重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd.*

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

(Stock Code: 01292)

2013 Annual Report

* For identification purpose only

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CORPORATE INFORMATION

Executive Directors
Zhu Minghui (Chairman)
Lu Xiaozhong
William K Villalon
Wang Yang

Non-Executive Directors
Lu Guoji (Vice Chairman)
Wu Xiaohua
Danny Goh Yan Nan
Du Bin

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
Zhou Zhengli
Deng Gang

General Manager
Wang Yang

Deputy General Managers
Li Xiwen
Chen Zhigang
Huang Ming

Associated Company Secretary
Huang Xuesong
Joseph Au Yeung Wai Ki, CPA ACA

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

Remuneration Committee
Peng Qifa (Chairman)
Zhu Minghui
William K Villalon
Chong Teck Sin
Poon Chiu Kwok

Nomination Committee
Zhu Minghui (Chairman)
Peng Qifa
Chong Teck Sin
Poon Chiu Kwok

Compliance Officer
Zhu Minghui

Authorized Representative
Zhu Minghui
Lu Xiaozhong

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
Yubei District
Chongqing, the PRC

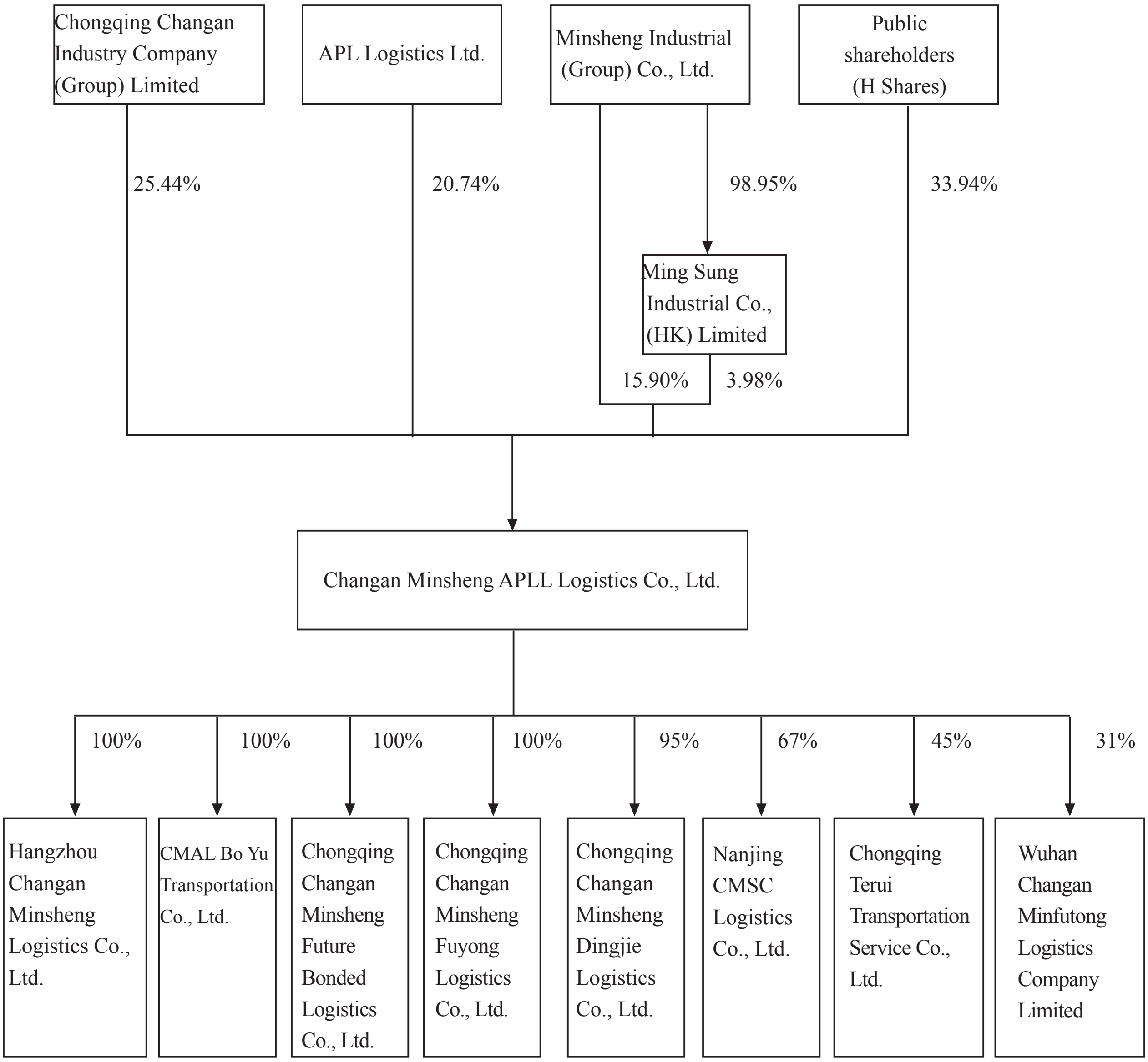
Office and Address of Correspondence
No. 561 Hongjin Road, Yubei District, Chongqing, the PRC
Zip Code: 401121

Head Office in Hong Kong
16/F, 144-151 Singga Commercial Centre
Connaught Road West
Hong Kong

Stock Code
01292

Website
http://www.camsl.com

GROUP'S SHAREHOLDING STRUCTURE



Results

Set out below is the summary of the consolidated results of Changan Minsheng APLL Logistics Co., Ltd. (the "Company") and its subsidiaries (the "Group") for the five years ended 31 December 2013 (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				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	4,646,330	3,631,719	3,275,136	2,827,020	2,284,723
Profit before taxation	269,302	273,494	358,198	261,812	168,664
Income tax	50,567	50,044	71,614	46,788	25,734
Profit for the year	218,735	223,450	286,584	215,024	142,930
Profit attributable to the following parties:					
Non-controlling interest	11,128	19,173	36,456	36,079	12,695
Equity holders of the Company	207,607	204,277	250,128	178,945	130,235
	RMB yuan	RMB yuan	RMB yuan	RMB yuan	RMB yuan
Earnings per share (Note 1)	1.28	1.26	1.54	1.10	0.80
Dividends per share	0.25 (including tax) (Note 2)	0.30 (including tax)	0.16 (including tax)	0.15 (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 2009, 2010, 2011, 2012 and 2013 by the weighted average number of shares in issue of 162,064,000 for the respective years ended 31 December 2009, 2010, 2011, 2012 and 2013, respectively.

Note 2: This is the final dividend for the year ended 31 December 2013 which the Board 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 2013 (as extracted from the Group's audited balance sheet, which is prepared in accordance with the Hong Kong Financial Reporting Standards):

	As at 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	498,973	451,361	452,421	431,725	330,787
Current assets	2,453,469	1,904,096	1,341,718	987,843	894,015
Total assets	2,952,442	2,355,457	1,794,139	1,419,568	1,224,802
Non-current liabilities	2,096	2,333	4,652	5,873	7,707
Current liabilities	1,545,911	1,110,225	670,375	537,257	554,620
Non-controlling interest	62,240	59,692	106,009	89,153	39,549
Total liabilities and non-controlling interest	1,610,247	1,172,250	781,036	632,283	601,876
Total Equity	1,404,435	1,242,899	1,119,112	876,438	662,475

On behalf of the board ("the Board") of directors ("the Directors") of the Company, I am pleased to present the audited annual report of the Group for the year ended 31 December 2013 to the shareholders of the Company.

Annual Results

The year of 2013 was unusual as domestic and international economic condition became more complicated and strained: the recovery pace of developed economies was slowing down, and domestic economy faced great pressure of downward adjustments; various natural disasters occurred frequently.

Faced with such difficult situation, China adhered to the macro policy of seeking improvement in stability, introducing innovative marco-control measures, to promote the reform and opening up and adjust the sector structure. Last year the national economy experienced steady and smooth growth: although the growth rate of GDP fell from 7.8% in the fourth quarter of 2012 to 7.7% in the first quarter of 2013 and further dropped to 7.5% in the second quarter of 2013, the economy in the second half of the year grew steadily, finally with annual GDP growth of 7.7% which is regarded as moderate and reasonable growth range, and has achieved the forecast target of 7.5% as set in early 2013.

According to analysis by the China Association of Automobile Manufacturers, in 2013, in tackling the complicated domestic and overseas economic situation, the automobile industry has accelerated the process of its transformation and upgrading to overcome difficulties and forge ahead, thus achieving a sustainable and healthy growth: China automobile production volume and sales volume was respectively 22,116,800 vehicles and 21,984,100 vehicles, representing a growth of 14.8% and 13.9% respectively compared with last year, increased by 10.2 and 9.6 percentage point respectively over the previous year. The production volume and sales volume respectively have exceeded 20 million vehicles and hit a record high, breaking the world record again, making a first in the world for five consecutive years.

The Group's customers are mainly in the automobile industry. The production volume and sales volume of the Group's major customer, Chongqing Changan Automobile Co., Ltd. ("Changan Automobile"), had achieved 2,110,400 vehicles and 2,120,000 vehicles, respectively, representing an increase of 21.12% and 20.76% 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, comprehensive logistics design and operating experience and well-established service network throughout the PRC, the Group actively enhanced its service quality and made efforts to extend its logistics service space

For the year ended 31 December 2013, the increase of automobile production volume and sales volume of the Group's customers has promoted the growth in the logistics service volume of the Group. In particular, the logistics service of tyre processing business of the Group developed well. The Group's revenue amounted to RMB 4,646,330,000, up approximately 28% from the same period in 2012. Although the Group strengthened the cost control, as affected by the increasing human resources and other operating costs, the increasing provision of bad debts for receivbles and the decreasing logistics service price, the profits attributable to the equity holders of the Company amounted to RMB 207,607,000, up approximately 2% only from the same period in 2012. Earnings per share was RMB1.28 for the year ended 31 December 2013 (2012:RMB1.26).

Annual Review

Business development

On 17 May 2013, Hangzhou Changan Minsheng Logistics Co., Ltd. ("Hangzhou Changan Minsheng") was established in Hangzhou, Zhejiang Province, the PRC. The establishment of Hangzhou Changan Minsehng marked the success of the Company in exploring the logistics business of Changan Ford Automobile Co., Ltd. ("Changan Ford") Hangzhou Factory ("Ford Hangzhou"). Hangzhou Changan Minsheng in future will provide Ford Hangzhou with customized intergrated supply chain management logistics service to better meet the logistics needs of the customer.

During the year, the Group has carefully analyzed the existing logistics projects and strengthened the monitoring of less profitable projects. Because of the difficult operation condition of Hafei Automobile Co., Ltd. ("Hafei Automobile"), and after several negotiations with the manufacturer, Harbin Branch of the Company ceased provding logistics service to Hafei Automobile.

Awards

In July 2013, the Company was awarded the Typical Statistcal and Survey Enterprise by the Ministry of Commerce of the PRC. In September 2013, the Company was awarded 2013 Top 100 Enterprises in Chongqing, 2013 Top 100 Enterprises in the Service Industry in Chongqing and 2013 Top 50 Effective Enterprises in Chongqing jointly by Chongqing Enterprise Association and Chongqing Entrepreneur Association. In November 2013, the Company was awarded 2013 Auto Components and Parts Logistics KPI Benchmarking Enterprises by Automobile Logistics Branch, China Federation of Logistics & Purchasing. At the same time, the Chairman of the Company Mr Zhu Minghui won the title of 2013 Outstanding Contribution Entrepreneur in Logistics Industry granted by Automobile Logistics Branch, China Federation of Logistics & Purchasing. In November 2013, the Company was granted the award of 2013 Outstanding Logistics Enterprises of the PRC by China Federation of Logistics & Purchasing. In December 2013, the Company was granted the award of 2012 Top 50 Logistics Enterprises in PRC by China Federation of Logistics & Purchasing.

