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: 08217)

2012 Annual Report

* For identification purpose only

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This report, for which the directors of Changan Minsheng APLL Logistics Co., Ltd. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

Executive Directors
Zhang Lungang (Chairman)
Gao Peizheng
Lu Xiaozhong
Zhu Minghui
William K Villalon

Non-Executive Directors
Lu Guoji (Vice Chairman)
Lau Man Yee, Vanessa
Li Ming
Wu Xiaohua
Zhou Zhengli
Danny Goh Yan Nan

Independent Non-Executive Directors
Peng Qifa
Chong Teck Sin
Poon Chiu Kwok
Jie Jing
Zhang Yun
Goh Chan Peng

Supervisors
Zhu Ying (Chairman)
Wu Jun
Zhang Tianming
Liu Yue
Deng Gang

General Manager
Zhu Minghui

Deputy General Managers
Li Xiwen
Chen Zhigang
Huang Ming

Company Secretary
Joseph Au Yeung Wai Ki, CPA ACA

Audit Committee
Peng Qifa (Chairman)
Chong Teck Sin
Poon Chiu Kwok

Compliance Officer
Zhu Minghui

Authorised Representative
Zhang Lungang
Zhu Minghui

Auditors
PricewaterhouseCoopers
22nd Floor
Prince's Building
Central, Hong Kong

Principal Bankers
China Minsheng Bank Limited, Chongqing Branch
China Merchants Bank Limited, Chongqing Branch
China Construction Bank Limited, Chongqing Branch

H-shares Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Rooms 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

Registered Office in the PRC
Liangjing Village, Yuanyang Town
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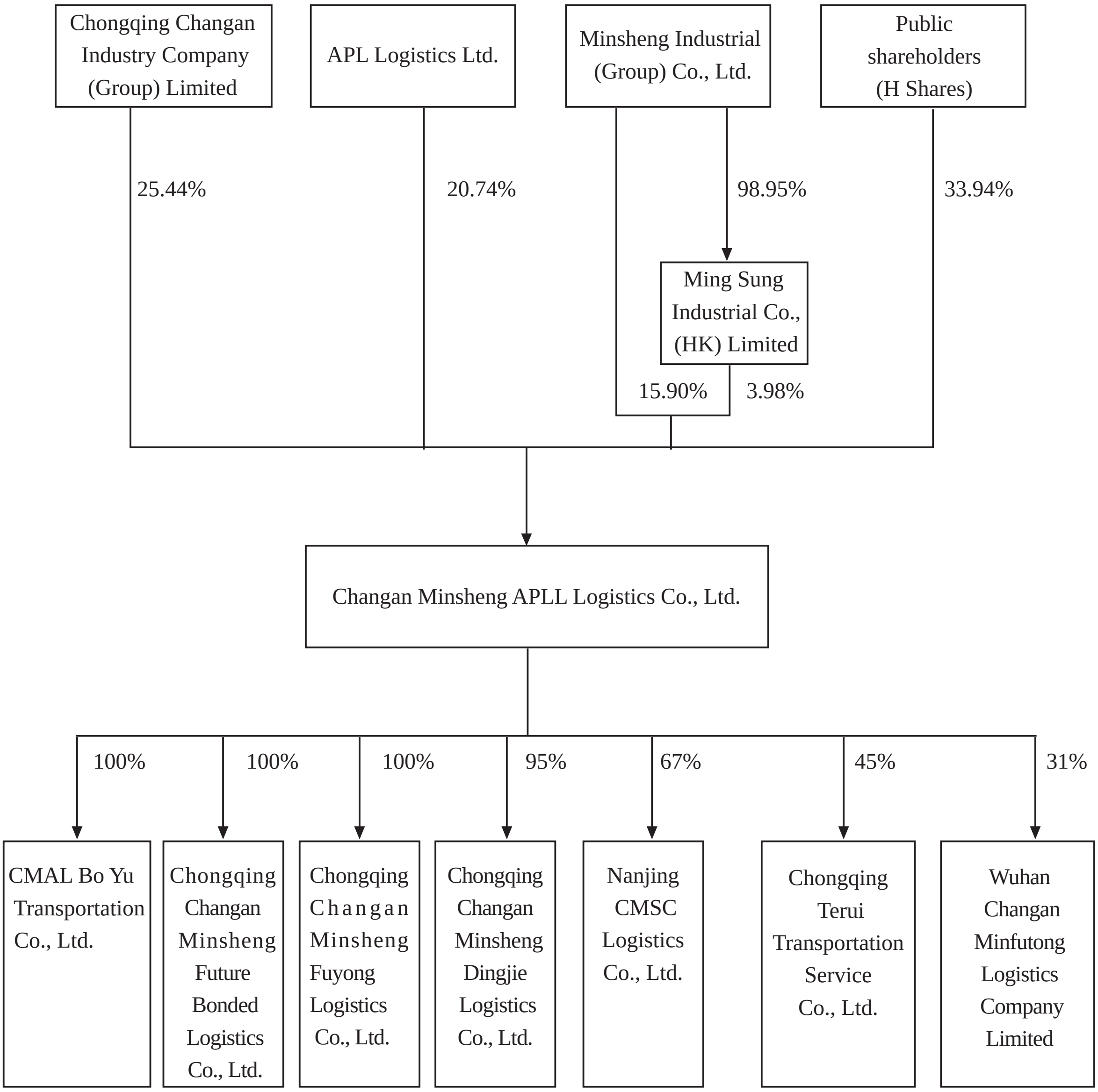
Head Office in Hong Kong
16/F, 144-151 Singga Commercial Centre
Connaught Road West
Hong Kong

Stock Code
08217

Website
http://www.camsl.com

GROUP'S SHAREHOLDING STRUCTURE



FINANCIAL SUMMARY

RESULTS

Set out below is the summary of the consolidated results of the Company and its subsidiaries (the "Group") for the five years ended 31 December 2012 (as extracted from the Group's audited consolidated statement of comprehensive income, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	For the year ended 31 December				
	2012	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,631,719	3,275,136	2,827,020	2,284,723	1,565,237
Profit before taxation	273,494	358,198	261,812	168,664	123,149
Income tax	(50,044)	71,614	46,788	25,734	19,410
Profit for the year	223,450	286,584	215,024	142,930	103,739
Profit attributable to the following parties:					
Non-controlling interest	19,173	36,456	36,079	12,695	3,444
Equity holders of the Company	204,277	250,128	178,945	130,235	100,295
	RMB yuan	RMB yuan	RMB yuan	RMB yuan	RMB yuan
Earnings per share (Note 1)	1.26	1.54	1.10	0.80	0.62
Dividends per share	0.3 (including tax) (Note 2)	0.16 (including tax)	0.15 (including tax)	0.09 (including tax)	0.09 (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 2008, 2009, 2010, 2011 and 2012 by the weighted average number of shares in issue for the respective years ended 31 December 2008, 2009, 2010, 2011 and 2012, 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 2012 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 2012 (as extracted from the Group's audited balance sheet, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	As at 31 December				
	2012	2011	2010	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	451,361	452,421	431,725	330,787	329,370
Current assets	1,904,096	1,341,718	987,843	894,015	565,056
Total assets	2,355,457	1,794,139	1,419,568	1,224,802	889,426
Non-current liabilities	2,333	4,652	5,873	7,707	10,315
Current liabilities	1,110,225	670,375	537,257	554,620	344,980
Non-controlling interest	59,692	106,009	89,153	39,549	26,854
Total liabilities and non-controlling interest	1,172,250	781,036	632,283	601,876	382,149
Total Equity	1,242,899	1,119,112	876,438	662,475	534,131

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 2012 to all shareholders of the Company.

ANNUAL RESULTS

In 2012, faced with the worse international economic situation and the auduous task on domestic reform and development stability, the PRC government considered the situation and made scientific decision, insisted on scientific development and made efforts to speed up changing economic developing way. The PRC economic represents a slow but tending to stable status. During the four quarters in 2012, the increasing rate of GDP slowed down from 8.1% in the first quarter to 7.6% in the second quarter and 7.4% in the third quarter, however, after making efforts, the increasing rate increased evidently in the fourth quarter which represented 7.9%. In 2012, the gross domestic product of the PRC achieved RMB51.9322 trillion yuan, representing an increase of 7.8% as compared with last year, the annual increasing rate slowed down further.

In 2012, the automobile market faced a lot of challenges caused by the world wide economic downturn, domestic slowing down economic growing rate, the prominent traffic and environment problems and the complex international factors, etc. However, after trying hard among the upstream and downstream of the total industry chain, the domestic automobile market still got a hard-won in the results in 2012. On 11 January 2013, the information published by China Association of Automobile Manufacturers reprensented that in 2012 the national automobile production and sales volume achieved respectively 19,271,800 vehicles and 19,306,400 vehicles, representing an increase of 4.63% and 4.33% as compared with last year, and respectively enhancing an increase of 3.8 and 1.9 percentage point for the corresponding period of last year.

The Group's customers are mainly in the automobile industry. Both the production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile"), had achieved 1,742,500 vehicles and 1,756,600 vehicles, representing an increase of 4.84% and 5.57% as compared with last year. During the year, being one of the third-party logistics service providers in China, through its creative logistics services ideas, professional logistics service technology, rich logistics design and operating experience and well-established service network throughout the PRC, the Group actively enhanced its service quality and extended its logistics service space and being able to achieve a good result in 2012.

For the year ended 31 December 2012, the automobile aftersales logistics of the Group developed well. The logistics service provided to the customer of the Group Changan Ford Automobile Company Limited (("Changan Ford"), according to the announcement published by Changan Automobile, the former Changan Ford Mazda Automobile Company Limited had been divided into Changan Ford and Changan Mazda Company Limited ("Changan Mazda") on 30 November 2012; Changan Ford mainly engages in Chongqing's automobile production and sales, Changan Mazda mainly engages in Nanjing's automobile production and sales which are related to Mazda brand) has a well development. The Group's revenue amounted to RMB3,631,719,000, up approximately 10.89% from the same period in 2011. Although the Group strengthened the cost control, but as affected by the increasing human and other operating costs and the decreasing logistics price, the profits attributable to the equity holders of the Company amounted to RMB204,277,000, down approximately 18.33% from the same period in 2011. Earnings per share was RMB1.26 for the year ended 31 December 2012 (2011:RMB1.54).

ANNUAL REVIEW

Marketing exploration

On 30 March 2012, Hefei Branch of the Company was established in Hefei, Anhui Province, the PRC. The establishment of Hefei Branch marked that the Company had successfully explore the logistics business from Hefei Changhe Automobile Company Limited ("Hefei Changhe"), and will build a customized and integrated supply chain management logistics service mode for Hefei Changhe to better meet the logistics demand of the customer. Hefei Branch mainly provides Hefei Changhe storage, delivery, packaging, sorting, processing, logistics software development & logistics information consulting service, logistics planning, management, etc. The Company will take this chance to continuously explore the logistics business from Hefei Changhe supplier system, enhance the logistics service capacity, strengthen the market competition capacity and the sustainable developing capacity.

During the year, the Company invested to purchase the 16% share capital of Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC") from Beijing Changjiu Co. Ltd. ("Beijing Changjiu") which strengthened the control to Nanjing CMSC by the Company. Please refer to the "Management Discussion and Analysis" for detailed information.

Awards

The Company has achieved good operating results in 2012 while the same has been recognised by the community. In January 2012, Chongqing New North Zone granted the Company the Top 20 of 2011 Annual Service Industry; in March 2012, the Company was reviewed by Chongqing International Freight Forwarding Association and became the standing member of Chongqing International Freight Forwarding Association; in August 2012, the Company was awarded the Top100 of 2012 Chongqing Service Industry and Excellent Member together by Chongqing Enterprise Association and Chongqing Entrepreneur Association; in August 2012, the Company was granted the Standing Vice Chairman by Automobile Logistics Branch, China Federation of Logistics & Purchasing; in September 2012, the Company was granted the Standing Vice Chairman and Excellent Member by Chongqing Traffic and Transportation Association; in September 2012, the Company was granted 2010-2011 Annual A Grade Enterprise Tax by Tax Bureau of Chongqing New North Zone; in November 2012, the Company was awarded Outstanding Contribution Enterprise of 2008-2012 Automobile Logistics Industry by Automobile Logistics Branch, China Federation of Logistics & Purchasing; in November 2012, the Company was granted 2012 Annual Outstanding Logistics Enterprise of the PRC by the 2012 (Tenth) PRC Logistics Entrepreneurs Annual Meeting of China Federation of Logistics & Purchasing; in December 2012, the Company was granted the Top 50 of PRC Logistics Enterprise by China Federation of Logistics & Purchasing; in December 2012, the Company was granted the 2012 Annual Chongqing Advanced Logistics Enterprise by Chongqing Economic & Information Committee and Chongqing Municipal Logistics Association Office.

OUTLOOK AND PROSPECTS

Notwithstanding the adverse factors such as the measures to rule the traffic jam in big cities, the governing on environmental pollution by automobile exhaust, the further soaring fuel price and the expectation of still slowing down on macro economy of the PRC, the quantity of automobiles in wide middle and small cities and the rural areas in China is relatively small and therefore there is still room for growth in the market. We believe that the logistics business, especially the automobile logistics business will relatively have a promising development space.

In 2013, although the competition in automobile logistics market is intensifying and each operating cost will continuously increase, by creative logistics service modes and "professionalism" in logistics service technology, the Group will continually and actively seek for taking advantages of all chances to develop continuously; further strengthen the strategic cooperation relationship with the existing customers through the measures such as customers satisfactory evaluation system, core customers relation coordination and speeding up the responses to customers.

The Board and I are very optimistic about the prospect of the Group. The Group will 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 services system. The Group is striving to become a 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 unremitting efforts. As in the past, the Company will strive to reward all its shareholders for their great support.

Zhang Lungang
Chairman

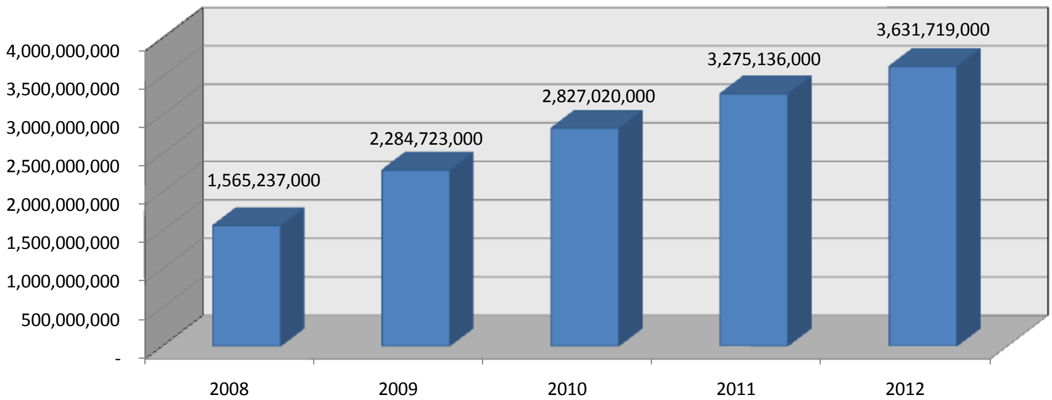
Chongqing, the PRC
22 March 2013

BUSINESS REVIEW

The principal businesses of the Group are supply chain management services for vehicles and car raw material, components and parts, it includes finished vehicle transportation and related logistics services, car components and parts supply chain management services. Besides, the Group also provides non-vehicle commodities transportation services. The Group's major customers include Changan Automobile, Changan Ford, Changan Mazda, Chongqing Changan Suzuki Automobile Company Limtied ("Changan Suzuki"), Hebei Changan Automobile Co., Ltd. ("Changan Hebei"), Nanjing Changan Automobile Company Limited ("Changan Nanjing"), Baotou Beiben Heavy-Duty Truck Co., Ltd. and Chengdu Baogang West Trade Company Limited, etc.

During the reporting period, as affected by the factors such as the slowing down increasing rate of the PRC GDP for the corresponding period of last year, the production and sales volume of the PRC automobile industry and the major customers of the Group all increased slowly. The Group made efforts to improve its service quality, strengthen the traditional logistics services, actively extend the scope of the integrated supply chain management. Besides, the major customer of the Group Changan Ford promoted new products in 2012, which making good effects on the increasing of the logistics business volume of the Group. For the year ended 31 December 2012, the revenue of the Group was approximately RMB3,631,719,000, up approximately 10.89% from RMB3,275,136,000 of last year.

Chart 1 Growth in revenue for the five years ended 31 December 2012
(unit:RMB yuan)



Supply chain management services for vehicles and car raw materials, components and parts

1. Transportation of Finished Vehicles

For the year ended 31 December 2012, the revenue from the finished vehicles transportation services was RMB2,075,595,000, up approximately 2.98% from RMB2,015,526,000 of last year.

2. Car Components & Parts Supply Chain Management

During the reporting period, the revenue from the car components & parts supply chain management services was RMB1,066,033,000 , down approximately 3.64% from RMB1,106,344,000 of last year.

Transportation of Non-vehicle Commodities and Other Logistics Services

During the reporting period, the revenue of the Group from such logistics services was RMB93,128,000, down approximately 3.39% from RMB96,393,000 of last year.

Car Components & Parts Packaging Sales and tyre sub-assembly

During the reporting period, the revenue of the Group from car components & parts packaging sales was RMB396,963,000, up approximately 597.98% from RMB56,873,000 of last year.

Logistics Services Network

In order to broaden its services network and enhance its services capability, the Company strengthened the infrastructure of its branches by better utilising the information technology system and managing them in a more scientific way. As at 31 December 2012, the Company had a total of 22 branches, subsidiaries, associated companies and representative offices, which are mainly located in East China, Central China, North China, South 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

Cost of sales and gross profit margin

For the year ended 31 December 2012, the Group's cost of sales was RMB3,178,165,000 (2011: RMB2,738,554,000), up approximately 16.05% from the previous financial year. During the reporting year, the Group faced several adverse factors such as the rising operating cost as human resources and price of fuel, the downturn of logistics service price, etc. The Group's gross profit margin decreased to 12.49% (2011: 16.38%).

Distribution Expenses

The Group's distribution expenses of RMB120,187,000 for the year ended 31 December 2012 represented approximately 3.31% of the Group's revenue during the year (2011: 3.33%).

The distribution expenses included salaries and benefits, traveling, business and communication expenses, and marketing and promotion expenses incurred by the Group's sales and marketing department. Such expenses increased by approximately 10.25% from last year.

