14	367
	<u>743</u>	<u>489</u>	<u>44</u>	<u>1,276</u>
2013				
Executive directors:				
Zhang Lun Gang (vi)	-	-	-	-
Gao Pei Zheng (vi)	-	-	-	-
Lu Xiao Zhong	-	-	-	-
Zhu Ming Hui	202	172	8	382
William K. Villalon	-	-	-	-
Wang Yang (i)	68	65	3	136
Non-executive directors:				
Lu Guo Ji (ii)	-	-	-	-
Lau Man Yee (vi)	-	-	-	-
Li Ming (vi)	-	-	-	-
Wu Xiao Hua	-	-	-	-
Zhou Zheng Li (vii)	-	-	-	-
Danny Goh Yan Nan	-	-	-	-
Du Bin (iii)	-	-	-	-
Supervisors:				
Zhu Ying	-	-	-	-
Zhang Tian Ming	-	-	-	-
Wu Jun (ii)	-	-	-	-
Liu Yue (vi)	115	20	9	144
Deng Gang	199	120	11	330
Zhou Zheng Li (vii)	74	50	4	128
	<u>658</u>	<u>427</u>	<u>35</u>	<u>1,120</u>

- (i) Mr. Wang Yang was appointed as the chief executive officer of the Group, and the former chief executive officer Mr. Zhu Ming Hui was appointed as the chairman of the Group and ceased to be the chief executive officer of the Group since 6 September 2013. The former chairman Mr. Zhang Lun Gang ceased to be the chairman of the Group since 6 September 2013.
- (ii) Mr. Lu Guo Ji and Mr. Wu Jun resigned in 2014.
- (iii) Mr. Du Bin was appointed as a non-executive director since 12 November 2013 and resigned in 2014.
- (iv) Mr. Wang Lin was appointed as a non-executive director since 30 June 2014.
- (v) Mr. Steven Ho Kok Keong was appointed as a supervisor since 14 November 2014.
- (vi) Mr. Zhang Lun Gang, Mr. Gao Pei Zheng, Ms. Lau Man Yee, Mr. Li Ming and Mr. Liu Yue resigned in 2013.
- (vii) Mr. Zhou Zheng Li ceased to be a non-executive director and was appointed as a supervisor since 12 November 2013.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the year (2013: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2013: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2013: four) highest paid employees who are neither directors nor supervisor nor the chief executive of the Company are as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	962	767
Performance related bonuses	721	477
Pension scheme contributions	<u>60</u>	<u>107</u>
	<u>1,743</u>	<u>1,351</u>

The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2014	2013
Nil to HK\$1,000,000	<u>4</u>	<u>4</u>

10. INCOME TAX

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

	2014 RMB'000	2013 RMB'000
Group:		
Current – Mainland China		
Charge for the year	69,635	65,374
Underprovision in prior years	2,675	363
Deferred (note 29)	<u>(10,945)</u>	<u>(15,170)</u>
Total tax charge for the year	<u>61,365</u>	<u>50,567</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Notes	2014		2013	
		RMB'000	%	RMB'000	%
Profit before tax		<u>304,409</u>		<u>269,302</u>	
Tax at the statutory tax rate		76,102	25.0	67,326	25.0
Lower tax rate for specific provinces or enacted by local authority	i	(21,326)	(7.0)	(18,963)	(7.0)
Adjustments in respect of current tax of previous years		2,864	1.0	363	0.1
Income not subject to tax	ii	(543)	(0.2)	(407)	(0.2)
Expenses not deductible for tax		2,600	0.9	2,248	0.9
Tax losses utilised from previous periods		(767)	(0.3)	-	-
Tax losses and deductible temporary differences not recognised		<u>2,435</u>	0.8	<u>-</u>	-
Tax charge at the Group's effective rate		<u>61,365</u>	20.2	<u>50,567</u>	18.8

(i) According to Caishui (2011) No. 58 issued jointly 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 reduced CIT rate of 15% for the period from 1 January 2011 to 31 December 2020. Pursuant to the Public Notice [2012] No.12 issued by SAT on 6 April 2012, the Company and its subsidiary, CMAL Bo Yu Transportation Co., Ltd., satisfy the conditions of tax incentive, and the applicable CIT rate of both of them is 15%.

(ii) The share of tax attributable to associates amounting to RMB543,000 (2013: RMB407,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of RMB181,737,000 (2013: RMB184,567,000) which has been dealt with in the financial statements of the Company (note 32(b)).

12. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Proposed final – RMB0.27 (2013: RMB0.25) per ordinary share	<u>43,757</u>	<u>40,516</u>

Pursuant to a resolution of the Board of Directors dated 25 March 2015, the directors of the Company proposed to declare a final dividend of RMB0.27 per share (2013: RMB0.25 per share), amounting to RMB43,757,000 (2013: RMB40,516,000) for the year ended 31 December 2014.

The proposed dividend is subject to be approved at the annual general meeting of 2015.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 162,064,000 (2013: 162,064,000) in issue during the year.

The Group had no potential dilutive ordinary shares in issue during those years.

The calculation of basic earnings per share is based on:

	2014 RMB'000	2013 RMB'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>221,964</u>	<u>207,607</u>
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>162,064,000</u>	<u>162,064,000</u>

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014						
At 31 December 2013 and at 1 January 2014:						
Cost	270,701	53,721	25,066	145,516	33,387	528,391
Accumulated depreciation	(136,001)	(22,512)	(16,332)	(101,952)	-	(276,797)
Net carrying amount	<u>134,700</u>	<u>31,209</u>	<u>8,734</u>	<u>43,564</u>	<u>33,387</u>	<u>251,594</u>
At 1 January 2014, net of accumulated depreciation						
Additions	2,189	3,656	5,410	24,035	129,809	165,099
Disposals	(343)	(923)	(63)	(615)	-	(1,944)
Depreciation provided during the year	(20,918)	(9,340)	(3,614)	(21,486)	-	(55,358)
Transfers	44,353	3,478	-	-	(47,831)	-
At 31 December 2014, net of accumulated depreciation	<u>159,981</u>	<u>28,080</u>	<u>10,467</u>	<u>45,498</u>	<u>115,365</u>	<u>359,391</u>
At 31 December 2014:						
Cost	316,196	57,380	30,021	157,843	115,365	676,805
Accumulated depreciation	(156,215)	(29,300)	(19,554)	(112,345)	-	(317,414)
Net carrying amount	<u>159,981</u>	<u>28,080</u>	<u>10,467</u>	<u>45,498</u>	<u>115,365</u>	<u>359,391</u>
31 December 2013						
At 31 December 2012 and at 1 January 2013:						
Cost	264,112	36,363	24,589	134,623	13,107	472,794
Accumulated depreciation	(114,273)	(14,108)	(14,760)	(75,198)	-	(218,339)
Net carrying amount	<u>149,839</u>	<u>22,255</u>	<u>9,829</u>	<u>59,425</u>	<u>13,107</u>	<u>254,455</u>
At 1 January 2013, net of accumulated depreciation						
Additions	395	4,363	3,269	13,559	40,124	61,710
Disposals	-	(376)	(259)	(1,211)	-	(1,846)
Depreciation provided during the year	(21,728)	(8,683)	(4,105)	(28,209)	-	(62,725)
Transfers	6,194	13,650	-	-	(19,844)	-
At 31 December 2013, net of accumulated depreciation	<u>134,700</u>	<u>31,209</u>	<u>8,734</u>	<u>43,564</u>	<u>33,387</u>	<u>251,594</u>
At 31 December 2013:						
Cost	270,701	53,721	25,066	145,516	33,387	528,391
Accumulated depreciation	(136,001)	(22,512)	(16,332)	(101,952)	-	(276,797)
Net carrying amount	<u>134,700</u>	<u>31,209</u>	<u>8,734</u>	<u>43,564</u>	<u>33,387</u>	<u>251,594</u>

Company	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014						
At 31 December 2013 and at 1 January 2014:						
Cost	214,517	47,872	20,191	84,224	32,738	399,542
Accumulated depreciation	(121,703)	(19,732)	(13,486)	(52,449)	-	(207,370)
Net carrying amount	<u>92,814</u>	<u>28,140</u>	<u>6,705</u>	<u>31,775</u>	<u>32,738</u>	<u>192,172</u>
At 1 January 2014, net of accumulated depreciation						
Additions	-	2,415	3,568	19,154	47,198	72,335
Disposals	-	(237)	(47)	(506)	-	(790)
Depreciation provided during the year	(15,240)	(8,606)	(2,822)	(16,730)	-	(43,398)
Transfers	-	3,478	-	-	(3,478)	-
At 31 December 2014, net of accumulated depreciation	<u>77,574</u>	<u>25,190</u>	<u>7,404</u>	<u>33,693</u>	<u>76,458</u>	<u>220,319</u>
At 31 December 2014:						
Cost	214,517	52,093	22,693	93,023	76,458	458,784
Accumulated depreciation	(136,943)	(26,903)	(15,289)	(59,330)	-	(238,465)
Net carrying amount	<u>77,574</u>	<u>25,190</u>	<u>7,404</u>	<u>33,693</u>	<u>76,458</u>	<u>220,319</u>
31 December 2013						
At 31 December 2012 and at 1 January 2013:						
Cost	208,507	32,394	19,849	77,403	13,107	351,260
Accumulated depreciation	(103,504)	(12,256)	(12,236)	(43,232)	-	(171,228)
Net carrying amount	<u>105,003</u>	<u>20,138</u>	<u>7,613</u>	<u>34,171</u>	<u>13,107</u>	<u>180,032</u>
At 1 January 2013, net of accumulated depreciation						
Additions	-	2,280	2,884	13,186	39,291	57,641
Disposals	-	(374)	(248)	(1,177)	-	(1,799)
Depreciation provided during the year	(18,199)	(7,554)	(3,544)	(14,405)	-	(43,702)
Transfers	6,010	13,650	-	-	(19,660)	-
At 31 December 2013, net of accumulated depreciation	<u>92,814</u>	<u>28,140</u>	<u>6,705</u>	<u>31,775</u>	<u>32,738</u>	<u>192,172</u>
At 31 December 2013:						
Cost	214,517	47,872	20,191	84,224	32,738	399,542
Accumulated depreciation	(121,703)	(19,732)	(13,486)	(52,449)	-	(207,370)
Net carrying amount	<u>92,814</u>	<u>28,140</u>	<u>6,705</u>	<u>31,775</u>	<u>32,738</u>	<u>192,172</u>

15. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Carrying amount at 1 January	165,640	140,432	115,405	118,480
Addition	-	28,913	-	-
Recognised during the year	<u>(4,166)</u>	<u>(3,705)</u>	<u>(3,074)</u>	<u>(3,075)</u>
Carrying amount at 31 December	161,474	165,640	112,331	115,405
Current portion included in prepayments, deposits and other receivables	<u>(4,345)</u>	<u>(3,705)</u>	<u>(3,102)</u>	<u>(3,075)</u>
Non-current portion	<u>157,129</u>	<u>161,935</u>	<u>109,229</u>	<u>112,330</u>

The leasehold land is situated in Mainland China and is held under a long term lease.

16. GOODWILL

Group	RMB'000
At 1 January and 31 December 2013: Cost and net carrying amount	<u>4,663</u>
At 1 January and 31 December 2014: Cost and net carrying amount	<u>4,663</u>

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Transportation services for finished vehicle cash-generating unit; and
- Storage management services cash-generating unit.

Transportation services for finished vehicle cash-generating unit

The recoverable amount of the transportation services for finished vehicle cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 17.0%. The growth rate used to extrapolate the cash flows of the transportation services for finished vehicle unit beyond the five-year period is 2.0%, which was the same as the long term average growth rate of the industry.

Storage management services cash-generating unit

The recoverable amount of the transportation services for finished vehicle cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 17.0%. The growth rate used to extrapolate the cash flows of the storage management services unit beyond the five-year period is 13.0%, which was the same as the long term average growth rate of the industry.

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Transportation services for finished vehicle		Storage management services		Total	
	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of goodwill	2,222	2,222	2,441	2,441	4,663	4,663

Assumptions were used in the value in use calculation of the industrial products and infrastructure cash-generating units for 31 December 2014 and 31 December 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development, discount rates are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

Group

	Software RMB'000	Customer relationships RMB'000	Trademark RMB'000	Total RMB'000
31 December 2014				
Cost at 1 January 2014, net of accumulated amortisation	3,571	1,928	59	5,558
Additions	3,639	-	-	3,639
Amortisation provided during the year	<u>(2,871)</u>	<u>(644)</u>	<u>(35)</u>	<u>(3,550)</u>
At 31 December 2014	<u>4,339</u>	<u>1,284</u>	<u>24</u>	<u>5,647</u>
At 31 December 2014:				
Cost	12,657	4,174	107	16,938
Accumulated amortisation	<u>(8,318)</u>	<u>(2,890)</u>	<u>(83)</u>	<u>(11,291)</u>
Net carrying amount	<u>4,339</u>	<u>1,284</u>	<u>24</u>	<u>5,647</u>
31 December 2013				
Cost at 1 January 2013, net of accumulated amortisation	4,674	2,569	95	7,338
Additions	887	-	-	887
Amortisation provided during the year	<u>(1,990)</u>	<u>(641)</u>	<u>(36)</u>	<u>(2,667)</u>
At 31 December 2013	<u>3,571</u>	<u>1,928</u>	<u>59</u>	<u>5,558</u>
At 31 December 2013:				
Cost	9,018	4,174	107	13,299
Accumulated amortisation	<u>(5,447)</u>	<u>(2,246)</u>	<u>(48)</u>	<u>(7,741)</u>
Net carrying amount	<u>3,571</u>	<u>1,928</u>	<u>59</u>	<u>5,558</u>

Company

	Software RMB'000	Trademark RMB'000	Total RMB'000
31 December 2014			
Cost at 1 January 2014, net of accumulated amortisation	2,683	59	2,742
Additions	2,533	-	2,533
Amortisation provided during the year	<u>(2,137)</u>	<u>(36)</u>	<u>(2,173)</u>
At 31 December 2014	<u>3,079</u>	<u>23</u>	<u>3,102</u>
At 31 December 2014:			
Cost	8,805	107	8,912
Accumulated amortisation	<u>(5,726)</u>	<u>(84)</u>	<u>(5,810)</u>
Net carrying amount	<u>3,079</u>	<u>23</u>	<u>3,102</u>
31 December 2013			
Cost at 1 January 2013, net of accumulated amortisation	3,562	95	3,657
Additions	358	-	358
Amortisation provided during the year	<u>(1,237)</u>	<u>(36)</u>	<u>(1,273)</u>
At 31 December 2013	<u>2,683</u>	<u>59</u>	<u>2,742</u>
At 31 December 2013:			
Cost	6,272	107	6,379
Accumulated amortisation	<u>(3,589)</u>	<u>(48)</u>	<u>(3,637)</u>
Net carrying amount	<u>2,683</u>	<u>59</u>	<u>2,742</u>

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	<u>492,933</u>	<u>478,033</u>

The amounts due from subsidiaries included in the Company's current assets were RMB14,868,000 and RMB12,146,000 and the amounts due to subsidiaries included in the Company's current liabilities were RMB319,101,000 and RMB323,361,000 as at 31 December 2014 and 2013, respectively. They were unsecured, interest-free and repayable on demand.