Outlook and Prospects

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

The competition in automobile logistics market was intensifying in 2013 and the Company is facing the pressure that the operating costs, including the labor cost, are expected to continue to increase in 2014.The Group will by creative logistics service modes and "professionalism" in logistics service technology, continually and proactively seek for all opportunities to generate growth; further strengthen the strategic cooperation relationship with the existing customers through measures such as customers satisfactory evaluation system, core customers relation coordination and speeding up the responses to customers; further enhance the logistics service capability and core competitiveness of the Group through strengthening of the management, as well as exploration of new business ideas to enhance profitability.

The Board and I hope to work together with various parties to establish a stronger professional logistics services team, a more extensive logistics services network as well as a more flexible logistics 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.

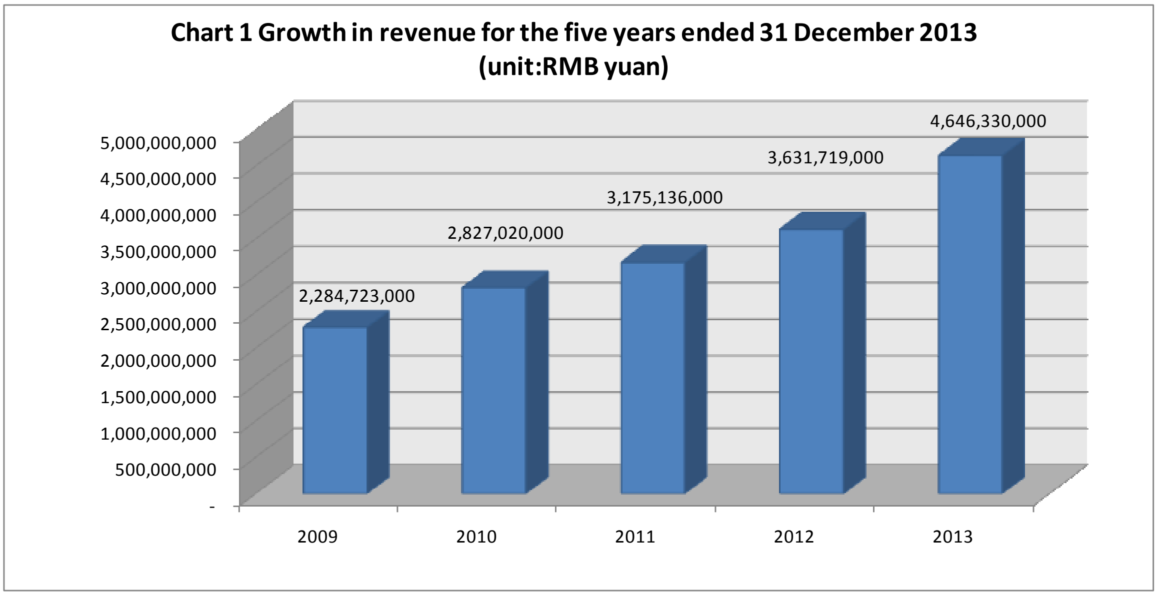
Zhu Minghui
Chairman

Chongqing, the PRC
26 March 2014

Business Review

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

During the reporting period, the production volume and sales volume of the PRC automobile industry and the major customers of the Group all increased well. The Group made efforts to improve its service quality, strengthen the traditional logistics services and actively extend the scope of its integrated supply chain management. For the year ended 31 December 2013, the revenue of the Group amounted to RMB 4,646,330,000, approximately 28% up from RMB 3,631,719,000 of last year.



Supply Chain Management Services of Vehicles and Car Raw Materials, Components and Parts

1.Transportation of Finished Vehicles

For the year ended 31 December 2013, the revenue from the finished vehicles transportation services was RMB 2,354,486,000, up approximately 13% from RMB 2,075,595,000 of last year.

2.Supply Chain Management Services of Car Raw Materials & Components and Parts

During the reporting period, the revenue from the supply chain management services of car raw materials & components and parts was RMB1,186,928,000 up approximately 11% from RMB1,066,033,000 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 RMB 90,084,000, down approximately 3 % from RMB 93,128,000 of last year.

Car Components & Parts Packaging Sales and Tyres Processing

During the reporting period, the revenue of the Group from car components & parts packaging sales and tyres processing was RMB 1,014,076,000, up approximately 155% from RMB 396,963,000 of last year.

Logistics Services Network

As at 31 December 2013, the Company had a total of 23 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.

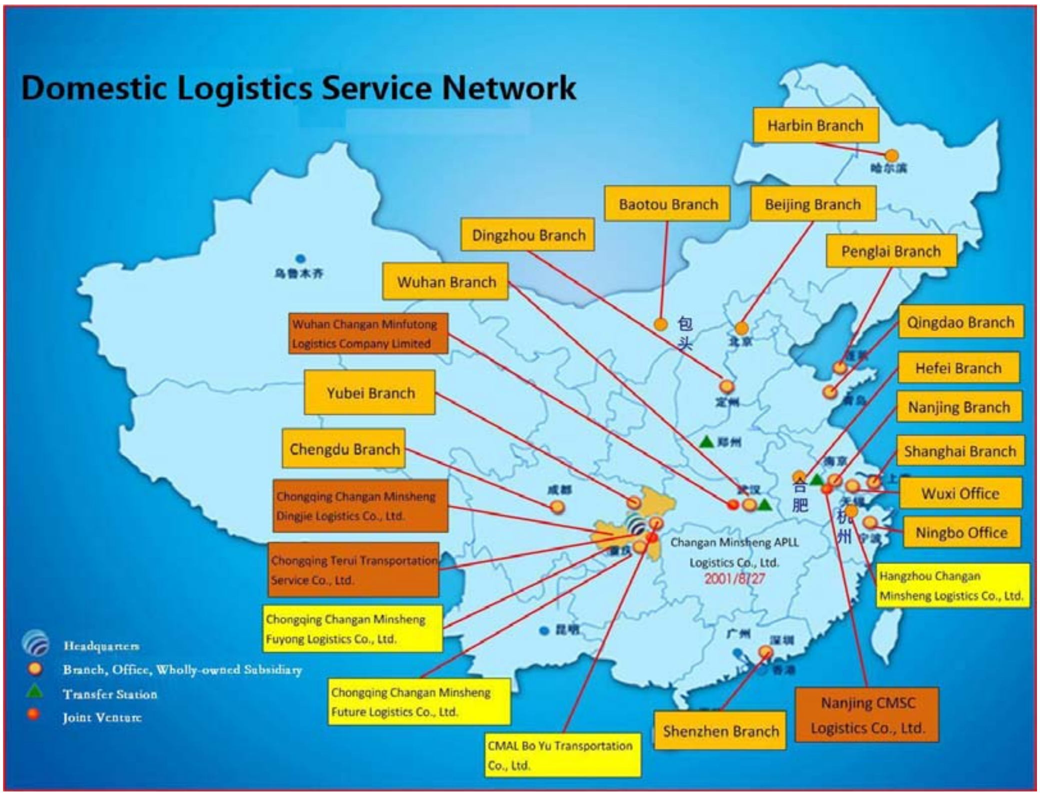


Chart 2: Location of the Company’s existing branches, subsidiaries and representative offices

Financial Review

Cash Flow and Financial Resources

As at 31 December 2013, the Group's cash and bank deposit was RMB 652,623,000 (31 December 2012: RMB 466,416,000). As at 31 December 2013, the Group's total assets was RMB 2,952,442,000 (31 December 2012: RMB 2,355,457,000), the source of funds was current liabilities of RMB 1,545,911,000 (31 December 2012: RMB 1,110,225,000), non-current liabilities of RMB 2,096,000 (31 December 2012: RMB 2,333,000), shareholders' equity excluding non-controlling interest of RMB 1,342,195,000 (31 December 2012: RMB 1,183,207,000) and non-controlling interest of RMB 62,240,000 (31 December 2012: RMB 59,692,000).

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2013, the Group's cost of sales was RMB 4,124,947,000 (2012: RMB 3,178,165,000), up approximately 30% from the previous financial 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. The Group's gross profit margin decreased to 11.22% (2012: 12.49%).

Distribution Expenses

For the year ended 31 December 2013, the Group's distribution expense was RMB 140,732,000, representing approximately 3.03% of the Group's revenue during the period (2012: 3.31%).

During the year, the distribution expenses included salaries and benefits, travelling, business and communication expenses, and market promotion expenses incurred by the Group's sales and marketing department. Such expenses increased by approximately 24% from last year.

Administrative Expenses

During the reporting year, as affected by factors such as the increase of human cost and provision for impairment of receivables, the Group's administrative expenses increrased from RMB 81,264,000 in 2012 to RMB 144,839,000 in 2013, up approximately 78.23% from the last year.

Finance Costs

The Group's finance costs for the year amounted to RMB 1,182,000 (2012: RMB 101,000).

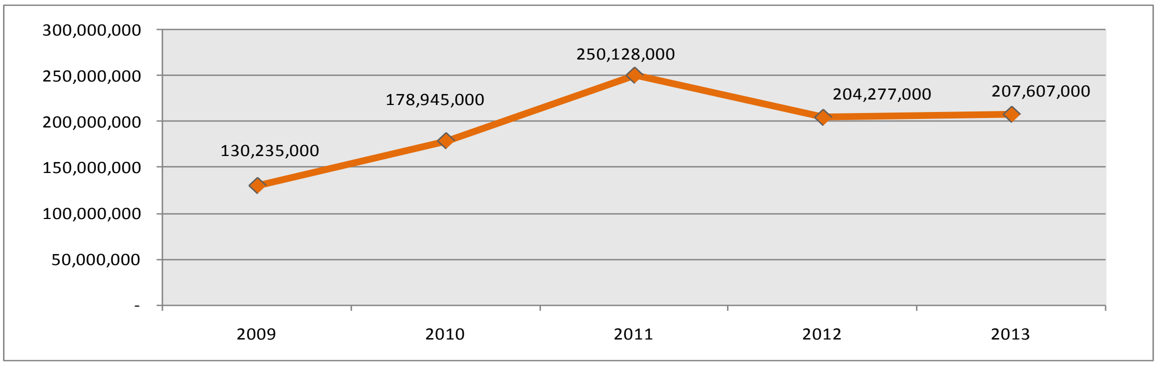
Taxation

For the year ended 31 December 2013, the weighted average applicable tax rate of the Group was 18.0% (2012: 18.0%);and the income tax expenses was RMB 50,567,000 (2012: RMB 50,044,000).

Profit Attributable to Equity Holders

During the year, the profit attributable to equity holders of the Company was RMB 207,607,000, up approximately 2% from the previous financial year.

Chart 3: Profit attributable to equity holders of the Company for the five years ended 31 December 2013
(unit: RMB yuan)



Capital Structure

For the year ended 31 December 2013, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2013, the balance of the Group's bank loans and borrowings was RMB 50,000,000 (31 December 2012: nil). Please refer to note 31 to the consolidated financial statements for the year ended 31 December 2013 for further details.

Gearing Ratio

As at 31 December 2013, the gearing ratio (total liabilities as a percentage of total assets) of the Group was approximately 52.43% (31 December 2012: 47.23%). The ratio of total liabilities to total equities of the Group was approximately 1.10:1 (31 December 2012: 0.90:1).

Pledge of Assets

As at 31 December 2013, the Group had pledged approximately cash RMB 38,615,000 and RMB 19,000,000 bills receivables as security of insurance of bank bills, letter of credit and bank letter of guarantee, and there were RMB 50,000,000 borrowings.

Contingent Liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities.

Exchange Rate Risks

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

Capital Commitment

As at 31 December 2013, the Group capital expenditure at the balance sheet date but not yet incurred was as follows:

	2013 RMB'000	2012 RMB'000
Property, plant and equipment		
Contracted but not provided for	96,536	1,563
Approved but not signed the contract	-	-
Prepaid lease payments		
Approved but not provided for	-	-
	96,536	1,563

Significant Purchase or Sale of Subsidiaries and Associates

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

Substantial Investment

During the year, the Company invested RMB 250 million for establishing Hangzhou Changan Minsheng on 17 May 2013. Hangzhou Changan Minsheng is mainly engaged in general freight and car components and parts manufacturing, to provide logistics services for Ford Hangzhou.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013.