Administrative Expenses

The Group's administrative expenses increased from RMB79,140,000 in 2011 to RMB 81,264,000 in 2012, up approximately 2.68% from the previous financial year.

Finance Costs

The Group's finance costs for the year amounted to RMB101，000 (2011: RMB909,000). As at 31 December 2012, the Group had no bank borrowings.

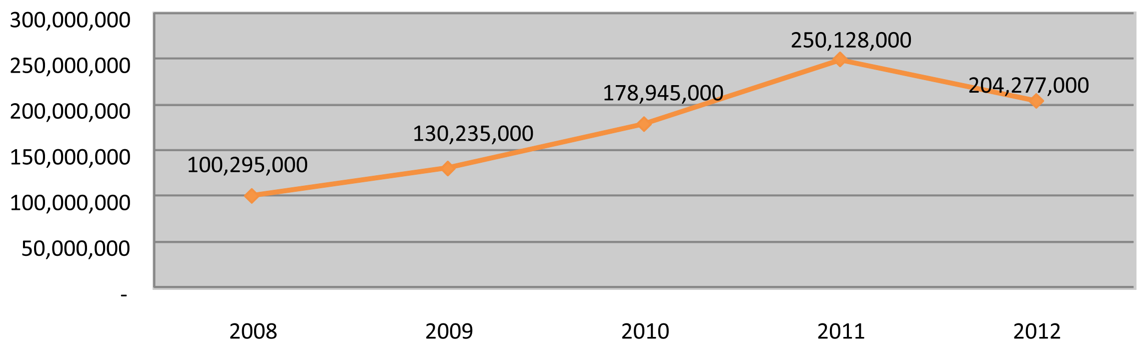
Taxation

For the year ended 31 December 2012, the weighted average applicable tax rate of the Group was 18.0% (2011: 18.3%); for the year ended 31 December 2012, the income tax expenses for the year was RMB50,044,000(2011: RMB71,614,000).

Profit Attributable to Equity Holders

During the year, the profit attributable to equity holders of the Company was RMB204,277,000, down approximately 18.33% from the previous financial year.

Chart 3: Change in profit attributable to equity holders of the Company
for the five years ended 31 December 2012
(unit: RMB 1.00 yuan)



Dividends

Based on the total shares in issue on the record date for implementation of the profit appropriation, the Board recommended the payment of a final dividend of RMB0.3 (including tax) (2011: RMB0.16 (including tax)) per share for the year ended 31 December 2012. The above proposal of profit appropriation is subject to consideration and approval at the 2012 annual general meeting of the Company. The final dividend is expected to be payable before 30 September 2013 upon approval of the Board's proposal by shareholders at the annual general meeting.

The record date of equity as at the annual general meeting, the last day for trading in the securities with entitlement, the ex-entitlement date and the last registration date of equity for issuing the 2012 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 equity for issuing the 2012 final dividend.

Liquidity and Financial Resources

The Group maintained a sound position for the year ended 31 December 2012. As at 31 December 2012, the balance of the Group's cash and bank deposit was RMB460,037,000 (31 December 2011: RMB489,317,000). As at 31 December 2012, total assets of the Group amounted to RMB2,355,457,000 (31 December 2011: RMB1,794,139,000). Capital resources were current liabilities of RMB1,110,225,000 (31 December 2011: RMB670,375,000), non-current liabilities of RMB2,333,000 (31 December 2011: RMB4,652,000), shareholders' interests (excluding non-controlling interest) of RMB1,183,207,000 (31 December 2011: RMB1,013,103,000) and non-controlling interests of RMB59,692,000 (31 December 2011: RMB106,009,000).

Capital Structure

For the year ended 31 December 2012, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2012, the balance of the Group's bank loans and borrowings was zero (31 December 2011: zero).

Gearing Ratio

As at 31 December 2012, the gearing ratio (total liabilities as a percentage of total assets) of the Group was approximately 47.23% (31 December 2011: 37.62%). The ratio of total liabilities to total equities of the Group was approximately 0.90:1 (31 December 2011: 0.60:1).

Pledge of Assets

As at 31 December 2012, the Group had not pledged any assets as security, and there were no bank borrowings.

Exchange Rate Risks

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

Contingent Liabilities

As at 31 December 2012, the Group did not have any significant contingent liabilities.

Capital Commitment

As at 31 December 2012, the Group capital expenditure at the balance sheet date but not yet incurred was as follows:

	2012 RMB'000	2011 RMB'000
Property, plant and equipment		
Contracted but not provided for	1,563	-
Approved but not signed the contract	-	-
Prepaid lease payments		
Approved but not provided for	-	-
	1,563	-

Significant Purchase or Sale of Subsidiaries and Associates

During the reporting period, the Company had entered into an equity transfer agreement with Beijing Changjiu and Sumitomo Corporation (the "Sumitomo"). Pursuant to the equity transfer agreement, Beijing Changjiu agrees to sell its entire 24% equity interest in Nanjing CMSC, and the Company and Sumitomo agreed to purchase from Beijing Changjiu its equity interest in Nanjing CMSC for a total consideration of RMB51.8 million. The above mentioned equity transfer was completed on 16 July 2012, and after that, the Company holds 67% equity interest of Nanjing CMSC and Sumitomo holds 33% of that.

Substantial Investment

During the year, the Company purchased 16% equity interest of Nanjing CMSC with RMB34,533,000 from Beijing Changjiu. Please refer to "Significant Purchase or Sale of Subsidiaries and Associates" for detailed information.

Employees

As at 31 December 2012, the Company employed 7,899 employees (31 December 2011: 4,799 employees).

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

	As at 31 December	
	2012	2011
Administration and finance	334	148
Information and technology	97	57
Sales and marketing	327	108
Operation	7,141	4,486
Total	7,899	4,799

Please refer to note 9 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, unemployment insurance, personal injury insurance and housing insurance.

Retirement Plan

Details of the Company's retirement plan are set out in note 30 to the consolidated financial statements.

Staff Quarters

During the year, the Company has not provided any staff quarters to the staff (2011: nil). It has provided housing provident fund to the staff, details of which are set out in note 30 to the consolidated financial statements.

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. The Company has prepared the compliance manual of the Board (the “Manual”) with a view to comply with the GEM Listing Rules. During the reporting year, the Company complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules and in the Manual.

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

Board

In order to fulfill the requirement of the GEM Listing Rules that the independent non-executive directors must be at least one third of the total board members, three new independent non-executive directors were elected at the general meeting held by the Company on 31 December 2012. Please refer to the circular dated 14 November 2012 and the announcement dated 31 December 2012 published by the Company for detailed information.

The Board comprises 17 directors, including 5 executive directors, 6 non-executive directors and 6 independent non-executive directors. Details of the members of the Board are set out in the paragraph headed “Directors, Supervisors, General Manager and Deputy General Managers” in this annual report. The 12 non-executive directors and independent non-executive directors participate actively in the formulation of the Company’s policies and seek to represent the interests of shareholders as a whole. The names of members of the third session of the board are set out in the “Report of the Directors”.

The Company has 6 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 2013, and the Company considers that each of the independent non-executive directors has complied with the guidelines on independence set out in rule 5.09 of the GEM Listing Rules. The term of office of each independent non-executive director does not exceed 9 years.

There is no family or material relationship between the members of the Board.

The Board has held four regular meetings in 2012 to discuss and decide the Company's business strategies, key operational issues, financial matters and other matters set out in the articles of associations of the Company. Details of directors' attendance records at the Board's regular meetings held during the year are set out in the following table:

Directors' name	Number of regular meeting	Records for personally attendance	Records for intrusted attendance	Personally attendance rate
Executive director				
Zhang Lungang	4	3	1	75%
Gao Peizheng	4	3	1	75%
Lu Xiaozhong	4	1	3	25%
Zhu Minghui	4	3	1	75%
William K Villalon	4	4	0	100%
Non-executive director				
Lu Guoji	4	1	3	25%
Lau Man Yee, Vanessa	4	2	2	50%
Li Ming	4	3	1	75%
Wu Xiaohua	4	4	0	100%
Zhou Zhengli	4	3	1	75%
Danny Goh Yan Nan	4	4	0	100%
Independent non-executive director				
Peng Qifa	4	4	0	100%
Chong Teck Sin	4	3	1	75%
Poon Chiu Kwok	4	4	0	100%
Jie Jing (note 1)	4	NA	NA	NA
Zhang Yun (note 1)	4	NA	NA	NA
Goh Chan Peng (note 1)	4	NA	NA	NA

Note 1: Mr. Jie Jing, Ms. Zhang Yun and Mr. Goh Chan Peng were appointed as the independent non-executive director of the Company on 31 December 2012, but all the regular meetings were held before their appointment.

Election of Directors and Supervisors

In order to fulfill the requirement of the GEM Listing Rules that the independent non-executive directors must be at least one third of the total board members, Mr. Jie Jing, Ms. Zhang Yun and Mr. Goh Chan Peng were elected as the independent non-executive directors of the Company at the extraordinary general meeting held by the Company on 31 December 2012. Please refer to the announcement dated 31 December 2012 published by the Company for detailed information.

Duties of Directors and Management

Pursuant to the regulations of the Acticles 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 Company's increasing or decreasing its registered capital and issuing bonds; to formulate plans for the Company's merger, division, changing of forms 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 Vice General Manager 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 Acticles of Association of the Company, the duties of Management are: to operate and manage the Company as well as implement resolutions of the Board; to implementing the Company's annual operation and investment plan; to make plans for the structuring 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 Vice General Managers, CFO 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.

Training for Directors

All directors and supervisors should participate in continuous professional development to develop and refresh their knowledge and skills. The Company has maintained a record of training attended by directors and supervisors from time to time:

On 18 March 2012, the executive directors Mr. Zhang Lungang, Mr. Gao Peizheng, Mr. Zhu Minghui and Mr. William K Villalon, the non-executive directors Ms. Lau Man Yee, Vanessa, Mr. Li Ming, Mr. Wu Xiaohua, Mr. Zhou Zhengli and Mr. Danny Goh Yan Nan, the independent non-executive directors Mr. Peng Qifa, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok, as well as the supervisors and senior management staffs participated in the training for directors organized by the Company (there are two training hours with a topic of Right & Duties of Directors of Listing Company and Cases for Corporate Governance which was lectured by the lawyer from Herbert Smith Freehills Law Firm); Mr. Lu Guoji and Mr. Lu Xiaozhong participated in the training organized by Runyan Investment Consulting Company Limited on 10 May 2012 (there are two and half training hours with the contents on corporate governance and information disclosing); Mr. Zhu Minghui further participated in the training with regard to practical matters on listing company in Hong Kong organized by the Stock Exchange in Beijing on 13 January 2013 with three training hours; Mr. Poon Chiu Kwok further participated in the trainings with regard to acquiring overseas assets organized by Herbert Smith Freehills Law Firm on 27 November 2012 and 28 November 2012 and the trainings with regard to listing on the Stock Exchange organized by Listco Professional Development Programme on 7 December 2012 with an accumulated 28 training hours.

Chairman and General Manager

The Company's chairman is Mr. Zhang Lungang, and the general manager is Mr. Zhu Minghui. 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.

General Meetings

On 26 June 2012, the executive director Mr. Zhang Lungang (the Chairman of the board and the chairman of the Nomination Committee), Mr. Zhu Minghui, Mr. Willliam K Villalon, the non-executive director Ms. Lau Man Yee, Vanessa, Mr. Wu Xiaohua, Mr. Danny Goh Yan Nan, the independent non-executive director Mr. Peng Qifa (the chairman of the Audit Committee and the chairman of the Remuneration Committee) attended the 2011 Annual General Meeting held by the Company.

On 31 December 2012, the executive director Mr. Zhang Lungang, Mr. Zhu Minghui, Mr. Willliam K Villalon, the non-executive director Ms. Lau Man Yee, Vanessa, Mr. Wu Xiaohua, Mr. Zhou Zhengli, Mr. Danny Goh Yan Nan, the independent non-executive director Mr. Peng Qifa, Mr. Poon Chiu Kwok attended the 2012 First Extraordinary General Meeting held by the Company.

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 pursuant to the requirements under Rule 5.28 of the GEM Listing Rules and the "Guidelines for the establishment of Audit Committees" published by Hong Kong Institute of Certified Public Accountants, with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules. 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 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 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 quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the board, the 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 committee should liaise with the board and senior management and the committee must meet, at least twice a year, with the Company's auditors; and

(ii) the 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 15 the Code on Corporate Governance Practices 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 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 Mr. Peng Qifa, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok, who are all independent non-executive directors. Chairman Peng Qifa has the requisite professional qualification and financial experience.

During the year, the audit committee has held four regular meetings.

The audit committee met on 13 March 2012 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2011, listened to the auditor's suggestions for the Company and approved the 2011 Annual Report.

The audit committee met on 3 May 2012 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2012, and approved such report.

The audit committee met on 25 July 2012 to review the unaudited interim report of the Group for the six months ended 30 June 2012, and approved such report.

The audit committee met on 31 October 2012 to review the unaudited third quarterly report of the Group for the nine months ended 30 September 2012, and approved such report.

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

Members of the commitee	Number of regular meetings	Records for personally attendance	Records for intrusted attendance	Personally attendance rate
Peng Qifa	4	4	0	100%
Chong Teck Sin	4	4	0	100%
Poon Chiu Kwok	4	4	0	100%

The audit committee met on 18 March 2013 to review the Group's annual results, financial statements, principal accounting policies and interal audit matters for the year ended 31 December 2012, listened to the auditor's views and approved these reports.

In 2012, the Audit Committee has worked actively mainly on the following aspects:

1. reviewed the policies and systems on internal financial supervison & operation, compliance monitoring and risks management;

2. monitored the account during the 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;

3. made effective communication and discussion with appointed auditors with regard to the 2012 annual financial auditing's nature and scope;

4. proposed to the Board to re-appoint PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian Certified Public Accountants Ltd., Co. as the Company's 2012 annual auditors.

(2) Remuneration Committee

The remuneration committee currently comprises Mr. Zhang Lungang, Mr. William K Villalon, Mr. Peng Qifa, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok. The majority of the members of the remuneration committee are independent non-executive directors of the Company, and the chairman of the Remuneration Committee, Mr. Peng Qifa, is an independent non-executive director of the Company.

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 stimulating plan, 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 committee members' attendance records at the meeting during the yearare set out in the following table:

Members of the commitee	Number of regular meetings	Records for personally attendance	Records for intrusted attendance	Personally attendance rate
Zhang Lungang	1	1	0	100%
William K Villalon	1	1	0	100%
Peng Qifa	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%

In 2012, the Remuneration Committee has worked actively mainly on the following aspects:

1. Submitted suggestions to the Board on the remuneration policy and structure of the directors and senior managements of the Company in 2012, and suggested establishing a normal and visible remuneration system;

2. Analyzed and continuously perfected the discussion procedure applying by the remuneration committee.

(3) Nomination Committee

The nomination committee currently comprises Mr. Zhang Lungang, Ms. Lau Man Yee, Vanessa, Mr. Peng Qifa, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok. The majority of the members of the nomination committee are independent non-executive directors of the Company. The chairman of the Nomination Committee, Mr. Zhang Lungang, is the Chairman of the Board of the Company.

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 committee members' attendance records at the regular meetings during the year are set out in the following table:

Members of the commitee	Number of regular meetings	Records for personally attendance	Records for intrusted attendance	Personally attendance rate
Zhang Lungang *(note 1)*	1	NA	NA	NA
Lau Man Yee, Vanessa	1	1	0	100%
Wu Xiaohua *(note 1)*	1	1	0	100%
Peng Qifa	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%

Note 1: Mr. Wu Xiaohua ceased to be the member of the Nomination Committee since 19 March 2012; Mr. Zhang Lungang was appointed as the committee member of the Nomination Committee on 19 March 2012; the regular meeting of the Nomination Committee was held on 13 March 2012.

Securities Transactions by Directors

During the reporting period, the directors have strictly obeyed the required standards of dealings set out in Rule 5.48 to Rule 5.67 of the GEM Listing Rules (such standards was set out in the Manuual) and have taken it as the standards regulating for their dealings. After due inquiry by the Company with all the directors, all the directors have confirmed that they have complied with the code of conduct and the required standard of dealings regarding securities transactions throughout the year.

Term of Office and Re-election

The term of office of each of the directors (including non-executive directors and independent non-executive directors) is three years. The term of all the existing directors will end upon the expiry of the third session of the Board. The directors shall then retire, but shall be available for re-election.

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.

Relationship with Shareholders

The Board intends to encourage and maintain continued dialogues with shareholders through various channels. The Company's annual general meeting provides a good opportunity for directors to meet and communicate with shareholders. The Chairman of the Board and the chairman of the three committees attend the annual general meeting and reply to enquiries of shareholders.

Auditors and the Remuneration

PricewaterhouseCoopers was the Company's international auditors (PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. was the Company's PRC auditor) for the year ended 31 December 2012. For the three years ended 31 December 2012, the Company has not changed auditor. The remuneration of the auditor for the year ended 31 December 2012 was set out in Note 8 of the consolidated financial statements of this report. The Company did not pay for the auditor's traveling, meals and lodging expenses and other incidental expenses during the period the audit services were provided.

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 appointement of the auditors and approved the above mentioned appointing arrangement.

Company Secretary

During the reporting period, Mr. Joseph Au Yeung Wai Ki was appointed as the Company Secretary who attended not less than 15 hours of relevant professional training as required under Rule 5.15 of the GEM Listing Rules.

Investor Relations

The Company adopts a number of communication channels to account to shareholders and investors for the Company. These include (i) publication of quarterly and annual reports; (ii) the annual general meeting or extraordinary general meeting which provide a forum for shareholders of the Company to raise comments and exchanging views with the board; (iii) through the investor relations management department of the Company at dongshihui@camsl.com the Company replying to enquires from shareholders timely; and (iv) the Company's website offering communication channel between the Company and its shareholders and investors.

Convening of An Extraordinary General Meeting

When shareholder(s), individually or jointly holding an aggregate of 10% or more of the shares of the Company propose(s) convening the extraordinary general meeting, the board of directors should convene the extraordinary general meeting.

Shareholder(s), individually or jointly holding an aggregate of 10% or more of the shares of the Company should issue a written request to submit the proposal of convening the extraordinary general meeting to the board of directors and specify the contents of the meeting. If the Board of Directors fails to send notification of the meeting within 30 days from the date of the receipt of such request, the Board of Supervisors shall call and preside over the meeting; if the Board of Supervisors 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 of Directors, and the procedures for calling the meeting shall remain as the Board of Directors would call the meeting.