Particulars of the principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Percentage of equity interest attributable to the Company		Paid-in capital	Principal activities
		Direct	Indirect		
重庆长安民生博宇运输有限公司 CMAL Bo Yu Transportation Co., Ltd.	PRC/Mainland China 3 November 2005	100	-	RMB60,000,000	Providing logistics services in Mainland China
南京长安民生住久物流有限公司 Nanjing CMSC Logistics Co., Ltd.	PRC/Mainland China 26 July 2007	67	-	RMB100,000,000	Providing logistics services in Mainland China
重庆福集供应链管理有限公司 Chongqing Future Supply Chain Management Co., Ltd.	PRC/Mainland China 18 March 2009	100	-	RMB30,000,000	Providing logistics services in Mainland China
重庆长安民生鼎捷物流有限公司 Chongqing Changan Minsheng Dingjie Logistics Co., Ltd.	PRC/Mainland China 30 April 2010	95	-	RMB50,000,000	Providing logistics services in Mainland China
重庆长安民生福永物流有限公司 Chongqing Changan Minsheng Fuyong Logistics Co., Ltd.	PRC/Mainland China 28 April 2011	100	-	RMB5,000,000	Providing logistics services in Mainland China
杭州长安民生物流有限公司 Hangzhou Changan Minsheng Logistics Co., Ltd.	PRC/Mainland China 17 May 2013	100	-	RMB250,000,000	Providing logistics services in Mainland China
重庆福路保税物流有限公司 Chongqing Fulu Bonded Logistics Co., Ltd. *	PRC/Mainland China 9 April 2014	100	-	RMB3,000,000	Providing logistics services in Mainland China
重庆长安民生东立包装有限公司 Chongqing Changan Minsheng Dongli Packaging Co., Ltd. *	PRC/Mainland China 16 May 2014	55	-	RMB18,000,000	Providing logistics services in Mainland China
长安民生(上海)供应链有限公司 Changan Minsheng (Shanghai) Supply Chain Co., Ltd. *	PRC/Mainland China 5 August 2014	100	-	RMB2,000,000	Providing logistics services in Mainland China

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2014 RMB'000	2013 RMB'000
Percentage of equity interest held by non-controlling interests: Nanjing CMSC Logistics Co., Ltd.	33%	33%
Profit for the year allocated to non-controlling interests: Nanjing CMSC Logistics Co., Ltd.	21,448	11,338
Dividends paid to non-controlling interests of Nanjing CMSC Logistics Co., Ltd.	5,610	8,580
Accumulated balances of non-controlling interests at the reporting dates: Nanjing CMSC Logistics Co., Ltd.	76,080	60,242

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Nanjing CMSC Logistics Co., Ltd.	
	2014 RMB'000	2013 RMB'000
Revenue	473,943	350,612
Total expenses	(408,949)	(316,255)
Profit for the year	64,994	34,357
Total comprehensive income for the year	<u>64,994</u>	<u>34,357</u>
Current assets	334,408	254,395
Non-current assets	47,487	46,817
Current liabilities	(151,349)	(118,660)
Non-current liabilities	<u>-</u>	<u>-</u>
Net cash flows from/(used in) operating activities	93,594	(394)
Net cash flows used in investing activities	(3,207)	(1,924)
Net cash flows used in financing activities	<u>(17,000)</u>	<u>(26,000)</u>
Net increase/(decrease) in cash and cash equivalents	<u>73,387</u>	<u>(28,318)</u>

19. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	<u>24,941</u>	<u>21,787</u>	<u>12,100</u>	<u>12,100</u>

Particulars of the principal associates are as follows:

Company name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Wuhan Changan Minfutong Logistics Company Limited*	Ordinary shares	PRC/Mainland China	31%	Providing logistics services in Mainland China
Chongqing Terui Transportation Service Company Limited*	Ordinary shares	PRC/Mainland China	45%	Providing logistics services in Mainland China

*Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

The Group's shareholdings in the associates all comprise equity shares held by the Company.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material for the year ended 31 December 2014:

	2014 RMB'000	2013 RMB'000
Share of the associates' profit for the year	3,619	2,714
Share of the associates' total comprehensive income	3,619	2,714
Aggregate carrying amount of the Group's investments in the associates	<u>24,941</u>	<u>21,787</u>

20. AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Unlisted equity investment, at cost	<u>28,900</u>	<u>-</u>	<u>28,900</u>	<u>-</u>

The above investments consist of investments in equity which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 31 December 2014, all unlisted equity investment with a carrying amount of RMB28,900,000 (2013: nil) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose it in the near future.

21. OTHER NON-CURRENT ASSETS

	Note	Group		Company	
		2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Prepayment for land use right	(i)	59,813	-	59,813	-
Prepayment for purchases of property, plant and equipment		<u>20,084</u>	<u>13,821</u>	<u>3,353</u>	<u>-</u>
		<u>79,897</u>	<u>13,821</u>	<u>63,166</u>	<u>-</u>

(i) The total consideration for the land use right is RMB99,000,000, and the Group has not acquired the land use right by the year ended 31 December 2014.

22. INVENTORIES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Raw materials	1,455	23,987	1,186	23,987
Work in progress	276	133	276	133
Finished goods	<u>34,728</u>	<u>59,422</u>	<u>34,728</u>	<u>59,422</u>
	<u>36,459</u>	<u>83,542</u>	<u>36,190</u>	<u>83,542</u>

23. TRADE AND BILLS RECEIVABLES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Bills receivable	153,005	166,563	152,437	164,282
Trade receivables	205,768	196,784	137,900	156,402
Impairment	<u>(14,192)</u>	<u>(25,381)</u>	<u>(13,719)</u>	<u>(25,077)</u>
	<u>344,581</u>	<u>337,966</u>	<u>276,618</u>	<u>295,607</u>

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

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 3 months	170,255	113,231	107,423	77,606
3 to 6 months	11,732	43,505	7,726	40,550
6 months to 1 year	<u>9,589</u>	<u>14,667</u>	<u>9,032</u>	<u>13,169</u>
	<u>191,576</u>	<u>171,403</u>	<u>124,181</u>	<u>131,325</u>

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
At 1 January	25,381	13,354	25,077	13,140
Impairment losses recognised	-	12,756	-	12,390
Amount written off as uncollectible	-	(729)	-	(453)
Impairment losses reversed	<u>(11,189)</u>	<u>-</u>	<u>(11,358)</u>	<u>-</u>
	<u>14,192</u>	<u>25,381</u>	<u>13,719</u>	<u>25,077</u>

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB14,192,000 (2013: RMB25,381,000) with a carrying amount before provision of RMB35,512,000 (2013: RMB83,553,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	<u>170,255</u>	<u>113,231</u>	<u>107,423</u>	<u>77,606</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group has pledged bills receivable of approximately RMB94,476,000 (2013: RMB19,000,000) to secure bank acceptance bills granted to suppliers.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Prepayments	27,176	21,006	17,879	19,204
Deposits and other receivables	26,273	18,187	9,649	7,824
Impairment	<u>(11)</u>	<u>(1,128)</u>	<u>-</u>	<u>(1,117)</u>
	<u>53,438</u>	<u>38,065</u>	<u>27,528</u>	<u>25,911</u>

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
At 1 January	1,128	1,128	1,117	1,117
Impairment losses reversed	<u>(1,117)</u>	<u>-</u>	<u>(1,117)</u>	<u>-</u>
	<u>11</u>	<u>1,128</u>	<u>-</u>	<u>1,117</u>

Included in the above provision for impairment of deposits and other receivables is a provision of RMB11,000 (2013: RMB1,128,000) for long-aged deposits and other receivables with a carrying amount before provision of RMB11,000 (2013: RMB1,128,000).

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Cash and bank balances	897,912	602,623	745,577	512,466
Time deposits	<u>56,601</u>	<u>50,000</u>	<u>28,403</u>	<u>10,000</u>
	954,513	652,623	773,980	522,466
Less:				
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	(56,589)	(38,615)	(55,889)	(38,615)
Time deposits with original maturity of more than three months when acquired	<u>(54,602)</u>	<u>-</u>	<u>(26,404)</u>	<u>-</u>
Cash and cash equivalents	<u>843,322</u>	<u>614,008</u>	<u>691,687</u>	<u>483,851</u>

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB897,924,000 (2013: RMB614,008,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

26. TRADE AND BILLS PAYABLES

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 3 months	1,367,844	1,068,913	1,199,664	945,133
3 to 6 months	52,685	44,617	36,200	33,391
6 months to 1 year	3,876	1,590	2,622	597
1 to 2 years	840	1,154	250	882
Over 2 years	<u>810</u>	<u>-</u>	<u>800</u>	<u>-</u>
	<u>1,426,055</u>	<u>1,116,274</u>	<u>1,239,536</u>	<u>980,003</u>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Advances from customers	3,498	1,345	3,364	1,354
Other payables	99,699	76,342	80,044	79,035
Other taxes	72,588	82,416	61,258	69,096
Accruals for payroll and welfare	<u>195,014</u>	<u>129,917</u>	<u>170,441</u>	<u>111,707</u>
	<u>370,799</u>	<u>290,020</u>	<u>315,107</u>	<u>261,192</u>

Other payables are non-interest-bearing and repayable on demand.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group and Company

	2014			2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Related party loans – unsecured	N/A	N/A	<u>-</u>	5.4%	2014	<u>50,000</u>
				2014 RMB'000		2013 RMB'000

Analysed into:

Related party loan repayable:

Within one year	<u>-</u>	<u>50,000</u>
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Note: The Group's and the Company's related party loans are unsecured, bear interest at fixed interest rates from 5.4% to 5.6% per annum and were repayable in 2014.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	2014
	Contractual customer relationship RMB'000
At 1 January 2014	482
Deferred tax credited to the statement of profit or loss during the year (note 10)	<u>(161)</u>
Gross deferred tax liabilities at 31 December 2014	<u><u>321</u></u>
	2013
	Contractual customer relationship RMB'000
At 1 January 2013	642
Deferred tax credited to the statement of profit or loss during the year (note 10)	<u>(160)</u>
Gross deferred tax liabilities at 31 December 2013	<u><u>482</u></u>

Deferred tax assets

Group

	2014						
	Depreciation allowance in excess of related depreciation RMB'000	Provision for impairment of receivables RMB'000	Deferred income RMB'000	Accruals RMB'000	Payroll payable RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2014	9,565	8,625	-	100	13,128	4,492	35,910
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	<u>1,656</u>	<u>(1,783)</u>	<u>680</u>	<u>163</u>	<u>13,315</u>	<u>(3,247)</u>	<u>10,784</u>
Gross deferred tax assets at 31 December 2014	<u><u>11,221</u></u>	<u><u>6,842</u></u>	<u><u>680</u></u>	<u><u>263</u></u>	<u><u>26,443</u></u>	<u><u>1,245</u></u>	<u><u>46,694</u></u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

							RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position							<u>46,373</u>
Group							2013
	Depreciation allowance in excess of related depreciation RMB'000	Provision for impairment of receivables RMB'000	Deferred income RMB'000	Accruals RMB'000	Payroll payable RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2013	7,827	2,235	-	475	6,486	3,877	20,900
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	<u>1,738</u>	<u>6,390</u>	<u>-</u>	<u>(375)</u>	<u>6,642</u>	<u>615</u>	<u>15,010</u>
Gross deferred tax assets at 31 December 2013	<u>9,565</u>	<u>8,625</u>	<u>-</u>	<u>100</u>	<u>13,128</u>	<u>4,492</u>	<u>35,910</u>
Company							2014
	Depreciation allowance in excess of related depreciation RMB'000	Provision for impairment of receivables RMB'000	Deferred income RMB'000	Accruals RMB'000	Payroll payable RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2014	8,531	8,573	-	46	13,128	-	30,278
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	<u>989</u>	<u>(1,840)</u>	<u>680</u>	<u>51</u>	<u>12,438</u>	<u>-</u>	<u>12,318</u>
Gross deferred tax assets at 31 December 2014	<u>9,520</u>	<u>6,733</u>	<u>680</u>	<u>97</u>	<u>25,566</u>	<u>-</u>	<u>42,596</u>

Company	2013					
	Depreciation allowance in excess of related depreciation RMB'000	Provision for impairment of receivables RMB'000	Deferred income RMB'000	Accruals RMB'000	Payroll payable RMB'000	Total RMB'000
At 1 January 2013	7,182	2,183	-	269	6,486	16,120
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	<u>1,349</u>	<u>6,390</u>	<u>-</u>	<u>(223)</u>	<u>6,642</u>	<u>14,158</u>
Gross deferred tax assets at 31 December 2013	<u>8,531</u>	<u>8,573</u>	<u>-</u>	<u>46</u>	<u>13,128</u>	<u>30,278</u>

The above tax losses arise in Mainland China which will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2014 RMB'000	2013 RMB'000
Tax losses	8,128	-
Deductible temporary differences	<u>1,612</u>	<u>-</u>
	<u>9,740</u>	<u>-</u>

The above tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

30. DEFERRED INCOME

Group and Company	Government subsidies RMB'000
At 1 January 2014	1,614
Additions during the year	1,850
Released during the year	<u>(76)</u>
At 31 December 2014	<u>3,388</u>
At 1 January 2013	1,691
Released during the year	<u>(77)</u>
At 31 December 2013	<u>1,614</u>

31. ISSUED SHARES

Shares

	2014 RMB'000	2013 RMB'000
Authorised:		
162,064,000 (2013: 162,064,000) ordinary shares of RMB1.00 each	<u>162,064</u>	<u>162,064</u>
Issued and fully paid:		
162,064,000 (2013: 162,064,000) ordinary shares of RMB1.00 each	<u>162,064</u>	<u>162,064</u>

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

	Number of shares in issue	Issued capital RMB'000
At 1 January 2014 and 31 December 2014	<u>162,064,000</u>	<u>162,064</u>

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 5 of the financial statements.

Pursuant to the relevant laws and regulations in Mainland China, a portion of the profits of the Group's entities including the Company which are established in Mainland China has been transferred to reserve funds which are restricted as to use.

(b) Company

	Share premium account RMB'000	Reserve funds RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2013	75,150	85,867	720,821	881,838
Total comprehensive income for the year	-	-	206,487	206,487
Proposed final 2013 dividend	<u>-</u>	<u>-</u>	<u>(40,516)</u>	<u>(40,516)</u>
At 31 December 2013	75,150	85,867	886,792	1,047,809
Total comprehensive income for the year	-	-	193,592	193,592
Proposed final 2014 dividend	<u>-</u>	<u>-</u>	<u>(43,757)</u>	<u>(43,757)</u>
At 31 December 2014	<u>75,150</u>	<u>85,867</u>	<u>1,036,627</u>	<u>1,197,644</u>

Statutory reserves

In accordance with the PRC Company Law, the Company and its subsidiaries are required to appropriate 10% of its annual statutory net profit, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve before distributing the net profit to shareholders. When the balance of the statutory surplus reserve reaches 50% of a company's registered capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding, provided that the remaining balance of the statutory surplus reserve after such issue is not less than 25% of registered capital.

As the balance of the statutory surplus reserve amounted to RMB81,032,000 reached 50% of the Company's registered capital, no amount was appropriated to the statutory surplus reserve from net profit for the year ended 31 December 2014 (2013: nil).

Discretionary surplus reserve

Pursuant to the Articles of Association of the Company, the Company has the discretion to appropriate its annual statutory net profit to the discretionary surplus reserve after the appropriation of statutory surplus reserve upon the approval by shareholders. The discretionary surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital. As at 31 December 2014, the balance of the discretionary surplus reserve was RMB4,835,000 (2013: RMB4,835,000).

33. CONTINGENT LIABILITIES

At the end of the reporting period, neither the Group nor the Company had any significant contingent liabilities.

34. PLEDGE OF ASSETS

Details of the Group's bills receivable and bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee are included in note 23 and note 25 to the financial statements.

35. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 31 December 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within one year	15,292	8,771	10,100	5,308
In the second to fifth years, inclusive	<u>10,151</u>	<u>6,766</u>	<u>272</u>	<u>6,766</u>
	<u>25,443</u>	<u>15,537</u>	<u>10,372</u>	<u>12,074</u>

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2014 RMB'000	2013 RMB'000
Contracted, but not provided for:		
Plant and machinery	<u>110,192</u>	<u>96,536</u>

At the end of the reporting period, the Company did not have any other significant commitments.