Principal Business

The Group is principally engaged in supply chain management services for vehicles and car raw material, components and parts. The services we provide includes finished vehicle transportation and related logistics services, car raw materials and components and parts supply chain management services, tyres processing, after sales logistics services, etc. Besides, the Group also provides non-vehicle commodities transportation services.

Major Customers and Suppliers

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

	For the year ended 31 December	
	2013	2012
A Changan Ford Automobile Co., Ltd.	55%	40%
B Chongqing Changan Automobile Co., Ltd.	19%	26%
C Changan Mazda Automobile Co., Ltd.	4%	0%
D Hebei Changan Commercial Vehicle Co., Ltd.	2%	7%
E Nanjing Changan Automobile Co., Ltd.	2%	4%
Total of 5 largest customers	82%	77%

According to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), all the 5 major customers mentioned above are the connected persons of the Company.

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

	For the year ended 31 December	
	2013	2012
A Minsheng Logistics Company Limited	4%	8%
B Chongqing Hailong Transportation Company Limted	3%	4%
C Chongqing Dulian Logistics Company Limited	3%	3%
D Chongqing TaiPing Logistics Company Limited	3%	2%
E Chongqing FengPing Logistics Company Limited	2%	2%
Total of 5 largest suppliers	15%	19%

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

Save as disclosed above, 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.

Results

The results of the Group for the year ended 31 December 2013 are set out in the consolidated income statement of this report.

Dividends

Based on the total number of shares in issue on the record date for implementation of the profit appropriation, the Board recommended the payment of a final dividend of RMB 0.25 (including tax) (2012: RMB 0.3 (including tax)) per share for the year ended 31 December 2013. The above proposal of profit appropriation is subject to consideration and approval at the 2013 annual general meeting of the Company. The final dividend is expected to be payable before 30 September 2014 upon approval of the Board's proposal by shareholders at the annual general meeting.

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

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

The record date of the annual general meeting, the last day for trading in the securities with entitlement, the ex-entitlement date and the last registration date of transfer of shares for the purpose of the 2013 final dividend and the period for the closure of register of members will be set out in the notice convening the annual general meeting of the Company. The Company shall comply with the relevant rules and regulations to withhold and pay the enterprise income tax on behalf of the relevant shareholders whose names are listed in the register of members of the Share of the Company as of the last registration date of transfer of shares for the purpose of the 2013 final dividend.

Share Capital

For the year ended 31 December 2013, there had been no change to the share capital. Details are set out in note 26 to the consolidated financial statements.

Public Float

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

Reserves

Details of changes in the Company's reserves for the year are set out in the consolidated statement of changes in equity and in note 28 of the consolidated financial statements.

Property, Plant and Equipment

Details of changes in the Company's property, plant and equipment during the year are set out in note 16 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

As at 31 December 2013, the Company had the following subsidiaries:

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

The registered capital of Chongqing Changan Minsheng Future Bonded Logistics Co., Ltd. ("Chongqing Future") is RMB 30,000,000 and the Company holds 100% of its equity interests. Chongqing Future is mainly engaged in storage, loading and unloading, handling, distribution, import & export of goods and international freight forwarding services. Please refer to note 18 to the consolidated financial statement of this report for further details.

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

Hangzhou Changan Minsheng was established on 17 May 2013, with a registered capital of RMB 250,000,000 and the Company holds 100% of its equity interests. Hangzhou Changan Minsheng is mainly engaged in general freight and car components and parts manufacturing. Details are set out in the paragraph of Chairman's Statement. Please refer to note 18 to the consolidated financial statement of this report for further details.

The registered capital of Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC") is RMB 100,000,000. The Company holds 67% of its equity interests and Sumitomo Corporation ("Sumitomo") holds 33% of its equity interests. Nanjing CMSC is mainly engaged in general freight, station management and distribution. Please refer to note 18 to the consolidated financial statement of this report for further details.

The registered capital of Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. ("Chongqing Dingjie") is RMB 50,000,000. The Company holds 95% of its shares, Chongqing Dajiang Zhenyue Storage Co., Ltd. holds 2%, Chongqing Weitai Economic & Trade Co., Ltd. holds 2% and Chongqing Lingxin Storage Co., Ltd. holds 1% of its shares. Chongqing Dingjie mainly engages in production and sales of car components and parts packages, storage, distribution, logistics software developing, logistics design and consulting services, etc. Please refer to note 18 to the consolidated financial statement of this report for further details.

Capitalized Interests

For the year ended 31 December 2013, no interest had been capitalized by the Company.

Retirement Plan

Details of the Company's retirement plan are set out in note 32 to the consolidated financial statements.

Employees

As at 31 December 2013, the Company had 7,496 employees (31 December 2012: 7,899 employees).

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

	As at 31 December	
	2013	2012
Administration and finance	318	334
Information and technology	83	97
Sales and marketing	228	327
Operation	6,867	7,141
Total	7,496	7,899

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, medical insurance, unemployment insurance, personal injury insurance and housing fund, etc.

Training Programme

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

Staff Quarters

During the year, the Company has not provided any staff quarters to the staff (2012: nil). It has provided housing provident fund to the staff, details of which are set out in note 32 to 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	
Zhu Minghui (Chairman)	（appointed on 30 September 2011）
Lu Xiaozhong	（appointed on 30 September 2011）
William K Villalon	（appointed on 30 September 2011）
Wang Yang	（appointed on 12 November 2013）
Non-executive directors	
Lu Guoji (Vice Chairman)	（appointed on 30 September 2011）
Wu Xiaohua	（appointed on 30 September 2011）
Danny Goh Yan Nan	（appointed on 30 September 2011）
Du Bin	（appointed on 12 November 2013）
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）
Zhou Zhengli	（appointed on 12 November 2013）
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 the Listing Rules. The Company considers that the existing independent non-executive Directors are independent of the Company and connected persons of the Company.

Service Contracts of Directors and Supervisors

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

Directors' and Supervisors' Interests in Contracts

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

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2013.

Directors, Supervisors and Senior Management

Profiles of the Directors, Supervisors and members of the senior management are set out on pages 46 to 52.

The Directors, Mr. Lu Guoji and Mr. Lu Xiaozhong are father and son. Saved for this, there is no relationships, including financial, business, family or other material/relevant relationships between members of the Board, the Supervisory Committee and the senior management of the Company except for their working relationships within the Company.

Remuneration of Directors and Supervisors

Details of the remuneration of Directors and Supervisors are set out in note 34 to the consolidated financial statements of this report.

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

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

As at 31 December 2013, none of the Directors, chief executive and the Supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") in Chapter 571 of Laws of Hong Kong) which (a) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (b) were required, pursuant to the Appendix 10 of Model Code for Securities Transactoins by Directors of Listed Issuers ("Model Code") to the Listing Rules to be notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange").

As at 31 December 2013, 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 2012, 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 2013, so far as is known to the Directors, chief executive and the Supervisors of the Company, the following persons, other than a Director, Supervisor, or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or 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%
Pemberton Asian Opportunities Fund	Beneficial owner	4,400,000(L)	-	8.00%	2.71%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
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, Mr. Lu Guoji and Mr. Lu Xiaozhong hold 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 2013, so far as is known to the Directors and chief executive of the Company, there is no other person (other than the Directors, Supervisors, or chief executive of the Company) who had interests or short positions in the provisions of Divisions 2 and 3 of Part XV of the SFO; or 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").

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

During the year, no such plan has been implemented.

Competing Interests

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

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

In March 2014, the Company received the confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics and Changan Industry Company.

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

Right of First Refusal

There is no provision regarding the right of first refusal set out in the Articles of Association of the Company.

Continuing Connected Transactions

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

Background of the Continuing Connected Transactions

Changan Industry Company is a substantial shareholder of the Company. Changan Industry Company is a wholly owned subsidiary of China South Industries Group Corporation ("South Group"). China Changan Automobile Group Co., Ltd. ("China Changan"), a holding subsidiary of South Group, directly and indirectly holds 45.69% shareholdings in Changan Automobile. As of the date of the report, South Group holds 31.87% shareholdings in Binqi Zhuangbei Group Finance Limited Liability Company ("Zhuangbei Finance") and the member companies of South Group hold the remaining shareholdings in Zhuangbei Finance. Changan Industry Company directly and indirectly holds 100% shareholdings in Chongqing Changan Construction Company Limited ("Chongqing Changan Construction"). Accordingly, Changan Industry Company, Changan Automobile, Zhuangbei Finance, Chongqing Changan Construction and their respective associates are all the Company's connected persons according to the Listing Rules. Minsheng Industrial and APL Logistics are also the substantial shareholders of the Company. According to the Listing Rules, Minsheng Industrial and APL Logistics and their respective associates are also connected persons of the Company. As the Company and Sumitomo hold 67% and 33% of share capital of Nanjing CMSC respectively, Sumitomo is a substantial shareholder of Nanjing CMSC. Therefore, Sumitomo and its associates are also connected persons of the Company according to the Listing Rules. Sumitomo holds 49% of the share capital of Nanjing Baogang Zhushang Metal Products Company Limited ("Baogang Zhushang"), Baogang Zhushang is an associate of Sumitomo.

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

In order to purchase more transportation services so as to meet the customers' needs for logistics service, the Company has revised the annual caps of continuing connected transactions in respect of the purchase of transportation services from Changan Industry Company and its associates for a period of two years ended 31 December 2013 and 31 December 2014 to RMB 33,000,000 and RMB 36,000,000, respectively (please refer to the announcement dated 30 August 2013 of the Company for further details).

Reasons and Benefits of the Group's Continuing Connected Transactions

The Company is of the view that the continuing connected transactions framework agreements under which the Group will provide 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 strategies. For the purpose of providing logistics services to its clients, the Group is required to purchase transportation services on a continuous basis. The Group has built up long term partnership with Changan Industry Company, Minsheng Industrial, APL Logistics and their respective associates, and the Group is satisfied with the quality of their transportation services. Therefore the Group will continue to transact with them.

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

The Group purchases engineering construction services from Chongqing Changan Construction. It is beneficial to the Group as it helps to save construction costs. Accordingly, the Group needs to continously purchase engineering construction services from Chongqing Changan Construction.

Pricing of Continuing Connected Transactions

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

a. pricing relating to the relevant types of products and services fixed by the PRC government;
b. where there is no PRC government fixed price but there is a government guidance price, the government guidance price prevail;

c. when there is neither a PRC government fixed price nor a government guidance price, the market price prevail; or
d. where none of the above is applicable, the price is to be agreed between the parties based on arm's length negotiations.

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

The transactions between the Company and the connected persons shall be conformed to normal commercial terms or on terms no less favorable to the Company than those available from independent third parties under current local 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, Zhuangbei Finance, Chongqing Changan Construction and their respective associates, which constitute related party transactions during the period. The details are set out in the notes to the consolidated financial statements. During the reporting period, the Group strictly complied with Chapter 14A of the Listing Rules.

For the year ended 31 December 2013, the total consideration paid to the Group by each of the relevant connected persons for the logistics services is as follows:

	For the year ended 31 December 2013	
	Actual Value RMB'000	Maximum Value RMB'000
Changan Industry Company and its associates: - Supply chain management services for vehicles and car raw materials, components and parts & non-vehicle logistics services	8,343	55,761
Changan Automobile and its associates: - Supply chain management services for vehicles and car raw materials, components and parts	4,066,674	5,708,715
APL Logistics and its associates: - logistics services	-	30,000
Baogang Zhushang: - Supply chain management services for car raw materials, components and parts	10,769	27,000

For the year ended 31 December 2013, the total consideration paid by the Group to each of the connected persons for the purchase of transportation services of vehicles and car raw materials, components and parts is as follows:

	For the year ended 31 December 2013	
	Actual Value RMB'000	Maximum Value RMB'000
Changan Industry Company and its associates:	24,594	33,000
Minsheng Industrial and its associates:	343,060	806,146
APL Logistics and its associates:	1,062	30,000

For the year ended 31 December 2013, the value of the transactions between the Group and Zhuangbei Finance are as follows:

	For the year ended 31 December 2013	
	Actual Value RMB'000	Maximum Value RMB'000
The maximum amount of loan outstanding (including interests) on a daily basis	60,108	400,000
The maximum amount of deposit (including interest) on a daily basis	380,473	800,000
The aggregate amount of each note discounting transactions on an annual basis	96,389	100,000

For the year ended 31 December 2013, the total consideration paid by the Group to Chongqing Changan Construction for the purchase of engineering construction services is as follows:

	For the year ended 31 December 2013	
	Actual Value RMB'000	Maximum Value RMB'000
Chongqing Changan Construction	7,908	231,100

After reviewing "The Letter from Independent Auditors Regarding Continuing Connected Transactions Issued to the Board of Directors of Changan Minsheng APLL Logistics Co., Ltd (Your Company)" issued by the Company's auditor, Pricewaterhouse Coopers, to the Board, the independent non-executive Directors confirmed that the continuing connected transactions of the Company for 2013 pursuant to Rule 14A.37 of the Listing Rules were:

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

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

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

Legal Proceedings

As at 31 December 2013, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

Designated Deposits

As at 31 December 2013, the Group had no designated deposits in any financial institutions in and out of the PRC or any overdue fixed deposit which could not be recovered.