Submitting Proposals to the General Meeting

Shareholder(s), individually or jointly holding an aggregate of 3% or more of the shares of the Company may submit written temporary proposals to the board of directors 10 days before the convening of the general meeting; the board of directors should publish the supplemental notice in two days after receiving the proposals and announce the contents of the temporary proposals.

Convening Extraordianry Board Meeting

Shareholders holding more than 10% of voting rights in shares, may request to call an extraordinary meeting of the Board. The Chairman shall call and preside over such a meeting within 10 days from receipt of the request.

Query to the Board of Directors

Purusant to the regulation of the Articles of Association of the Company, shareholders are entitled to gain the related information of the Company which including the articles of association, the share capital status, meeting minutes of general meetings, etc.

Amendments of Article of Association

During the year, to reflect the transfer of the shares of promoters of the Company and in conformity with the requirements of the GEM Listing Rules regarding the minimum number of independent non-executive directors, article 18 and article 100 of the Article of Association of the Company had respectively been amended. Please refer to the circular dated 11 May 2012 and the announcement dated 28 August 2012 published by the Company for detailed information.

The Board is pleased to present the annual report together with audited consolidated financial statements of the Group for the year ended 31 December 2012.

Principal Business

The Company is principally engaged in supply chain management services for vehicles and car raw material, components and parts, it include finished vehicle transportation and related logistics services, car components and parts supply chain management services. Besides, the Group also provides non-vehicle commodities transportation services.

Results

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement of this report.

Property, Plant and Equipment

Details of changes in the Company's property, plant and equipment during the year are set out in note 15 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 are set out in the section headed "Financial Summary" of this annual report.

Subsidiaries

The registered capital of CMAL Bo Yu Transportation Co., Ltd. ("CMAL Bo Yu") is RMB60,000,000 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. Details are set out in note 18 to the consolidated financial statements of this report.

Nanjing CMSC was incorporated by the Company, Sumitomo Corporation ("Sumitomo") and Beijing Changjiu Logistics Company Limited ("Beijing Changjiu"). On 16 July 2012, Beijing Changjiu transferred its entire equity interest in Nanjing CMSC to the Company and Sumitomo. After the transferring of the equity interest, the Company holds 67% of its equity interests, Sumitomo holds 33% of its equity interests. Details are set out in note 18 to the consolidated financial statement of this report.

Chongqing Changan Minsheng Future Logistics Co., Ltd. ("Chongqing Future"), the wholely-owned subsidiary of the Company, was incorporated by the Company to provide bonded logistics services to the customers in Chongqing and the areas around. The incorporated capital is RMB30,000,000. Chongqing Future mainly engages in storage, loading and unloading, handling, distribution, import & export of goods and international freight forwarding services. Details are set out in note 18 to the consolidated financial statement of this report.

Together with Chongqing Dajiang Zhenyue Storage Co., Ltd. ("Chongqing Dajiang"), Chongqing Weitai Economic & Trade Co., Ltd. ("Chongqing Weitai") and Chongqing Lingxin Storage Co., Ltd. ("Chongqing Lingxin"), the Company incorporated Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. ("Chongqing Dingjie") to provide logistics services to Changan Suzuki. The incorporated capital is RMB50,000,000. The Company holds 95% of its shares, Chongqing Dajiang holds 2%, Chongqing Weitai holds 2% and Chongqing Lingxin holds 1% of its shares. Chongqing Dingjie mainly engages in production and sales of car components and parts packages, storage, distribution, logistics software developing, logistics design and consulting services, etc. Details are set out in note 18 to the consolidated financial statement of this report.

On 28 April 2011, Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. ("Chongqing Fuyong"), the wholly-owned subsidiary of the Company, was incorporated by the Company with a registerd capital of RMB3,000,000. After the approval of the Board, the registered capital of Chongqing Fuyong was further increased by RMB2,000,000, reaching the registered capital of RMB5,000,000. The Company will continuously explore the electronic information products logistics business and the bonded logistics business in Xiyong Bonded Area in Chongqing through Chongqing Fuyong. Details are set out in note 18 to the consolidated financial statement of this report.

Capitalized Interests

For the year ended 31 December 2012, no interest had been capitalized by the Company.

Share Capital

For the year ended 31 December 2012, there had been no change to the share capital. Details are set out in note 25 to the consolidated financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights in the Company's articles of association requiring the Company to offer new shares proportionately to its existing shareholders.

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 27 of the consolidated financial statements.

Directors and Supervisors

The directors of the third session of the board of directors and supervisors of the third session of the supervisory committee of the Company up to the date of this report were as follows:

Executive directors

Zhang Lungang (Chairman)	（appointed on 30 September 2011）
Gao Peizheng	（appointed on 30 September 2011）
Lu Xiaozhong	（appointed on 30 September 2011）
Zhu Minghui	（appointed on 30 September 2011）
William K Villalon	（appointed on 30 September 2011）

Non-executive directors

Lu Guoji (Vice Chairman)	（appointed on 30 September 2011）
Lau Man Yee Vanessa	（appointed on 30 September 2011）
Li Ming	（appointed on 30 September 2011）
Wu Xiaohua	（appointed on 30 September 2011）
Zhou Zhengli	（appointed on 30 September 2011）
Danny Goh Yan Nan	（appointed on 30 September 2011）

Independent non-executive directors

Peng Qifa	（appointed on 30 September 2011）
Chong Teck Sin	（appointed on 30 September 2011）
Poon Chiu Kwok	（appointed on 30 September 2011）
Jie Jing	（appointed on 31 December 2012）
Zhang Yun	（appointed on 31 December 2012）
Goh Chan Peng	（appointed on 31 December 2012）

Supervisors

Zhu Ying	（appointed on 30 September 2011）
Wu Jun	（appointed on 30 September 2011）
Zhang Tianming	（appointed on 30 September 2011）
Liu Yue	（appointed on 30 September 2011）
Deng Gang	（appointed on 30 September 2011）

Confirmation of Independence

The Company has received the annual confirmation from each of the independent non-executive directors pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that the existing independent non-executive directors of the Company are independent persons.

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 significant contract to which the Company was a party and in which a director or supervisor had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

Remuneration of Directors and the Five Highest Paid Individuals

Details of the remuneration of directors and the 5 highest paid individuals are set out in note 32 to the consolidated financial statement of this report.

The remuneration provided to the directors is determined on the emoluments of, among other things, the relevant director'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 2012, 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")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and the supervisors is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

As at 31 December 2012, 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 2011, 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 2012, so far as is known to the directors and chief executive 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 who were directly or indirectly, interested in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to 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 (note 1)	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited (“Ming Sung (HK)”) (note 1)	Beneficial owner	6,444,480(L)	6.02%	-	3.98%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Pemberton Asian Opportunities Fund	Beneficial owner	3,900,000(L)	-	7.09%	2.41%
Braeside Investments,LLC (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management,LP (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Mclntyre Steven (note 2)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

Note 1: Ming Sung (HK) is the subsidiary of Minsheng Industrial, Minsheng Industrial holds 98.95% shareholdings of Ming Sung (HK). The directors of the Board of the Company Mr. Lu Guoji and Mr. Lu Xiaozhong holds respectively 24% and 6% shareholdings of Minsheng 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 2012, so far as is known to the directors and chief executive of the Company, there is no other person (other than the director, 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 had a direct or indirect interest amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Share Appreciation Right Incentive Scheme

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 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"). During the year, no such plan has been implemented.

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 were as follows:

	For the year ended 31 December	
	2012	2011
Changan Ford Automobile Company Limited	46%	42%
Chongqing Changan Automobile Co., Ltd.	23%	24%
Hebei Changan Commercial Vehicle Company Limited	6%	7%
Nanjing Changan Automobile Company Limited	3%	2%
Nanjing Chuanyu Changan Sales Company Limited	3%	4%
Total of 5 largest customers	81%	79%

All the 5 major customers mentioned above are the connected persons (as defined in the GEM Listing Rules) of the Company.

During the reporting period, the percentages of 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	
	2012	2011
Minsheng Logistics Company Limited	8%	9%
Chongqing Hailong Transportation Company Limited	4%	5%
Chongqing Dulian Logistics Company Limited	3%	1%
Chongqing Wanqun Logistics Company Limited	2%	3%
Lezhi Daxiang Logistics Company Limited	2%	3%
Total of 5 largest suppliers	19%	21%

Among the 5 largest suppliers, Minsheng Logistics Company Limited is the connected person (as defined in the GEM Listing Rules) of the Company.

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

Competing Interests

Before the H Shares of the Company being listed on the GEM of the Stock Exchange, the Company's shareholders APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Company had all signed non-competition undertakings with the Company in favour of the Company. Please refer to the Prospectus of the Company dated 16 February 2006 for such undertakings.

Till now, the non-competition undertaking given by each of Changan Industry Co. and APLL is still effective. Since the end of 2011, the aggregate shareholding in the Company held by Minsheng Industrial and Ming Sung (HK) (together with their respective associates) fell below 20%, the non-competition undertaking signed between the Company and Minsheng Industrial and Ming Sung (HK) became ineffective.

In March 2013, the Company received the confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics and Changan Industry Company.

Except of the disclosure in this paragraph, during the reporting period there was no director(s) or substantial shareholder(s) (having the same meaning with that of the GEM Listing Rules) of the Company owning any equity in the business that compete with the Group or may have competition 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 GEM 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 45.55% shares of Changan Automobile; South Group holds 42.27% of Binqi Zhuangbei Group Finance Limited Liability Company ("Zhuangbei Finance"). Changan Industry Company directly and indirectly holds 100% of the share of 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 GEM Listing Rules. Minsheng Industrial and APL Logistics are also the substantial shareholders of the Company. Accordingly, Minsheng Industrial and APL Logistics and their respective associates are also connected persons of the Company. After Beijing Changjiu transferred its equity interest in Nanjing CMSC on 16 July 2012, the Company holds from 51% to 67% share capital of Nanjing CMSC and Sumitomo holds from 25% to 33% of its share capital. Sumitomo and its associates are also connected persons of the Company as it is the substantial shareholders of Nanjing CMSC according to the GEM Listing Rules. Before 16 July 2012, Beijing Changjiu and its associates were connected persons of the Company as it was the substantial shareholders of Nanjing CMSC according to the GEM Listing Rules. Sumitomo holds 49% of the share capital of Nanjing Baogang Zhushang Metal Products Company Limited ("Baogang Zhushang"), Baogang Zhushang is the associate of Sumitomo.

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

Reasons and Interests of Continuing Connected Transactions

The Company is of the view that the continuing connected transactions that the Group provides logistics services to Changan Industry Company, APL Logistics, Changan Automobile, Baogang Zhushang and their respective associates are in line with the Group's main business and development strategy. These connected transactions should be continued. For the provision of logistics services, the Group needs to purchase transportation services continuously. The Group has built up long term partnership with Changan Industry Company, Minsheng Industrial, APL Logistics, Beijing Changjiu and their respective associates, and the Group is satisfied with the quality of their transportation service. Therefore the Group will continue to transact with them. In order to support the normal operation and investment activities, apart from the net in-flows of cash out of the operation activities, more funds will be needed as a supplement by taking loans, etc.; following successive expansions in the business scale of the Group, the in-flows and out-flows of cash out of the operating activities becomes more frequent and the amounts have also increased continuously, the time for settlement needs to be shortened and finance costs needs to be decreased. In view of the relationship between the Company and Zhuangbei Finance, the Board is of the view that the settlements and gaining funds from Zhuangbei Finance is consistent with the Group's principal businesses and development strategies and can promote the business growth. The Group purchases engineering construction services from Chongqing Changan Construction. It is beneficial to save the construction costs. The Group needs to continuously purchase engineering construction services from Chongqing Changan Construction.

Pricing of Continuing Connected Transactions

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

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

According to the framework agreement signed on 28 October 2011 by the Company with 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 connected persons shall be on terms no less favorable to the Company than those available from independent third parties under current market conditions. Such terms are in the interest of the Company and 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, Beijing Changjiu, Zhuangbei Finance, Chongqing Changan Construction and their respective associates, which constitute accounting connected transactions during the period. The details are set out in the notes to the consolidated financial statements. During the reporting period, apart from one continuing connected transaction's annual actual value exceeded the maximum value, the Group strictly complied with Chapter 20 of the GEM Listing Rules.

For the year ended 31 December 2012, the total consideration paid to the Group by the relevant connected persons for the logistics services is as follows:

		2012
	Actual Value	**Maximum Value**
	RMB (thousand)	**RMB (thousand)**
Changan Industry Company and its associates:		
- Supply chain management services for vehicles and car raw materials, components and parts & non-vehicle logistics services	8,769	34,421
Changan Automobile and its associates:		
- Supply chain management services for vehicles and car raw materials, components and parts	3,188,438	4,440,617.4
APLL and its associates:		
- logistics service	-	30,000
Baogang Zhushang:		
- Supply chain management services for car raw materials, components and parts	12,326	22,000

For the year ended 31 December 2012, the total consideration paid by the Group to the connected persons for the purchase of transportation services of vehicles and car raw materials, components and parts is as follows:

		2012
	Actual Value	**Maximum Value**
	RMB (thousand)	**RMB (thousand)**
Minsheng Industrial and its associates	317,896	528,857
APL Logistics and its associates	2,108	30,000
Beijing Changjiu and its associates (note 1)	11,617	65,510.5
Changan Industry Company and its associates:	23,419	12,121.3

Note 1: it is the amount for the period from 1 January 2012 to 16 July 2012.

For the year ended 31 December 2012, the transactions between the Group and Zhuangbei Finance:

		2012
	Actual Value	**Maximum Value**
	RMB (thousand)	**RMB (thousand)**
The maximum amount of loan outstanding (including interests) on a daily basis	-	300,000
The maximum amount of deposit (including interest) on a daily basis	316,737	600,000
The aggregate amount of each note discounting transactions on an annual basis	98,000	100,000

For the year ended 31 December 2012, the total consideration paid by the Group to Chongqing Changan Construction for the purchase of engineering construction services is as follows:

		2012
	Actual Value	**Maximum Value**
	RMB (thousand)	**RMB (thousand)**
Chongqing Changan Construction	9,334	190,000

After reviewing "The Letter from Independent Auditors Regarding Continuous Related Transactions Written to the Board of Directors of Chongqing Changan Minsheng APLL Logistics Co., Ltd (Your Company)" sent from the Company's auditor, Pricewaterhouse Coopers Accounting Firm to the board of directors of the Company, the independent non-executive directors of the Company confirmed the 2012 annual connected transactions of the Company pursuant to Rule 20.37 of the GEM Listing Rules of the Stock Exchange:
1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are no 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 letter sent to the Company 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 accordance with the relevant agreement governing the transactions; and
4. Apart from that the actual value of RMB 23,419,000 for the purchasing of transportation services of vehicles and car raw materials, components and parts by the Group from Changan Industry Company and its associates had exceeded the annual cap for the year ended 31 December 2012 disclosed in the former announcement, the other continuing connected transactions have not exceeded the annual cap disclosed in the former announcement.

Legal Proceedings

As at 31 December 2012, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company and its subsidiaries.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2012.

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 met the public float requirement as stipulated under the GEM Listing Rules.

Designated Deposits

As at 31 December 2012, the Company and its subsidiaries had no designated deposits in any financial institutions in the PRC or any overdue fixed deposit which could not be recovered.

Donations

During the year, the total amount of donation made by the Company and its subsidiaries was RMB0 (2011: RMB0).

Auditors

The consolidated financial statements of the Group set out in this report have been audited by PricewaterhouseCoopers.

Audit Committee

The audit committee had conducted a meeting and reviewed the Group's audited results for the period ended 31 December 2012 and was of the opinion that the preparation of audited results complied with applicable accounting standards, the relevant regulatory and legal requirements and that adequate disclosure had been made.

Corporate Governance

Throught the year, the Group has complied with all code provisions of the Corporate Governance Code (effective from 1 April 2012) as contained in Appendix 15 of the GEM Listing Rules, as well as the former Code on Corporate Governance Practices (effective until 31 March 2012).

Disclosure under Chapter 17 of the GEM Listing Rules

The Directors are not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

By order of the Board
Zhang Lungang
Chairman

Chongqing, the PRC
22 March 2013

Report of the Supervisory Committee

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 2012, 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. The transactions between the Company and connected parties are carried out on fair and reasonable terms and in the interests of the shareholders as a whole. Up till now, none of the directors, general manager and other senior management staff had been found to have abused their authority, damaging the interests of the Company and of its shareholders. And 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 2012, and has full confidence in the future development of the Company.

The Supervisory Committee has seriously reviewed and agreed with the report of the directors, the audited consolidated financial statements, which need to be submitted by the Board to the 2012 annual general meeting.

By order of the Supervisory Committee
Zhu Ying
Chairman

Chongqing, the PRC
22 March 2013

Executive Directors

Mr. Zhang Lungang

Mr. Zhang Lungang (張倫剛), is now the chairman and an executive director and the chairman of nomination committee of the third session of the Board of the Company. He is the Authorized Representative of the Company. He was born in 1967, holding a bachelor's degree. Mr. Zhang joined the Company on 19 June 2009. Mr. Zhang has participated in many financial training organizations including Hong Kong international financial training course, Germany senior financial experts training course, Japanese Altos financial training course and Canadian senior financial experts training course for professional financial knowledge. And he also participated in the state-owned large and medium sized enterprises' general accountants' professional training held by the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zhang worked as the director of the finance division and assets management division of Southwest Military Bureau, the deputy general manger and general accountant of Chongqing Dajiang Industrial Group and the financial manger of Chongqing Wanyou Conifer Hotel with working experiences in joint venture companies. Mr. Zhang is proficient in financial management, financial budget and final accounts and assets and capital verification and so on. Mr. Zhang served as the general accountant of Changan Industry Company. Mr. Zhang is now the secretary of the CPC committee of Changan Industry Company and is the member of the Standing Committee of Chongqing CPPCC since January 2013.