37. RELATED PARTY TRANSACTIONS

- (a) For the years ended 31 December 2014 and 2013, related parties, other than the subsidiaries, and their relationship with the Group are as follows:

Name of related party	Relationship
Chongqing Changan Industry Company (Group) Limited ("Changan Industry")	Shareholder
APL Logistics Co., Ltd. ("APLL")	Shareholder
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Shareholder
Neptune Orient Lines Limited ("NOL")	Parent company of APLL
American President Lines Company Limited ("APL")	Subsidiary of NOL
American President Lines (China) Company Limited ("APL China")	Subsidiary of APL
APL Logistics (China) Co., Ltd. ("APLLC")	Subsidiary of APLL
APL Logistics Storage(Shanghai) Co., Ltd. ("APLL Shanghai")	Subsidiary of APLL
China South Industries Group Corporation ("CSI Group")	Parent company of Changan Industry
China Changan Automobile Group ("Changan Auto Group")	Subsidiary of CSI Group
China South Industries Group Finance Co., Ltd. ("CSIGF")	Subsidiary of CSI Group
Chengdu Lingchuan Special Industrial Co., Ltd. ("Lingchuan Industrial")	Subsidiary of CSI Group
Chongqing Dajiang Industry Company (Group) Limited ("Chongqing Dajiang ")	Subsidiary of CSI Group
Chongqing Jianshe Industrial (Group) Co., Ltd. ("Jianshe Industrial")	Subsidiary of CSI Group
Hubei Xiaogan Huazhong Automotive Lighting Co., Ltd. ("Hubei Xiaogan")	Subsidiary of CSI Group
Chengdu lingchuan Automotive fuel tank Co.,Ltd. ("Lingchuan Tank")	Subsidiary of Lingchuan Industrial
Chongqing Dajiang Industry Group Yanxing Logistics Company Limited ("Dajiang Yanxing")	Subsidiary of Chongqing Dajiang
Chongqing Changan Automobile Company Limited ("Changan Automobile")	Subsidiary of Changan Auto Group
Chongqing Changfeng Jiquan Machinery Co.,Ltd. ("Changfeng Jiquan")	Subsidiary of Changan Auto Group
Chongqing Tsingshan Industries Company Limited ("Chongqing Tsingshan")	Subsidiary of Changan Auto Group
Hafei Automobile Industry Group Co., Ltd. ("Hafei Group")	Subsidiary of Changan Auto Group
Harbin Dongan Automotive Engine Manufacturing Co., Ltd. ("Harbin DAE")	Subsidiary of Changan Auto Group
Hefei Changan Automobile Co., Ltd. ("Hefei Changan")	Subsidiary of Changan Auto Group
Hefei Changhe Automobile Company Limited ("Hefei Changhe")	Subsidiary of Changan Auto Group
Ningjiang Shock Absorber Branch Company Co.,Ltd. ("Ningjiang Shock")	Subsidiary of Changan Auto Group
Sichuan Jian'an Axles Branch ("Sichuan Jian'an")	Subsidiary of Changan Auto Group
South Air International Co., Ltd. ("South Air")	Subsidiary of Changan Auto Group
Hafei Automobile Company Limited ("Hafei Automobile")	Subsidiary of Hafei Group
Chongqing Changan Construction Company Limited ("Changan Construction")	Subsidiary of Changan Industry
Chongqing Changan Visteon Engine Control Systems Co., Ltd. ("Chongqing Visteon")	Subsidiary of Changan Industry
Minsheng Industrial (Hong Kong) Co., Ltd. ("Minsheng Hongkong")	Subsidiary of Minsheng Industrial
Minsheng Shipping Company Limited ("Minsheng Shipping")	Subsidiary of Minsheng Industrial
Minsheng International Container Transportation Company Limited ("Minsheng International Container")	Subsidiary of Minsheng Shipping
Minsheng International Freight Company Limited ("Minsheng International Freight")	Subsidiary of Minsheng Shipping
Minsheng Logistics Company Limited ("Minsheng Logistics")	Subsidiary of Minsheng Shipping
Baoding Changan Bus Manufacture Co., Ltd. ("Changan Bus")	Subsidiary of Changan Automobile
Chongqing Changan Automobile Sales Company Limited ("Changan Sales")	Subsidiary of Changan Automobile
Chongqing Changan Automobile Supporting Service Co., Ltd. ("Changan Service")	Subsidiary of Changan Automobile
Chongqing Changan International Sales and Services Company Limited ("Changan International Sales")	Subsidiary of Changan Automobile
Hebei Changan Automobile Company Limited ("Changan Hebei")	Subsidiary of Changan Automobile

Hebei Changan Commercial Vehicle Company Limited ("Changan Hebei Commercial")	Subsidiary of Changan Automobile
Nanjing Changan Automobile Company Limited ("Changan Nanjing")	Subsidiary of Changan Automobile
CSGC TRW CHASSIS SYSTEMS CO., LTD. ("CTCS")	Jointly controlled entity of CSI Group
Changan Ford Automobile Company Limited ("Changan Ford")	Jointly controlled entity by Changan Automobile
Changan Ford Mazda Engine Company Limited ("Changan Ford Engine")	Jointly controlled entity by Changan Automobile
Changan Mazda Automobile Company Limited ("Changan Mazda")	Jointly controlled entity by Changan Automobile
Changan Kuayue Automobile Co., Ltd("Changan Kuayue")	Jointly controlled entity of Changan Automobile
Chengdu Ningjiang Showa Autoparts Co.,Ltd("Ningjiang Showa")	Jointly controlled entity of Changan Automobile
Chongqing Changan Suzuki Automobile Company Limited ("Changan Suzuki")	Jointly controlled entity by Changan Automobile
Jiangling Holding Company Limited ("Jiangling Holding")	Jointly controlled entity by Changan Automobile
Chongqing Ante Import and Export Trading Company Limited ("Chongqing Ante")	Subsidiary of Changan Ford
Wuhan Minfutong	Associate
Chongqing Terui	Associate
Chongqing Dajiang ZhenYue Warehouse Company Limited ("Chongqing Zhenyue")	Non-controlling shareholder of Chongqing Dingjie

(b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

Transactions with associates:

(i) Transportation services provided by related parties

	2014 RMB'000	2013 RMB'000
Wuhan Minfutong	8,954	3,597
Chongqing Terui	<u>29,208</u>	<u>43,339</u>
	<u>38,162</u>	<u>46,936</u>

Transactions with other related parties:

(i) Revenue from the redering of transportation services for finished vehicles:

	2014 RMB'000	2013 RMB'000
Changan Ford	1,076,874	1,084,292
Changan Automobile	933,875	717,346
Changan Mazda	152,897	82,232
Changan Nanjing	81,228	92,694
Changan Bus	35,967	9,563
Changan Hebei Commercial	13,573	115,257
Changan Hebei	6,275	21,765
Hefei Changan	500	-
Changan Suzuki	-	4,782
Hafei Automobile	-	4,584
	<u>2,301,189</u>	<u>2,132,515</u>

- (ii) Revenue from the rendering of supply chain management services for automobile components, raw materials and parts:

	2014 RMB'000	2013 RMB'000
Changan Ford	584,646	489,731
Changan Mazda	171,598	113,088
Changan Automobile	88,266	161,453
Changan Ford Engine	56,044	46,879
Chongqing Ante	20,573	32,503
Changan Hebei	20,320	27,665
Changan Nanjing	15,328	10,219
Changan Service	10,529	25,745
Changan Suzuki	8,292	5,793
Harbin DAE	5,331	2,783
Changan Industry	3,878	2,179
CTCS	3,841	-
Sichuan Jian'an	3,436	3,161
Hefei Changan	3,394	-
Changan Auto Group	1,957	-
Hubei Xiaogan	1,190	-
Changan International Sales	1,053	4,912
South Air	898	-
Ningjiang Showa	822	-
Changfeng Jiquan	524	-
Lingchuan Industrial	309	-
Changan Bus	156	-
Lingchuan Tank	140	-
Chongyan Visteon	136	-
Jiangling Holding	56	368
Jianshe Industrial	21	-
Hefei Changhe	-	4,505
Hafei Automobile	-	2,474
Chongqing Tsingshan	-	1,458
	<u>1,002,738</u>	<u>934,916</u>

- (iii) Revenue from the sale of packages and the processing of types and others:

	2014 RMB'000	2013 RMB'000
Changan Ford	1,342,415	992,886
Changan Industry	7,052	6,164
Changan Service	3,314	144
Changan Hebei	2,075	-
Changan Construction	1,614	-
Changan Automobile	603	7,542
Hefei Changan	317	-
Jiangling Holding	102	255
Chongqing Ante	56	-
Changan Suzuki	-	595
	<u>1,357,548</u>	<u>1,007,586</u>

(iv) Purchase of transportation services:

	2014 RMB'000	2013 RMB'000
Minsheng Logistics	356,894	319,753
Dajiang Yanxing	16,810	24,594
Minsheng Shipping	11,661	12,411
Minsheng International Freight	6,438	9,490
APL China	2,039	1,062
Minsheng International Container	1,261	1,406
Changan Industry	835	-
APLL Shanghai	717	-
APLLC	389	-
	<u>397,044</u>	<u>368,716</u>

(v) Purchase of construction services:

	2014 RMB'000	2013 RMB'000
Changan Construction	<u>111,768</u>	<u>7,908</u>

(vi) Operating lease – warehouse and venue:

	2014 RMB'000	2013 RMB'000
Chongqing Zhenyue	<u>1,223</u>	<u>1,037</u>

(vii) Consultant services provided by a related party:

	2014 RMB'000	2013 RMB'000
APLLC	<u>-</u>	<u>1,287</u>

(viii) Borrowings from a related party:

	2014 RMB'000	2013 RMB'000
CSIGF	<u>120,000</u>	<u>110,000</u>

(ix) Discounted bills receivable to a related party:

	2014 RMB'000	2013 RMB'000
CSIGF	<u>82,000</u>	<u>96,389</u>

During the year ended 31 December 2014, the Group discounted certain bills (notes) receivable accepted by banks in Mainland China of approximately RMB82,000,000 (2013: RMB96,389,000) to CSIGF, which charged the Group interests of approximately RMB515,000 (2013: RMB630,000) accordingly.

(c) As at 31 December 2014 and 2013, the related party balances were shown as follows:

Due from related parties:

Group	2014 RMB'000	2013 RMB'000
<i>Balances from the rendering of services and the sale of goods</i>		
Changan Ford	747,790	668,816
Changan Automobile	367,845	358,586
Changan Mazda	120,102	98,761
Changan Nanjing	51,866	66,028
Chongqing Ante	49,724	29,674
Changan Hebei	31,809	29,254
Hafei Automobile	31,166	28,272
Changan Ford Engine	17,685	44,984
Changan Bus	15,241	504
Changan Service	12,455	11,492
Hefei Changan	2,922	-
Changan Industry	2,472	5,698
Changan International Sales	1,412	-
CTCS	1,204	-
Changan Suzuki	1,121	2,796
Harbin DAE	739	362
Sichuan Jian'an	530	555
Changfeng Jiquan	467	-
Ningjiang Showa	445	-
Changan Hebei Commercial	252	14,754
South Air	162	-
Changan Kuayue	93	-
Chongan Visteon	42	-
Minsheng International Container	26	308
Jianshe Industrial	24	-
Changan Auto Group	14	8
Chongqing Tsingshan	-	1,211
Hefei Changhe	-	475
	<u>1,457,608</u>	<u>1,362,538</u>

Group	2014 RMB'000	2013 RMB'000
<i>Deposits and other receivables</i>		
Changan Ford	4,288	2,150
Changan Suzuki	2,811	2,811
Changan Automobile	1,254	1,610
Changan Mazda	1,030	1,225
Changan Hebei	600	600
Changan Bus	300	300
Chongqing Terui	212	212
Changan Nanjing	195	3
Minsheng Industrial	189	339
Minsheng Shipping	174	5
Hafei Automobile	156	2,464
Chongqing Ante	83	128
Wuhan Minfutong	68	-
Changan Construction	55	-
Changan Ford Engine	41	-
Minsheng International Freight	30	-
Minsheng Hongkong	12	-
Hefei Changhe	6	-
Changan Auto Group	3	-
Minsheng Logistics	3	216
Changan Industry	-	760
Chongqing Zhenyue	-	47
	<u>11,510</u>	<u>12,870</u>
<i>Prepayments</i>		
Mingsheng International Freight	666	82
APL China	323	294
Changan Ford	276	-
Changan Automobile	165	-
Mingsheng Shipping	35	154
Changan Industry	30	-
	<u>1,495</u>	<u>530</u>
Less: provision for impairment of amounts due from related parties	<u>(31,166)</u>	<u>(30,960)</u>
	<u>1,439,447</u>	<u>1,344,978</u>
Company	2014 RMB'000	2013 RMB'000
Balances from the rendering of services and the sale of goods	1,282,477	1,196,871
Deposits and other receivables	20,778	19,427
Prepayments	<u>506</u>	<u>236</u>
Less: provision for impairment of amounts due from related parties	<u>(31,166)</u>	<u>(30,960)</u>
	<u>1,272,595</u>	<u>1,185,574</u>

An aged analysis of the amounts from the rendering of services and the sale of goods due from related parties as at the end of the reporting period, net of provisions, is as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 3 months	1,424,117	1,269,009	1,248,700	1,103,512
3 to 6 months	1,747	56,523	2,003	56,353
6 months to 1 year	<u>578</u>	<u>6,046</u>	<u>608</u>	<u>6,046</u>
	<u>1,426,442</u>	<u>1,331,578</u>	<u>1,251,311</u>	<u>1,165,911</u>

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
At 1 January	30,960	301	30,960	301
Impairment losses recognised	<u>206</u>	<u>30,659</u>	<u>206</u>	<u>30,659</u>
	<u>31,166</u>	<u>30,960</u>	<u>31,166</u>	<u>30,960</u>

Included in the above provision for impairment of amounts due from related parties is a provision for individually impaired trade receivables of RMB31,166,000 (2013: RMB30,960,000) with a carrying amount before provision of RMB31,166,000 (2013: RMB30,960,000).

The aged analysis of the amounts from the rendering of services and the sale of goods due from related parties that are not individually nor collectively considered to be impaired is as follows:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Neither past due nor impaired	1,424,117	1,269,009	1,248,700	1,103,512
Less than 3 month past due	1,747	56,523	2,003	56,353
3 months to 1 year past due	<u>578</u>	<u>6,046</u>	<u>608</u>	<u>6,046</u>
	<u>1,426,442</u>	<u>1,331,578</u>	<u>1,251,311</u>	<u>1,165,911</u>

Receivables that were neither past due nor impaired relate to a number of related parties for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of related parties that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Due to related parties:

Group	2014 RMB'000	2013 RMB'000
<i>Balances from transportation services provided by related parties</i>		
Minsheng Logistics	36,228	17,472
Chongqing Terui	9,526	19,160
Minsheng Shipping	8,943	4,074
Wuhan Minfutong	4,471	54
Minsheng International Freight	4,182	227
Dajiang Yanxing	1,465	5,995
APL China	131	-
Minsheng International Container	54	179
Changan Industry	-	80
	<u>65,000</u>	<u>47,241</u>

Group	2014 RMB'000	2013 RMB'000
<i>Other payables</i>		
Changan Construction	21,223	14,790
Minsheng Logistics	1,001	41
Changan Industry	828	-
Changan Automobile	726	677
Dajiang Yanxing	706	-
Changan Nanjing	447	104
Minsheng Shipping	421	5
Changan Bus	400	-
Wuhan Minfutong	139	160
Ningjiang Shock	86	-
Hefei Changhe	63	-
Changan Ford Engine	60	60
Changan Mazda	32	32
Minsheng International Freight	29	-
Minsheng Industrial	11	-
Changan Auto Group	4	-
APLLC	-	1,370
	<u>26,176</u>	<u>17,239</u>
	<u>91,176</u>	<u>64,480</u>

Company	2014 RMB'000	2013 RMB'000
Balances from transportation services provided by related parties	220,790	148,213
Other payables	<u>155,145</u>	<u>230,140</u>
	<u>375,935</u>	<u>378,353</u>

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 3 months	64,671	43,574	185,765	109,023
3 to 6 months	123	467	33,879	36,372
6 months to 1 year	-	135	898	101
1 to 2 years	-	3,065	-	2,717
Over 2 years	<u>206</u>	<u>-</u>	<u>248</u>	<u>-</u>
	<u>65,000</u>	<u>47,241</u>	<u>220,790</u>	<u>148,213</u>

The amounts from transportation services provided by related parties are non-interest-bearing and are normally settled on 90-day terms.