Donation

During the year, the total amount of donation made by the Group was nil (2012: nil).

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 2013.

Pre-emptive Rights

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

Auditors

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

Transfer of Listing

On 18 July 2013, the Company successfully transferred listing of its H Shares from GEM (Stock code: 08217) to the Main Board (Stock code: 01292) ("Transfer of Listing"). The Directors believe that the Transfer of Listing (i) may enhance the profile of the Group and increase the trading liquidity of the H shares; and (ii) will be beneficial to the future growth, future financing exercises and business development of the Group. The Transfer of Listing did not involve any issue of new H Shares by the Company.

The Transfer of Listing had no effect on the existing share certificates in respect of the H shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes, and does not involve any transfer or exchange of the existing share certificates. Before the Transfer of Listing, the H shares were traded in a board lot of 1,000 H shares each and in Hong Kong dollars. No change was made to the English and Chinese stock short names of the Company, the share certificates, board lot size, the trading currency and the H share registrar in Hong Kong in connection with the Transfer of Listing.

By the Order of the Board
Zhu Minghui
Chairman

Chongqing, the PRC
26 March 2014

Dear Shareholders,

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

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

The Supervisory Committee considers that in 2013, the members of the Board, the general manager and other senior management staff of the Company were able to strictly fulfil their fiduciary duties, to act diligently and to exercise their authority faithfully in the best interests of the Company, to carry out work pursuant to the Articles of Association of the Company in standard operation and gradually improve the internal control system. The transactions between the Company and connected parties are carried out on fair and reasonable terms and in the interests of the shareholders as a whole. As of the date of this report, none of the Directors, general manager and other senior management staff had been found to have abused their authority, damaged the interests of the Company and of its shareholders. None of them was found to be in breach of any laws and regulations or the Articles of Association of the Company.

The Supervisory Committee is satisfied with the achievement and efficient work of the Company in 2013.

The Supervisory Committee has seriously reviewed and agreed with the report of the directors, the audited consolidated financial statements, which will be submitted by the Board to the 2013 annual general meeting.

By order of the Supervisory Committee
Zhu Ying
Chairman

Chongqing, the PRC
26 March 2014

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. Before 17 July 2013, the Company has prepared the compliance manual of the Board (the "Manual") with a view to complying with the code provisions set out in Appendix 15 of the GEM Listing Rules of the Stock Exchange of Hong Kong Limited ("the GEM Listing Rules"). From 1 January 2013 to 17 July 2013, the Company has always been complied with the Manual and the code provisions set out in Appendix 15 of the GEM Listing Rules. Since 18 July 2013, the provisions of the Corporate Governance Code ("Code") set out in Appendix 14 of the Listing Rules have been adopted as the Company's corporate governances standards, which coupled with, the experience of the Company, help to establish a favorable corporate governance structure of the Group. For the period from 18 July 2013 to 31 December 2013, the Company has complied with the code provisions set out in the Code.

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

Securities Transactions by the Directors

The directors of the Company had strictly complied with the required standard of dealings set out in rule 5.48 to rule 5.67 of the GEM Listing Rules (such standard has been set out in the Manual) during the period from 1 January 2013 to 17 July 2013, and regarded it as the code of conduct of securities dealings. After making specific enquiries to all directors, the Company confirms that the directors had complied with the required standard regarding the securities transactions of the directors.

Since the Transfer of Listing on 18 July 2013, the Company has adopted a code of conduct regarding directors' securities transactions on terms of the required standard of dealings (the "Code of Conduct") prepared according to the Model Code. After making specific enquiries to all Directors, the Company confirms that the Directors had complied with the Code of Conduct since the Transfer of Listing.

Board

The Board comprises 14 Directors, including 4 executive Directors, 4 non-executive Directors and 6 independent nonexecutive 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 Board believes that 10 non-executive Directors and independent non-executive Directors have participated actively in the formulation of the Company's policies through providing constructive suggestions in the interests of shareholders as a whole. The names of members of the 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 2014.

Saved for Mr. Lu Guoji and Mr. Lu Xiaozhong are father and son, there is no other family or material relationship between the members of the Board.

Election of Directors and Supervisors (Change)

On 22 April 2013, the Company received the resignation letter from Ms. Lau Man Yee, Vanessa, who resigned from the position of non-executive Director due to change of work (please refer to the announcements released on 23 April 2013 and 25 April 2013 for further details).

With effect from 6 September 2013, Mr. Zhang Lungang resigned from the positions of (i) chairman and executive Director; (ii) authorized representative of the Company; (iii) member of the Remuneration Committee; and (iv) member and chairman of the Nomination Committee due to change of work allocation in Changan Industry Company. Mr. Gao Peizheng resigned from the position of executive Director due to change of his work arrangement in Changan Industry Company. Mr. Li Ming resigned from the position of non-executive Director due to change of work arrangement in Changan Industry Company. Mr. Zhou Zhengli resigned from the position of non-executive Director due to change of work arrangement in Changan Industry Company. Mr. Liu Yue resigned from the position of employee representative Supervisor due to change of internal work arrangement (please refer to the announcement of the Company dated on 6 September 2013 for further details).

With effect from 12 November 2013, Mr. Wang Yang has been appointed as an executive Director and Mr. Du Bin has been appointed as a non-executive Director; Mr. Zhou Zhengli has been elected by the Company's employee representative as an employee representative Supervisor of the third Session of the Supervisory Committee of the Company (please refer to the announcement of the Company dated on 12 November 2013 for further details).

Directors' Attendance of Regular Meeting

The Board has held four regular meetings in 2013 to discuss and determine the Company's business strategies, key operational issues, financial matters and other matters set out in the Articles of Association 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 personal attendance	Records for attendance by alternate	Individual attendance rate
Executive director				
Zhang Lungang (note 1)	4	3	0	100%
Gao Peizheng (note 1)	4	3	0	100%
Lu Xiaozhong	4	3	1	75%
Zhu Minghui	4	3	1	75%
William K Villalon	4	4	0	100%
Wang Yang (note 3)	4	1	0	100%
Non-executive director				
Lu Guoji	4	0	4	0%
Lau Man Yee, Vanessa (note 2)	4	0	0	0%
Li Ming (note 1)	4	3	0	100%
Wu Xiaohua	4	4	0	100%
Zhou Zhengli (note 1)	4	3	0	100%
Danny Goh Yan Nan	4	4	0	100%
Du Bin (note 3)	4	1	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	4	4	0	100%
Zhang Yun	4	4	0	100%
Goh Chan Peng	4	4	0	100%

Note 1: With effect from 6 Septmber 2013, each of Mr. Zhang Lungang, Mr. Gao Peizheng, Mr. Li Ming and Mr. Zhou Zhengli had resigned from the position of Director. During the period from 1 January 2013 to 5 September 2013, the Company had held 3 regular meetings of the Board.

Note 2: On 22 April 2013, the Board accepted the resignation of Ms. Lau Man Yee, Vanessa, who resigned from the position of non-executive Director due to change of work. Please refer to the announcements of the Company dated 23 April 2013 and 25 April 2013 of resignation of directors for further details.

Note 3: Mr. Wang Yang and Mr. Du Bin were respectively appointed as the executive Director and non-executive director on 12 November 2013. During the period from the date of their appointment as Directors to 31 December 2013, the Company has held 1 regualr meeting of the Board.

Composition of the Board

Directors are elected in general meetings of the Company with a term of 3 years and can be reelected and re-appointed upon the expiry of the term.

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.

On diversity, the Board consists of Directors with different backgrounds who are able to provide the Company with professional advice on various aspects. Currently the Board has one female Director. The independent non-executive Directors are independent from the management and have adequate business and financial experience. They provide advices to the Board and the management on the strategic development of the Company and ensure the interests of shareholders and the Company as a whole by implementing measures. As of the date of this annual report, apart from Mr. Peng Qifa, the independent non-executive Director has continously been in office over 9 years, the term of office of each of other 5 independent non-executive Directors does not exceed 9 years. In this regard, the Company will ensure compliance with code provision A.4.3 of the Code for the year ending 31 December 2014.

According to the Listing Rules, the Company received the relevant written independence confirmation letter from each of the independent non-executive Directors for the year 2013. The Company confirmed that all the independent non-executive Directors are independent from the Company.

The Company has purchased the liability insurance for Directors and Supervisors.

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 increase or decrease in its registered capital and issue of bonds; to formulate plans for the Company's merger, division, change of legal form and dissolution; to decide on the Company's internal management structure; to appoint or remove the Company's General Manager and secretary to the Board of Directors, and to engage or remove the Company's deputy general manager, person(s) in charge of the finance department, other senior management and senior directors according to the nomination of the General Manager, and to decide on their remuneration and payment method; to formulate the Company's basic management system; to formulate proposals for any amendment to the Company's Articles of Association; to formulate plans for the Company's acquisition or sale of major assets; in compliance with the relevant laws and regulations, to exercise the Company's right to finance and loan as well as mortgage, rent, contract for or transfer the Company's major assets and authorizing General Manager and 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 Articles of Association of the Company, the duties of management of the Company are: to operate and manage the Company as well as implement resolutions of the Board; to implement the Company's annual operation and investment plan; to make plans for the structure of the Company's internal management departments; to formulate the Company's basic management system; to formulate regulations for the Company; to propose to appoint or remove the deputy general managers, person(s) in charge of the finance department and senior directors of the Company; to decide to appoint or remove management staff except those that shall be appointed or removed by the Board; to decide the rewards and punishments, promotions, pay raises, appointments, employment, removal and dismissal of the Company's employees; to represent the Company to handle major business as authorized by the Board; to exercise other functions and powers conferred upon by the Articles of Association of the Company and the Board.

During the year, the Directors and management strictly fulfilled their duties according to the requirements in the Articles of Association of the Company. The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the management of the Group. The Board has reviewed its performance during the reporting period, obtained advice from senior management and considered the advice contained in the report of the Supervisory Committee. The Board believes that it has effectively performed its responsibilities in the interests of the Company and shareholders in the year under review.

Chairman and General Manager

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

Continuing Professional Development of Directors (Training for Directors)

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

Below is a summary of the trainings received by the Directors for the period between 1 January 2013 and 31 December 2013 based on the records provided by the Directors:

Name	Category of Continuing Professional Development
Directors	
Zhu Minghui	A,B
Lu Xiaozhong	A,B
William K Villalon	A,B
Wang Yang	A,B
Lu Guoji	B
Wu Xiaohua	A,B
Danny Goh Yan Nan	A,B
Du Bin	A,B
Peng Qifa	A,B
Chong Teck Sin	B
Poon Chiu Kwok	A,B
Jie Jing	A,B
Zhang Yun	A,B
Goh Chan Peng	A,B
Supervisors	
Zhu Ying	A,B
Wu Jun	B
Zhang Tianming	B
Zhou Zhengli	A,B
Deng Gang	A,B

A: attending briefing and/or seminar.

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

Internal Control

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

Three Committees of the Board

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

(1) Audit Committee

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

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

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

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

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

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

(e) regarding (d) above:

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

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

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

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

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

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

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

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

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

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

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

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

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

The Audit Committee currently comprises 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 had held four regular meetings.