Mr. Gao Peizheng

Mr. Gao Peizheng (高培正), is now an executive director of the third session of the Board of the Company. He was born in 1967, graduated from Southwest University of Political Science and Law in 1989. Since Mr. Gao entered into former Changan Automobile (Group) Company Liability Limited, Mr. Gao had been served as Vice-division Chief of Audit & Supervision division of Audit & Supervision department and Vice-division Chief of Law Affairs division of Audit & Supervision department , Division Chief of Security division and Party Branch Secretary, Vice Minister of Audit & Supervision department, Minister of Social Working department and Party Branch Secretary, Assistant President and general counsel for former Changan Automobile (Group) Company Liability Limited from that time to December 2008; during the period, Mr. Gao served also as Director General of Changan Branch Bureau of Chongqing Public Security Bureau. From December 2008 to October 2010, Mr. Gao served as Deputy Secretary of Discipline Inspection Commission, Minister of Audit & Supervision department and Party Branch Secretary, Minister of Reform and Social Working department and Party Branch Secretary, Assistant President and general counsel for Changan Industry Company and so on. Mr. Gao also served as the general manager of the Company. Mr. Gao now serves as the Deputy Secretary of Party Commission, Secretary of Discipline Inspection Commission, Chairman of Trade Union and general counsel for Changan Industry Company. Mr. Gao has been working for over 20 years and has been mainly responsible for efficiency supervision, law affairs, trade mark and intellectual property rights protection, handle lawsuit or non-lawsuit case, safety guard, investigate into law case, audit & supervision, reform and reorganization, HRM and subsidiary company and accumulated rich working experience.

DIRECTORS, SUPERVISORS, GENERAL MANAGER AND DEPUTY GENERAL MANAGERS

Mr. Lu Xiaozhong

Mr. Lu Xiaozhong (盧曉鍾), is now an executive director of the third session of the Board of the Company. He was born in 1948, holding a bachelor's degree, joined the Company in 2001. Mr. Lu was the Company's general manager from October 2001 to February 2004. Mr. Lu had served as the deputy director of Chongqing Foreign Trade & Economic Relations Commission, the deputy director of Chongqing Standing Committee, the deputy chairman of Chongqing General Chamber of Commerce (industrial and commercial association) and the deputy chairperson of the Chongqing China National Democratic Construction Association (CNDCA); Mr. Lu also served as managing deputy president of Minsheng Industrial and the general manager of former Minsheng Shipping Company Limited. Mr. Lu is now a member of the standing committee of National Committee of the CPPCC; a committee member of CNDCA and the chairperson of the Chongqing CNDCA; director and president of Minsheng Industrial; chairman of Minsheng Shipping Co., Ltd. And director & general manager of Ming Sung (HK). Mr. Lu won the prizes of "Model of Great Contribution for Developing Chongqing in 2006" and "Construction Toast After Chongqing under Direct Jurisdiction of Central Government for Ten Years".

Mr. Zhu Minghui

Mr. Zhu Minghui (朱明輝), is now an executive director of the third session of the Board of the Company and the General Manager of the Company, he is the Compliance Officer and the Authorized Representative of the Company. He is the chairman of the board of directors of Nanjing CMSC and the chairman of the board of directors of Chongqing Terui Transportation Service Company Limited. He was born in April 1966, holding a postgraduate diploma, senior engineer. Graduated from Beijing Institute of Technology in 1987, Mr. Zhu was assigned to former Changan Automobile (Group) Company Liability Limited, worked as technical in workshop, technical team leader, director of the office of Manufacturing Department, deputy director and director of workshop, deputy GM of First Plant, etc. From the year 2000, Mr. Zhu was assigned to work in the headquarter of former Changan Automobile (Group) Company Limited, served as deputy minister of Specialty Products Department, minister of International Trade Department, minister of Manufacturing and Operation Department, minister of Operation and Management Department and minister of Human Resources Department. From March 2009 to February 2010, Mr. Zhu was assigned and appointed to be the Chinese GM and branch Party secretary of Changan Visteon Engine Control System Co., Ltd., and made a profit instead of suffering a loss in just one year. From March 2010 to June 2011, Mr. Zhu serves as general manager of Changan Real Estate Development Company and general manager of Changan Construction Engineering Co., Ltd. Mr. Zhu has engaged for a long period in manufacturing and operation management and leading in the key position of large enterprise and GM position of several independent legal entities. Mr. Zhu has rich theoretical knowledge and working experiences in enterprise operation management and leading, human resources development and management, production manufacturing, components supply chain management and marketing, etc.

Mr. William K Villalon

Mr. William K Villalon, is now an executive director and the member of remuneration committee of the third session of the Board of the Company. He was born in 1949, was graduated from University of California, Berkeley in 1979, holding a MBA in Finance; and was graduated from Washington University, St. Louis in 1972, holding a BA in Political Science. Mr. William K Villalon has served for American President Lines/Logistics from 1984 to present, now is the Vice President of Land Transportation Services / Global Automotive Logistics. Mr. William K Villalon had served different positions for American President Lines/Logistics, mainly including Vice President of Americas' Logistics, Vice President of American Consolidation Services, Vice President of Global Marketing, Vice President of Southeast Asia, Vice President of Stacktrain Service and Director of Stacktrain Marketing. Mr. William K Villalon served as General Manager, Intermodal of Southern Pacific Railroad (subsequently merged into UNION PACIFIC RAIROAD) before 1984.

Non-executive Directors

Mr. Lu Guoji

Mr. Lu Guoji (盧國紀), is now the vice chairman and a non-executive director of the third session of the Board of the Company. Mr. Lu was born in 1923, joined the Company in 2001, and was appointed as vice chairman of the Company in December 2004. Mr. Lu graduated from University of Central Chongqing in 1948, obtained a bachelor's degree in Civil Engineering. Since 1984, Mr. Lu had served as the director and general manager, deputy chairman and chairman of Minsheng Industrial. The State Council has been granting him a special allowance in recognition of his contribution to the country as an expert in engineering, since 1992. From 1980 to 1997, Mr. Lu was the committee member and member of the Standing Committee of Chongqing CPPCC for the seventh, eighth, ninth and tenth session. From 1997 to 2003, he was the committee member of the Standing Committee of the CPPCC of Chongqing Municipality for the first session. From 1988 to 2003, Mr. Lu was the committee member of CPPCC for the seventh, eighth and ninth session at the national level. Mr. Lu now serves as the chairman of the board of directors of Minsheng Industrial and the chairman of the board of directors of Ming Sung (HK).

Ms. Lau Man Yee, Vanessa

Ms. Lau Man Yee, Vanessa (劉敏儀), is now a non-executive director and a member of nomination committee of the third session of the Board of the Company. She was born in 1967, MBA, joined the Company as a non-executive director in June 2005. She is a fellow member of the Chartered Association of Certified Accountants and a graduate member of the Institute of Chartered Secretaries and Administrators. Ms. Lau joined APL's Asia Area Headquarters in Hong Kong in 1991. From 1995 to 1997, Ms. Lau worked for APL's Singapore office as the regional controller. In 1998, Ms. Lau joined NOL Group and she has been working in the NOL Group on financial accounting functions since 1999. She is now NOL's Senior Vice President & Group Financial Accounting Controller. As a senior management staff of NOL Group, Ms. Lau has assumed, and may from time to time assume, other executive positions and/or directorships in any one or more NOL Group entities globally.

Mr. Li Ming

Mr. Li Ming (李鳴), is now a non-executive director of the third session of the Board of the Company. Mr. Li was born in 1957, holds a bachelor's degree and joined former Changan Automobile (Group) Company Liability Limited in August 1978. Mr. Li entered into the Company in June 2008. Mr. Li was the deputy director and the director of former Changan Automobile (Group) Company Liability Limited, the vice general manager and the director of finance department of Changan Automobile Sales Company, the finance controller of Changan Ford and the deputy head of finance department of former Changan Automobile (Group) Company Liability Limited, the head of the finance department and deputy general accountant of Changan Industry Company.

Mr. Wu Xiaohua

Mr. Wu Xiaohua (吳小華), is now a non-executive director of the third session of the Board of the Company. He was born in 1955 and joined the Company in 2001. Mr. Wu graduated from the Sichuan Cadre Institute in 1988, majoring in Financial Accounting. From 1976 to 1989, he was the deputy head of the finance department of Chuanjiang Shipping Factory of Changjiang Marine Transportation Company. Mr. Wu had taken up the posts in Minsheng Industrial as the deputy manager, manager in Finance and Accounting Department, department head in Finance and Accounting Department, deputy general accountant and general accountant. Mr. Wu now serves as the director, deputy general manager and CFO of Minsheng Shipping Co., Ltd.

Mr. Zhou Zhengli

Mr. Zhou Zhengli (周正利), is now a non-executive director of the third session of the Board of the Company. He was born in 1964, holding a MBA (Chongqing Business and Management Master College). Entered into former Changan Automobile (Group) Company Liability Limited, Mr. Zhou served as deputy director of automobile technology department, deputy chief of handicraft research institute of technology research centre and Party branch secretary, director of technology planning department and director of science management department under science & technology committee, deputy director and director of science and technology department under science & quality ministry, manager of engineer department of Changan Industry Park Managing Committee, deputy minister of developing and planning department. Mr. Zhou served as deputy minister of developing and planning department of Changan Industry Company. Mr. Zhou has rich experience in new products development, automobile technology & quality management, science & technology management and developing & planning.

Mr. Danny Goh Yan Nan

Mr. Danny Goh Yan Nan,is now a non-executive director of the third session of the Board of the Company. He was born in 1959, and was graduated from University of Oregon, USA in 1986, holding a Bachelor of Science, Finance. He has been served as Vice President of North Asia Region of APLL since 2010. He had been served different positions for APLL, mainly including Vice President / Managing Director in Japan, Vice President of International Services and Global Operations, Vice President / Managing Director of Asia-Middle East Region, General Manager of South East and West Asia Region and Regional Operations Manager of South East and West Asia Region.

Independent Non-executive Directors

Mr. Peng Qifa

Mr. Peng Qifa (彭啟發), is now an independent non-executive director, the chairman of audit committee, the chairman of remuneration committee and the member of nomination committee of the third session of the Board of the Company. He was born in 1964, joined in the Company as an independent non-executive director in December 2004. In 1998, he obtained a master's degree in Economics from the faculty of Business Administration at Sichuan University. Mr. Peng has served as a professor of Economics in Chongqing University of Technology and was qualified as a master tutor. Mr. Peng is a Certified Public Accountant in the PRC.

Mr. Chong Teck Sin

Mr. Chong Teck Sin (張鐵沁), is now an independent non-executive director, the member of audit committee, the member of nomination committee and the member of remuneration committee of the third session of the Board of the Company. Born in 1955, he joined the Company as an independent non-executive director in July 2005. Mr. Chong was the group managing director (commercial) of Seksun Corporation Limited ("Seksun"), which was listed on Singapore Stock Exchanges, until May 2004. Prior to his appointment at Seksun, he was the strategic development director for China of Glaxo Wellcome Asia Pacific Pte Ltd. and before that, the senior general manager of China-Singapore Suzhou Industrial Park Development Co., Ltd., the Singapore Suzhou Industrial Park developer. He was with the Singapore Economic Development Board from 1986 to 1989. From April 2004 to March 2010, Mr. Chong sat on the Board of the Accounting and Corporate Regulatory Authority (ACRA) of Singapore. He was also the independent non-executive director of British-American Tobacco (Singapore) Pte Ltd. In addition, Mr. Chong was also the independent non-executive director of the following-mentioned companies which were listed on Singapore Stock Exchanges ("SGX"): Wanxiang International Pte Ltd., Sihuan Pharmaceutical Holdings Group Ltd. Mr. Chong had also served as an independent director of Singapore's SGX-listed JES International until his resignation on 1 July 2011; Mr. Chong had also served as an independent director of Singapore's SGX-listed Beyonics Technology Ltd and had resigned with effective from 15 February 2012; Mr. Chong also served as an independent director of ASX-listed Blackgold International Holdings Limited and had resigned with effective from 5 February 2013. Since November 2008 to July 2010, Mr. Chong was also the board member of Singapore's largest charitable organization called National Kidney Foundation Singapore. Mr. Chong has been appointed on 18 April, 2011 as a board director of AVIC International Investments Limited of Singapore, a member company of China Aviation Industry Corporation(中國航空工業集團公司. He obtained a bachelor of engineering degree from at the University of Tokyo in 1981, and subsequently obtained a Master of Business Administration degree from the National University of Singapore.

Mr. Poon Chiu Kwok

Mr. Poon Chiu Kwok (潘昭國), is now an independent non-executive director, the member of audit committee, the member of nomination committee and the member of remuneration committee of the third session of the Board of the Company. He was born in 1962, obtained a master's degree in international accounting, a post-graduate diploma in laws, a bachelor's degree in laws and a bachelor's degree in business studies. He has been fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. He is also a member and Associate Instructor of Hong Kong Securities and Investment Institute.Mr. Poon now serves as an executive director, vice president and company secretary of Huabao International Holdings Limited which is a listed company in Hong Kong (Stock Code: 00336), an independent non-executive director and as a member of the audit committee of Guangzhou Shipyard International Company Limited (Stock Code: 00317) (both listed in Hong Kong and Shanghai), Ningbo Port Company Limited (a listed company in Shanghai), Yuanda China Holdings Limited which is a listed company in Hong Kong (Stock Code: 02789) and Sunac China Holdings Limited (a company listed in Hong Kong) (Stock Code:01918). Mr. Poon also served as an independent non-executive director of China Tianrui Group Cement Company Limited and Tsingtao Brewery Company Limited which are listed company in Hong Kong (Stock Code:00168) and retired upon expiry of term in December 2012 and June 2011, respectively.

DIRECTORS, SUPERVISORS, GENERAL MANAGER AND DEPUTY GENERAL MANAGERS

Mr. Jie Jing

Mr. Jie Jing (揭京), entered into the Company on 31 December 2012, is now an independent non-executive director, was born in 1968, obtained a Bachelor of Engineering degree from Wuhan University of Technology in 1989, a Master of Engineering degree from Chongqing University in 1997 and a Doctor of Psychology degree from Southwest University in 2008. Mr. Jie now serves as the head of Exploring Department, associate professor of Institute of Finance and Economics of Chongqing Jiaotong University. He is also a member and special grade lecturer of the China Business Manager Association, executive member of Chongqing Economics Association and Members of the CPPCC of Nan'an District of Chongqing. Mr. Jie previously served as the general manager and legal representative of Hong Kong Jinhong International Trade Company, the general manager and legal representative of Chongqing Hongda Property Development Company Limited, senior strategic consultant of Chongqing Xiexin Group, senior partner of Xinhuaxin Management Consulting Company and the Assistant GM of Chongqing Jiulong Electric Power Co., Ltd. (a listed company in Shanghai Stock Exchange, stock code: 600292). Mr. Jie Jing has rich experience in supply chain management, logistics system optimization and corporate governance, etc.

Ms. Zhang Yun

Ms. Zhang Yun (張運), entered into the Company on 31 December 2012, is now an independent non-executive director, was born in 1966, obtained a Bachelor degree from Chongqing Jiaotong University in 1986 and a Master degree from Chongqing University in 1994. Ms. Zhang now serves as the department head of Logistics, head of the Institute of Logistics Research, professor and master instructor of Chongqing Jiaotong University; strategic decision consultant of road transportation industry of Chongqing Road Transportation Management Office; expert for self-study examination of Chongqing Higher Education; expert for evaluation of bid of Chongqing Road Projects Construction. At the recommendation of the Ministry of Transportation of the PRC and sponsored by Germany government, Ms. Zhang studied logistics theories and practiced them in the TUD university, research organizations including TCAC and HPTI and logistics enterprise named KUEHNE & NAGEL in German. Ms. Zhang had been responsible for so many studies and researches including "Research on Chongqing's Community Infrastructure Guarantee Capacity in Western Development Strategy" and "Optimization of Logistics in City's Development" and had written many thesis. Ms. Zhang has rich experience in logistics theory research, tactics making and personnel training, etc.

Mr. Goh Chan Peng

Mr. Goh Chan Peng (吳贊鵬), entered into the Company on 31 December 2012, is now an independent non-executive director, was born in 1954, obtained a Bachelor of Commerce degree from Nanyang University in Singapore. Mr. Goh now serves as the Chief Executive Officer ("CEO") of Beyonics Technology Limited and its subsidiaries (the " Beyonics Group"). He joined the Beyonics Group as CEO in 2000. Mr. Goh was instrumental in spearheading the Beyonics Group's transformation from a precision engineering company to an integrated Electronics Manufacturing Service solutions provider for Original Equipment Manufacturers. Prior to joining Beyonics, Mr. Goh spent nearly 18 years at Flextronics International Ltd. where he held a number of senior leadership positions in Finance and Operations including the position of Chief Financial Officer. As the Chief Financial Officer of Flextronics, he played an important part in the listing of Flextronics on NASDAQ.

Supervisors

Ms. Zhu Ying

Ms. Zhu Ying (朱英), is now a shareholder representative supervisor and chairman of the third session of the Supervisory Committee of the Company. She was born in 1966, graduated from Chongqing University of Technology, majored in finance and accounting. Entered into former Changan Automobile (Group) Company Liability Limited, Ms. Zhu served as finance deputy manager of its subsidiary, deputy director of budget managing department and director of financing accoutring department under finance ministry; director of accounting department and deputy minister of finance ministry of Changan Industry Company. Ms. Zhu now serves as minister of finance ministry of Changan Industry Company. Ms. Zhu has rich experience in financial management, accounting auditing and financial budget.

Mr. Wu Jun

Mr. Wu Jun (吳雋), is now a shareholder representative supervisor of the third session of the Supervisory Committee of the Company. He was born in 1974. Mr. Wu has been Regional Financial Officer, North Asia Region of NOL/APL/APLL since Oct 2007. Mr. Wu joined NOL in February 2006 and was in charge of financial reporting and investment analysis. Mr. Wu got the Chinese CPA certificate in 1998. He has taken leadership positions in financial management in several multinational companies including Arthur Andersen, Delphi, LVMH. Throughout these years, he has gained rich experience in financial management, investment, audit and internal control areas. Mr. Wu obtained the Bachelor of Economics degree from Shanghai International Studies University in 1995.

Ms. Zhang Tianming

Ms. Zhang Tianming (張天明), is now a shareholder representative supervisor of the third session of the Supervisory Committee of the Company. She was born in 1955, the economist and the assistant accountant. Ms. Zhang had served as staffs in former Minsheng Shipping Company Limited; manager assistant and deputy manager of comprehensive secretary department in Minsheng Industrial; deputy minister, minister of comprehensive ministry and director of secretary department in Minsheng Industrial. Ms. Zhang now serves as the director of comprehensive financial department of Minsheng Industrial

Mr. Liu Yue

Mr. Liu Yue(劉躍), is now an employee representative supervisor of the third session of the Supervisory Committee of the Company. He was born in 1959, master degree. Mr. Liu entered into former Changan Automobile (Group) Company Liability Limited in 1982, engaging in business planning, price calculation and cost auditing related to automobile industry in the planning department and finance department of former Changan Automobile (Group) Company Liability Limited. Since 1987, Mr. Liu served as personnel of authority propaganda, vice minister and minister of propaganda department of Party Committee, head of enterprise culture center of former Changan Automobile (Group) Company Liability Limited and the president of Changan Cultural Media Company, mainly responsible for Changan Automobile brand design and enterprise image design and cultivation for former Changan Automobile (Group) Company Liability Limited. Mr. Liu studied automobile manufacturing and operating management in Japan Suzuki Corporation during March 1996 to September 1996. Mr. Liu served as administrative deputy general manager and secretary of party general branch of Lear Changan (Chongqing) Automobile System Company Liability Limited and Chongqing Lear Changan Automobile Interior Decoration Parts Company Liability Limited since the next half year of 2009. Mr. Liu has abundant experiences in enterprise operation management, enterprise brand design, finance auditing, business planning, human resourced management and cultural media. Since March 2010, Mr. Liu entered into the Company and served as secretary of party general branch and Chairman of the Labour Union.