As at 31 December 2014 and 2013, all related party balances were unsecured.

The carrying values of amounts due from and due to a related party approximate to their fair values due to the short term maturity.

<u>Deposit</u>	2014 RMB'000	2013 RMB'000
CSIGF	<u>342,785</u>	<u>318,506</u>

The interest rates range from 0.35% to 1.15% per annum (2013: 0.35% to 1.35%).

<u>Borrowings</u>	2014 RMB'000	2013 RMB'000
CSIGF	<u>-</u>	<u>50,000</u>

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2014	Group		
<u>Financial assets</u>	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	-	28,900	28,900
Trade and bills receivables	344,581	-	344,581
Financial assets included in prepayments, deposits and other receivables	26,262	-	26,262
Due from related parties	1,437,952	-	1,437,952
Pledged deposits	56,589	-	56,589
Cash and cash equivalents	<u>897,924</u>	<u>-</u>	<u>897,924</u>
	<u>2,763,308</u>	<u>28,900</u>	<u>2,792,208</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,426,055
Financial liabilities included in other payables and accruals	99,699
Due to related parties	<u>91,176</u>
	<u>1,616,930</u>

2013

Group

Financial assets

	Loans and receivables RMB'000
Trade and bills receivables	337,966
Financial assets included in prepayments, deposits and other receivables	17,059
Due from related parties	1,344,448
Pledged deposits	38,615
Cash and cash equivalents	<u>614,008</u>
	<u>2,352,096</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,116,274
Financial liabilities included in other payables and accruals	76,342
Due to related parties	64,480
Interest-bearing bank and other borrowings	<u>50,000</u>
	<u>1,307,096</u>

Financial assets

	Company					
	2014			2013		
	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000	Loans and receivables RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	-	28,900	28,900	-	-	-
Trade and bills receivables	276,618	-	276,618	295,607	-	295,607
Financial assets included in prepayments, deposits and other receivables	9,649	-	9,649	6,707	-	6,707
Due from related parties	1,272,089	-	1,272,089	1,185,338	-	1,185,338
Pledged deposits	55,889	-	55,889	38,615	-	38,615
Cash and cash equivalents	<u>718,091</u>	-	<u>718,091</u>	<u>483,851</u>	-	<u>483,851</u>
	<u>2,332,336</u>	<u>28,900</u>	<u>2,361,236</u>	<u>2,010,118</u>	<u>-</u>	<u>2,010,118</u>

Financial liabilities

	2014	2013
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
	RMB'000	RMB'000
Trade and bills payables	1,239,536	980,003
Financial liabilities included in other payables and accruals	80,044	79,035
Due to related parties	375,935	378,353
Interest-bearing bank and other borrowings	-	50,000
	<u>1,695,515</u>	<u>1,487,391</u>

39. TRANSFERS OF FINANCIAL ASSETS

Financial assets that are derecognised in their entirety

At 31 December 2014, the Group endorsed certain bills (notes) receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB44,069,000 ("the Endorsement"). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in Mainland China, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

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

40. 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, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The head of the corporate 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.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from certain international freight forward services and corresponding purchases in currencies other than the Group's functional currencies. 100% of the Group's sales were denominated in the Group's functional currencies, whilst approximately 3% (2013: 3%) of costs were denominated in currencies other than the functional currencies of the Group. The Group uses non-RMB denominated bank deposits to manage the Group's foreign exchange risk against its functional currency, including term deposits to earn higher interest income to offset the loss due to the appreciation of RMB, and matching the settlement dates of receivables and payables relating to the abovementioned international freight forward services.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in foreign currency rate %	Increase/(decrease) in profit/(loss) after tax RMB'000
2014		
If RMB strengthens against US dollar	5	(2,106)
If RMB weakens against US dollar	(5)	2,106
2013		
If RMB strengthens against US dollar	5	(1,301)
If RMB weakens against US dollar	(5)	1,301

Credit risk

The Group trades only with recognised and creditworthy related parties and third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances including amounts due from related parties are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy related parties and third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as 45% (2013: 43%) and 80% (2013: 79%) of the Group's receivables arising from rendering services and sales of goods (including trade receivables and amounts due from related parties) were due from the Group's largest customer and the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and amounts due from related parties are disclosed in note 23 and note 37 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of other interest-bearing loans. 100% of the Group's debts would mature in less than one year as at 31 December 2014 (2013: 100%) based on the carrying value of borrowings reflected in the financial statements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group	2014					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	58,211	1,185,513	182,331	-	-	1,426,055
Financial liabilities included in other payables and accruals	99,699	-	-	-	-	99,699
Due to related parties	<u>91,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,176</u>
	<u>249,086</u>	<u>1,185,513</u>	<u>182,331</u>	<u>-</u>	<u>-</u>	<u>1,616,930</u>

Group	2013					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	-	50,466	-	-	-	50,466
Trade and bills payables	47,361	1,039,073	29,840	-	-	1,116,274
Financial liabilities included in other payables and accruals	76,342	-	-	-	-	76,342
Due to related parties	<u>64,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,480</u>
	<u>188,183</u>	<u>1,089,539</u>	<u>29,840</u>	<u>-</u>	<u>-</u>	<u>1,307,562</u>

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Company	2014					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	39,872	1,017,333	182,331	-	-	1,239,536
Financial liabilities included in other payables and accruals	80,044	-	-	-	-	80,044
Due to related parties	<u>375,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,935</u>
	<u>495,851</u>	<u>1,017,333</u>	<u>182,331</u>	<u>-</u>	<u>-</u>	<u>1,695,515</u>

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	-	50,466	-	-	-	50,466
Trade and bills payables	34,870	915,293	29,840	-	-	980,003
Financial liabilities included in other payables and accruals	79,035	-	-	-	-	79,035
Due to related parties	<u>378,353</u>	-	-	-	-	<u>378,353</u>
	<u>492,258</u>	<u>965,759</u>	<u>29,840</u>	<u>-</u>	<u>-</u>	<u>1,487,857</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio instead of a debt-to-capital ratio to be more in line with industry practice since 2014. A gearing ratio is net debt divided by the adjusted capital plus net debt. Net debt includes interest-bearing bank and other borrowings, amounts due to related parties, trade and bills payables and other payables and accruals, less cash and cash equivalents and pledged deposits. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

Group	2014 RMB'000	2013 RMB'000
Interest-bearing bank and other borrowings	-	50,000
Trade and bills payables	1,426,055	1,116,274
Other payables and accruals	370,799	290,020
Due to related parties	91,176	64,480
Less: Cash and cash equivalents	(897,924)	(614,008)
Pledged deposits	<u>(56,589)</u>	<u>(38,615)</u>
Net debt	<u>933,517</u>	<u>868,151</u>
Equity attributable to owners of the parent	<u>1,523,643</u>	<u>1,342,195</u>
Adjusted capital and net debt	<u>2,457,160</u>	<u>2,210,346</u>
Gearing ratio	<u>38%</u>	<u>39%</u>

42. SHARE-BASED PAYMENT

On 6 June 2005, the Company established a share appreciation right incentive scheme ("SARIS"). Pursuant to a resolution of the Board of Directors dated 29 December 2005, the SARIS was effective on the date when the H shares of the Company were listed on the GEM. As at 31 December 2014 and 2013, no share appreciation rights have been granted under the SARIS.

43. EVENTS AFTER THE REPORTING PERIOD

On 19 January 2015, the Company entered into Equity Transfer Agreement of Zhuoer Shengde Automobile Logistics Co., Ltd. ("Zhuoer Shengde") with Hubei Hannan Gang Logistics Co., Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd.. According to the agreement, the Company proposed to acquire 30.6% and 29.4% of equity interests in Zhuoer Shengde from Hubei Hannan Gang Logistics Co., Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd. respectively, at a total consideration of RMB19,680,000. After the acquisition, the Company will hold 60% of equity interests in Zhuoer Shengde. Currently, the relevant formalities for equity acquisition registration have not been completed.

Except for the above Equity Transfer Agreement, the Company does not have any other significant events after the reporting period.

44. COMPARATIVE AMOUNTS

The comparative amounts have been reclassified to conform with the current year's presentation and accounting treatment.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2015.

Financial Summary Results

Set out below is the summary of the consolidated results of Changan Minsheng APLL Logistics Co., Ltd. (the "Company") and its subsidiaries (the "Group") for the five years ended 31 December 2014 (as extracted from the Group's audited consolidated statements of profit or loss and comprehensive income, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	5,344,351	4,646,330	3,631,719	3,275,136	2,827,020
Profit before taxation	304,409	269,302	273,494	358,198	261,812
Income tax expense	61,365	50,567	50,044	71,614	46,788
Profit for the year	243,044	218,735	223,450	286,584	215,024
Profit attributable to the following parties:					
Non-controlling interest	21,080	11,128	19,173	36,456	36,079
Equity holders of the Company	221,964	207,607	204,277	250,128	178,945
	RMB yuan	RMB yuan	RMB yuan	RMB yuan	RMB yuan
Earnings per share (Note 1)	1.37	1.28	1.26	1.54	1.10
Dividends per share	0.27(including tax)	0.25	0.30	0.16	0.15
	(Note 2)	(including tax)	(including tax)	(including tax)	(including tax)

Note 1: Earnings per share is calculated by dividing the profit attributable to the equity holders of the Company for the years ended 31 December 2010, 2011, 2012, 2013 and 2014 by the weighted average number of shares in issue for the respective years ended 31 December 2010, 2011, 2012, 2013 and 2014, respectively, being 162,064,000, 162,064,000, 162,064,000, 162,064,000 and 162,064,000 shares.

Note 2: This is the final dividend for the year ended 31 December 2014 which the board of directors proposed to distribute, pending approval at the annual general meeting of the Company.

Assets and Liabilities

Set out below is the summary of the Group's balance sheet for the five years ended 31 December 2014 (as extracted from the Group's audited statement of financial position, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	706,941	495,268	451,361	452,421	431,725
Current assets	2,828,438	2,457,174	1,904,096	1,341,718	987,843
Total assets	3,535,379	2,952,442	2,355,457	1,794,139	1,419,568
Non-current liabilities	3,388	2,096	2,333	4,652	5,873
Current liabilities	1,922,538	1,545,911	1,110,225	670,375	537,257
Total liabilities	1,925,926	1,548,007	1,112,558	675,027	543,130
Non-controlling interest	85,810	62,240	59,692	106,009	89,153
Equity attributable to owners of the parent	1,523,643	1,342,195	1,183,207	1,013,103	787,285
Total equity	1,609,453	1,404,435	1,242,899	1,119,112	876,438

Chairman's Statement

On behalf of the board of directors ("the Board") of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2014 to all shareholders of the Company.

Annual Results

The year of 2014 was unusual, with lots of challenges and difficulties: the recovery of the world economy is zigzag, slow and complicated; and the domestic economy faced great pressure of downward adjustments.

Faced with such complicated and strained situation, Chinese government adhered to the general keynote of seeking improvement in stability, firmly grasping the developing trend, deepening the reform and opening up, adhering to positive fiscal policy and stable monetary policy, focusing on reform and innovation and endeavoring to cultivate new innovative impetus. The national economy remained smooth running last year, which showed new norm with steady growth, structure further optimised, and with successive improvement in quality, people's livelihood was further improved. In 2014, the GDP growth rate was 7.4% in the first quarter and risen to 7.5% in the second quarter, finally with the annual GDP growth of 7.4% which was regarded as moderate and reasonable growth range, and has achieved the forecast target of approximately 7.5% as set in early 2014.

According to analysis by China Association of Automobile Manufacturers, in 2014, in tackling the complicated and versatile international economic situation as well as arduous and heavy task of the domestic development and reform, the automobile industry has implemented the decisions and arrangements of Chinese government, grasped the developing trend, deepened reforming and achieved an overall growth within the industry in spite of a slowing growth speed: China automobile production and sales volume were 23,722,900 vehicles and 23,491,900 vehicles respectively, representing a respective growth of 7.3% and 6.9% compared with last year. The production and sales volume respectively exceeded 23 million vehicles and hit a record high, breaking the world record again, making a first in the world for six consecutive years.

The Group's customers are mainly in the automobile industry. The production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile"), has achieved 2,627,500 vehicles and 2,544,100 vehicles, respectively, representing an increase of 24.33% and 19.86% as compared with last year. During the year, being one of the third-party logistics service providers in China, through creative logistics services modes and "professionalism" in logistics service technology, comprehensive logistics design and operating experience and well-established service network throughout the PRC, the Group actively enhanced its service quality and made efforts to extend its logistics service space, and finally achieved a relative good result.

For the year ended 31 December 2014, the increase of automobile production volume and sales volume of the Group's customers has promoted the growth in logistics service volume of the Group. In particular, the logistics service of tyre subpackaging business of the Group developed well. The Group's revenue amounted to RMB5,344,351,000, up approximately 15.02% from the same period in 2013. Although the Group strengthened the cost control, as affected by the increasing human resources and other operating costs and the decreasing logistics service price, the profits attributable to the equity holders of the Company amounted to RMB221,964,000, only up approximately 6.92% from the same period in 2013. Earnings per share was RMB1.37 for the year ended 31 December 2014 (2013:RMB1.28).

Annual Review

Business development

During 2014, the Company has established several subsidiaries and branches, and improved the Company's logistics service network and logistics service capability.

On 9 April 2014, Chongqing Fulu Bonded Logistics Co., Ltd. ("Chongqing Fulu Bonded") was established by the Company in Chongqing.

On 16 May 2014, Chongqing Changan Minsheng Dongli Packaging Co., Ltd. ("Dongli Packaging") was established by the Company in Chongqing.

On 6 August 2014, Changan Minsheng (Shanghai) Supply Chain Co., Ltd. ("Shanghai Supply Chain") was established by the Company in Shanghai pilot free trade zone.

On 11 October 2014, Tyre Subpackaging Branch was established by the Company in Chongqing, it is mainly engaged in tyre subpackaging business.

On 19 January 2015, the Company entered into Equity Transfer Agreement of Zhuoer Shengde Automobile Logistics Co., Ltd. with Hubei Hannan Gang Logistics Co., Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd., according to which the Company proposed to acquire 30.6% and 29.4% of equity interests in Zhuoer Shengde Automobile Logistics Co., Ltd. ("Zhuoer Shengde") from Hubei Hannan Gang Logistics Co., Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd. respectively, with a total acquisition price of RMB19,680,000. After the acquisition, the Company will hold 60% of equity interests in Zhuoer Shengde. Currently, the relevant formalities for equity acquisition registration have not been completed.

In order to explore the financial logistics business, as approved by the shareholders' meeting of the Company held on 30 December 2014 and approved by the relevant government agency, the Company invested RMB28,900,000 to subscribe for 0.81% equity interests (17,000,000 shares) of Binqi Zhuangbei Group Finance Limited Liability Company ("Zhuangbei Finance") and the relevant formalities have been completed.