The Audit Committee meeting held on 18 March 2013 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2012, listened to the auditor's suggestions for the Company and approved such reports.

The Audit Committee met on 6 May 2013 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2013, and approved such report.

The Audit Committee met on 21 August 2013 to review the unaudited interim report of the Group for the six months ended 30 June 2013, and approved such report.

The Audit Committee met on 8 November 2013 to review the income statement, cash flow statement and balance sheet of the Group for the nine months ended 30 September 2013.

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

Members of the Audit Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Peng Qifa	4	4	0	100%
Chong Teck Sin	4	4	0	100%
Poon Chiu Kwok	4	4	0	100%

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

In 2013, 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, for the purpose of ensuring the effectiveness of the policies and systems on internal financial supervison and operation, compliance monitoring and risks management;

2. monitored the accounts of the relevant reporting period and reviewed the financial statements and all the financial reporting materials which are set out in the report and took the view that all of these were in accordance with the requirements of Chinese Accountant Standard and Hong Kong Accountant Standard and complied with the relevant laws and regulations of PRC and the Listing Rules;

3. made three times of effective communication and discussions with the Group's external auditors with regard to the 2013 conducted 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 2013 annual auditors.

(2) Remuneration Committee

The remuneration committee (the "Remuneration Committee") currently comprises Mr. Zhu Minghui, 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, and the chairman of the Remuneration Committee, Mr. Peng Qifa, is an independent non-executive Director.

The major duties of the Remuneration Committee are:

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

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

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

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

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

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

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

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

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

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

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

Members of the Remuneration Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Zhang Lungang (note 1)	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%
Zhu Minghui (note 1)	1	NA	NA	NA

Note 1: Mr. Zhang Lungang ceased to be the member of the Remuneration Committee since 6 September 2013; Mr. Zhu Minghui was appointed as member of the Remuneration Committee on 6 September 2013; the regular meeting of the Remuneration Committee was held on 18 March 2013.

In 2013, the Remuneration Committee has worked actively mainly on the following aspects:

1. Submitted suggestions to the Board on the remuneration policy and composition of the directors and senior managements of the Company in 2013, and suggested the establishment of a normal and transparent remuneration system;

2. Analyzed and continuously refined the procedures of meetings of the Remuneration Committee.

(3) Nomination Committee

The nomination committee (the "Nomination Committee") currently comprises Mr. Zhu Minghui, Mr. 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. The chairman of the Nomination Committee, Mr. Zhu Minghui, is the chairman of the Board.

The major duties of the Nomination Committee are:

(a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) assess the independence of independent non-executive directors;

(d) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the general manager; and

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

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

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

Members of the Nomination Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Zhang Lungang (note 1)	1	1	0	100%
Lau Man Yee, Vanessa (note2)	1	0	0	0%
Peng Qifa	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%
Zhu Minghui (note1)	1	NA	NA	NA

Note1: Mr. Zhang Lungang ceased to be the member of the Nomination Committee since 6 September 2013; Mr. Zhu Minghui was appointed as member and chairman of the Nomination Committee on 6 September 2013. The regular meeting of the Nomination Committee was held on 18 March 2013.

Note 2: On 22 April 2013, the Board accepted the resignation of Ms. Lau Man Yee, Vanessa, who resigned from the position of the member of the Nomination Committee due to change of work.

In 2013, the Nomination Committee has worked actively mainly on the following aspects:

1.Assessed and reviewed the qualifications of the candidate directors;

2.Analyzed the framework, population and composition of the current Board of the Company;

3.Assessed and reviewed the independent non-executive directors of the Company, ensuring their independency;

4.Analyzed and continuously refined the procedures of meetings of the Nomination Committee.

Corporate Governance Responsibility

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

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

During the year of 2013, the Board reviewed the Company's compliance with the Code and other rules applicable according to the requirements of the Code; approved the annual corporate governance report of the Company and its disclosure on the websites of the Stock Exchange and the Company.

Auditors and the Remuneration

PricewaterhouseCoopers was the Company's international auditors (PricewaterhouseCoopers Zhong Tian LLP was the Company's PRC auditor) for the year ended 31 December 2013. For three years ended 31 December 2013, the Company has not changed auditor.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's financial statements for the year ended 31 December 2013.

The remuneration of the auditor for the year ended 31 December 2013 was set out below:

Services provided	Fees (RMB'000)
Audit services	2,000
Non-audit services	-
Total	2,000

Apart from this, the Company did not pay for the auditor's travelling, 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 appointment of the auditors and approved the above mentioned appointing arrangement.

Company Secretary

During the period from 1 January 2013 to 17 July 2013, Mr. Joseph Au Yeung Wai Ki was appointed as the company secretary of the Company and complied with the relevant requirements of the GEM Listing Rules. Since the Transfer of Listing, Mr. Huang Xuesong and Mr. Joseph Au Yeung Wai Ki have been appointed as the associatedcompany secretaries of the Company in compliance with the requirements of the Listing Rules.

During the year of 2013, both Mr. Huang Xuesong and Mr. Joseph Au Yeung Wai Ki accepted compliance training which exceeds 15 hours.

Rights of Shareholders

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

(1) the right to receive dividends and other distributions proportional to the number of shares held;

(2) the right to attend shareholders' meeting of the Company either in person or by proxy and exercise the voting right;

(3) the right to supervise, advise or inquire the operating activities of the Company;

(4) the right to transfer, gift, or pledge the shares held according to laws and regulations and the Articles of Association of the Company;

(5) the right to be provided with relevant information in accordance with provisions of the Articles of Association of the Company, including:

(A) to obtain a copy of the Articles of Association of the Company, subject to payment of the cost;

(B) to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings:

(i) the full register of shareholders;

(ii) personal profiles of the Company's Directors, Supervisors, general manager and other senior managements including:

(a) their present and former names and aliases;

(b) their principal addresses (residence);

(c) their nationalities;

(d) their full-time and all other part-time occupations and duties;

(e) their identification documents and the numbers thereof.

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

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

(v) minutes of shareholders' meeting.

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

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

Communications with Shareholders

The Company attaches great importance to the communication with the shareholders and investors. The Company uses a number of channels to account for the performance and operations of the Company to shareholders, particularly periodic reports like annual and interim reports. In addition to delivering circulars, notices and financial reports to our shareholders, the Company also publishes its corporate information on its website (http://www.camsl.com) by electronic means. The annual general meeting (the "AGM") provides a good opportunity for the communication between the Board and the shareholders of the Company. The Company regards the AGM as an important event in the year and all Directors, Supervisors, senior management and the Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee should make an effort to attend and answer questions raised by the shareholders. For the year ended 31 December 2013, the Company held conferences and/or conference calls, as well as arranged many field trips for investors.

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

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

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

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

General Meeting

On 4 February 2013, the executive Director Mr. Zhu Minghui (the chairman of the Board and the chairman of the Nomination Committee) and Mr. Willliam K Villalon, the non-executive Director Mr. Danny Goh Yan Nan and Mr. Wu Xiaohua, the independent non-executive Director Mr. Peng Qifa (the chairman of the Audit Committee and the chairman of the Remuneration Committee), Mr. Poon Chiu Kwok, Mr. Jie Jing, Ms. Zhang Yun, the former executive Director Mr. Zhang Lungang (the former chairman of the Board and the chairman of the Nomination Committee), and the former non-executive Director Mr. Zhou Zhengli attended the 2013 first EGM, 2013 first class meeting of the holders of the H shares and 2013 first class meeting of the holders of the domestic shares held by the Company.

On 26 June 2013, the executive Director Mr. Zhu Minghui (the chairman of the Board and the chairman of the Nomination Committee) and Mr. Willliam K Villalon, the non-executive Director Mr. Wu Xiaohua and 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), Mr. Poon Chiu Kwok, Mr. Jie Jing, Ms. Zhang Yun, Mr. Goh Chan Peng, the former executive Director Mr. Zhang Lungang (the former chairman of the Board and the chairman of the Nomination Committee) and the former non-executive Director Mr. Li Ming and Mr. Zhou Zhengli attended the 2012 AGM held by the Company.

On 12 November 2013, the executive Director Mr. Zhu Minghui (the chairman of the Board and the chairman of the Nomination Committee) and Mr. Willliam K Villalon, the non-executive Director Mr. Danny Goh Yan Nan and Mr. Wu Xiaohua, the independent non-executive Director Mr. Peng Qifa (the chairman of the Audit Committee and the chairman of the Remuneration Committee), Mr. Poon Chiu Kwok, Mr. Jie Jing, Ms. Zhang Yun and Mr. Goh Chan Peng attended the 2013 second EGM held by the Company.

Amendments of Articles of Association

On 18 July 2013, the Company successfully transferred listing of its H shares from GEM (Stock code: 08217) to the Main Board (Stock code: 01292). To be in accordance with the Listing Rules, the shareholders of the Company approved the amendments of the Articles of Association of the Company on the 2010 first EGM, the 2010 first Class Meeting for Holders of the H Shares and 2010 first Class Meeting for Holders of the Domestic Shares which were held by the Company on 19 March 2010. Since the Transfer of Listing, the Company submitted the application of the amendments of the Articles of Association to the relevant government organ for approval and had received the approval by Chonqing Foreign Trade and Economic Relations Commission through the Yu Wai Jing Mao letter [2013] No.308 Document on 10 September 2013. Please refer to the Articles of Association of the Company which was published on the website of the Stock Exchange on 16 September 2013 for further details.

Executive Directors

Mr. Zhu Minghui

Mr. Zhu Minghui (朱明輝), is now the chairman，an executive director， the chairman of nomination committee and the member of remuneration committee of the third session of the Board and the Compliance Officer and the Authorized Representative of the Company. 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 was appointed as the general manager of the Company from 7 June 2011 to 6 September 2013. 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. Zhu is currently the deputy general manager of Changan Industrial Company.

Mr. Lu Xiaozhong

Mr. Lu Xiaozhong (盧曉鐘), is now an executive director of the third session of the Board and the Authorized Representative of the Company. He was born in 1948, graduated from Chongqing Normal University with a bachelor's degree in science, and joined the Company in 2001. Mr. Lu was the Company's general manager from October 2001 to February 2004. Mr. Lu was a member of the Standing Committee of the 11th CPPCC National Committee, deputy director of 3rd Chongqing People's Congress Standing Committee, a member of the Central Committee of China National Democratic Construction Association (CNDCA), the chairperson of CNDCA Chongqing, deputy chairman of Chongqing General Chamber of Commerce (industrial and commercial association), deputy director of Chongqing Foreign Trade & Economic Relations Commission. Mr. Lu also served as managing deputy president of Minsheng Industrial and general manager of former Minsheng Shipping Company Limited. Mr. Lu is now the 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 in the 10th Anniversary of Chongqing under Direct Jurisdiction of Central Government" in 2007.

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 the 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 Pacifc Railroad (subsequently merged into UNION PACIFIC RAILROAD) before 1984.

Mr. Wang Yang

Mr. Wang Yang (汪洋), is now an executive director of the third session of the Board and the general manager of the Company, the chairman of Nanjing CMSC and Chongqing Terui Transportation Service Co., Ltd.. He was born in May 1971, and is a senior engineer with master's degree in engineer. Graduated from China Jiliang University in August 1991, Mr. Wang was assigned to former Changan Automobile (Group) Company Liability Limited. Mr. Wang worked as deputy head of Jiliang Department, manager of distribution center, deputy head and head of Technology Department, deputy general engineer of the plant, deputy plant manager etc. from 1996, and during such period, Mr. Wang led to develop a large number of components and parts of Automobile and its engines, and organized to build the Heilongjiang Distribution Center of Changan Automobile. Since 2006, Mr. Wang was transferred to the Headquarters and served as vice minister of Produce and Manufacture Department, vice minister and minister of Quality Management Department. In April 2011, Mr. Wang was assigned to set up Yubei Auto Components and Parts Company and served as general manager and Party Branch Secretary. From July 2012 to July 2013, Mr. Wang served as general manager of Auto Components and Parts Company formed by integrating the related industries of Headquarters of Changan Industrial Company. Mr. Wang has engaged for a long period in manufacturing and operation management and leading in the key position of large enterprise. Mr. Wang has rich theoretical knowledge and working experience in enterprise operation management, marketing, technology research and development, lean manufacturing, quality management and control, supply chain management and service guarantee etc.