Mr. Deng Gang

Mr. Deng Gang (鄧剛), is now an employee representative supervisor of the third session of the Supervisory Committee of the Company. He was born in 1972, graduated from College of Business and Management of Chongqing University, holding a master degree, engineer. Since graduated in July 1992, Mr. Deng served as technical engineer of domestic large automobile group; responsible for joint government affairs in Enterprise & Industry Committee under Chongqing State-owned Property Committee. Since December 2001, Mr. Deng entered into former Changan Automobile (Group) Company Liability Limited and worked in the general manager office, holding the post of comprehensive administration assistant, deputy director of secretary office, which mainly responsible for the administrative assists for the strategic development planning and international business. Mr. Deng joined the Company in March 2004. From December 2007 to the end of 2012, Mr. Deng served as director of Developing & Planning Department in the headquarter, taking the lead to make out the developing planning schemes, to establish the market planning system and to improve the Company's operation and management system. Mr. Deng serves as the general manager of Shanghai Branch of the Company.

General Manager and Deputy General Manager

Mr. Zhu Minghui, is the general manager of the Company. See the introductions for executive directors above for details.

Mr. Li Xiwen (李習文), was borned in 1973, joined the Company in 2005. Mr. Li is the deputy general manager and responsible for managing the regional distribution centres and information technology department of the Company as well as overseeing the implementation and development of various management systems and company policies. Mr. Li graduated from Beijing Foreign Studies University in 1996 and obtained bachelor's degree in Arts. He obtained a master's degree in Business Administration from the Michigan State University in the United States in 2002 and served as senior managements staff in several world famous logistics companies.

Mr. Chen Zhigang (陈治刚), the deputy general manager of the Company. Mr. Chen was born in March 1964, an economic engineer, holding a MBA. Mr. Chen entered into Minsheng Industrial in 1992 and served as deputy director, director of Multi-transportation Department, assistant of general manager and manager, deputy general manager and general manager of Minsheng International Cargo Transportation Agent Company Limited; deputy general manager and manager of Logistics Department of Minsheng Logistics Company Limited, etc. At the establishment of the Company, Mr. Chen had served as our deputy general manager and from 7 June 2011 Mr. Chen serves as the deputy general manager of the Company again and since the end of 2012 Mr. Chen starts to manage the finished vehicles logistics business.

Mr. Huang Ming (黃明), the deputy general manager of the Company, MBA. He was born in 1962, joined the Company in 2001. Mr. Huang is mainly responsible for managing the Developing & Planning Department and is responsible for the business development and planning, marketing exploration and project planning of the Company. Mr. Huang graduated from Asia (Macau) International Opening University and got a master degree of MBA. Mr. Huang worked as a manager of the general affairs department and multi-modal transportation department of Shanghai North Transportation Co., Ltd. (上海北方航運有限公司) from 2000 to 2001.

Independent Auditor's Report
To the shareholders of Changan Minsheng APLL Logistics Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Changan Minsheng APLL Logistics Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 122, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22March 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Renminbi("RMB") unless otherwise stated)

		Year ended 31 December	
		2012	**2011**
	Note	RMB'000	RMB'000
Revenue	6	3,631,719	3,275,136
Cost of sales	8	(3,178,165)	(2,738,554)
Gross profit		453,554	536,582
Other income	7	13,119	4,181
Distribution costs	8	(120,187)	(109,017)
Administrative expenses	8	(81,264)	(79,140)
Operating profit		265,222	352,606
Finance income	10	6,636	4,357
Finance costs	11	(101)	(909)
Share of profit of associates	19	1,737	2,144
Profit before income tax		273,494	358,198
Income tax expense	12	(50,044)	(71,614)
Profit for the year		223,450	286,584
Profit attributable to:			
Owners of the company		204,277	250,128
Non-controlling interests		19,173	36,456
		223,450	286,584
Other comprehensive income for the year		-	-
Total comprehensive income for the year		223,450	286,584
Total comprehensive income attributable to:			
Owners of the company		204,277	250,128
Non-controlling interests		19,173	36,456
		223,450	286,584
Earnings per share for profit attributable to owners of the company during the year - basic and diluted	13	RMB1.26	RMB1.54
Dividends	31	48,619	25,930

The notes on pages 56 to 122 are an integral part of these consolidated financial statements.

BALANCE SHEETS

(All amounts in RMB unless otherwise stated)

		Group		Company	
		As at 31 December		As at 31 December	
		2012	**2011**	**2012**	**2011**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	254,455	264,560	180,032	177,216
Prepaid lease payments	16	140,432	143,883	118,480	121,484
Intangible assets	17	12,001	9,547	5,879	3,238
Investments in subsidiaries	18	-	-	228,033	191,500
Investments in associates	19	23,573	21,836	12,100	12,100
Deferred income tax assets	20	20,900	12,595	16,120	8,859
Total non-current assets		451,361	452,421	560,644	514,397
Current assets					
Inventories	21	26,262	3,988	26,262	3,988
Trade receivables	22	346,736	193,056	311,596	176,320
Prepayment and other receivables	23	25,345	21,647	17,846	14,873
Due from related parties	36	1,039,337	632,860	969,833	547,397
Restricted cash	24	6,379	850	6,379	850
Cash and cash equivalents	24	460,037	489,317	341,652	293,533
Total current assets		1,904,096	1,341,718	1,673,568	1,036,961
Total assets		**2,355,457**	**1,794,139**	**2,234,212**	**1,551,358**

		Group As at 31 December		Company As at 31 December	
		2012	**2011**	**2012**	**2011**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Equity attributable to owners of the company					
Share capital	25	162,064	162,064	162,064	162,064
Capital surplus	27	66,907	75,150	75,150	75,150
Other reserves	27	85,867	85,867	85,867	85,867
Retained earnings					
- Proposed final dividends	31	48,619	25,930	48,619	25,930
- Others	26	819,750	664,092	720,821	546,379
		1,183,207	1,013,103	1,092,521	895,390
Non-controlling interests		59,692	106,009	-	-
Total equity		1,242,899	1,119,112	1,092,521	895,390
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	20	642	995	-	-
Deferred income	28	1,691	3,657	1,691	3,589
Total non-current liabilities		2,333	4,652	1,691	3,589
Current liabilities					
Trade and other payables	29	972,770	544,931	888,699	455,992
Due to related parties	36	126,079	112,111	238,960	190,526
Current income tax liabilities		11,376	13,333	12,341	5,861
Total current liabilities		1,110,225	670,375	1,140,000	652,379
Total liabilities		1,112,558	675,027	1,141,691	655,968
Total equity and liabilities		**2,355,457**	**1,794,139**	**2,234,212**	**1,551,358**
Net current assets		**793,871**	**671,343**	**533,568**	**384,582**
Total assets less current liabilities		**1,245,232**	**1,123,764**	**1,094,212**	**898,979**

The notes on pages 56 to 122 are an integral part of these consolidated financial statements.

The financial statement on pages 51 to 122 were approved by the Board of Directors on 22 March 2013 and were signed on its behalf.

Director **Director**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

		Attributable to owners of the Company					
		Share capital	Capital surplus	Other reserves	Retained earnings	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note (25)	Note (27)	Note (27)			
Balance at 1 January 2011		162,064	75,150	65,911	484,160	89,153	876,438
Comprehensive income							
Profit for the year		-	-	-	250,128	36,456	286,584
Transactions with owners							
Cash dividends		-	-	-	(24,310)	(19,600)	(43,910)
Appropriation to reserve	27	-	-	19,956	(19,956)	-	-
Balance at 31 December 2011		162,064	75,150	85,867	690,022	106,009	1,119,112
Comprehensive income							
Profit for the year		-	-	-	204,277	19,173	223,450
Transactions with owners							
Cash dividends		-	-	-	(25,930)	(39,200)	(65,130)
Changes in ownership interests in subsidiary without change of control	35	-	(8,243)	-	-	(26,290)	(34,533)
Balance at 31 December 2012		162,064	66,907	85,867	868,369	59,692	1,242,899

The notes on pages 56 to 122 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2012	**2011**
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	33	173,777	242,630
Income tax paid		(60,659)	(83,645)
Net cash generated from operating activities		113,118	158,985
Cash flows from investing activities			
Acquisition of a business		-	(240)
Purchase of property, plant and equipment and intangible assets		(50,020)	(70,746)
Consideration paid to non-controlling interests	35	(34,533)	-
Increase in prepaid lease payments		-	(701)
Proceeds from disposals of property, plant and equipment	33	727	336
Interest received		6,636	4,357
Net cash used in investing activities		(77,190)	(66,994)
Cash flows from financing activities			
Dividends paid to the Company's shareholders	31	(25,930)	(24,310)
Dividends paid to non-controlling interests		(39,200)	(19,600)
Net cash used in financing activities		(65,130)	(43,910)
Net (decreace)/increase in cash and cash equivalents		(29,202)	48,081
Cash and cash equivalents at beginning of year		489,317	441,532
Exchange losses on cash and cash equivalents		(78)	(296)
Cash and cash equivalents at end of year	24	460,037	489,317

The notes on pages 56 to 122 are an integral part of these consolidated financial statements.

1 General 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 Share of the Company has been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM") since February 2006.

The principal activities of the Company and its subsidiaries (together the "Group") are the rendering of transportation of finished vehicles, supply chain management for automobile components and parts, transportation of non-vehicle commodities services, sales of packages materials and processing of tyres.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2013.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Changan Minsheng APLL Logistics Co., Ltd. have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The HKICPA has amended HKAS 12, 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale.

The amendments would not be expected to have a material impact on the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

- Amendment to HKAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

- HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases HKFRS 9 when completed by the Board .

- HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013. It is not expected to have a material impact on the Group.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted (continued)

- HKFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12’s full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 13, ‘Fair value measurement’ aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

There are no other HKFRSs or HK (FRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of acquirer's previously held equity interest in the acquire is re-measured to faire value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 Summary of significant accounting policies (continued)

2.3 Associates (continued)

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of associates' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

In the Company's balance sheet, the investments in associates are stated at cost less impairment. The results of associates are accounted for by the Company on the basis of dividend and receivable.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the General Manager meeting presided by the general manger and presented by all vice general managers of the Company that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses are presented in profit or loss within “finance costs”.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets’ cost to their residual values over their estimated useful life, as follows:

- Buildings	10 - 30 years
- Machinery	3 - 5 years
- Office equipment	5 years
- Motor vehicles	4-5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within “administrative expenses” in profit or loss.

Construction-in-progress represents buildings, plant and machinery under construction or installation and is stated at cost less accumulated impairment loss. Cost includes the costs of construction of buildings and costs of plant and machinery. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for their intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

2 Summary of significant accounting policies (continued)

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over acquirer's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Contractual customer relationship

Contractual customer relationship acquired in a business combination are recognised at fair value at the acquisition date. The contractual 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 (6.5 years).

(c) Computer software

Acquired computer software licences are 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.

(d) Trademarks

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

2 Summary of significant accounting policies (continued)

2.8 Prepaid lease payments

Prepaid lease payments represent the Group's interests in land use right and are amortised over the lease period (ranging from 30 to 50 years) on a straight-line basis.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. As at 31 December 2012 and 2011, the Group only has loans and receivables, which comprise "trade receivables", "prepayment and other receivables" and "due from related parties" in the balance sheet (Note 2.13).

- *Financial assets at fair value through profit or loss*

  Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

- *Loans and receivables*

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the balance sheet date. These are classified as non-current assets.

- *Available-for-sale financial assets*

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and taxes.

2 Summary of significant accounting policies (continued)

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group assesses at each balance sheet date whether there is objective evidence that trade and other receivables are impaired. Trade and other receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the trade and other receivables that can be reliably estimated.

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss 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 been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2 Summary of significant accounting policies (continued)

2.14 Cash and equivalents

In the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 Summary of significant accounting policies (continued)

2.19 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred income and are credited in profit or loss on a straight-line basis over the expected lives of the related assets.

2.21 Employee benefits

In accordance with the rules and regulations in the PRC, the Group's employees participate in various benefits including defined contribution pension, medical insurance, housing fund and unemployment fund plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in profit or loss as employee benefit expenses as incurred.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Provision of services

Revenue from rendering of transportation of finished vehicles, supply chain management for automobile components and parts or transportation of non-vehicle commodities services is recognised upon the completion of services, which generally coincides with the date of receipt of the finished vehicle, automobile components and parts or non-vehicle commodities by the receiver.

(b) Sales of goods

Revenue from the sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer, and the customer has accepted the goods and collectability of the related receivables is reasonably assured.

2 Summary of significant accounting policies (continued)

2.22 Revenue recognition (continued)

(c) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.23 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to profit or loss on a straight-line basis over the period of the lease.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board of Directors provides guidance for overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk and credit risk.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with all of the transactions settled in RMB, except for certain international freight forward services and corresponding purchases which are settled in United States Dollars ("USD"). The Group's assets and liabilities that are subject to foreign exchange rate risk mainly include bank deposits and amounts due from/to related parties that are denominated in USD. As at 31 December 2012, the Group had USD denominated bank deposits amounting to approximately RMB12 million (2011: RMB3 million), and USD denominated amounts due from/to related parties of approximately RMB6 million and RMB2 million, respectively (2011: RMB14 million and RMB2 million).

Management has set up policies for 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 appreciation of RMB, and matching the settlement dates of receivables and payables relating to abovementioned international freight forward services.

As at 31 December 2012, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB653,000 (2011: approximately RMB613,000) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of USD denominated bank deposits and amounts due from/to related parties.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets other than bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

As at 31 December 2012, substantially all the Group's deposits are deposited in major banks and a non-bank financial institution that is state-owned entity incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's deposits as at 31 December 2012 and 2011 were as follows:

	2012	2011
	RMB'000	RMB'000
Big four commercial banks (i)	215,330	271,240
Other listed banks	83,666	69,284
Non-bank financial institution (Note 36(c))	167,305	149,339
	466,301	489,863

(i) Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

As at 31 December 2012, approximately 64% (2011: approximately 69%) of the total amount of trade receivables and due from related parties of the Group was due from the top five largest customers. The carrying amount of trade receivables and due from related parties included in the balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has put in place policies to ensure that provision of logistics related services and sales of goods are made to customers with an appropriate credit history. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit limit and terms are reviewed on periodic basis over individual customer, and the financial department is responsible for such monitoring procedures. In determining whether provision for impairment is required, the Group takes into consideration the future cash flows, ageing status and the likelihood of collection.

In this regard, the directors of the Company are satisfied that adequate provision for impairment on trade and other receivables and due from related parties has been made in the financial statements after assessing the collectability of individual debts. Further quantitative disclosures in respect of the impairment of trade and other receivables and due from related parties are set out in Note 22, 23 and 36.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

To manage the liquidity risk, the Group performs cash flow forecasting and monitors the Group's liquidity requirements to ensure it maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations, borrowings from financial institutions, as well as equity financing through shareholders.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group		Company	
	2012	2011	2012	2011
	RMB '000	RMB '000	RMB '000	RMB '000
Trade and other payables				
- less than 1 year	858,001	454,133	796,105	385,930
Due to related parties				
- less than 1 year	126,079	112,050	238,960	190,526

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as capital divided by the total debt as shown in the balance sheets.

3 Financial risk management (continued)

3.2 Capital risk management (continued)

Unchanged from 2011, the Group's strategy in 2012 was to maintain the debt-to-capital ratio at a reasonable level. The debt-to-capital ratio at 31December 2012 and 2011 are as follows:

	2012 RMB'000	2011 RMB'000
Total debt	1,112,558	675,027
Total equity	1,242,899	1,119,112
Debt-to-capital ratio	0.90	0.60

The increase in the debt-to-capital ratio during 2012 resulted primarily from the increase in trade and other payables.

3.3 Fair value estimation

No assets under non-current assets are measured at fair value. The carrying amount of financial instruments under current assets and current liabilities approximate their fair values because of short-period maturity date.

3.4 Financial instruments by category

Group

	Loans and receivables	
	2012 RMB'000	2011 RMB'000
Financial assets:		
Trade and other receivables excluding prepayments	361,158	203,412
Due from related parties excluding prepayments	1,032,251	630,618
Restricted bank deposits	6,379	850
Cash and cash equivalents	460,037	489,317
Total	**1,859,825**	**1,324,197**

	Other financial liabilities at amortised cost	
	2012 RMB'000	2011 RMB'000
Financial liabilities:		
Trade and other payables excluding non-financial liabilities	858,001	454,133
Due to related parties excluding non-financial liabilities	126,079	112,050
Total	**984,080**	**566,183**

3 Financial risk management (continued)

3.4 Financial instruments by category (continued)

Company

	Loans and receivables	
	2012	2011
	RMB'000	RMB'000
Financial assets:		
Trade and other receivables excluding prepayments	321,324	183,011
Due from related parties excluding prepayments	962,751	546,087
Restricted bank deposits	6,379	850
Cash and cash equivalents	341,652	293,533
Total	**1,632,106**	**1,023,481**

	Other financial liabilities at amortised cost	
	2012	2011
	RMB'000	RMB'000
Financial liabilities:		
Trade and other payables excluding non-financial liabilities	796,105	385,930
Due to related parties excluding non-financial liabilities	238,960	190,526
Total	**1,035,065**	**576,465**

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit risk exposure of the Group's and the Company's trade and other receivables, due from related parties and bank deposits have been disclosed in the Note 22, Note 23, Note 36 and Note 3.1(b).

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 Critical accounting estimates and judgements (continued)

4.1 Critical accounting estimates and assumptions (continued)

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 and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the periods in which such estimate is changed.