Awards

In October 2014, the Company was awarded 2014 National Advanced Logistics Enterprise and 2014 Top 100 Logistics Enterprises in China by China Communications and Transportation Association. In October 2014, the Company was awarded 2013 Grade AAA Excellent Quality Assessment of Chongqing Road Terminal Yard Security Service by Chongqing Road Transport Administration. In October 2014, the Company was awarded 2014 Top 100 Enterprises in Chongqing, 2014 Top 100 Enterprises in the Service Industry of Chongqing and 2014 Top 50 Effective Enterprises in Chongqing jointly by Chongqing Enterprise Association and Chongqing Entrepreneur Association. At the same time, the chairman of the Company Mr. Zhu Minghui won the title of 2014 Top 10 Logistics Persons in China granted by China Federation of Logistics & Purchasing. In November 2014, the chairman of the Company Mr. Zhu Minghui and executive director & general manager Mr. Wang Yang won the title of 10 Years Special Outstanding Contribution Expert of Automobile Logistics Industry respectively granted by China Federation of Logistics & Purchasing. In December 2014, the Company was granted the award of 2014 Outstanding Supplier by Changan Ford Automobile Company Limited and was also granted the award of 2014 Best Cooperation by Changan Ford Mazda Engine Company Limited.

Outlook and Prospects

Notwithstanding adverse factors such as the measures to curb the traffic jam in big cities, and to control pollutants emitted by automobiles with a view to preventing environmental pollution and the expectation of continued slowing down in the growth rate of macro economy of the PRC, the quantity of automobiles in major middle and small cities and the rural areas in China is relatively small and therefore there is still room for growth in the automobiles market. We believe that the logistics business, especially the automobile logistics business, will have relatively good growth potential.

The year of 2015 is the final year of the 12th Five-Year Plan and is the first year of ruling enterprises by law according to the strategy of ruling the country by law. The Group will fight the three battles of "intensifying the reform, transformation and upgrading, refining work style" as its core, focusing on serving the manufacturers and the enterprises by law, intensify the reform, promote the management, improve quality, build four strong awareness of "Responsibility, Opportunity, Crisis and Innovation", fully develop the spirits of "Dare to Race and Fight Courageously", in line with the operating policy of "Intensifying reform strives to strengthen the base and foundation, Innovation drives transformation and upgrading", proactively promote work in an orderly manner, to make efforts to improve competitiveness and explore more profit margins.

The Board and I are confident in the Group's future development and we hope to work together with various parties to establish a stronger professional logistics services team, a more extensive logistics services network as well as a more flexible logistics service system. The Group is striving to become the first-class logistics enterprise in China.

I would like to take this opportunity to express my heartfelt thanks to the members of the Board and all the staff of the Group for their effective work and strenuous efforts. As in the past, the Company will strive to reward all its shareholders for their unwavering support.

Zhu Minghui
Chairman

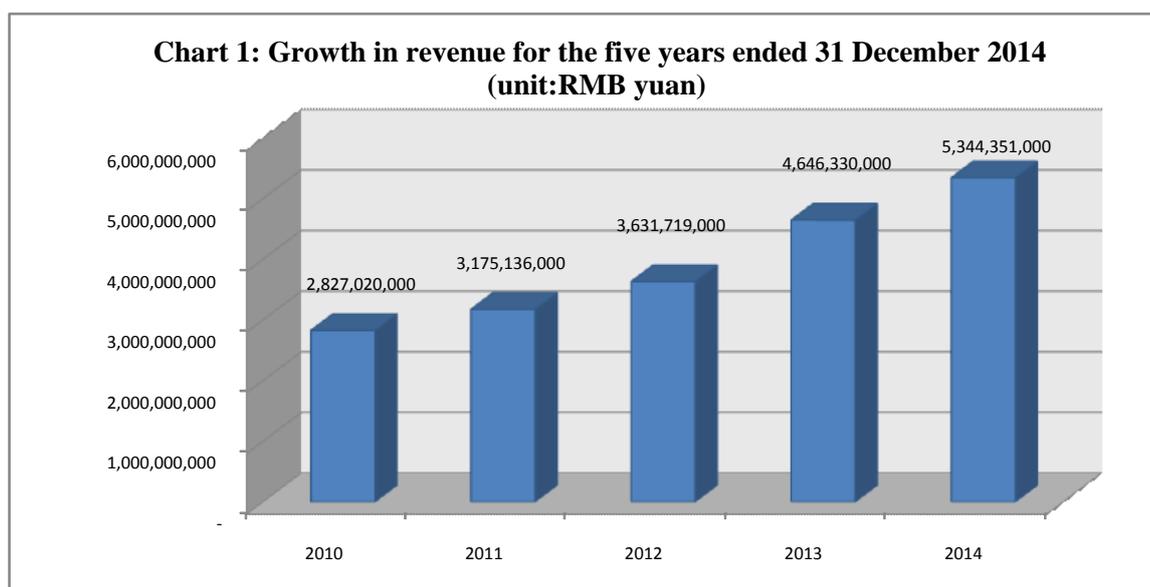
Chongqing, the PRC
25 March 2015

Management Discussion and Analysis

Business Review

The principal businesses of the Group are supply chain management services for automobiles and automobile raw materials, components and parts. The services we provide include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tyres assembly and after-sales logistics service. Besides, the Group also provides non-automobile commodities transportation services. The Group's major customers include Changan Automobile, Changan Ford Automobile Company Limited, Changan Mazda Automobile Co., Ltd., Chongqing Changan Suzuki Automobile Company Limited ("Changan Suzuki"), Hebei Changan Automobile Co., Ltd. ("Hebei Changan"), Nanjing Changan Automobile Co., Ltd. ("Nanjing Changan"), Baotou Beiben Heavy-Duty Truck Co., Ltd. and Chengdu Baogang West Trade Company Limited, etc.

During the reporting period, the production volume and sales volume of the PRC automobile industry kept increasing trend, especially those of the Group's major customers exceeded the average level of the industry. The Group made efforts to improve its service quality, strengthen the traditional logistics services and actively extend the scope of its integrated supply chain management. For the year ended 31 December 2014, the revenue of the Group amounted to RMB5,344,351,000, approximately 15.02% up from RMB 4,646,330,000 of last year.



Supply Chain Management Services of Automobiles and Automobile Raw Materials, Components and Parts

1. Transportation of finished vehicles

For the year ended 31 December 2014, the revenue from the finished vehicle transportation services was RMB2,403,454,000, up approximately 8.39% from RMB2,217,336,000 of last year.

2. Supply chain management services of automobile raw materials & components and parts

During the reporting period, the revenue from the supply chain management services of automobile raw materials & components and parts was RMB1,490,562,000 up approximately 12.67% from RMB1,322,936,000 of last year.

Transportation of Non-automobile Commodities and Other Logistics Services

During the reporting period, the revenue of the Group from such logistics services was RMB114,480,000, up approximately 27.08 % from RMB 90,084,000 of last year.

Automobile Components & Parts Packaging Sales and Tyre Subpackaging

During the reporting period, the revenue of the Group from automobile components & parts packaging sales and tyres subpackaging was RMB1,335,855,000, up approximately 31.49% from RMB1,015,974,000 of last year.

Logistics Services Network

As at 31 December 2014, the Company had a total of 27 branches, subsidiaries, associated companies and representative offices, which are mainly located in East China, Central China, North China, South China, Northeast China and Southwest China (Chart 2). The continuous enhancement of service network enables the Group to provide logistics services to different parts of the country.



Chart 2: Location of the Company's existing branches, subsidiaries and representative offices

Financial Review

Cash Flow and Financial Resources

As at 31 December 2014, the Group's cash and bank deposit was RMB954,513,000 (31 December 2013: RMB652,623,000). As at 31 December 2014, the Group's total assets was RMB3,535,379,000 (31 December 2013: RMB2,952,442,000), the source of funds was current liabilities of RMB1,922,538,000 (31 December 2013: RMB1,545,911,000), non-current liabilities of RMB3,388,000 (31 December 2013: RMB2,096,000), shareholders' equity excluding non-controlling interest of RMB1,523,643,000 (31 December 2013: RMB1,342,195,000) and non-controlling interest of RMB85,810,000 (31 December 2013: RMB62,240,000).

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2014, the Group's cost of sales was RMB4,832,617,000 (2013: RMB4,124,947,000), up approximately 17.16% from the previous financial year. Faced with several adverse factors such as the rising operating cost (like human resources) and the downturn of logistics service price, the Group's gross profit margin decreased to 9.58% (2013: 11.22%).

Distribution Expenses

For the year ended 31 December 2014, the Group's distribution expense was RMB101,306,000, representing approximately 1.90% of the Group's revenue during the period (2013: 3.03%).

During the year, the distribution expenses included salaries and benefits, travelling, business and communication expenses, and market promotion expenses incurred by the Group's sales and marketing department. Such expenses decreased by approximately 28.01% from last year.

Administrative Expenses

During the reporting year, the Group's administrative expenses decreased from RMB 144,839,000 in 2013 to RMB131,604,000 in 2014, down approximately 9.14% as compared with the corresponding period of last year.

Finance Costs

The Group's finance costs for the year amounted to RMB2,084,000 (2013: RMB1,182,000).

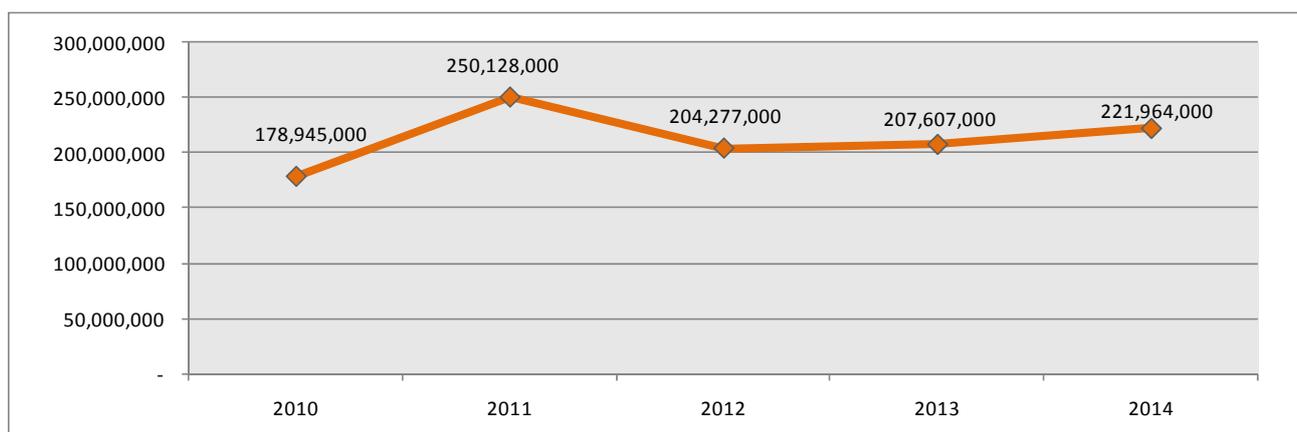
Taxation

For the year ended 31 December 2014, the weighted average applicable tax rate of the Group was 20.16% (2013: 18.78%); and the income tax expenses was RMB61,365,000 (2013: RMB50,567,000).

Profit Attributable to Equity Holders

During the year, the profit attributable to equity holders of the Company was RMB221,964,000, up approximately 6.92% from the previous financial year.

Chart 3: Profit attributable to equity holders of the Company for the five years ended 31 December 2014
(unit: RMB yuan)



Capital Structure

For the year ended 31 December 2014, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2014, there was no bank loans and borrowings (31 December 2013: RMB50,000,000). Please refer to note 28 to the consolidated financial statements of this report for further details.

Gearing Ratio

As at 31 December 2014, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 37.99% (31 December 2013: 39.28%).

Pledge of Assets

As at 31 December 2014, the Group had pledged bank deposits of approximately RMB56,589,000 (31 December 2013: RMB38,615,000) and bills receivables of approximately RMB94,476,000 (31 December 2013: RMB19,000,000) to secure bank acceptance bills, letter of credit and bank letter of guarantee.

Contingent Liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities.

Exchange Rate Risks

As the Group had limited transactions denominated in foreign currencies, there is no significant effect on the Group's operations.

Capital Commitment

As at 31 December 2014, the Group capital expenditure at the balance sheet date but not yet incurred was as follows:

	2014	2013
	RMB'000	RMB'000
Property, plant and equipment		
Contracted but not provided for	110,192	96,536
Approved but not signed the contract	-	-
	<u>110,192</u>	<u>96,536</u>

Significant Purchase or Sale of Subsidiaries and Associates

During the reporting period, the Company had no major acquisition or sale of subsidiaries and associated companies.

Substantial Investment

On 30 July 2014, the Company entered into a land use right agreement with the Administration Committee of Luohuang Industrial Park in Jiangjin District of Chongqing. Pursuant to the agreement, the Company agreed to acquire a piece or parcel of land with a total site area of approximately 300 mu located within Luohuang Industrial Park in Jiangjin District, Chongqing, China at the consideration of RMB99,000,000.

Report of the Board

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Principal Business

The Group is principally engaged in supply chain management services for automobiles and automobile raw materials, components and parts. Such services include finished vehicle transportation and related logistics services, automobile raw materials and components and parts supply chain management services, tyre subpackaging, after sales logistics services, etc. Besides, the Group also provides non-automobile commodities transportation services.

Major Customers and Suppliers

During the reporting period, the Group's sales to its 5 largest customers in proportion to the Group's total sales are as follows:

	For the year ended 31 December	
	2014	2013
A Changan Ford Automobile Company Limited	56%	55%
B Chongqing Changan Automobile Co., Ltd.	19%	19%
C Changan Mazda Automobile Co., Ltd.	6%	4%
D Nanjing Changan Automobile Co., Ltd.	2%	2%
E Chengdu Baosteel Western Trade Co., Ltd.	1%	1%
Total of 5 largest customers	<u>84%</u>	<u>81%</u>

According to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), except for Chengdu Baosteel Western Trade Co., Ltd., the rest of the 4 largest customers mentioned above are the connected persons of the Company.

During the reporting period, the Group's purchases from the 5 largest suppliers in proportion to the Group's total purchases are as follows:

	For the year ended 31 December	
	2014	2013
A CITIC Dicastal Co., Ltd.	8%	7%
B Minsheng Logistics Company Limited	7%	8%
C Goodyear Tire Co., Ltd.	7%	8%
D Michelin (China) Investment Co., Ltd.	5%	3%
E Maxxis Rubber (China) Co., Ltd.	4%	4%
Total of 5 largest suppliers	<u>31%</u>	<u>30%</u>

Among the 5 largest suppliers, Minsheng Logistics Company Limited is a connected person of the Company pursuant to the requirements of the Listing Rules.

Save as disclosed above, none of the directors, their respective associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had any interests in the 5 largest customers and 5 largest suppliers mentioned above.

Results

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statements of profit and loss and comprehensive income of this report.

Dividends

Based on the total number of shares in issue on the record date for implementation of the profit appropriation, the Board recommended the payment of a final dividend of RMB 0.27 (including tax) (2013: RMB0.25 (including tax)) per share for the year ended 31 December 2014. The above proposal of profit appropriation is subject to consideration and approval at the 2014 annual general meeting of the Company. The final dividend is expected to be payable before 30 September 2015 upon approval of the Board's proposal by shareholders at the annual general meeting.

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company when distributing final dividends to them. Any H shares registered not under the name of an individual shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H shares intend to change its shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the laws or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of the Company.

Pursuant to the requirements of "Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi No. [1994]020) 《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》 (財稅字[1994]020號), individual foreigners exempt from individual income tax on dividend and bonus from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, thus the individual shareholders which hold the H shares of the Company and whose names appear in the H-share registrar are not required to pay the individual income tax of PRC.

The record date of the annual general meeting, the last day for trading in the securities with entitlement, the ex-entitlement date and the last registration date of transfer of shares for the purpose of the 2014 final dividend and the period for the closure of register of members will be set out in the notice convening the annual general meeting of the Company. The Company shall comply with the relevant rules and regulations to withhold and pay the enterprise income tax on behalf of the relevant shareholders whose names are listed in the register of members of the share of the Company as of the last registration date of transfer of shares for the purpose of the 2014 final dividend.