Non-executive Director

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).

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 as the department head in Planning and Finance and Accounting Department, the general accountant and the director of Minsheng Industrial from 1989 to November 2009. Mr. Wu now serves as the director, deputy general manager and CFO of Minsheng Shipping Co., Ltd.

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 of American Consolidation Services and Regional Operations Manager of South East and West Asia Region of American Consolidation Services.

Mr. Du Bin

Mr. Du Bin (杜彬), is now a non-executive director of the third session of the Board of the Company. He was born in April 1970, and is a researcher-level senior engineer with master's degree. Graduated from Beijing Institute of Technology in July 1993, Mr. Du was assigned to former Changan Automobile (Group) Company Liability Limited, worked as deputy head of Technology Department, minister assistant of Technology Department of Retreat Into The City Suburbs (退城進郊) Headquarters, head of Technology Planning Department and Party Branch Secretary, Mr. Du was vice minister (presiding work) of Development Planning Department and Party Branch Secretary of Changan Industry Company. Mr.Du is currently the project director of technology center in Changan Industry Company and director of Sichuan Hongguang Electromechanical Company Limited, etc. Mr. Du is provided with rich working experience in development planning, project and investing management, technology development and engineering construction, etc.

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 within 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 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) , Sunac China Holdings Limited (a company listed in Hong Kong) (Stock Code:01918) and Tonly Electronics Holdings Limited which is a company listed in Hong Kong (Stock Code: 01249). 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 and retired upon expiry of term in December 2012 and June 2011, respectively.

Mr. Jie Jing

Mr. Jie Jing (揭京), an now independent non-executive Director of the third session of the Board of the Company, was born in1968, 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 member 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), an now independent non-executive Director of the third session of the Board of the Company, 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), an now independent non-executive Director of the third session of the Board of the Company, was born in 1954, obtained a Bachelor of Commerce degree from Nanyang University in Singapore. Mr. Goh served as the Chief Executive Officer ("CEO") of Beyonics Technology Limited and its subsidiaries (the "Beyonics Group") from May 2000 to April 2013. 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. Ms. Zhu is the holder of the certificate of Certified Tax Planner and International Finance and Accounting Certificate. 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 accounting department under finance ministry.She also served as 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, graduated from Shanghai International Studies University. 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, graduated from Chongqing Social University. She is the economist and the assistant accountant. Ms. Zhang had served as staff 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. Zhou Zhengli

Mr. Zhou Zhengli (周正利), is now an employee representative supervisor of the third session of the Supervisory Committee. He was born in 1964, holding a MBA (Chongqing Business and Management Master College). Entered into former Changan Automobile (Group) Company Liability Limited in 1980, 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 in the former Changan Automobile (Group) Company Liability Limited. Mr. Zhou also served as deputy minister of developing and planning department of Changan Industry Company and non-executive director of the Company. Mr. Zhou is currently the chairman of the Labor Union,Secretary of CPC General Branch and director of Developing and Planning Department of the Company.

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 end of 2012, Mr. Deng served as director of Development & 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 now serves as the general manager of Shanghai Branch of the Company.

General Manager and Deputy General Manager

Mr. Wang Yang (汪洋), the general manager of the Company. Please refer to the biography details of Mr. Wang in the Executive Directors column.

Mr. Li Xiwen (李習文), the deputy general manager of the Company, MBA. He was borned in 1973 and joined the Company in 2005. Mr. Li is 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 management staff in several world famous logistics companies.

Mr. Chen Zhigang (陳治剛), 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 (黄明), the deputy general manager of the Company, MBA. He was born in 1962, joined the Company in 2001. Mr. Huang was mainly responsible for managing the Developing & Planning Department and was responsible for the business development and planning, marketing exploration and project planning of the Company. Mr. Huang graduated from Asia (Macau) International Opening University in 2004 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. From the beginning of 2014, Mr. Huang starts to take charge of Human Resources Department, Audit and Risk Control Department, etc..

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 55 to 130, which comprise the consolidated and company balance sheets as at 31 December 2013, 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 2013, 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, 26 March 2014

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

		For the year ended 31 December	
		2013	2012
	Note	RMB'000	RMB'000
Revenue	6	4,646,330	3,631,719
Cost of sales	8	(4,124,947)	(3,178,165)
Gross profit		521,383	453,554
Other income	7	25,106	13,119
Distribution costs	8	(140,732)	(120,187)
Administrative expenses	8	(144,839)	(81,264)
Operating profit		260,918	265,222
Finance income	10	6,852	6,636
Finance costs	11	(1,182)	(101)
Share of profit of associates	19	2,714	1,737
Profit before income tax		269,302	273,494
Income tax expense	12	(50,567)	(50,044)
Profit for the year		218,735	223,450
Profit attributable to:			
Owners of the company		207,607	204,277
Non-controlling interests		11,128	19,173
		218,735	223,450
Other comprehensive income for the year		-	-
Total comprehensive income for the year		218,735	223,450
Total comprehensive income attributable to:			
Owners of the company		207,607	204,277
Non-controlling interests		11,128	19,173
		218,735	223,450
Earnings per share for profit attributable to owners of the company for the year - basic and diluted (expressed in RMB per share)	13	RMB1.28	RMB1.26
Dividends	33	40,516	48,619

The notes on pages 60 to 130 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	
		2013	**2012**	**2013**	**2012**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	251,594	254,455	192,172	180,032
Prepaid lease payments	15	165,640	140,432	115,405	118,480
Intangible assets	17	10,221	12,001	4,964	5,879
Investments in subsidiaries	18	-	-	478,033	228,033
Investments in associates	19	21,787	23,573	12,100	12,100
Deferred income tax assets	20	35,910	20,900	30,278	16,120
Other non-current assets	21	13,821	-	-	-
Total non-current assets		498,973	451,361	832,952	560,644
Current assets					
Inventories	24	83,542	26,262	83,542	26,262
Trade receivables	22	337,966	346,736	295,607	311,596
Prepayment and other receivables	23	34,360	25,345	22,836	17,846
Due from related parties	38	1,344,978	1,039,337	1,185,574	969,833
Restricted cash	25	38,615	6,379	38,615	6,379
Cash and cash equivalents	25	614,008	460,037	483,851	341,652
Total current assets		2,453,469	1,904,096	2,110,025	1,673,568
Total assets		2,952,442	2,355,457	2,942,977	2,234,212

		Group		Company	
		As at 31 December		As at 31 December	
		2013	**2012**	**2013**	**2012**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Equity attributable to owners of the company					
Share capital	26	162,064	162,064	162,064	162,064
Capital surplus	28	66,907	66,907	75,150	75,150
Other reserves	28	85,867	85,867	85,867	85,867
Retained earnings					
- Proposed final dividends	33	40,516	48,619	40,516	48,619
- Others	27	986,841	819,750	886,792	720,821
		1,342,195	1,183,207	1,250,389	1,092,521
Non-controlling interests		62,240	59,692	-	-
Total equity		1,404,435	1,242,899	1,250,389	1,092,521
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	20	482	642	-	-
Deferred income	29	1,614	1,691	1,614	1,691
Total non-current liabilities		2,096	2,333	1,614	1,691
Current liabilities					
Trade and other payables	30	1,406,294	972,770	1,241,195	888,699
Due to related parties	38	64,480	126,079	378,353	238,960
Borrowings	31	50,000	-	50,000	-
Current income tax liabilities		25,137	11,376	21,426	12,341
Total current liabilities		1,545,911	1,110,225	1,690,974	1,140,000
Total liabilities		1,548,007	1,112,558	1,692,588	1,141,691
Total equity and liabilities		2,952,442	2,355,457	2,942,977	2,234,212
Net current assets		907,558	793,871	419,049	533,568
Total assets less current liabilities		1,406,531	1,245,232	1,252,003	1,094,212

The notes on pages 60 to 130 are an integral part of these consolidated financial statements.

The financial statement on pages 55 to 130 were approved by the Board of Directors on 26 March 2014 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					
	Note	Share capital RMB'000 Note 26	Capital surplus RMB'000 Note 28	Other reserves RMB'000 Note 28	Retained earnings RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012		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	33	-	-	-	(25,930)	(39,200)	(65,130)
Changes in ownership interests in subsidiary without change of control	37	-	(8,243)	-	-	(26,290)	(34,533)
Balance at 31 December 2012		162,064	66,907	85,867	868,369	59,692	1,242,899
Comprehensive income							
Profit for the year		-	-	-	207,607	11,128	218,735
Transactions with owners							
Cash dividends	33	-	-	-	(48,619)	(8,580)	(57,199)
Balance at 31 December 2013		162,064	66,907	85,867	1,027,357	62,240	1,404,435

The notes on pages 60 to 130 are an integral part of these consolidated financial statements.

		Year ended 31 December	
		2013	**2012**
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	35	306,996	173,777
Interest paid		(512)	-
Income tax paid		(51,896)	(60,659)
Net cash generated from operating activities		254,588	113,118
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(77,356)	(50,020)
Consideration paid to non-controlling interests	37	-	(34,533)
Increase in prepaid lease payments		(28,913)	-
Proceeds from disposals of property, plant and equipment	35	2,040	727
Dividends received from associate		4,500	-
Interest received		6,852	6,636
Net cash used in investing activities		(92,877)	(77,190)
Cash flows from financing activities			
Dividends paid to the Company's shareholders	33	(48,619)	(25,930)
Dividends paid to non-controlling interests		(8,580)	(39,200)
Proceeds from borrowings		110,000	-
Repayments of borrowings		(60,000)	-
Net cash used in financing activities		(7,199)	(65,130)
Net increase/(decrease) in cash and cash equivalents		154,512	(29,202)
Cash and cash equivalents at beginning of year		460,037	489,317
Exchange losses on cash and cash equivalents		(541)	(78)
Cash and cash equivalents at end of year	25	614,008	460,037

The notes on pages 60 to 130 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 was listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM") on 23 February 2006, and has been transferred and traded on the Main Board since 18 July 2013.

The principal activities of the Company and its subsidiaries (together the "Group") are the rendering of transportation 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 26 March 2014.

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)

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

- 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).

- Amendment to HKFRS 7, 'Financial instruments: Disclosures', on asset and liability offseting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

- 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.

- HKFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

- 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.

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

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(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 2013, 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:

- 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. The Group will also consider the impact of the remaining phases HKFRS 9 when completed by the Board.

- HK(IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

  There are no other HKFRSs or HK(IFRIC) 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

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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 the acquirer's previously held equity interest in the acquiree is re-measured to fair 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(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 of the subsidiary 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.

(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.

2 Summary of significant accounting policies (continued)

2.3 Subsidiaries (continued)

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.

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 Summary of significant accounting policies (continued)

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.

(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).

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

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.

2.7 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 disposal. 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.

2 Summary of significant accounting policies (continued)

2.7 Intangible assets (continued)

(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.

2.8 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

2.10.1 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 2013 and 2012, the Group only has loans and receivables, which comprise "trade receivables", "prepayment and other receivables", "due from related parties", "restricted cash" and "cash and cash equivalents" in the balance sheet (Note 2.13 and Note 2.14).

(a) 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.

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

2.10.1 Classification (continued)

(b) 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.

(c) 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.

2.10.2 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 profit or loss. 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 profit or loss as “gains and losses from investment securities”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss 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 Summary of significant accounting policies (continued)

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.

2.13 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.

2.14 Cash and equivalents

In the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2 Summary of significant accounting policies (continued)

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 and 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 carried 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.

2.19 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.

2 Summary of significant accounting policies (continued)

2.19 Current and deferred income tax (continued)

(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 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)

2.23 Interest income

Interest revenue 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.