As at 31 December 2012, the Group has deferred tax assets of approximately RMB20,900,000 (2011: approximately RMB12,595,000). To the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred tax assets are recognised for temporary differences mainly arising from impairment provision on receivables, tax losses, payroll payable amortisation of deferred income and useful lives used in calculating depreciation of property, plant and equipment that are different from tax rules.

4.2 Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group recognises its revenue upon completion of rendering services for transportation of finish vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities, 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.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the General Manager meeting of the Company that are used to make strategic decisions.

The General Manager meeting considers the business from a service perspective only, as geographically all the services are provided in the PRC, which is considered as one geographic location with similar risks and returns.

The reportable operating segments derive their revenue primarily from the rendering of transportation and supply chain management for vehicle commodities, transportation of non-vehicle commodities services and processing of tyres.

Other operations mainly include the sales of package materials, and the results of these operations are included in the "all other segments" column.

The General Manager meeting assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes other income and administrative expenses. The measure also excludes the effects of the depreciation of property, plant and equipment, amortisation of prepaid lease payments and intangible assets, which are not allocated to segments, as these types of assets are driven by the central investment functions, which manage the long-term assets investments of the Group.

The segment information provided to the General Manager meeting for the reportable segments for the year ended 31 December 2012 is as follows:

	Transportation and supply chain management for vehicle commodities	Transportation of non-vehicle commodities	Processing of tyres	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	3,141,628	93,128	383,042	13,921	3,631,719
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	**3,141,628**	**93,128**	**383,042**	**13,921**	**3,631,719**
Adjusted operating profit	**364,818**	**18,616**	**7,976**	**2,423**	**393,833**
Total assets	**1,026,333**	**6,247**	**144,626**	**6,757**	**1,183,963**

5 Segment information (continued)

The segment information for the year ended 31 December 2011 is as follows:

	Transportation and supply chain management for vehicle commodities	Transportation of non-vehicle commodities	Processing of tyres	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	3,121,870	96,393	41,330	15,543	3,275,136
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	**3,121,870**	**96,393**	**41,330**	**15,543**	**3,275,136**
Adjusted operating profit	**450,708**	**21,084**	**1,863**	**3,824**	**477,479**
Total assets	**618,315**	**4,843**	**4,921**	**4,055**	**632,134**

The revenue from external parties reported to the General Manager meeting is measured in a manner consistent with that in the consolidated statement of comprehensive income. The details are included in Note 6.

A reconciliation of adjusted operating profit to profit before tax is provided as follows:

	2012 RMB'000	2011 RMB'000
Adjusted operating profit for reportable segments	391,410	473,655
Other segments adjusted operating profit	2,423	3,824
Total adjusted operating profits for segment reporting	393,833	477,479
Depreciation and amortisation included in cost of sales and distribution costs	(60,466)	(49,914)
Other income	13,119	4,181
Administrative expenses	(81,264)	(79,140)
Finance income – net	6,535	3,448
Share of profit of associates	1,737	2,144
Profit before income tax	273,494	358,198

5 Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

	2012 RMB'000	2011 RMB'000
Segment assets for reportable segments	1,177,206	628,079
Other segments assets	6,757	4,055
Total reportable segment's assets	1,183,963	632,134
Unallocated:		
Property, plant and equipment	254,455	264,560
Prepaid lease payments	140,432	143,883
Intangible assets	12,001	9,547
Investments in associates	23,573	21,836
Deferred income tax assets	20,900	12,595
Other current assets	720,133	709,584
Total assets per the Group's balance sheet	2,355,457	1,794,139

The entity is domiciled in China. All its revenue from external customers are derived from the PRC, and all the non-current assets are located within the PRC.

Revenue of approximately RMB1,677 million, RMB836 million and RMB216 million (2011: approximately RMB1,360 million, RMB792 million and RMB234 million) were derived from three external customers, respectively. These revenues were attributable to transportation and supply chain management for vehicle commodities and processing of tyres.

6 Revenue

Revenues recognised for the years ended 31 December 2012 and 2011 are as follows:

	2012 RMB'000	2011 RMB'000
Transactions with related parties (Note 36)		
Transportation of finished vehicles	2,024,305	2,004,386
Supply chain management for automobile components and parts and others		
- sales of package materials and processing of tyres and others	387,182	53,204
- other supply chain management	785,720	821,783
	3,197,207	2,879,373
Transactions with third parties		
Supply chain management for automobile components and parts	280,313	284,561
Transportation of non-vehicle commodities	93,128	96,393
Transportation of finished vehicles	51,290	11,140
Sales of packages of vehicle spare parts	9,781	3,669
	434,512	395,763
Total	3,631,719	3,275,136

7 Other income

	2012 RMB'000	2011 RMB'000
Government grants	8,992	797
Penalty on transportation companies	2,376	1,038
Sales of recycled packages of vehicle spare parts	932	1,543
Others	819	803
	13,119	4,181

8 Expenses by nature

	2012 RMB'000	2011 RMB'000
Transportation fees	2,362,809	2,304,249
Employee benefit expense (Note 9)	402,652	358,097
Raw materials and consumables used (Note 21)	382,744	39,421
Changes in inventories of finished goods and work in progress (Note 21)	(8,076)	(891)
Depreciation of property, plant and equipment (Note 15)	58,678	48,385
Business tax (Note 29(b))	38,082	42,478
Other tax charges	6,739	5,456
Operating lease rentals for office premises and distribution centres (Note 15)	21,379	15,786
Vehicle expenditure	15,703	17,515
Property management fee	14,276	9,335
Maintenance expenses	13,652	17,015
Insurance expenses	8,839	8,650
Utilities charge	7,684	6,179
Entertainment expenses	6,717	7,815
Amortisation of low value consumables	6,528	6,077
Travelling expenses	6,476	6,813
Labour security expenditures	5,930	7,566
Office expenses	4,162	5,262
Amortisation of prepaid lease payments (Note 16)	3,451	3,560
Provision for impairment of receivables (Note 22 and Note 23)	2,807	3,138
Auditors' remuneration	1,550	1,550
Amortisation of intangible assets (Note 17)	1,536	1,385
Loss on disposals of property, plant and equipment (Note 33)	(58)	(80)
Provision of impairment of due from related parties (Note 36)	(775)	77
Amortisation of deferred income (Note 28)	(1,966)	(3,021)
Other expenses	18,097	14,894
Total cost of sales, distribution costs and administrative expenses	3,379,616	2,926,711

9 Employee benefit expense

Employee benefit expenses include emoluments of the directors and supervisors.

	2012 RMB'000	2011 RMB'000
Wages and salaries	300,536	283,602
Social security benefits costs	31,049	18,511
Pension costs - defined contribution plans (Note 30)	38,348	25,660
Others	32,719	30,324
	402,652	358,097

10 Finance income

	2012 RMB'000	2011 RMB'000
Interest income on bank and non-bank financial institution deposits	6,636	4,357

11 Finance costs

	2012 RMB'000	2011 RMB'000
Net exchange losses	101	909

12 Income tax expense

	2012 RMB'000	2011 RMB'000
Current tax:		
Current PRC corporate income tax ("CIT") on profits for the year	59,323	71,229
Adjustments in respect of prior years	(621)	(145)
Total current tax	58,702	71,084
Deferred tax (Note 20):		
Origination and reversal of temporary differences	(8,658)	(3,540)
Re-measurement of deferred tax as a result of changing tax rate	-	4,070
Total deferred tax	(8,658)	530
Income tax expense	50,044	71,614

12 Income tax expense (continued)

The Company and its subsidiaries are subject to different CIT rates. The applicable CIT rates are shown as follows:

	2012 Applicable tax rate	2011 Applicable tax rate
The Company	15%	15%
Chongqing Changan Minsheng Boyu Transportation Co., Ltd. (“Chongqing Boyu”)	15%	15%
Nanjing CMSC Logistics Co., Ltd. (“Nanjing CMSC”)	25%	25%
Chongqing Changan Minsheng Future Bonded Logistics Co., Ltd. (“Chongqing Future”)	25%	25%
Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. (“Chongqing Dingjie”)	25%	25%
Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. (“Chognqing Fuyong”)	25%	25%

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 Chongqing Boyu satisfy the conditions of tax incentive, and the applicable CIT rate of both of them is 15%.

The applicable CIT rate of Nanjing CMSC, Chongqing Future, Chongqing Dingjie and Chongqing Fuyong is 25%.

The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2012 RMB’000	2011 RMB’000
Profit before income tax	273,494	358,198
Tax calculated at applicable tax rates of the Group entities	49,180	65,616
Expenses not deductible for tax purposes	1,746	2,130
Income not subject to tax	(261)	(322)
Re-measurement of deferred tax as a result of changing tax rate	-	4,070
Others	(621)	120
Tax charges	50,044	71,614

The weighted average applicable tax rate was 18.0% (2011: 18.3%). The decrease is mainly caused by the decrease of profit of Nanjing CMSC.

13 Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of shares in issue for the years ended 31 December 2012 and 2011, respectively.

	2012	2011
Group's profit attributable to owners of the Company (RMB'000)	204,277	250,128
Weighted average number of shares in issue (in thousand)	162,064	162,064
Basic earnings per share (RMB per share)	1.26	1.54

Diluted earnings per share is the same as basic earnings per share as there was no potentially dilutive instruments outstanding.

14 Profit attributable to equity holders of the Company

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB223,061,000 (2011: RMB199,224,000) (Note 26).

15 Property, plant and equipment

Group

	Buildings	Machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011						
Cost	222,401	14,985	16,799	101,854	9,229	365,268
Accumulated depreciation	(72,882)	(6,199)	(8,792)	(34,295)	-	(122,168)
Net book amount	149,519	8,786	8,007	67,559	9,229	243,100
Year ended 31 December 2011						
Opening net book amount	149,519	8,786	8,007	67,559	9,229	243,100
Additions	4,425	7,978	4,459	19,996	33,403	70,261
Transfers	30,626	12,006	-	-	(42,632)	-
Disposals (Note 33)	(20)	(154)	(50)	(192)	-	(416)
Depreciation charges (Note 8)	(20,973)	(2,882)	(2,838)	(21,692)	-	(48,385)
Closing net book amount	163,577	25,734	9,578	65,671	-	264,560
At 31 December 2011						
Cost	255,618	34,564	20,591	117,088	-	427,861
Accumulated depreciation	(92,041)	(8,830)	(11,013)	(51,417)	-	(163,301)
Net book amount	163,577	25,734	9,578	65,671	-	264,560
Year ended 31 December 2012						
Opening net book amount	163,577	25,734	9,578	65,671	-	264,560
Additions	28	2,602	4,773	20,362	21,593	49,358
Transfers	8,466	-	-	-	(8,466)	-
Disposals (Note 33)	-	(32)	(88)	(645)	(20)	(785)
Depreciation charges (Note 8)	(22,232)	(6,049)	(4,434)	(25,963)	-	(58,678)
Closing net book amount	149,839	22,255	9,829	59,425	13,107	254,455
At 31 December 2012						
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 book amount	149,839	22,255	9,829	59,425	13,107	254,455

15 Property, plant and equipment (continued)

Company

	Buildings	Machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011						
Cost	173,248	12,925	13,225	47,625	9,229	256,252
Accumulated depreciation	(69,649)	(5,711)	(7,387)	(24,458)	-	(107,205)
Net book amount	103,599	7,214	5,838	23,167	9,229	149,047
Year ended 31 December 2011						
Opening net book amount	103,599	7,214	5,838	23,167	9,229	149,047
Additions	1,448	7,187	3,992	16,967	29,268	58,862
Transfers	26,491	12,006	-	-	(38,497)	-
Disposals	-	(24)	(50)	(52)	-	(126)
Depreciation charges	(16,056)	(2,739)	(2,391)	(9,381)	-	(30,567)
Closing net book amount	115,482	23,644	7,389	30,701	-	177,216
At 31 December 2011						
Cost	200,916	32,078	16,823	61,817	-	311,634
Accumulated depreciation	(85,434)	(8,434)	(9,434)	(31,116)	-	(134,418)
Net book amount	115,482	23,644	7,389	30,701	-	177,216
Year ended 31 December 2012						
Opening net book amount	115,482	23,644	7,389	30,701	-	177,216
Additions	-	1,086	3,589	17,649	20,698	43,022
Transfers	7,591	-	-	-	(7,591)	-
Disposals	-	(27)	(53)	(293)	-	(373)
Depreciation charges	(18,070)	(4,565)	(3,312)	(13,886)	-	(39,833)
Closing net book amount	105,003	20,138	7,613	34,171	13,107	180,032
At 31 December 2012						
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 book amount	105,003	20,138	7,613	34,171	13,107	180,032

As at 31 December 2012, the Group was in the process of obtaining the legal title of buildings with carrying amount of approximately RMB73,238,000 (2011: approximately RMB68,875,000).

15 Property, plant and equipment (continued)

Operating lease rentals for properties amounting to approximately RMB21,379,000 (2011: approximately RMB15,786,000) were included in consolidated profit or loss (Note 8).

Depreciation expense charged to "cost of sales", "distribution costs" and "administrative expenses" respectively were shown as follows:

	Group	
	2012	2011
	RMB'000	RMB'000
Cost of sales	46,503	37,456
Distribution costs	10,138	8,810
Administrative expenses	2,037	2,119
	58,678	48,385

16 Prepaid lease payments

	Group	Company
	RMB'000	RMB'000
At 1 January 2011	146,164	123,346
Additions	1,279	1,279
Amortisation charges (Note 8)	(3,560)	(3,141)
At 31 December 2011	143,883	121,484
Amortisation charges (Note 8)	(3,451)	(3,004)
At 31 December 2012	140,432	118,480

Amortisation charges of RMB3,183,000 (2011: RMB3,006,000) and RMB268,000 (2011: RMB554,000) were included in the "cost of sales" and "administrative expenses" in consolidated profit or loss, respectively for the year ended 31 December 2012.

The Group's interests in land use rights are all situated within the PRC.

17 Intangible assets

Group

	Goodwill	Computer software	Contractual customer relationship	Trademark	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011					
Cost	4,663	2,992	4,174	-	11,829
Accumulated amortisation	-	(1,832)	(321)	-	(2,153)
Net book amount	4,663	1,160	3,853	-	9,676
Year ended 31 December 2011					
Opening net book amount	4,663	1,160	3,853	-	9,676
Additions	-	1,256	-	-	1,256
Amortisation charges (Note 8)	-	(743)	(642)	-	(1,385)
Closing net book amount	4,663	1,673	3,211	-	9,547
At 31 December 2011					
Cost	4,663	4,248	4,174	-	13,085
Accumulated amortisation	-	(2,575)	(963)	-	(3,538)
Net book amount	4,663	1,673	3,211	-	9,547
Year ended 31 December 2012					
Opening net book amount	4,663	1,673	3,211	-	9,547
Additions	-	3,883	-	107	3,990
Amortisation charges (Note 8)	-	(882)	(642)	(12)	(1,536)
Closing net book amount	4,663	4,674	2,569	95	12,001
At 31 December 2012					
Cost	4,663	8,131	4,174	107	17,075
Accumulated amortisation	-	(3,457)	(1,605)	(12)	(5,074)
Net book amount	4,663	4,674	2,569	95	12,001

17 Intangible assets (continued)

Company

	Goodwill RMB'000	Computer software RMB'000	Trademark RMB'000	Total RMB'000
At 1 January 2011				
Cost	2,222	1,952	-	4,174
Accumulated amortisation	-	(1,642)	-	(1,642)
Net book amount	2,222	310	-	2,532
Year ended 31 December 2011				
Opening net book amount	2,222	310	-	2,532
Additions	-	984	-	984
Amortisation charges	-	(278)	-	(278)
Closing net book amount	2,222	1,016	-	3,238
At 31 December 2011				
Cost	2,222	2,936	-	5,158
Accumulated amortisation	-	(1,920)	-	(1,920)
Net book amount	2,222	1,016	-	3,238
Year ended 31 December 2012				
Opening net book amount	2,222	1,016	-	3,238
Additions	-	2,978	107	3,085
Amortisation charges	-	(432)	(12)	(444)
Closing net book amount	2,222	3,562	95	5,879
At 31 December 2012				
Cost	2,222	5,914	107	8,243
Accumulated amortisation	-	(2,352)	(12)	(2,364)
Net book amount	2,222	3,562	95	5,879

Amortisation charges of RMB894,000 (2011: RMB743,000) and RMB642,000 (2011: RMB642,000) were included in "administrative expenses" and "cost of sales" in consolidated profit or loss, respectively for the year ended 31 December 2012.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. The Group's goodwill are all within the segment of "Transportation and supply chain management for vehicle commodities".

17 Intangible assets (continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial forecast prepared by management covering a five-year period.

Key assumptions used for value-in-use calculations in 2012 are as follows:

	Transportation and supply chain management for vehicle commodities	
	Transportation of finished vehicle	Storage management
Gross margin	9.4%	14.8%
Growth rate	2.0%	19.0%
Pre-tax discount rate	16.9%	19.1%

These assumptions have been used for the analysis of the CGU within the operating segment. Management determined budgeted gross margin and the growth rate based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

18 Investments in subsidiaries

	Company	
	2012 RMB'000	2011 RMB'000
Unlisted investments at cost:		
- Chongqing Boyu	60,000	60,000
- Nanjing CMSC	85,533	51,000
- Chongqing Future	30,000	30,000
- Chongqing Dingjie	47,500	47,500
- Chognqing Fuyong	5,000	3,000
	228,033	191,500

18 Investments in subsidiaries (continued)

As at 31 December 2012, the Company had direct interests in the following subsidiaries:

Name	Place of incorporation and type of legal entity	Registered capital	Principal activities and place of operation	Investment amount	Interests held as at 31 December 2012	Interests held as at 31 December 2011
		RMB'000		RMB'000		
Chongqing Boyu	Chongqing, the PRC, Limited liability company	60,000	Providing logistics services in the PRC	60,000	100%	100%
Nanjing CMSC (a)	Nanjing, the PRC, Limited liability company	100,000	Providing logistics services in the PRC	85,533	67%	51%
Chongqing Future	Chongqing, the PRC, Limited liability company	30,000	Providing logistics services in the PRC	30,000	100%	100%
Chongqing Dingjie	Chongqing, the PRC, Limited liability company	50,000	Providing logistics services in the PRC	47,500	95%	95%
Chongqing Fuyong (b)	Chongqing, the PRC, Limited liability company	5,000	Providing logistics services in the PRC	5,000	100%	100%

(a) On 16 July 2012, the Company acquired 16% equity interests held by Beijing Changjiu Logistics Co., Ltd. in Nanjing CMSC (Note 35).