Share Capital

For the year ended 31 December 2014, there had been no change in the share capital. Details are set out in note 31 to the consolidated financial statements.

Public Float

Based on the public information known to the Company and to the best knowledge of the directors, as at the date of this report, the Company has meet the public float requirement as stipulated under the Listing Rules.

Reserves

Details of changes in the Company's reserves for the year are set out in the consolidated statement of changes in equity and in note 32 of the consolidated financial statements.

Property, Plant and Equipment

Details of changes in the Company's property, plant and equipment during the year are set out in note 14 to the consolidated financial statements.

Financial Position

A summary which includes the Group's results and its assets and liabilities for the past five financial years is set out in the section headed "Financial Summary" of this annual report.

Subsidiaries

As at 31 December 2014, the Company had the following subsidiaries:

The registered capital of CMAL Bo Yu Transportation Co., Ltd. ("CMAL Bo Yu") is RMB 60,000,000 and the Company holds 100% of its equity interests. CMAL Bo Yu's main business includes commodities transportation, storage, and logistics planning and consultation services in the PRC. Please refer to note 18 to the consolidated financial statements of this report for further details.

On 30 October 2014, Chongqing Changan Minsheng Future Bonded Logistics Co., Ltd. was changed to Chongqing Future Supply Chain Management Co., Ltd. ("Chongqing Future") with a registered capital of RMB 30,000,000 and the Company holds 100% of its equity interests. Chongqing Future is mainly engaged in general freight, storage, loading and unloading, handling, distribution, packaging, automobile components and parts subpackaging and sales, import & export of goods, international freight forwarding services and sales via internet, etc. Please refer to note 18 to the consolidated financial statement of this report for further details.

Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. ("Chongqing Fuyong"), with a registered capital of RMB 5,000,000, is held 100% of its equity interests by the Company. The Company will explore the electronic information products logistics business and the bonded logistics business in Xiyong Bonded Area in Chongqing through Chongqing Fuyong. Please refer to note 18 to the consolidated financial statement of this report for further details.

Hangzhou Changan Minsheng Logistics Co., Ltd. ("Hangzhou Changan Minsheng") was established on 17 May 2013, with a registered capital of RMB250,000,000 and the Company holds 100% of its equity interests. Hangzhou Changan Minsheng is mainly engaged in general freight and automobile components and parts manufacturing. Please refer to note 18 to the consolidated financial statement of this report for further details.

The registered capital of Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC") is RMB100,000,000. The Company holds 67% of its equity interests and Sumitomo Corporation ("Sumitomo") holds 33% of its equity interests. Nanjing CMSC is mainly engaged in general freight, station management and distribution. Please refer to note 18 to the consolidated financial statement of this report for further details.

The registered capital of Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. ("Chongqing Dingjie") is RMB50,000,000. The Company holds 95% of its equity interests, Chongqing Dajiang Zhenyue Storage Co., Ltd. holds 2%, Chongqing Weitai Economic & Trade Co., Ltd. holds 2% and Chongqing Lingxin Storage Co., Ltd. holds 1% of its shares. Chongqing Dingjie mainly engages in production and sales of automobile components and parts packages, storage, distribution, logistics software developing, logistics design and consulting services, etc. Please refer to note 18 to the consolidated financial statement of this report for further details.

On 9 April 2014, Chongqing Fulu Bonded was established by the Company in Chongqing. Chongqing Fulu Bonded mainly engages in storage services, loading and unloading, handling, distribution, processing; packaging products, packaging, subpackaging and processing of automobile components and parts, import and export business, international freight forwarder, logistics information consultancy and project design. Details are set out in the paragraph of Chairman's Statement. Please refer to note 18 to the consolidated financial statement of this report for further details.

Dongli Packaging was established on 16 May 2014. The Company holds 55% of its equity interests and Tonglit Logistics Co., Ltd. (“Tonglit Logistics”) holds 45% of its equity interests. Dongli Packaging is mainly engaged in packaging services of solid products; production, sales, maintenance and relevant information consulting services of packaing container; processing and sales of automobile components and parts; storages services; international freight forwarder; import and export of goods. Details are set out in the paragraph of Chairman’s Statement. Please refer to note 18 to the consolidated financial statement of this report for further details.

Shanghai Supply Chain was established on 6 August 2014 and the Company holds 100% of its equity interests. The main business of Shanghai Supply Chain is supply chain management, general freight transport, import and export business of goods and technology, exhibition and display services, exploitation and design of computer software and hardware, storage, packaging, exploitation and information services of logistics software. Details are set out in the paragraph of Chairman’s Statement. Please refer to note 18 to the consolidated financial statement of this report for further details.

Capitalized Interests

For the year ended 31 December 2014, no interest had been capitalized by the Company.

Retirement Plan

Details of the Company’s retirement plan are set out in note 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES “Pension schemes” to the consolidated financial statements.

Employees

As at 31 December 2014, the Company had 8,426 employees (31 December 2013: 7,496 employees).

The breakdown of number of employees by functions is as follows:

	As at 31 December	
	2014	2013
Administration and finance	399	318
Information and technology	109	83
Sales and marketing	225	228
Operation	7,693	6,867
Total	<u>8,426</u>	<u>7,496</u>

Please refer to note 6 to the consolidated financial statements for a breakdown of the employee benefit expense.

Remuneration Policy

Salaries of Company’s employees are determined by reference to market rates, performances, qualification and experience of the relevant employees. Discretionary bonus may also be given based on performance of individual staff during the year in order to award the employees for their contributions to the Company. Other employee benefits include pension insurance, medical insurance, unemployment insurance, personal injury insurance and housing fund, etc.

Training Programme

During the year, the Company has provided the staff with training regarding technology, security and management, etc.

Staff Quarters

During the year, the Company has not provided any staff quarters to the staff (2013: nil). Full time employees are entitled to participate in the government-sponsored housing fund. The Group contributes on a monthly basis to the fund at certain rates of the employees' basic salary.

Directors and Supervisors

The directors of the fourth session of the Board and supervisors of the fourth session of the supervisory committee of the Company (the "Supervisory Committee") up to the date of this report were as follows:

Executive directors

Zhu Minghui (Chairman)	(appointed on 14 Novemer 2014)
Lu Xiaozhong	(appointed on 14 Novemer 2014)
William K Villalon	(appointed on 14 Novemer 2014)
Wang Yang	(appointed on 14 Novemer 2014)

Non-executive directors

Wu Xiaohua	(appointed on 14 Novemer 2014)
Danny Goh Yan Nan	(appointed on 14 Novemer 2014)
Wang Lin	(appointed on 14 Novemer 2014)

Independent non-executive directors

Chong Teck Sin	(appointed on 14 Novemer 2014)
Poon Chiu Kwok	(appointed on 14 Novemer 2014)
Jie Jing	(appointed on 14 Novemer 2014)
Zhang Yun	(appointed on 14 Novemer 2014)

Supervisors

Zhu Ying	(appointed on 14 Novemer 2014)
Steven Ho Kok Keong	(appointed on 14 Novemer 2014)
Zhang Tianming	(appointed on 14 Novemer 2014)
Zhou Zhengli	(appointed on 14 Novemer 2014)
Deng Gang	(appointed on 14 Novemer 2014)

Confirmation of Independence

The Company has received the annual confirmation from each of the independent non-executive directors pursuant to the Listing Rules. The Company considers that the existing independent non-executive directors are independent of the Company and connected persons of the Company.

Service Contracts of Directors and Supervisors

Each of the directors and supervisors of the Company has entered into a service contract with the Company. There is no unexpired period of any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' and Supervisors' Interests in Contracts

There was no contract of significance to which the Company was a party and in which a director or supervisor had a material interest, whether directly and indirectly, subsisting at the end of the year or at any time during the year.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2014.

Directors, Supervisors and Senior Management

There is no relationships, including financial, business, family or other material/relevant relationships among members of the Board, the Supervisory Committee and the senior management of the Company except for their working relationships within the Company.

Remuneration of Directors and Supervisors

Details of the remuneration of directors and supervisors are set out in note 8 to the consolidated financial statements of this report.

The remuneration provided to directors and supervisors is determined on, among other things, the relevant director's or supervisor's experience, responsibility and the time devoted to the Company.

Interests of Directors, Chief Executive and Supervisors in Shares of the Company and Associated Corporations

As at 31 December 2014, 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") in Chapter 571 of Laws of Hong Kong) which (a) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (b) were required, pursuant to the Appendix 10 of Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") to the Listing Rules to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange").

As at 31 December 2014, 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 it have any interest, either direct or indirect, in any assets which have been, since 31 December 2013, 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 31 December 2014, so far as is known to the directors, chief executive and the supervisors of the Company, the following persons, other than a director, supervisor, or chief executive 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 provision of Divisions 2 and 3 of Part XV of the SFO, or are required, pursuant to Sections 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
Chongqing Changan Industry Company (Group) Limited ("Changan Industry Company")	Beneficial owner	41,225,600(L)	38.51%	-	25.44%
APL Logistics Ltd ("APL Logistics")	Beneficial owner	33,619,200(L)	31.40%	-	20.74%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Beneficial owner	25,774,720(L)	24.07%	-	15.90%
Minsheng Industrial (<i>note 1</i>)	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") (<i>note 1</i>)	Beneficial owner	6,444,480(L)	6.02%	-	3.98%
Pemberton Asian Opportunities Fund	Beneficial owner	4,400,000(L)	-	8.00%	2.7 1%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments,LLC (<i>note 2</i>)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management,LP (<i>note 2</i>)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (<i>note 2</i>)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

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

Note 2: According to the disclosure of interests notice filed, Braeside Management, LP is a wholly-owned subsidiary of Braeside Investment, LLC. McIntyre Steven is the controlling shareholder of Braeside Investment, LLC.

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

Save as disclosed in this report, as at 31 December 2014, so far as is known to the directors and chief executive of the Company, there is no other person (other than the directors, supervisors, or chief executive of the Company) who had interests or short positions in the provisions of Divisions 2 and 3 of Part XV of the SFO; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Share Appreciation Right Incentive Scheme

On 6 June 2005, in order to enhance the Company's incentive mechanism, the share appreciation right incentive scheme (the "Scheme") was approved by the shareholders of the Company at the 2005 second extraordinary general meeting of the Company. The principal terms and conditions of the Scheme are summarized in the section headed "Summary of terms of the Share Appreciation Right Incentive Scheme" in Appendix VII to the Prospectus of the Company issued by the Company on 16 February 2006 ("the Prospectus").

To comply with the regulations of The Administration of Share Right Incentive for State Holding Listed Company (Overseas) (State Assets Development Distribution [2006] No. 8 Document), the Remuneration Committee of the Company has approved the amendments to the Scheme on 25 June 2013, stipulating that the specific plans of the Scheme must be submitted to the state owned assets supervision and administration department to approve for implementation, the exercise waiting period increased by one year, and the total number of the share appreciation right granted within the validity of the Scheme must not accumulatively exceed 10% of the total share capital of the Company.

During the year, the Scheme has not been implemented by the Company.

Competing Interests

Before the listing of the H shares on the Growth Enterprise Market ("GEM") of the Stock Exchange, the Company's shareholders, APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Company, had all entered into non-competition undertakings with the Company in favour of the Company. Please further refer to the Prospectus for 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 undertakings signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective.

In February 2015, the Company received the confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics and Changan Industry Company.

Save for the disclosure stated 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

Set out below is information in relation to the continuing connected transactions of the Company which need to be reported pursuant to the Listing Rules during the year.

Background of the Continuing Connected Transactions

Changan Industry Company is a substantial shareholder of the Company. Changan Industry Company is a wholly owned subsidiary of China South Industries Group Corporation ("South Group"). China Changan Automobile Group Co., Ltd. ("China Changan"), a holding subsidiary of South Group, holds 39.11% shareholdings in Changan Automobile. As of the date of the report, South Group holds 22.90% shareholdings in Zhuangbei Finance and the member companies of South Group hold the remaining shareholdings in Zhuangbei Finance, the Company holds 0.81% of its shareholdings. Changan Industry Company directly and indirectly holds 100% shareholdings in Chongqing Changan Construction Company Limited ("Chongqing Changan Construction"). Accordingly, Changan Industry Company, Changan Automobile, Zhuangbei Finance, Chongqing Changan Construction and their respective associates are all the Company's connected persons according to the Listing Rules. Minsheng Industrial and APL Logistics are also the substantial shareholders of the Company. According to the Listing Rules, Minsheng Industrial and APL Logistics and their respective associates are also connected persons of the Company. As the Company and Sumitomo hold 67% and 33%

of share capital of Nanjing CMSC respectively, Sumitomo is a substantial shareholder of Nanjing CMSC. Therefore, Sumitomo and its associates are also connected persons of the Company according to the Listing Rules. Sumitomo holds 49% of the share capital of Nanjing Baogang Zhushang Metal Products Company Limited (“Baogang Zhushang”), Baogang Zhushang is an associate of Sumitomo.

On 28 October 2011, the Company entered into continuing connected transactions framework agreements respectively with Changan Industry Company, Changan Automobile, Minsheng Industrial, APL Logistics, Chongqing Changan Construction and Zhuangbei Finance, all of which have a term from 1 January 2012 to 31 December 2014. On 28 October 2011, the Company’s subsidiary, Nanjing CMSC entered into a continuing connected transactions framework agreement with Baogang Zhushang with a term from 1 January 2012 to 31 December 2014. Please refer to the circular dated on 3 November 2011, the announcement dated on 28 October 2011 and the announcement dated on 13 December 2011 for further details.

The Company revised the annual caps of continuing connected transactions in respect of the purchase of transportation services from Changan Industry Company and its associates for a period of two years ended 31 December 2013 and 31 December 2014 to RMB 33,000,000 and RMB 36,000,000, respectively. Please refer to the announcements dated 22 March 2013 and 30 August 2013 respectively of the Company for further details.

The Company revised the annual cap of note discounting services provided by Zhuangbei Finance to the Group for the year ended 31 December 2014 to RMB 500,000,000. Please refer to the announcement dated 15 May 2014 and the circular dated 5 June 2014 of the Company for further details.

On 14 November 2014, the Company and each of Changan Industry Company, Changan Automobile, Minsheng Industrial, APL Logistics, Zhuangbei Finance, Tonglit Logistics and Chongqing Changan Property Management Co., Ltd. (“Changan Property”) entered into connected transactions framework agreements, each for a term commencing on 1 January 2015 and expiring on 31 December 2017. On 14 November 2014, the holding subsidiary of the Company, Nanjing CMSC entered into a connected transaction framework agreement with Baogang Zhushang with term effective from 1 January 2015 to 31 December 2017. Please refer to the announcement dated 14 November 2014, the circular dated 12 December 2014 and the announcement dated 30 December 2014 of the Company for further details.

On 23 January 2015, the Company revised the framework agreement of connected transactions entered into between the Company and Chongqing Changan Construction on 14 November 2014, and signed the revised framework agreement of connected transactions with Chongqing Changan Construction on the same day for a period from 1 January 2015 to 31 December 2015. Please refer to the announcement of the Company dated 23 January 2015 for further details.

Brief Description and Purpose of the Group’s Continuing Connected Transactions

The Company is of the view that the continuing connected transactions pursuant to which the Group provides logistics services to Changan Industry Company, Changan Automobile, APL Logistics, Baogang Zhushang and their respective associates are in line with the Group’s main business and development strategies. For the purpose of providing logistics services to its clients, the Group is required to purchase transportation services on a continuous basis. The Group has built up long term partnership with Changan Industry Company, Minsheng Industrial, APL Logistics and their respective associates, and the Group is generally satisfied with the quality of their transportation services.

In order to support the normal operation and investment activities, apart from the net cash inflows from the Group’s operation activities, the Group needs to borrow loans as a means to raise additional capital. Following successive expansions in the business scale of the Group, cash inflows and outflows from operating activities have become more frequent and the amounts have also increased continuously, the settlement time for payments needs to be shortened and finance costs need to be decreased. In view of the good relationship between the Company and Zhuangbei Finance, the Board is of the view that the funds settlement and raising arrangements with Zhuangbei Finance are consistent with the Group’s principal businesses and development strategies and can promote business growth.