2.24 Dividend income

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

2.25 Leases (as the lessee for operating leases)

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

2.26 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, credit risk and liquidity 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 2013, the Group had USD denominated bank deposits amounting to approximately RMB31 million (2012: RMB12 million), and USD denominated amounts due from related parties of approximately RMB3 million (2012: due from/ to related parties of approximately RMB6 million and RMB2 million, respectively).

Management has guidance 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 2013, 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 RMB1,301,000 (2012: approximately RMB653,000) 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

The Group's interest rate risk arises from interest bearing bank deposits and borrowings. Bank deposits at variable rates expose the Group to cash flow interest rate risk. Bank deposits and borrowings at fixed rates expose the Group to fair value interest rate risk. As at 31 December 2013, the Group's bank deposits were mainly at floating rate, and all of thes borrowings were at fixed rate. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 December 2013, if the interest rate of the Group's bank deposits had been increased/decreased by 10% and all other variables were held constant, the Group's net profit for the year then ended would have been increased/decreased by approximately RMB287,000 (2012: approximately RMB353,000).

(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.

As at 31 December 2013, 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 2013 and 2012 were as follows:

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

	2013 RMB'000	2012 RMB'000
Big four commercial banks (i)	211,477	215,330
Other listed banks	122,456	83,666
Non-bank financial institution (Note 38(c))	318,506	167,305
	652,439	466,301

(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 2013, approximately 70% (2012: approximately 64%) 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 38.

(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.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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	**Less than 1 year** RMB '000
At 31 December 2013	
Borrowings	50,450
Trade and other payables	1,192,616
Due to related parties	64,480
At 31 December 2012	
Trade and other payables	858,001
Due to related parties	126,079

Company	**Less than 1 year** RMB '000
At 31 December 2013	
Borrowings	50,450
Trade and other payables	1,059,038
Due to related parties	378,353
At 31 December 2012	
Trade and other payables	796,105
Due to related parties	238,960

3 Financial risk management (continued)

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 sheet.

Unchanged from 2012, the Group's strategy in 2013 was to maintain the debt-to-capital ratio at a reasonable level. The debt-to-capital ratio at 31 December 2013 and 2012 are as follows:

	2013 RMB'000	2012 RMB'000
Total debt	1,548,007	1,112,558
Total equity	1,404,435	1,242,899
Debt-to-capital ratio	1.10	0.90

The increase in the debt-to-capital ratio during 2013 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 Financial risk management (continued)

3.4 Financial instruments by category

Group

	Loans and receivables	
	2013	2012
	RMB'000	RMB'000
Financial assets:		
Trade and other receivables excluding prepayments	355,025	361,158
Due from related parties excluding prepayments	1,344,448	1,032,251
Restricted bank deposits	38,615	6,379
Cash and cash equivalents	614,008	460,037
Total	2,352,096	1,859,825

	Other financial liabilities at amortised cost	
	2013	2012
	RMB'000	RMB'000
Financial liabilities:		
Trade and other payables excluding non-financial liabilities	1,192,616	858,001
Due to related parties excluding non-financial liabilities	64,480	126,079
Borrowings	50,000	-
Total	1,307,096	984,080

3 Financial risk management (continued)

3.4 Financial instruments by category (continued)

Company

	Loans and receivables	
	2013	2012
	RMB'000	RMB'000
Financial assets:		
Trade and other receivables excluding prepayments	302,314	321,324
Due from related parties excluding prepayments	1,185,338	962,751
Restricted bank deposits	38,615	6,379
Cash and cash equivalents	483,851	341,652
Total	2,010,118	1,632,106

	Other financial liabilities at amortised cost	
	2013	2012
	RMB'000	RMB'000
Financial liabilities:		
Trade and other payables excluding non-financial liabilities	1,059,038	796,105
Due to related parties excluding non-financial liabilities	378,353	238,960
Borrowings	50,000	-
Total	1,487,391	1,035,065

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 38 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:

(a) Income taxes and deferred income tax

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 2013, the Group has deferred tax income assets of approximately RMB35,910,000 (2012: approximately RMB20,900,000). To the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred income tax assets are recognised for temporary differences arising from provision for impairment of receivables, tax losses, amortisation of deferred income and useful lives used in calculating depreciation of property, plant and equipment that are different from tax rules.

(b) Provision for impairment of receivables

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

As at 31 December 2013, the carrying amount of trade receivables was RMB337,966,000 (net of provision for impairment of RMB25,381,000) (2012: RMB346,736,000, net of provision for impairment of RMB13,354,000), the carrying amount of other receivables was RMB17,059,000 (net of provision for impairment of RMB1,128,000) (2012: RMB14,422,000, net of provision for impairment of RMB1,128,000) and the carrying amount of due from related parties was RMB1,344,978,000 (net of provision for impairment of RMB30,960,000) (2012: RMB1,039,337,000, net of provision for impairment of RMB301,000).

4 Critical accounting estimates and judgements (continued)

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.

5 Segment information (continued)

The segment information provided to the General Manager meeting for the reportable segments for the year ended 31 December 2013 is as follows:

	Transportation and supply chain management for vehicle commodities RMB'000	Transportation of non-vehicle commodities RMB'000	Processing of tyres RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	3,541,414	90,840	999,125	14,951	4,646,330
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	3,541,414	90,840	999,125	14,951	4,646,330
Adjusted operating profit	428,773	12,638	2,863	1,169	445,443
Total assets	1,159,971	8,885	309,349	5,138	1,483,343

The segment information for the year ended 31 December 2012 is as follows:

	Transportation and supply chain management for vehicle commodities RMB'000	Transportation of non-vehicle commodities RMB'000	Processing of tyres RMB'000	All other segments RMB'000	Total 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

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.

5 Segment information (continued)

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

	2013 RMB'000	2012 RMB'000
Adjusted operating profit for reportable segments	444,274	391,410
Other segments adjusted operating profit	1,169	2,423
Total adjusted operating profits for segment reporting	445,443	393,833
Depreciation and amortisation included in cost of sales and distribution costs	(64,792)	(60,466)
Other income	25,106	13,119
Administrative expenses	(144,839)	(81,264)
Finance income – net	5,670	6,535
Share of profit of associates	2,714	1,737
Profit before income tax	269,302	273,494

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

	2013 RMB'000	2012 RMB'000
Segment assets for reportable segments	1,478,205	1,177,206
Other segments assets	5,138	6,757
Total reportable segment's assets	1,483,343	1,183,963
Unallocated:		
Property, plant and equipment	251,594	254,455
Prepaid lease payments	165,640	140,432
Intangible assets	10,221	12,001
Investments in associates	21,787	23,573
Deferred income tax assets	35,910	20,900
Other current assets	983,947	720,133
Total assets per the Group's balance sheet	2,952,442	2,355,457

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 RMB2,559 million, RMB886 million and RMB195 million (2012: approximately RMB1,677 million, RMB836 million and RMB216 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 2013 and 2012 are as follows:

	2013 RMB'000	2012 RMB'000
Transactions with related parties (Note 38)		
Transportation of finished vehicles	2,132,515	2,024,305
Supply chain management for automobile components and parts and others		
- sales of package materials and processing of tyres and others	1,007,586	387,182
- other supply chain management	934,916	785,720
	4,075,017	3,197,207
Transactions with third parties		
Supply chain management for automobile components and parts	388,020	280,313
Transportation of non-vehicle commodities	90,084	93,128
Transportation of finished vehicles	84,821	51,290
Sales of packages of vehicle spare parts	8,388	9,781
	571,313	434,512
Total	4,646,330	3,631,719

7 Other income

	2013 RMB'000	2012 RMB'000
Government grants	17,058	8,992
Sales of recycled packages of vehicle spare parts	3,331	932
Penalty on transportation companies	2,732	2,376
Others	1,985	819
	25,106	13,119

8 Expenses by nature

Group	2013 RMB'000	2012 RMB'000
Transportation fees	2,604,608	2,362,809
Employee benefit expense (Note 9)	515,512	402,652
Raw materials and consumables used (Note 24)	1,025,672	382,744
Changes in inventories of finished goods and work in progress (Note 24)	(49,090)	(8,076)
Depreciation of property, plant and equipment (Note 16)	62,725	58,678
Business tax	39,316	38,082
Provision for impairment of due from related parties (Note 38)	30,659	(775)
Operating lease rentals for office premises and distribution centres (Note 16)	26,468	21,379
Maintenance expenses	21,644	13,652
Vehicle expenditure	20,003	15,703
Provision for impairment of receivables (Note 22 and Note 23)	12,756	2,807
Amortisation of prepaid lease payments (Note 15)	3,705	3,451
Amortisation of intangible assets (Note 17)	2,667	1,536
Auditors' remuneration	2,000	1,550
(Gain)/Loss on disposals of property, plant and equipment (Note 35)	(194)	58
Amortisation of deferred income (Note 29)	(77)	(1,966)
Other expenses	92,144	85,332
Total cost of sales, distribution costs and administrative expenses	4,410,518	3,379,616

9 Employee benefit expense

Employee benefit expenses include emoluments of the directors and supervisors.

	2013 RMB'000	2012 RMB'000
Wages and salaries	392,226	300,536
Social security benefits costs	35,239	31,049
Pension costs - defined contribution plans	43,035	38,348
Others	45,012	32,719
	515,512	402,652

10 Finance income

	2013 RMB'000	2012 RMB'000
Interest income on bank and non-bank financial institution deposits	6,852	6,636

11 Finance costs

	2013 RMB'000	2012 RMB'000
Net exchange losses	670	101
Interest expense on short-term borrowings	512	-
	1,182	101

12 Income tax expense

	2013 RMB'000	2012 RMB'000
Current tax:		
Current PRC corporate income tax ("CIT") on profits for the year	65,374	59,323
Adjustments in respect of prior years	363	(621)
Total current tax	65,737	58,702
Deferred tax (Note 20):		
Origination and reversal of temporary differences	(15,170)	(8,658)
Total deferred tax	(15,170)	(8,658)
Income tax expense	50,567	50,044

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

	2013 Applicable tax rate	2012 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%
Hangzhou Changan Minsheng Logistics Co., Ltd. ("Hangzhou Changan Minsheng")	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%.

12 Income tax expense (continued)

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:

	2013 RMB'000	2012 RMB'000
Profit before income tax	269,302	273,494
Tax calculated at applicable tax rates of the group entities	48,363	49,180
Expenses not deductible for tax purposes	2,248	1,746
Income not subject to tax	(407)	(261)
Others	363	(621)
Tax charges	50,567	50,044

The weighted average applicable tax rate was 18.0% (2012: 18.0%). 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 2013 and 2012, respectively.

	2013	2012
Group's profit attributable to owners of the Company (RMB'000)	207,607	204,277
Weighted average number of shares in issue (in thousand)	162,064	162,064
Basic earnings per share (RMB per share)	1.28	1.26

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 RMB206,487,000 (2012: RMB223,061,000) (Note 27).

15 Prepaid lease payments

	Group	Company
	RMB'000	RMB'000
At 1 January 2012	143,883	121,484
Amortisation charges (Note 8)	(3,451)	(3,004)
At 31 December 2012	140,432	118,480
Additions	28,913	-
Amortisation charges (Note 8)	(3,705)	(3,075)
At 31 December 2013	165,640	115,405

Amortisation charges of RMB3,399,000 (2012: RMB3,183,000) and RMB306,000 (2012: RMB268,000) were included in the "cost of sales" and "administrative expenses" in consolidated profit or loss, respectively for the year ended 31 December 2013.