(b) On 5 January 2012, the Company increased its investment in Chongqing Fuyong from RMB2,000,000 to RMB5,000,000 by the injection of additional capital in cash.

19 Investments in associates

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	21,836	19,692	12,100	12,100
Share of profit, net of tax	1,737	2,144	-	-
At 31 December	23,573	21,836	12,100	12,100

The Group's share of the results of the associates, all of which are unlisted with limited liability, and its aggregated assets and liabilities are as follows:

Name	Registered capital	Place of incorporation	Assets	Liabilities	Revenue	Net profit	Interest held
	RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	
2012							
Wuhan Changan Minfutong Logistics Company Limited ("Wuhan Minfutong")	10,000	Wuhan, the PRC	11,310	3,625	2,988	168	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	20,000	Chongqing, the PRC	59,075	43,187	87,593	1,569	45%
			70,385	46,812	90,581	1,737	
2011							
Wuhan Minfutong	10,000	Wuhan, the PRC	13,013	5,495	2,334	456	31%
Chongqing Terui	20,000	Chongqing, the PRC	30,319	16,001	76,858	1,688	45%
			43,332	21,496	79,192	2,144	

The principal activities of Wuhan Minfutong are the rendering of finished vehicle warehousing, cargo agency, logistics planning and consultation services, and that of Chongqing Terui are the rendering of domestic transportation, cargo agency, logistics planning and consultation services.

20 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	11,569	7,878	8,262	5,300
Deferred tax asset to be recovered within 12 months	9,331	4,717	7,858	3,559
	20,900	12,595	16,120	8,859
Deferred tax liabilities				
- Deferred tax liabilities to be settled after more than 12 months	(482)	(642)	-	-
Deferred tax liabilities to be settled within 12 months	(160)	(353)	-	-
	(642)	(995)	-	-
Deferred tax assets - net	20,258	11,600	16,120	8,859

The movement in deferred income tax assets and liabilities during the year is as follows:

Group

Deferred tax assets

	Tax losses	Provision for impairment of receivables	Depreciation	Deferred income	Accruals	Payroll payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	2,848	2,395	5,722	935	1,193	-	13,093
Credited/(charged) to income tax expense (Note 12)	401	(471)	(1,022)	(704)	1,298	-	(498)
At 31 December 2011	3,249	1,924	4,700	231	2,491	-	12,595
Credited/(charged) to income tax expense (Note 12)	628	311	3,127	(231)	(2,016)	6,486	8,305
At 31 December 2012	3,877	2,235	7,827	-	475	6,486	20,900

20 Deferred income tax (continued)

Deferred tax liabilities

	Deductible prepaid expenses RMB'000	Contractual customer relationship RMB'000	Total RMB'000
At 1 January 2011	-	963	963
Additions	193	-	193
Credited to income tax expense (Note 12)	-	(161)	(161)
At 31 December 2011	193	802	995
Credited to income tax expense (Note 12)	(193)	(160)	(353)
At 31 December 2012	-	642	642

Company

Deferred tax assets

	Provision for impairment of receivables RMB'000	Depreciation RMB'000	Deferred income RMB'000	Accruals RMB'000	Payroll payable RMB'000	Total RMB'000
At 1 January 2011	2,395	5,653	935	1,193	-	10,176
(Charged)/credited to income tax expense	(491)	(1,305)	(704)	1,183	-	(1,317)
At 31 December 2011	1,904	4,348	231	2,376	-	8,859
Credited/(charged) to income tax expense	280	2,834	(231)	(2,107)	6,485	7,261
At 31 December 2012	2,184	7,182	-	269	6,485	16,120

21 Inventories

	Group and Company 2012 RMB'000	Group and Company 2011 RMB'000
Raw materials	15,797	1,599
Work in progress	64	66
Finished goods	10,401	2,323
	26,262	3,988

For the year ended 31 December 2012, the cost of inventories recognised as expense and included in "cost of sales" amounted to approximately RMB374,668,000 (2011: approximately RMB38,530,000) (Note 8).

22 Trade receivables

	Group		Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Accounts receivable (a)	168,405	118,053	133,085	101,336
Less: provision for impairment of receivables	(13,354)	(10,872)	(13,140)	(10,771)
Accounts receivable - net	155,051	107,181	119,945	90,565
Bills receivable (b)	191,685	85,875	191,651	85,755
	346,736	193,056	311,596	176,320

(a) The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of accounts receivable as at 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Up to 90 days	122,948	86,939	91,228	72,023
91 to 180 days	15,469	8,041	12,671	6,824
181 to 365 days	21,549	14,792	20,857	14,220
Over 1 year	8,439	8,281	8,329	8,269
	168,405	118,053	133,085	101,336

As at 31 December 2012 and 2011, trade receivables aged within 90 days, which were amounted to approximately RMB122,948,000 and RMB86,939,000, respectively, were fully performing.

22 Trade receivables (continued)

As at 31 December 2012 and 2011, trade receivables of RMB45,457,000 and RMB31,114,000 were impaired and provisions of RMB13,354,000 and RMB10,872,000 were made, respectively. The individually impaired receivables mainly related to certain customers, which are experiencing default. Based on the management's best estimation, it was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	15,469	8,041	12,671	6,824
181 to 365 days	21,549	14,792	20,857	14,220
Over 1 year	8,439	8,281	8,329	8,269
	45,457	31,114	41,857	29,313

(b) Ageing analysis of bills receivable at 31 December 2012 and 2011 is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 180 days	191,685	85,875	191,651	85,755

Bills receivable as at 31 December 2012 and 2011 were not impaired.

As at 31 December 2012, bills receivable amounted to RMB36,290,000 (2011: RMB21,000,000) was pledged for issuance of bills payable (Note 29).

Movement on the provision for impairment of trade receivables is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	10,872	8,742	10,771	8,580
Provision for impairment of trade receivables (Note 8)	2,536	2,281	2,411	2,191
Trade receivables written off during the year as uncollectible	(54)	(151)	(42)	-
At 31 December	13,354	10,872	13,140	10,771

22 Trade receivables (continued)

As at 31 December 2012, approximately 64% (2011: approximately 69%) of the total amount of trade receivables and due from related parties was due from the top five largest customers. The carrying amount of trade receivables and due from related parties represented the Group's maximum exposure to credit risk in relation to its financial assets. The Group did not hold any collateral as security.

The carrying amounts of trade receivables approximated their fair values.

As at 31 December 2012 and 2011, all trade receivables were denominated in RMB.

23 Prepayment and other receivables

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for transportation services	10,923	10,893	8,118	7,784
Prepayment for purchasing materials	-	398	-	398
Other receivables	15,550	11,213	10,845	7,537
Less: provision for impairment of other receivables	(1,128)	(857)	(1,117)	(846)
	25,345	21,647	17,846	14,873

The carrying amounts of other receivables approximate their fair values.

Movement on the provision for impairment of other receivables is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	857	-	846	-
Provision for impairment of other receivables (Note 8)	271	857	271	846
At 31 December	1,128	857	1,117	846

24 Cash and cash equivalents and restricted cash

(a) Restricted cash

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash	6,379	850	6,379	850

As at 31 December 2012, the Company's bank balance of RMB6,379,000 (2011: RMB850,000) was pledged as security for the issuance of bank letter of guarantee and irrevocable letter of credit.

(b) Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	263,424	297,978	171,256	154,194
Cash at non-bank financial institution	104,305	89,339	100,088	89,339
Short-term bank deposits	29,308	42,000	10,308	10,000
Short-term deposits at non-bank financial institution	63,000	60,000	60,000	40,000
	460,037	489,317	341,652	293,533

The cash denominated in foreign currencies is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
HKD	-	38	-	38
USD	11,873	3,419	5,736	3,370
	11,873	3,457	5,736	3,408

The remaining cash balance as at 31 December 2012 and 2011 was denominated in RMB.

The conversion of the RMB denominated balances into foreign currencies and the remittance of these funds out of the PRC are subject to rules and regulations of foreign exchange control promulgated by the PRC government.

25 Share capital

	Number of shares RMB'000	Domestic shares RMB'000	Non-H foreign shares RMB'000	H shares RMB'000	Total RMB'000
At 31 December 2011 and 2012	162,064	67,000	40,064	55,000	162,064

The total registered, issued and fully paid number of shares is 162,064,000 shares (2011: 162,064,000 shares) with a par value of RMB1 per share (2011: RMB1 per share). All issued shares are rank pari passu in all respects.

The non-H foreign shares amounted to 33,619,200 shares are held by APL Logistics Limited ("APLL") which are non-tradable on GEM.

26 Retained earnings

	Group RMB'000	Company RMB'000
At 1 January 2011	484,160	417,351
Profit for the year	250,128	199,224
Appropriation to statutory surplus reserve	(19,956)	(19,956)
Dividends paid relating to 2010	(24,310)	(24,310)
At 31 December 2011	690,022	572,309
At 1 January 2012	690,022	572,309
Profit for the year	204,277	223,061
Dividends paid relating to 2011	(25,930)	(25,930)
At 31 December 2012	868,369	769,440

27 Capital surplus and other reserves

(a) Capital surplus

Capital surplus represented the share premium, net of issuance costs, of the issuance of 50,000,000 H shares in 2006.

In 2012, the decrease in capital surplus of approximately RMB8,243,000 is arising from the transaction with non-controlling interests in Nanjing CMSC (Note 35).

(b) Other reserves

Group and Company

	Statutory surplus reserve	Discretionary surplus reserve	Total
	RMB'000	RMB'000	RMB'000
	Note (i)	Note (ii)	
At 1 January 2011	61,076	4,835	65,911
Appropriation to reserve	19,956	-	19,956
At 31 December 2011	81,032	4,835	85,867
Appropriation to reserve	-	-	-
At 31 December 2012	81,032	4,835	85,867

(i) 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 at 31 December of 2011, the balance of the statutory surplus reserve reached 50% of the Company's registered capital. For the year ended 31 December 2012, no amount (2011: approximately RMB19,956,000) was appropriated to the statutory surplus reserve from net profit.

(ii) 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.

28 Deferred income

The movement of deferred income is as follows:

Group	2012 RMB'000	2011 RMB'000
At 1 January	3,657	4,910
Additions	-	1,768
Credited to cost of sales (Notes 8)	(1,966)	(3,021)
At 31 December	1,691	3,657

Company	2012 RMB'000	2011 RMB'000
At 1 January	3,589	4,775
Additions	-	1,768
Credited to cost of sales	(1,898)	(2,954)
At 31 December	1,691	3,589

In accordance with Cai Shui Zi [2000] No. 49 "The Notice concerning the Reduction in Corporate Income Tax for Purchase of Domestic Manufactured Equipment by Enterprises with Foreign Investment and Foreign Enterprises" issued by the Ministry of Finance and State Tax Bureau, part of the purchase costs of the domestic manufactured equipment could be utilised to reduce the Company's corporate income tax.

In accordance with the approvals issued by the tax bureau of Chongqing Technological Economic Development Zone and Nanjing Jiangling Economic Development Zone, with respect to the Group's application for income tax reduction relating to the purchase of domestic manufactured equipment, the Group is entitled to tax reductions of RMB1,272,000 and RMB1,745,000, which were all utilised to offset the Group's income tax liability for 2007 and 2008, respectively. Such reductions of the Group's income tax liability were recorded as deferred income and recognised as deduction to cost of sales on a straight-line basis over the estimated useful lives of the equipment. In 2012, such deferred income of approximately RMB349,000 (2011: approximately RMB634,000) was amortised and credited to cost of sales.

In 2007, the Company obtained grants of RMB11,000,000 from local government, in relation to upgrading certain logistics information systems. It was initially recorded as advance received from government in other payables, and upon completion of the upgrading activities in 2008, transferred to deferred income, being amortised on a straight-line basis over the estimated useful lives of related assets. In 2012, such deferred income of approximately RMB1,540,000 (2011: approximately RMB2,200,000) was amortised and credited to cost of sales.

In 2011, the Company obtained grants from local government of RMB1,768,000, in relation to non-current assets.

29 Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payable (a)	735,191	353,345	682,591	294,762
Other payables	88,300	83,688	79,004	74,068
Accrued payroll and welfare	72,809	73,598	58,856	59,926
Bills payable (a)	34,510	17,100	34,510	17,100
Advance from customers	592	901	484	689
Other taxes (b)	41,368	16,299	33,254	9,447
	972,770	544,931	888,699	455,992

(a) Ageing analysis of accounts payable and bills payable is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	728,981	351,460	678,341	292,937
91 to 180 days	37,494	17,967	37,448	17,919
181 to 365 days	2,099	12	611	-
Over 1 year	1,127	1,006	701	1,006
	769,701	370,445	717,101	311,862

All bill payables was secured by bills receivable of RMB36,290,000 (Note 22).

(b) Other taxes include payables on business tax, value-added tax, city construction and maintenance tax and education surcharge.

Type	Tax rate	Taxable base
Value added tax ("VAT") *	17%,11% or 6%	Taxable turnover amount
Business tax	3% or 5%	Taxable turnover amount
City construction and maintenance tax	7%	Business tax and value-added tax payables
Education surcharge	3%	Business tax and value-added tax payables

* Certain sales of entities of the Group are subject to VAT, which is charged on top of the selling price at a general rate of 17%. Input VAT on purchases of raw materials, services and certain fixed assets can be deducted from output VAT. VAT payable is the net difference between output and deductible input VAT.

Pursuant to the Circular Caishui (2011) No.110, Caishui (2011) No.111 and Caishui (2012) No. 71 jointly issued by Ministry of Finance and SAT, certain revenue from rendering of services of the Group is subject to VAT since 1 January 2012, and the applicable tax rates are 11% or 6%.

30 Retirement benefit schemes and housing benefits

The retirement benefits of full time employees of the Group are covered by the government-sponsored defined contribution pension plan under which the Group are required to make a monthly pension contribution at rates ranging from 17% to 20% (2011: from 19% to 20%) of the employees' basic salary.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed in Note 9 and Note 32.

Full time employees are also entitled to participate in the government-sponsored housing fund. The Group contributes on a monthly basis to the fund at rates ranging from 7% to 12% of the employees' basic salary.

The Group's liability in respect of the fund is limited to the monthly contributions.

31 Dividends

Based on the Notice [1995] 31 issued by the Ministry of Finance in PRC on 24 August 1995, the dividend appropriation of the Company after the listing of its H Shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited is determined based on the lower of retained earnings in the financial statements prepared in accordance with (i) PRC accounting standards, and (ii) HKFRS.

During the Board of Directors' meeting on 19 March 2012, the directors of the Company proposed to declare a final dividend of RMB0.16 per share, totalling RMB25,930,000 (2011: RMB24,310,000), which was approved during the shareholders' annual general meeting on 26 June 2012.

In accordance with the Circular Guoshuihan [2008] No. 897 issued by State Taxation Administration in November 2008, the dividends paid by Chinese listed companies to H-share foreign corporate shareholders is subject to withholding income tax at a rate of 10% on dividend paid from the earnings made after 1 January 2008.

Pursuant to a resolution of the Board of Directors dated 22 March 2013, the directors of the Company proposed to declare final dividend of RMB0.30 per share (2011: RMB0.16 per share), totalling RMB48,619,000 (2011: RMB25,930,000). The proposed dividend is subject to be approved at the annual general meeting of 2012.

32 Directors' and senior management's emoluments

(a) Directors' emoluments

The aggregate amounts of emolument payables to the directors of the Company for the years ended 31 December 2012 and 2011 are as follows:

	2012	2011
	RMB'000	RMB'000
Basic salaries and allowances	491	489
Performance bonuses	128	142
Retirement benefits	27	18
	646	649

The emoluments of the directors of the Company for the years ended 31 December 2012 and 2011 are analysed as follows:

	2012	2011
	RMB'000	RMB'000
Zhang Lun Gang	-	-
Gao Pei Zheng	-	-
Lu Xiao Zhong	-	-
Zhu Ming Hui *(Chief executive)*	346	242
William K. Villalon	-	-
Lu Guo Ji	-	-
Lau Man Yee	-	-
Li Ming	-	-
Wu Xiao Hua	-	-
Zhou Zheng Li	-	-
Danny Goh Yan Man	-	-
Peng Qi Fa	100	100
Chong Teck Sin	100	100
Poon Chiu Kwok	100	25
Jie Jing (i)	-	-
Zhang Yun (i)	-	-
Goh Chan Peng (i)	-	-
Shi Chao Chun (ii)	-	107
Wang Xu(ii)	-	75
	646	649

(i) Appointed on 31 December 2012.
(ii) Resigned in 2011.

32 Directors' and senior management's emoluments (continued)

(a) Directors' emoluments (continued)

Those directors without payment from the Company received emoluments from the major shareholders, part of which are in relation to his/her services to the Company. No apportionment has been made as the directors consider that it is impractical to apportion the amount between his/her services to the Company and his/her services to the major shareholders, and the amount is immaterial.

No director waived or agreed to waive any remuneration for the years ended 31 December 2012 and 2011.

(b) Supervisors' emoluments

The aggregate amounts of emolument payables to the supervisors for the years ended 31 December 2012 and 2011 are as follows:

	2012 RMB'000	2011 RMB'000
Basic salaries and allowances	235	231
Performance bonuses	137	163
Retirement benefits	46	43
	418	437

The emoluments of the supervisors for the years ended 31 December 2012 and 2011 are analysed as follows:

	2012 RMB'000	2011 RMB'000
Zhu Ying	-	-
Zhang Tian Ming	-	-
Wu Jun	-	-
Liu Yue	215	60
Deng Gang	203	52
Ye Guang Rong (i)	-	156
Chen Hai Hong (i)	-	169
	418	437

(i) Resigned in 2011.

32 Directors' and senior management's emoluments (continued)

(b) Supervisors' emoluments (continued)

Those supervisors without payment from the Company received emoluments from the major shareholders, part of which are in relation to his/her services to the Company. No apportionment has been made as the supervisors consider that it is impractical to apportion the amount between his/her services to the Company and his/her services to the major shareholders, and the amount is immaterial.

No supervisor waived or agreed to waive any remunerations for the years ended 31 December 2012 and 2011.