In order to provide logistics services for automobile manufacturers and automobile component suppliers, the Group needs to engage third party contractors to provide construction services for building its logistics facilities, such as the warehouse, on a continuing basis. The Group has established long-term cooperation relationships with Chongqing Changan Construction and its associates and has had a good working relationship with them.

Pricing of Continuing Connected Transactions

According to the framework agreements signed on 28 October 2011 between the Company and Changan Industry Company, Changan Automobile, Minsheng Industrial, APL Logistics and Chongqing Changan Construction and the framework agreement signed on the same day between the Company's holding subsidiary, Nanjing CMSC, and Baogang Zhushang, the prices of the transactions under such framework agreements are set in accordance with the following principles:

- a. pricing relating to the relevant types of products and services fixed by the PRC government;
- b. where there is no PRC government fixed price but there is a government guidance price, the government guidance price prevail;
- c. when there is neither a PRC government fixed price nor a government guidance price, the market price prevail; or
- d. where none of the above is applicable, the price is to be agreed between the parties based on arm's length negotiations.

According to the framework agreement signed on 28 October 2011 between the Company and Zhuangbei Finance, the prices of the transactions under the framework agreement shall be based on the normal commercial terms.

The transactions between the Company and the connected persons were on normal commercial terms or on terms no less favorable to the Company than those available from independent third parties under current local market conditions, and the relevant connected transactions were fair and reasonable and in the interest of the Company and its shareholders as a whole.

Total Consideration of the Continuing Connected Transactions

During the reporting period, the Group conducted continuing connected transactions with Changan Industry Company, Changan Automobile, APL Logistics, Minsheng Industrial, Zhuangbei Finance, Chongqing Changan Construction and their respective associates, which constitute related party transactions during the period. The details are set out in note 37 to the consolidated financial statements. During the reporting period, the Group strictly complied with Chapter 14A of the Listing Rules.

For the year ended 31 December 2014, the total consideration paid to the Group by each of the relevant connected persons for the logistics services is as follows:

	Actual Transaction Amount RMB'000	For the year ended 31 December 2014 Annual Caps or Revised Annual Caps RMB'000
Changan Industry Company and its associates:		
- Supply chain management services for automobiles and automobile raw materials, components and parts & non-automobile logistics services	16,526	71,124
Changan Automobile and its associates:		
- Supply chain management services for automobiles and automobile raw materials, components and parts	4,644,949	7,290,901
APL Logistics and its associates:		
- logistics services	-	30,000
Baogang Zhushang:		
- Supply chain management services for automobile raw materials, components and parts	13,336	32,000

For the year ended 31 December 2014, the total consideration paid by the Group to each of the connected persons for the purchase of transportation services of automobiles and automobile raw materials, components and parts is as follows:

	For the year ended 31 December 2014	
	Actual Value	Maximum Value
	RMB'000	RMB'000
Changan Industry Company and its associates:	17,645	36,000
Minsheng Industrial and its associates:	376,254	943,807
APL Logistics and its associates:	3,145	30,000

For the year ended 31 December 2014, the transactions between the Group and Zhuangbei Finance are as follows:

	For the year ended 31 December 2014	
	Actual Value	Maximum Value
	RMB'000	RMB'000
The maximum amount of loan outstanding (including interests) on a daily basis	120,513	500,000
The maximum amount of deposit (including interest) on a daily basis	396,140	1,000,000
The aggregate amount of each note discounting transactions on an annual basis	82,000	500,000

For the year ended 31 December 2014, the total consideration paid by the Group to Chongqing Changan Construction for the purchase of construction services is as follows:

	For the year ended 31 December 2014	
	Actual Value	Maximum Value
	RMB'000	RMB'000
Chongqing Changan Construction	111,768	163,700

On 13 March 2015, the Company submitted the "Letter from Independent Auditors Regarding Continuing Connected Transactions to the Board of Directors of Changan Minsheng APLL Logistics Co., Ltd" (the "Relevant Letter") issued by the Company's auditor to all independent non-executive directors. After reviewing the Relevant Letter, the independent non-executive directors of the Company, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun confirmed that the continuing connected transactions of the Company for 2014 pursuant to Rule 14A.55 of the Listing Rules were:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company and the Company as a whole.

The Company's auditor has reviewed the continuing connected transactions and in the Relevant Letter sent to the Board confirmed that the continuing connected transactions:

1. have received the approval from the Board and/or the general meeting;
2. are in accordance with the pricing policies of the Company;
3. have been entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
4. have not exceeded the annual cap disclosed in the previous announcements.

Related-party Transactions

The related party transactions in 2014 that fall under the definition of “continuing connected transaction” in Chapter 14A of the Listing Rules were disclosed in Note 37 to the financial statements prepared in accordance with IFRSs. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Legal Proceedings

As at 31 December 2014, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

Designated Deposits

As at 31 December 2014, the Group had no designated deposits in any financial institutions in and out of the PRC or any overdue fixed deposit which could not be recovered.

Donation

During the year, the total amount of donation made by the Group was nil (2013: nil).

Purchase, Sale and Redemption of the Company’s Listed Securities

There was no purchase, sale or redemption by the Group, of the Company’s listed securities during the year ended 31 December 2014.

Pre-emptive Rights

There is no provision of pre-emptive rights in the Company’s Articles of Association requiring the Company to offer new shares proportionately to its existing shareholders.

Auditors

The consolidated financial statements of the Group enclosed in this report had been audited by Ernst & Young, the Group’s auditors.

By the Order of the Board
Zhu Minghui
Chairman

Chongqing, the PRC
25 March 2015

Report of the Supervisory Committee

Dear Shareholders,

Pursuant to the Company Law of the People's Republic of China, the relevant laws and regulations and the Articles of Association of the Company, the Supervisory Committee of the Company (the "Supervisory Committee"), under its fiduciary duty, took up an active role to work reasonably and cautiously with diligence to protect the interests of the Company and its shareholders.

During the year, Supervisory Committee had reviewed cautiously the operation and development plans of the Company and provided reasonable suggestions and opinions to the Board. It also strictly and effectively monitored and supervised the Company's management in making significant policies and decisions to ensure that they are in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of its shareholders.

The Supervisory Committee considers that in 2014, the members of the Board, the general manager and other senior management staff of the Company were able to strictly fulfil their fiduciary duties, to act diligently and to exercise their authority faithfully in the best interests of the Company, to carry out work pursuant to the Articles of Association of the Company in standard operation and gradually improve the internal control system. The transactions between the Company and connected parties were carried out on fair and reasonable terms and in the interests of the shareholders as a whole. As of the date of this report, none of the directors, general manager and other senior management staff had been found to have abused their authority, prejudiced the interests of the Company and of its shareholders. None of them was found to be in breach of any laws and regulations or the Articles of Association of the Company.

The Supervisory Committee is satisfied with the achievement and efficient work of the Company in 2014, and is confident in the Company's future development.

The Supervisory Committee has conscientiously reviewed and agreed with the report of the Board, the audited consolidated financial statements, which will be submitted by the Board to the 2014 annual general meeting.

By order of the Supervisory Committee
Zhu Ying
Chairman

Chongqing, the PRC
25 March 2015

Corporate Governance Report

The Board believes that the Company can enhance its corporate governance and transparency by adhering to strict corporate governance practices in the interest of the shareholders of the Company. Since 18 July 2013, the provisions of the Corporate Governance Code (“Code”) set out in Appendix 14 of the Listing Rules have been adopted as the Company’s corporate governance standards, which coupled with, the experience of the Company, help to establish a favorable corporate governance structure of the Group. For the period from 1 January 2014 to 31 December 2014, the Company has consistently complied with the code provisions set out in the Code.

The following is a summary of key corporate governance practices of the Company:

Securities Transactions by the Directors

Since the Transfer of Listing on 18 July 2013, the Company has adopted a code of conduct regarding directors’ securities transactions on terms of the required standard of dealings (the “Code of Conduct”) prepared according to the Model Code. After making specific enquiries to all directors, the Company confirms that the directors had complied with the Code of Conduct during the period from 1 January 2014 to 31 December 2014.

Board

The Board comprises 11 directors, including 4 executive directors, 3 non-executive directors and 4 independent non-executive directors. The Board believes that 7 non-executive directors and independent non-executive directors maintained a reasonable balance with the amount of executive directors and have participated actively in the formulation of the Company’s policies through providing constructive suggestions in the interests of shareholders as a whole. The names of members of the fourth session of the Board are set out in the “Report of the Board”.

The Company has 4 independent non-executive directors, of whom at least one has appropriate professional qualification and financial management expertise. The Company received the relevant independence confirmation letter from each of the independent non-executive directors in March 2015. Saved for Mr. Lu Guoji who has resigned on 14 November 2014 and Mr. Lu Xiaozhong are father and son, there is no relationship between the members of the Board, Supervisory Committee and other senior management staff in finance, business, family and other material or relevant aspects.

Election of Directors and Supervisors (Change)

On 30 April 2014, Mr. Du Bin resigned as a non-executive director of the Company due to change of work arrangement in Changan Industry Company. The resignation of Mr. Du Bin took effect on 30 June 2014. Mr. Wang Lin was approved as a non-executive director of the Company in the 2013 annual general meeting held on 30 June 2014. Please refer to the announcements of the Company dated 30 April 2014 and 30 June 2014 for further details.

On 11 July 2014, Mr. Wun Jun resigned as shareholder representative supervisor of the Company due to his departure from APL Logistics. Please refer to the announcement of the Company dated 11 July 2014 for further details.

In the general meeting of shareholders dated 14 November 2014, a new session of Board and Supervisory Committee have been elected and formed. Please refer to the circular of the Company dated on 26 September 2014 and the announcement of the Company dated on 14 November 2014 for further details.

Directors’ Attendance of Regular Meetings

The Board has held four regular meetings in 2014 to discuss and determine the Company’s major strategies, key operational issues, financial matters and other matters set out in the Company’s Articles of Association. Details of directors’ attendance records at the Board’s regular meetings held during the year of 2014 are set out in the following table:

Director's name	Number of regular meeting	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Executive director				
Zhu Minghui	4	4	0	100%
Lu Xiaozhong	4	3	1	75%
William K Villalon	4	4	0	100%
Wang Yang	4	4	0	100%
Non-executive director				
Lu Guoji (<i>note 3</i>)	4	1	2	33%
Wu Xiaohua	4	4	0	100%
Danny Goh Yan Nan	4	3	1	75%
Du Bin (<i>note 1</i>)	4	0	2	0%
Wang Lin (<i>note 2</i>)	4	1	1	50%
Independent non-executive director				
Peng Qifa (<i>note 3</i>)	4	3	0	100%
Chong Teck Sin	4	2	2	50%
Poon Chiu Kwok	4	4	0	100%
Jie Jing	4	4	0	100%
Zhang Yun	4	4	0	100%
Goh Chan Peng (<i>note 3</i>)	4	3	0	100%

Note 1: With effect from 30 June 2014, Mr. Du Bin had resigned from the position of non-executive director. During the period from 1 January 2014 to 30 June 2014, the Company had held 2 regular meetings of the Board.

Note 2: With effect from 30 June 2014, Mr. Wang Lin was appointed as a non-executive director of the Company. During the period from the date of his appointment as director to 31 December 2014, the Company has held 2 regular meetings of the Board.

Note 3: With effect from 14 November 2014, Mr. Lu Guoji ceased to be non-executive director, Mr. Peng Qifa and Mr. Goh Chan Peng ceased to be independent non-executive director. During the period from 1 January 2014 to 14 November 2014, the Company had held 3 regular meetings of the Board.

Composition of the Board

Directors (including non-executive directors) are elected in general meetings of the Company with a term of 3 years and can be re-elected and re-appointed upon the expiry of the term.

The term of all the existing directors will be ended upon the expiry of the fourth session of the Board. The directors shall then retire, but may be available for re-election.

On diversity, the Board consists of directors with different backgrounds that are able to provide the Company with professional advice on various aspects. Currently the Board has one female director. The independent non-executive directors are independent from the management and have adequate business and financial experience. They provide advices to the Board and the management on the strategic development of the Company and ensure the interests of shareholders and the Company as a whole by implementing measures. As of the date of this annual report, apart from Mr. Chong Teck Sin, the independent non-executive director who has continuously been in office for over 9 years, the term of office of each of other 3 existing independent non-executive directors does not exceed 9 years.

According to the Listing Rules, the Company received the relevant written independence confirmation letter from each of the independent non-executive directors for the year 2014. The Company confirmed that all the independent non-executive directors are independent from the Company.

The Company has taken out the liability insurance for directors and supervisors.

Duties of Directors and Management

Pursuant to the regulations of the Articles of Association of the Company, the duties of directors are: to be responsible for the convening of and reporting to the shareholders meeting; to implement the resolutions passed by the shareholders' meeting; to determine the Company's business plans and investment proposals; to formulate the Company's preliminary and final annual financial budgets; to formulate the Company's profit distribution proposal and loss recovery proposal; to make plans for the increase or decrease in its registered capital and issue of bonds; to formulate plans for the Company's merger, division, change of legal form and dissolution; to decide on the Company's internal management structure; to appoint or remove the Company's general manager and secretary to the board of directors, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department, other senior management and senior directors according to the nomination of the general manager, and to decide on their remuneration and payment method; to formulate the Company's basic management system; to formulate proposals for any amendment to the Company's Articles of Association; to formulate plans for the Company's acquisition or sale of major assets; in compliance with the relevant laws and regulations, to exercise the Company's right to finance and loan as well as mortgage, rent, contract for or transfer the Company's major assets and authorizing general manager and deputy general managers to exercise the foregoing rights within certain scope; to propose at the shareholders' meeting the engagement or replacement of an accounting firm for the audit of the Company's accounts; to exercise any other functions and powers conferred upon by the shareholders' meeting and the Articles of Association of the Company.

Pursuant to the regulations of the Articles of Association of the Company, the duties of management of the Company are: to operate and manage the Company as well as implement resolutions of the Board; to implement the Company's annual operation and investment plan; to make plans for the structure of the Company's internal management departments; to formulate the Company's basic management system; to formulate regulations for the Company; to propose to appoint or remove the deputy general managers, person(s) in charge of the finance department and senior directors of the Company; to decide to appoint or remove management staff except those that shall be appointed or removed by the Board; to decide the rewards and punishments, promotions, pay raises, appointments, employment, removal and dismissal of the Company's employees; to represent the Company to handle major business as authorized by the Board; to exercise other functions and powers conferred upon by the Articles of Association of the Company and the Board.

During the year, the directors and management strictly fulfilled their duties according to the requirements in the Articles of Association of the Company. The Board has reviewed its performance during the reporting period, obtained advice from senior management and considered the advice contained in the Report of the Supervisory Committee. The Board believes that it has effectively performed its responsibilities in the interests of the Company and shareholders in the year under review.

Chairman and General Manager

The Company's chairman is Mr. Zhu Minghui, and the general manager is Mr. Wang Yang. The chairman is responsible for setting the strategic direction of the Company and formulating the business strategies, while the general manager is responsible for overseeing the daily operations of the Company. The chairman is also responsible for leading the Board and ensuring the effective operation of the Board. The chairman encourages all the directors (including the independent non-executive directors) to be fully dedicated in carrying out their duties to the Board and its three committees.

Continuing Professional Development of Directors (Training for Directors)

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that they will remain well informed to make their contribution to the Board.

Below is a summary of the trainings received by the directors for the period between 1 January 2014 and 31 December 2014 based on the records provided by the directors:

Name	Category of Continuing Professional Development
Directors	
Zhu Minghui	A
Lu Xiaozhong	A
William K Villalon	A
Wang Yang	A
Lu Guoji	A
Wu Xiaohua	A
Danny Goh Yan Nan	A
Du Bin	A
Wang Lin	A
Peng Qifa	A
Chong Teck Sin	A
Poon Chiu Kwok	A
Jie Jing	A
Zhang Yun	A
Goh Chan Peng	A

Supervisors

Zhu Ying	A
Wu Jun	A
Steven Ho Kok Keong	A
Zhang Tianming	A
Zhou Zhengli	A
Deng Gang	A

A: reading seminar materials and other updated information regarding the amendments to the Listing Rules and other applicable regulations.

B: attending briefing and/or seminar.

Internal Control

The Board is responsible for maintaining a reliable and effective internal control system, so as to protect the Company's assets and shareholders' interests. The Board has conducted a review of its internal control system from time to time.

Three Committees of the Board

The Company's audit committee, remuneration committee and nomination committee have laid down specific terms of reference, detailing the powers and responsibilities of these committees. All the committees shall report their decisions or submit their proposals to the Board within their authorities, and under certain circumstances, have to request for the Board's approval before taking any actions.

(1) Audit Committee

The Company has set up an audit committee (the "Audit Committee") pursuant to the requirements of the Listing Rules and the "Guidelines for the Establishment of Audit Committees" published by Hong Kong Institute of Certified Public Accountants, and set out its duties, powers and functions with written terms of reference. The major duties of the Audit Committee are:

(a) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, 'external auditor' includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(d) monitor integrity of the Company's financial statements and the annual report and accounts, half-year report and (if prepared for publication) quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

- (i) any changes in accounting policies and practices;
- (ii) major judgmental areas;
- (iii) significant adjustments resulting from audit;
- (iv) the going concern assumptions and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

(e) regarding (d) above:

(i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

(ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(f) review the Company's financial controls, internal control and risk management systems;

(g) discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(h) consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(i) where an internal audit function exists, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor its effectiveness;

(j) review the group's financial and accounting policies and practices;

(k) review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(l) ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(m) report to the Board on the matters in the code provision of Appendix 14 Corporate Governance Code and Corporate Governance Report of the Listing Rules;

(n) review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action;

(o) act as the key representative body for overseeing the Company's relations with the external auditor; and

(p) consider other topics, as defined by the Board.

The Audit Committee currently comprises Ms. Zhang Yun, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok and Mr. Jie Jing, who are all independent non-executive directors. Mr. Poon Chiu Kwok has the requisite financial experience.

During the year, the Audit Committee had held four regular meetings.

The Audit Committee meeting held on 14 March 2014 reviewed and discussed the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2013, listened to the auditor's suggestions for the Company, and approved such reports.

The Audit Committee met on 30 April 2014 to review the income statement, cash flow statement and balance sheet of the Group for the three months ended 31 March 2014.

The Audit Committee met on 19 August 2014 to review the unaudited interim report of the Group for the six months ended 30 June 2014, and approved such report.

The Audit Committee met on 11 November 2014 to review the income statement, cash flow statement and balance sheet of the Group for the nine months ended 30 September 2014.

Details of Audit Committee members' attendance records at the regular meetings during the year are set out in the following table:

Members of the Audit Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Peng Qifa (<i>note 1</i>)	4	3	1	75%
Chong Teck Sin	4	4	4	100%
Poon Chiu Kwok	4	4	4	100%
Jie Jing (<i>note 2</i>)	4	N/A	N/A	N/A
Zhang Yun (<i>note 2</i>)	4	N/A	N/A	N/A

Note 1: Mr. Peng Qifa ceased to be director of the Company since 14 November 2014. The Audit Committee of the Company held 4 regular meetings during the period of 1 January 2014 to 14 November 2014.

Note 2: Mr. Jie Jing and Ms. Zhang Yun have been appointed as members of the Audit Committee of the Company since 14 November 2014.

The Audit Committee meeting held on 18 March 2015 reviewed and discussed the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2014 and listened to the auditor's suggestions for the Company. This audit meeting came to a resolution and approved such reports.

In 2014, the Audit Committee has worked actively mainly on the following aspects:

1. reviewed the policies and systems on internal financial supervision & operation, compliance monitoring and risks management, for the purpose of ensuring the effectiveness of the policies and systems on internal financial supervision and operation, compliance monitoring and risks management;
2. monitored the accounts of the relevant reporting period and reviewed the financial statements and all the financial reporting materials which are set out in the report and took the view that all of these were in accordance with the requirements of Chinese Accountant Standard and Hong Kong Accountant Standard and complied with the relevant laws and regulations of PRC and the Listing Rules;
3. made three times of effective communication and discussions with the Group's external auditors with regard to the 2014 conducted annual financial auditing's nature and scope;
4. proposed to the Board to appoint Ernst & Young and Ernst & Young Hua Ming LLP as the Company's 2014 annual external auditors.

(2) Remuneration Committee

The remuneration committee (the "Remuneration Committee") currently comprises Mr. Zhu Minghui, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun. The majority of the members of the Remuneration Committee are independent non-executive directors, and the chairman of the Remuneration Committee, Mr. Jie Jing, is an independent non-executive director.

The major duties of the Remuneration Committee are:

(a) make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) determine, with delegated responsibility the remuneration packages of individual executive directors and senior management. These should include stock appreciation right incentive scheme, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) make recommendations to the Board on the remuneration of non-executive directors;

(e) consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

(f) review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) ensure that no director or any of his associates is involved in deciding his own remuneration; and

(i) consider other topics, as authorized by the Board .

During the year, the Remuneration Committee held one regular meeting.

Details of Remuneration Committee members' attendance records at the meeting during the year are set out in the following table:

Members of the Remuneration Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Zhu Minghui	1	1	0	100%
Peng Qifa (<i>note 1</i>)	1	1	0	100%
Chong Teck Sin (<i>note 1</i>)	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%
Jie Jing (<i>note 2</i>)	1	NA	NA	NA
Zhang Yun (<i>note 2</i>)	1	NA	NA	NA

Note 1: Mr. Peng Qifa and Mr. Chong Teck Sin ceased to be members of the Remuneration Committee since 14 November 2014;

Note 2: Mr. Jie Jing and Ms. Zhang Yun were appointed as members of the Remuneration Committee since 14 November 2014; the regular meeting of the Remuneration Committee was held on 14 March 2014.

In 2014, the Remuneration Committee has worked actively mainly on the following aspects:

1. Submitted suggestions to the Board on the remuneration policy and composition of the directors and senior managements of the Company in 2014, and suggested the establishment of a normal and transparent remuneration system;
2. Analyzed and continuously refined the procedures of meetings of the Remuneration Committee.

(3) Nomination Committee

The nomination committee (the "Nomination Committee") currently comprises Mr. Zhu Minghui, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun. The majority of the members of the Nomination Committee are independent non-executive directors. The chairman of the Nomination Committee, Mr. Zhu Minghui, is the chairman of the Board.

The major duties of the Nomination Committee are:

- (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) assess the independence of independent non-executive directors;
- (d) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the general manager; and
- (e) consider other topics, as authorized by the Board.

During the year, the Nomination Committee held one regular meeting.

Details of Nomination Committee members' attendance records at the regular meetings during the year are set out in the following table:

Members of the Nomination Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Zhu Minghui	1	1	0	100%
Peng Qifa (<i>note 1</i>)	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%
Jie Jing (<i>note 2</i>)	1	NA	NA	NA
Zhang Yun (<i>note 2</i>)	1	NA	NA	NA

Note 1: Mr. Peng Qifa ceased to be the member of the Nomination Committee since 14 November 2014;

Note 2: Mr. Jie Jing and Ms. Zhang Yun were appointed as members of the Nomination Committee since 14 November 2014; the regular meeting of the Nomination Committee was held on 14 March 2014.

In 2014, the Nomination Committee has worked actively mainly on the following aspects:

1. Assessed and reviewed the qualifications of the director candidates;
2. Analyzed the framework, population and composition of the current Board of the Company;
3. Assessed and reviewed the independent non-executive directors of the Company, ensuring their independency;
4. Analyzed and continuously refined the procedures of meetings of the Nomination Committee.

Corporate Governance Responsibility

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Code.

The Board reviewed (i) the Company's corporate governance policies and practices; (ii) the training and continuous professional development of directors and senior management; (iii) the Company's policies and practices on compliance with legal and regulatory requirements; (iv) the code of conduct applicable to the employees and directors; and (v) the Company's compliance with the Code and disclosure in this corporate governance report. With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules and the overriding principle that inside information should be announced immediately if it is the subject of a decision; and that the Company's affairs be conducted with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. The Company has been working on developing its own disclosure policy aiming at preventing selective disclosure of material, non-public information and providing broad, non-exclusive distribution of material information to the public. The Board will continue to review and improve the corporate governance practices and standards of the Company to ensure that their business and decision making processes are regulated in a proper and prudent manner.

During the year of 2014, the Board reviewed the Company's compliance with the Code and other rules applicable according to the requirements of the Code; approved the annual corporate governance report of the Company and its disclosure on the websites of the Stock Exchange and the Company.

Auditors and their Remuneration

PricewaterhouseCoopers was the international auditor of the Company (PricewaterhouseCoopers Zhong Tian LLP was the company's PRC auditor) for the years of 2012 and 2013. During the 2013 annual general meeting held on 30 June 2014, it was approved to replace PricewaterhouseCoopers with Ernst & Young as the international auditor of the Company (PricewaterhouseCoopers Zhong Tian LLP was replaced with Ernst & Young Hua Ming LLP as the company's PRC auditor).

Ernst & Young was the Company's international auditor (Ernst & Young Hua Ming LLP was the Company's PRC auditor for 2014) for the year ended 31 December 2014.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 December 2014.

The remuneration of the auditors for the year ended 31 December 2014 was set out below:

Services provided	Fees (RMB'000)
Audit Services	1,800
Non-audit services	-
Total	1,800

The directors took the view that they have the responsibilities for preparing the account and had conducted a review of the effectiveness of the internal control system of the Group. The Audit Committee had represented their opinions on the appointment of the auditors and approved the above mentioned appointing arrangement.

Company Secretary

During the period from 1 January 2014 to 31 December 2014, Mr. Huang Xuesong and Mr. Joseph Au Yeung Wai Ki continued to be the joint company secretaries of the Company, and complied with the relevant requirements of the Listing Rules.

During the year of 2014, each of Mr. Huang Xuesong and Mr. Joseph Au Yeung Wai Ki has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

Rights of Shareholders

The Company's shareholders of ordinary shares shall enjoy the following rights:

- (1) the right to receive dividends and other distributions proportional to the number of shares held;
- (2) the right to attend shareholders' meeting of the Company either in person or by proxy and exercise the voting right;
- (3) the right to supervise, advise or inquire the operating activities of the Company;
- (4) the right to transfer, gift, or pledge the shares held according to laws and regulations and the Articles of Association of the Company;
- (5) the right to be provided with relevant information in accordance with provisions of the Articles of Association of the Company, including:
 - (A) to obtain a copy of the Articles of Association of the Company, subject to payment of the cost;
 - (B) to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the following:
 - (i) the full register of shareholders;
 - (ii) personal profiles of the Company's directors, supervisors, general manager and other senior managements including:

- (a) their present and former names and aliases;
- (b) their principal addresses (residence);
- (c) their nationalities;
- (d) their full-time and all other part-time occupations and duties;
- (e) their identification documents and the numbers thereof.

(iii) report (s) on the Company's share capital;

(iv) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;

(v) minutes of shareholders' meeting.

(6) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;

(7) other rights conferred by the laws and regulations and the Articles of Association of the Company.

Communications with Shareholders

The Company attaches great importance to the communication with the shareholders and investors. The Company uses a number of channels to account for the performance and operations of the Company to shareholders, particularly periodic reports like annual and interim reports. In addition to delivering circulars, notices and financial reports to our shareholders, the Company also publishes its corporate information on its website (<http://www.camsl.com>) by electronic means. The annual general meeting (the "AGM") provides a good opportunity for the communication between the Board and the shareholders of the Company. The Company regards the AGM as an important event in the year and all directors, supervisors, senior management and the Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee should make an effort to attend and answer questions raised by the shareholders. For the year ended 31 December 2014, the Company held conferences and/or conference calls, as well as arranged many field trips for investors.

The Company encourages the shareholders to involve in the Company's affair and to discuss the corporate business and prospects directly at the AGM or extraordinary general meeting (the "EGM").

Shareholders individually or together holding 10% or more of the shares conferring the right to vote at the forthcoming EGM can sign and submit one or more written requests in the same format and content to the Board to request the convening of an EGM, with the issues to be discussed clearly stated. The Board shall convene an EGM as soon as possible upon receiving such written request(s). The number of the shares will be calculated upon the date of the submission of the written requests.

If the Board fails to send notification of the meeting within 30 days from the date of the receipt of such request, the Supervisory Committee shall call and preside over the meeting in a timely manner; if the Supervisory Committee fails to do so either, the shareholder(s), individually or jointly holding over 10% or more of voting shares of the Company for more than 90 consecutive days may call the meeting within 4 months of the date of the receipt of such request by the Board, and the procedures for calling the meeting shall manage to meet the one that the Board would follow when calling the meeting.

Enquiries may be made to the Board either by contacting the associated Company Secretary through office and mailing address as set out under the Corporate Information of this annual report or directly by questions at the AGM or EGM, or contact the board office of the Company (which is in charge of investor relations, email: dongshihui@camsl.com).

General Meetings

On 30 June 2014, the executive director Mr. Zhu Minghui (the chairman of the Board and the chairman of the Nomination Committee), Mr. William K Villalon and Mr. Wang Yang, the non-executive director Mr. Wu Xiaohua, Mr. Danny Goh Yan Nan and Mr. Wang Lin, the independent non-executive director Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing (the chairman of the Remuneration Committee) and Ms. Zhang Yun (the chairman of the Audit Committee), and the former independent non-executive director Mr. Peng Qifa (the former chairman of the Audit Committee and the Remuneration Committee) attended the 2013 AGM held by the Company.

On 14 November 2014, the executive director Mr. Zhu Minghui (the chairman of the Board and the chairman of the Nomination Committee), Mr. Lu Xiaozhong, Mr. William K Villalon and Mr. Wang Yang, the non-executive director Mr. Wu Xiaohua and Mr. Danny Goh Yan Nan, the independent non-executive director Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing (the chairman of the Remuneration Committee) and Ms. Zhang Yun (the chairman of the Audit Committee), and the former independent non-executive director Mr. Goh Chan Peng attended the 2014 first EGM held by the Company.

On 30 December 2014, the executive director Mr. Zhu Minghui (the chairman of the Board and the chairman of the Nomination Committee), Mr. William K Villalon and Mr. Wang Yang, the non-executive director Mr. Wu Xiaohua, Mr. Danny Goh Yan Nan and Mr. Wang Lin, the independent non-executive director Mr. Chong Teck Sin, Mr. Poon Chiu Kwok and Ms. Zhang Yun (the chairman of the Audit Committee) attended the 2014 second EGM held by the Company.

Amendments of Articles of Association

The Company approved the amendments of Article 100 of the Articles of Association of the Company regarding personnel composition of the Board at the 2013 annual general meeting which was held on 30 June 2014. The Company submitted the application of the amendments of the Articles of Association to relevant government authorities for approval and received the approval by Chongqing Foreign Trade and Economic Relations Commission through the Yu Wai Jing Mao letter [2014] No.258 Document on 15 July 2014. Please refer to the Articles of Association of the Company which was published on the website of the Stock Exchange and the Company on 21 July 2014 for further details.

By Order of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Zhu Minghui
Chairman

Chongqing, the PRC
25 March 2015

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

Executive directors:

Mr. Zhu Minghui (chairman)
Mr. Lu Xiaozhong
Mr. William K Villalon
Mr. Wang Yang

Non-executive directors:

Mr. Wu Xiaohua
Mr. Danny Goh Yan Nan
Mr. Wang Lin

Independent non-executive directors:

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

** For identification purpose only*