(c) Five highest paid individuals

One of the top five highest paid individuals of the Group for the years ended 31 December 2012 and 2011 was also a director of the Company and the emolument was reflected in the analysis presented in note (a) above. The emolument payables to the remaining four individuals for the years ended 31 December 2012 and 2011 are as follows:

	2012 RMB'000	2011 RMB'000
Basic salaries and allowances	638	609
Performance bonuses	425	409
Retirement benefits	84	86
	1,147	1,104

The emoluments of the above four highest paid individuals for the years ended 31 December 2012 and 2011 are analysed as follows:

	2012 RMB'000	2011 RMB'000
Individual A	321	306
Individual B	295	282
Individual C	287	277
Individual D	244	239
	1,147	1,104

32 Directors' and senior management's emoluments (continued)

(c) Five highest paid individuals (continued)

The emoluments of the four highest paid individuals fell within the following band:

	Number of individuals 2012	2011
Nil to HKD1,000,000 (equivalent to RMB810,850)	4	4

For the years ended 31 December 2012 and 2011, no emoluments were paid by the Group and the Company to any of the directors, supervisors or the top five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

33 Cash generated from operations

	2012 RMB'000	2011 RMB'000
Profit before income tax	273,494	358,198
Adjustments for		
- Finance exchange loss	101	909
- Finance income	(6,636)	(4,357)
- Provision for impairment of receivables and due from related parties	2,032	3,215
- Loss on disposals of property, plant and equipment	58	80
- Depreciation of property, plant and equipment	58,678	48,385
- Amortisation of prepaid lease payments	3,451	3,560
- Amortisation of intangible assets	1,536	1,385
- Share of profit of associates	(1,737)	(2,144)
- Amortisation of deferred income	(1,966)	(3,021)
Changes in working capital:		
- Inventories	(22,274)	(891)
- Trade receivables	(156,216)	(80,560)
- Prepayment and other receivables	(3,969)	16,528
- Due from related parties	(405,702)	(243,532)
- Restricted cash	(5,529)	(850)
- Trade and other payables	428,068	145,113
- Due to related parties	10,388	612
Cash generated from operations	173,777	242,630

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2012 RMB'000	2011 RMB'000
Net book amount (Note 15)	785	416
Loss on disposals of property, plant and equipment (Note 8)	(58)	(80)
Proceeds from disposals of property, plant and equipment	727	336

34 Commitments

(a) Capital commitments

The Group's capital expenditure contracted for at balance sheet date but not yet incurred for is as follows:

	2012 RMB'000	2011 RMB'000
Property, plant and equipment	1,563	-

(b) Operating lease commitments

The Group leases various warehouses and office premises under non-cancellable operating lease agreements. The lease terms are between 9 months and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group are as follows:

	2012 RMB'000	2011 RMB'000
Not later than one year	5,752	9,191
Between one to five years	881	4,083
	6,633	13,274

35 Transaction with non-controlling interests

On 16 July 2012, the Company acquired 16% of equity interests held by Beijing Changjiu in Nanjing CMSC. The carrying amount of the non-controlling interests in Nanjing CMSC on the date of acquisition was approximately RMB80,513,000. The Group recognised a decrease in non-controlling interests of approximately RMB26,290,000 and a decrease in equity attributable to owners of the Company of approximately RMB8,243,000. The effect of changes in the ownership interest of Nanjing CMSC on the equity attributable to owners of the Company during the year is summarised as follows:

	2012 RMB'000
Carrying amount of non-controlling interesting acquired	26,290
Consideration paid to non-controlling interests	(34,533)
Excess of consideration paid recognised within equity	8,243

36 Related party transactions

(a) For the years ended 31 December 2012 and 2011, 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
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
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
Chongqing Dajiang Industry Company (Group) Limited (“Chongqing Dajiang “)	Subsidiary of CSI Group
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
Hafei Automobile Industry Group Co., Ltd. (“Hafei Group”)	Subsidiary of Changan Auto Group
Hefei Changhe Automobile Company Limited (“Hefei Changhe”)	Subsidiary of Changan Auto Group
Harbin Dongan Automotive Engine Manufacturing Co., Ltd. (“Harbin DAE”)	Subsidiary of Changan Auto Group
Chongqing Tsingshan Industries Company Limited (“Chongqing Tsingshan”)	Subsidiary of Changan Auto Group
Sichuan Jian’an Axles Branch (“Sichuan Jian’an”)	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
Minsheng Shipping Company Limited (“Minsheng Shipping”)	Subsidiary of Minsheng Industrial
Minsheng International Freight Company Limited (“Minsheng International Freight”)	Subsidiary of Minsheng Shipping
Minsheng Logistics Company Limited (“Minsheng Logistics”)	Subsidiary of Minsheng Shipping
Minsheng International Container Transportation Company Limited (“Minsheng International Container”)	Subsidiary of Minsheng Shipping
Chongqing Changan International Sales and Services Company Limited (“Changan International Sales”)	Subsidiary of Changan Automobile
Chongqing Changan Automobile Sales Company Limited (“Changan 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
Chongqing Changan Automobile Supporting Service Co., Ltd. (“Changan Service”)	Subsidiary of Changan Automobile
Baoding Changan Bus Manufacture Co., Ltd. (“Changan Bus”)	Subsidiary of Changan Automobile
Nanjing Chuanyu Changan Sales Company Limited (“Nanjiing Chuanyu”)	Subsidiary of Changan Sales
Chongqing Changan Suzuki Automobile Company Limited (“Changan Suzuki”)	Jointly controlled entity of Changan Automobile

36 Related party transactions (continued)

(a) For the years ended 31 December 2012 and 2011, related parties, other than the subsidiaries, and their relationship with the Group are as follows: (continued)

Name of related party	Relationship
Jiangling Holding Company Limited ("Jiangling Holding")	Jointly controlled entity of Changan Automobile
Changan Ford Automobile Company Limited ("Changan Ford", formerly Changan Ford Mazda Automobile Company Limited)	Jointly controlled entity of Changan Automobile
Changan Mazda Automobile Company Limited ("Changan Mazda")	Jointly controlled entity of Changan Automobile
Changan Ford Mazda Engine Company Limited ("Changan Ford Engine")	Jointly controlled entity of Changan Automobile
Chongqing Ante Import and Export Trading Company Limited ("Chongqing Ante")	Subsidiary of Changan Ford
Wuhan Minfutong	Associate
Chongqing Terui	Associate
Beijing Changjiu	Non-controlling shareholder of Nanjing CMSC before 16 July 2012
Chongqing Dajiang	Non-controlling shareholder of Chongqing Dingjie
Chongqing Weitai	Non-controlling shareholder of Chongqing Dingjie
Chongqing Lingxin	Non-controlling shareholder of Chongqing Dingjie

(b) For the years ended 31 December 2012 and 2011, the related party transactions are shown as follows:

The directors of the Company were of the view that the following related party transactions were carried out in the normal course of business of the Group. The pricing policy with each related party is based on the negotiation between the related party and the Group.

Transactions with associates:

(i) Transportation services provided by related parties

	2012 RMB'000	2011 RMB'000
Chongqing Terui	26,995	20,053
Wuhan Minfutong	7,400	4,358
	34,395	24,411

36 Related party transactions (continued)

(b) For the years ended 31 December 2012 and 2011, the related party transactions are shown as follows: (continued)

Transactions with other related parties:

(i) Revenue from rendering of transportation of finished vehicles services

	2012 RMB'000	2011 RMB'000
Changan Ford	836,067	791,962
Changan Automobile	693,001	701,137
Changan Hebei Commercial	215,889	233,627
Nanjing Chuanyu	98,888	209,868
Changan Nanjing	63,167	2,871
Hafei Automobile	77,241	54,683
Changan Suzuki	20,088	10,238
Changan Mazda	14,323	-
Changan Bus	5,641	-
	2,024,305	2,004,386

(ii) Revenue from rendering of supply chain management for automobile components and parts services

	2012 RMB'000	2011 RMB'000
Changan Ford	474,048	534,591
Changan Automobile	136,097	82,265
Changan Nanjing	43,733	67,686
Changan Hebei	23,659	42,928
Changan Mazda	23,167	-
Chongqing Ante	20,172	20,677
Changan Ford Engine	18,772	20,679
Changan Service	14,183	16,953
Changan International Sales	8,781	23,041
Changan Suzuki	6,545	8,293
Hafei Automobile	4,566	-
Harbin DAE	3,656	-
Sichuan Jian'an	3,435	2,517
Hefei Changhe	2,898	-
Chongqing Tsingshan	1,301	1,445
Jiangling Holding	707	708
	785,720	821,783

36 Related party transactions (continued)

(b) For the years ended 31 December 2012 and 2011, the related party transactions are shown as follows: (continued)

Transactions with other related parties: (continued)

(iii) Revenue from sales of packages and processing of tyres and others

	2012 RMB'000	2011 RMB'000
Changan Ford	367,237	33,126
Changan Industry	8,769	8,145
Changan Automobile	6,539	8,412
Changan Hebei	2,128	-
Changan Service	1,631	1,512
Changan Suzuki	650	1,024
Jiangling Holding	228	734
Changan International Sales	-	251
	387,182	53,204

(iv) Purchase of transportation services

	2012 RMB'000	2011 RMB'000
Minsheng Logistics	241,271	219,378
Minsheng Shipping	61,194	32,950
Minsheng International Freight	14,211	4,014
Dajiang Yanxing	23,419	-
Beijing Changjiu	11,617	23,974
APL China	2,108	-
Minsheng International Container	1,220	1,498
	355,040	281,814

(v) Purchase of construction services

	2012 RMB'000	2011 RMB'000
Changan Construction	9,334	9,742

36 Related party transactions (continued)

(b) For the years ended 31 December 2012 and 2011, the related party transactions are shown as follows: (continued)

Transactions with other related parties: (continued)

(vi) Operating lease – warehouse and venue

	2012 RMB'000	2011 RMB'000
Chongqing Dajiang	709	700

(vii) Consultant services provided by related parties

	2012 RMB'000	2011 RMB'000
APLLC	1,283	555

(viii) Considerations paid for business combination

	2012 RMB'000	2011 RMB'000
Chongqing Lingxin	-	219

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows:

Due from related parties

	Group		Company	
	2012 RMB'000	2011 RMB'000	2012 RMB'000	2011 RMB'000
Balance from rendering of services				
Subsidiary:				
- Nanjing CMSC	-	-	-	1,601
- Chongqing Dingjie	-	-	2,143	2,654
Other related parties:				
- Changan Ford	426,982	158,875	417,444	81,554
- Changan Automobile	303,585	277,576	303,585	277,576
- Changan Nanjing	75,579	31,101	75,579	31,101
- Changan Hebei Commercial	74,885	37,999	74,885	37,999
- Changan Mazda	43,162	-	57	-
- Hafei Automobile	30,222	12,880	30,222	12,880
- Changan Ford Engine	20,785	10,938	7	5
- Changan Hebei	11,457	9,538	11,457	9,538
- Chongqing Ante	9,175	898	9,175	898
- Changan Industry	8,347	6,269	8,347	6,269
- Changan Service	4,523	7,415	4,523	7,415
- Changan Suzuki	4,207	2,873	111	1,479
- Changan Bus	3,917	-	3,917	-
- Hefei Changhe	2,017	-	2,017	-
- Sichuan Jian'an	1,443	1,563	1,443	1,563
- Changan International Sales	1,404	642	1,404	642
- Chongqing Tsingshan	1,139	422	1,139	169
- Harbin DAE	572	-	572	-
- Changan Auto Group	8	22	8	22
- Nanjing Chuanyu	-	63,206	-	63,206
Subtotal	1,023,409	622,217	948,035	536,571

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows: (continued)

Due from related parties (continued)

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Balance of deposits for service quality guarantee				
Other related parties:				
- Changan Suzuki	2,800	3,100	-	500
- Changan Ford	-	1,000	-	-
- Changan Mazda	1,000	-	-	-
- Changan Hebei	810	810	810	810
- Changan Bus	300	-	300	-
Subtotal	4,910	4,910	1,110	1,310
Prepayment for transportation services				
Other related parties:				
- Minsheng International Freight	7,060	198	7,056	178
- APL China	26	-	26	-
- Minsheng Shipping	-	2,044	-	1,132
Subtotal	7,086	2,242	7,082	1,310

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows: (continued)

Due from related parties (continued)

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
Subsidiaries:				
- Chongqing Boyu	-	-	5	-
- Chongqing Dingjie	-	-	69	28
- Chongqing Future	-	-	2,546	5,893
- Chongqing Fuyong	-	-	7,249	-
Associates:				
- Chongqing Terui	140	-	140	-
- Wuhan Minfutong	12	-	5	-
Other related parties:				
- Changan Automobile	1,333	786	1,333	786
- Changan Ford	883	2,505	836	1,351
- Changan Industry	780	780	780	780
- Minsheng Industrial	317	47	317	-
- Changan Nanjing	283	315	283	315
- Hafei Automobile	179	-	179	-
- Chongqing Ante	99	108	99	108
- Changan Mazda	90	-	-	-
- Chonqing Dajiang	47	-	-	-
- Minsheng Logistics	37	-	37	-
- Changan Hebei	17	21	17	21
- Changan Suzuki	11	5	7	-
- Minsheng Shipping	5	-	5	-
Subtotal	4,233	935	13,907	6,809
Less: provision for impairment of due from related parties	(301)	(1,076)	(301)	(1,076)
Total	1,039,337	632,860	969,833	547,397

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows: (continued)

Due from related parties (continued)

Deposits for service quality guarantee represent the deposits paid by the Group to its customers for the purpose of guaranteeing the quality of its logistics service provided. If the service quality does not meet the customers' requirements, the deposits will be deducted by the customers as compensation.

As at 31 December 2012, approximately 64% (2011: approximately 69%) of the total amount of trade receivables and due from related parties was due from the top five largest customers. The carrying amount of trade receivables and due from related parties represents the Group's maximum exposure to credit risk in relation to its financial assets.

The Group offers credit terms to its related parties ranging from 30 to 90 days. Ageing analysis of balance from rendering of services at 31 December 2012 and 2011 is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	986,111	594,655	913,289	509,682
91 to 180 days	36,342	18,712	33,858	18,039
181 to 365 days	655	6,968	587	6,968
Over 1 year	301	1,882	301	1,882
	1,023,409	622,217	948,035	536,571

As at 31 December 2012 and 2011, due from related parties of approximately RMB36,997,000 and RMB26,486,000 were past due but not impaired. These balances relate to certain related parties with no history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	36,342	18,712	33,858	18,039
181 to 365 days	655	6,968	587	6,968
Over 1 year	-	806	-	806
	36,997	26,486	34,445	25,813

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows: (continued)

Due from related parties (continued)

As at 31 December 2012 and 2011, due from related parties of RMB301 and RMB1,076,000 were impaired and provided for. The individually impaired receivables mainly relate to certain related parties, which are in difficult financial situations. The ageing of these receivables is as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Over 1 year	301	1,076	301	1,076

Movement of the provision for impairment of due from related parties are as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	1,076	999	1,076	999
Provision of impairment of balances due from related parties	(775)	77	(775)	77
At 31 December	301	1,076	301	1,076

As at 31 December 2012 and 2011, the balances of due from related parties denominated in USD were as below. The remaining balances as at 31 December 2012 and 2011 were denominated in RMB.

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
USD	6,406	13,781	1,727	2,056

The other classes within due from related parties do not contain impaired assets.

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows (continued):

Due to related parties

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Balance from transportation services provided by related parties				
Subsidiaries:				
- Nanjing CMSC	-	-	5,082	691
- Chongqing Boyu	-	-	76,157	70,377
- Chongqing Dingjie	-	-	28	-
- Chongqing Fuji	-	-	1,894	267
Associates:				
- Wuhan Minfutong	21,390	18,596	21,354	18,596
- Chongqing Terui	13,343	3,426	13,343	3,426
Other related parties:				
- Minsheng Shipping	43,048	2,256	40,201	2,256
- Minsheng Logistics	26,332	69,920	18,500	60,370
- Dajiang Yanxing	4,964	-	4,964	-
- APL China	402	-	-	-
- Minsheng International Container	40	-	13	-
- APLLC	26	-	26	-
- Minsheng International Freight	-	433	-	433
- Changan Industry	-	953	-	953
- Changan Automobile	-	419	-	419
- Beijing Changjiu	-	6,896	-	1,702
Subtotal	109,545	102,899	181,562	159,490
Balance from construction services provided by related party				
Other related party:				
- Changan Construction	10,520	6,940	9,390	5,606
Advances for rendering of services				
Other related parties:				
- Changan Ford	-	61	-	-

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows: (continued)

Due to related parties (continued)

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
Subsidiaries:				
- Chongqing Boyu	-	-	20,458	22,731
- Chongqing Dingjie	-	-	21,599	528
- Nanjing CMSC	-	-	-	20
Associates:				
- Wuhan Minfutong	93	14	93	14
Other related parties:				
- Hafei Automobile	3,507	-	3,507	-
- Changan Automobile	1,462	721	1,460	721
- Minsheng Logistics	415	414	414	414
- Changan Industry	376	-	376	-
- APLLC	90	90	90	90
- Changan Mazda	60	-	-	-
- Minsheng Industrial	11	-	11	-
- Minsheng Shipping	-	5	-	5
- Changan Ford	-	60	-	-
- Changan Nanjing	-	507	-	507
- Beijing Changjiu	-	400	-	400
Subtotal	6,014	2,211	48,008	25,430
Total	126,079	112,111	238,960	190,526

36 Related party transactions (continued)

(c) As at 31 December 2012 and 2011, the related party balances were shown as follows: (continued)

Due to related parties (continued)

Ageing analysis of balance for transportation services and construction services provided by related parties at 31 December 2012 and 2011 were as follows:

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	112,821	106,626	119,582	130,268
91 to 180 days	479	101	25,320	29,396
181 to 365 days	77	80	21,706	276
Over 1 year	6,688	3,032	24,344	5,156
	120,065	109,839	190,952	165,096

As at 31 December 2012 and 2011, all related party balances were interest-free and unsecured.

The carrying value of due from and due to related parties approximates their fair value due to the short-term maturity.

As at 31 December 2012 and 2011, the balances of due to related parties denominated in USD were as below. The remaining balances as at 31 December 2012 and 2011 were denominated in RMB.

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
USD	1,832	1,856	1,777	1,148

Deposit

	Group		Company	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
CSIGF	167,305	149,339	160,088	129,339

The interest rates range from 0.34% to 3.05% per annum (2011: 0.50% to 3.10%).

36 Related party transactions (continued)

(d) The future minimum lease payments due under the signed irrevocable operating leases contracts with related parties are summarised as follows:

Operating lease – Chongqing Dajiang

	2012 RMB'000	2011 RMB'000
Within one year	1,019	700
Between 1 and 2 years	400	700
Between 2 and 3 years	200	700
Over 3 years	-	350
	1,619	2,450

37 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 is effective on the date when the H Shares of the Company are listed on the GEM.

As at 31 December 2012 and 2011, no share appreciation rights have been granted under the SARIS.