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

16 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 2012						
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 35)	-	(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
Year ended 31 December 2013						
Opening net book amount	149,839	22,255	9,829	59,425	13,107	254,455
Additions	395	4,363	3,269	13,559	40,124	61,710
Transfers	6,194	13,650	-	-	(19,844)	-
Disposals (Note 35)	-	(376)	(259)	(1,211)	-	(1,846)
Depreciation charges (Note 8)	(21,728)	(8,683)	(4,105)	(28,209)	-	(62,725)
Closing net book amount	134,700	31,209	8,734	43,564	33,387	251,594
At 31 December 2013						
Cost	270,701	53,721	25,066	145,516	33,387	528,391
Accumulated depreciation	(136,001)	(22,512)	(16,332)	(101,952)	-	(276,797)
Net book amount	134,700	31,209	8,734	43,564	33,387	251,594

16 Property, plant and equipment (continued)

Company

	Buildings RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2012						
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
Year ended 31 December 2013						
Opening net book amount	105,003	20,138	7,613	34,171	13,107	180,032
Additions	-	2,280	2,884	13,186	39,291	57,641
Transfers	6,010	13,650	-	-	(19,660)	-
Disposals	-	(374)	(248)	(1,177)	-	(1,799)
Depreciation charges	(18,199)	(7,554)	(3,544)	(14,405)	-	(43,702)
Closing net book amount	92,814	28,140	6,705	31,775	32,738	192,172
At 31 December 2013						
Cost	214,517	47,872	20,191	84,224	32,738	399,542
Accumulated depreciation	(121,703)	(19,732)	(13,486)	(52,449)	-	(207,370)
Net book amount	92,814	28,140	6,705	31,775	32,738	192,172

Operating lease rentals for properties amounting to approximately RMB26,468,000 (2012: approximately RMB21,379,000) were included in consolidated profit or loss (Note 8).

16 Property, plant and equipment (continued)

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

	Group	
	2013	2012
	RMB'000	RMB'000
Cost of sales	50,710	46,503
Distribution costs	9,895	10,138
Administrative expenses	2,120	2,037
	62,725	58,678

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 2012					
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
Year ended 31 December 2013					
Opening net book amount	4,663	4,674	2,569	95	12,001
Additions	-	887	-	-	887
Amortisation charges (Note 8)	-	(1,990)	(641)	(36)	(2,667)
Closing net book amount	4,663	3,571	1,928	59	10,221
At 31 December 2013					
Cost	4,663	9,018	4,174	107	17,962
Accumulated amortisation	-	(5,447)	(2,246)	(48)	(7,741)
Net book amount	4,663	3,571	1,928	59	10,221

17 Intangible assets (continued)

Company

	Goodwill RMB'000	Computer software RMB'000	Trademark RMB'000	Total RMB'000
At 1 January 2012				
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
Year ended 31 December 2013				
Opening net book amount	2,222	3,562	95	5,879
Additions	-	358	-	358
Amortisation charges	-	(1,237)	(36)	(1,273)
Closing net book amount	2,222	2,683	59	4,964
At 31 December 2013				
Cost	2,222	6,242	107	8,601
Accumulated amortisation	-	(3,589)	(48)	(3,637)
Net book amount	2,222	2,683	59	4,964

Amortisation charges of RMB1,879,000 (2012: RMB894,000) and RMB788,000 (2012:RMB642,000) were included in "administrative expenses" and "cost of sales" in consolidated profit or loss, respectively for the year ended 31 December 2013.

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 amounts allocated to CGU are as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Transportation of finished vehicle	2,222	2,222
Storage management	2,441	2,441
	4,663	4,663

As at 31 December 2013, the recoverable amount of the CGU was approximately RMB56,598,000 (2012: approximately RMB73,337,000).

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 2013 are as follows:

	Transportation and supply chain management for vehicle commodities	
	Transportation of finished vehicle	Storage management
Compound annual volume growth rate	2.4%	24%
Pre-tax discount rate	17.0%	19.2%

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	
	2013 RMB'000	2012 RMB'000
Unlisted investments at cost:		
- Chongqing Boyu	60,000	60,000
- Nanjing CMSC	85,533	85,533
- Chongqing Future	30,000	30,000
- Chongqing Dingjie	47,500	47,500
- Chognqing Fuyong	5,000	5,000
- Hangzhou Changan Minsheng	250,000	-
	478,033	228,033

18 Investments in subsidiaries (continued)

(a) As at 31 December 2013, 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 2013	Interests held as at 31 December 2012
		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	Nanjing, the PRC, Limited liability company	100,000	Providing logistics services in the PRC	85,533	67%	67%
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	Chongqing, the PRC, Limited liability company	5,000	Providing logistics services in the PRC	5,000	100%	100%
Hangzhou Changan Minsheng (i)	Hangzhou, the PRC, Limited liability company	250,000	Providing logistics services in the PRC	250,000	100%	-

(i) On 17 May 2013, the Company established Hangzhou Changan Minsheng, with total registered capital of RMB250,000,000.

(b) Material non-controlling interests

The total non-controlling interest for the period is RMB62,240,000, of which RMB60,242,000 is for Nanjing CMSC. The non-controlling interest in respect of Chongqing Dingjie is not material.

Set out below are the summarised financial information for subsidiary that has non-controlling interests that are material to the Group.

18 Investments in subsidiaries (continued)

(b) Material non-controlling interests (continued)

Summarised balance sheet

	Nanjing CMSC	
	2013	2012
	RMB'000	RMB'000
Current		
Cash and cash equivalents	65,732	94,049
Other current assets (excluding cash)	188,663	96,857
Total current assets	254,395	190,906
Total current liabilities	(118,660)	(64,982)
Non-current		
Assets	46,817	48,272
Net assets	182,552	174,196

Summarised statement of comprehensive income

	Nanjing CMSC	
	2013	2012
	RMB'000	RMB'000
Revenue	350,612	377,826
Profit before income tax	46,251	56,989
Income tax expense	(11,894)	(14,375)
Profit for the year	34,357	42,614
Other comprehensive income	-	-
Total comprehensive income	34,357	42,614
Total comprehensive income allocated to non-controlling interests	11,338	19,401
Dividends paid to non-controlling interests	8,580	39,200

18 Investments in subsidiaries (continued)

(b) Material non-controlling interests (continued)

Summarised cash flows

	Nanjing CMSC	
	2013	2012
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	8,239	53,637
Income tax paid	(8,299)	(24,229)
Net cash generated from operating activities	(60)	29,408
Net cash used in investing activities	(1,923)	(1,416)
Net cash used in financing activities	(26,000)	(80,000)
Net decrease in cash and cash equivalents	(27,983)	(52,008)
Cash and cash equivalents at beginning of year	94,049	146,080
Exchange losses on cash and cash equivalents	(334)	(23)
Cash and cash equivalents at end of year	65,732	94,049

The information above is the amount before inter-company eliminations.

19 Investments in associates

(a) Movement of investments in associates is set out as follows:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	23,573	21,836	12,100	12,100
Share of profit, net of tax	2,714	1,737	-	-
Dividends received	(4,500)	-	-	-
At 31 December	21,787	23,573	12,100	12,100

19 Investments in associates (continued)

(b) Set out below are the associates of the Group as at 31 December 2013, which, in the opinion of the directors, are material to the Group. The associates as listed below are held directly by the Group; the country of incorporation or registration is also their principal place of business:

Name	Place of incorporation	Interest held	Measurement method
Wuhan Changan Minfutong Logistics Company Limited ("Wuhan Minfutong")	Wuhan, the PRC	31%	Equity
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	Chongqing, the PRC	45%	Equity

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.

Both Wuhan Minfutong and Chongqing Terui are strategic partnerships for the Group, they provide logistics services to the Group.

The associates are unlisted companies and there are no quoted market prices available for their equity.

There are no contingent liabilities relating to the Group's interest in the associates.

(c) Summarised financial information for associates are as follows:

Summarised balance sheet

	Chongqing Terui		Wuhan Minfutong	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Current				
Cash and cash equivalents	37,613	15,864	5,289	1,219
Other current assets (excluding cash)	88,279	108,805	20,618	27,645
Total current assets	125,892	124,669	25,907	28,864
Total current liabilities	(101,488)	(95,970)	(7,821)	(11,693)
Non-current				
Assets	7,285	6,606	6,195	7,622
Net assets	31,689	35,305	24,281	24,793

19 Investments in associates (continued)

(c) Summarised financial information for associates are as follows:(continued)

Summarised statement of comprehensive income

	Chongqing Terui		Wuhan Minfutong	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	264,498	194,650	11,008	9,666
Profit before income tax	7,525	4,028	(193)	890
Income tax expense	(1,141)	(541)	(319)	(348)
Profit after income tax	6,384	3,487	(512)	542
Other comprehensive income	-	-	-	-
Total comprehensive income	6,384	3,487	(512)	542

(d) Reconciliation of summarised financial information:

	Chongqing Terui		Wuhan Minfutong	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Opening net assets	35,305	31,818	24,793	24,251
Profit /(loss) for the period	6,384	3,487	(512)	542
Dividends distributed	(10,000)	-	-	-
Closing net assets	31,689	35,305	24,281	24,793
Interest in associate	45%	45%	31%	31%
Carrying value	14,260	15,887	7,527	7,686

20 Deferred income tax

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

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	21,405	11,569	16,905	8,262
- Deferred tax asset to be recovered within 12 months	14,505	9,331	13,373	7,858
	35,910	20,900	30,278	16,120
Deferred tax liabilities				
- Deferred tax liabilities to be settled after more than 12 months	(322)	(482)	-	-
- Deferred tax liabilities to be settled within 12 months	(160)	(160)	-	-
	(482)	(642)	-	-
Deferred tax assets - net	35,428	20,258	30,278	16,120

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 2012	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
Credited/(charged) to income tax expense (Note 12)	615	6,390	1,738	-	(375)	6,642	15,010
At 31 December 2013	4,492	8,625	9,565	-	100	13,128	35,910

20 Deferred income tax (continued)

Group

Deferred tax liabilities

	Deductible prepaid expenses	Contractual customer relationship	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2012	193	802	995
Credited to income tax expense (Note 12)	(193)	(160)	(353)
At 31 December 2012	-	642	642
Credited to income tax expense (Note 12)	-	(160)	(160)
At 31 December 2013	-	482	482

Company

Deferred tax assets

	Provision for impairment of receivables	Depreciation	Deferred income	Accruals	Payroll payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	1,904	4,348	231	2,376	-	8,859
Credited/(charged) to income tax expense	279	2,834	(231)	(2,107)	6,486	7,261
At 31 December 2012	2,183	7,182	-	269	6,486	16,120
Credited/(charged) to income tax expense	6,390	1,349	-	(223)	6,642	14,158
At 31 December 2013	8,573	8,531	-	46	13,128	30,278

21 Other non-current assets

	Group 2013	Group 2012
	RMB'000	RMB'000
Prepayment for purchasing equipment	13,821	-

22 Trade receivables

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivable (a)	196,784	168,405	156,402	133,085
Less: provision for impairment of receivables	(25,381)	(13,354)	(25,077)	(13,140)
Accounts receivable - net	171,403	155,051	131,325	119,945
Bills receivable (b)	166,563	191,685	164,282	191,651
	337,966	346,736	295,607	311,596

(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 2013 and 2012 are as follows:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	113,231	122,948	77,606	91,228
91 to 180 days	43,505	15,469	40,550	12,671
181 to 365 days	16,544	21,549	15,734	20,857
Over 1 year	23,504	8,439	22,512	8,329
	196,784	168,405	156,402	133,085

As at 31 December 2013 and 2012, trade receivables aged within 90 days, which were amounted to approximately RMB113,231,000 and RMB122,948,000, respectively, were fully performing.

As at 31 December 2013 and 2012, trade receivables of RMB83,553,000 and RMB45,457,000 were impaired and provisions of RMB25,381,000 and RMB13,354,000 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	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	43,505	15,469	40,550	12,671
181 to 365 days	16,544	21,549	15,734	20,857
Over 1 year	23,504	8,439	22,512	8,329
	83,553	45,457	78,796	41,857

22 Trade receivables (continued)

(b) Ageing analysis of bills receivable at 31 December 2013 and 2012 is as follows:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 180 days	166,563	191,685	164,282	191,651

Bills receivable as at 31 December 2013 and 2012 were not impaired.

As at 31 December 2013, bills receivable amounted to RMB19,000,000 (2012: RMB36,290,000) was pledged for issuance of bills payable (Note 30).

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

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	13,354	10,872	13,140	10,771
Provision for impairment of trade receivables (Note 8)	12,756	2,536	12,390	2,411
Trade receivables written off during the year as uncollectible	(729)	(54)	(453)	(42)
At 31 December	25,381	13,354	25,077	13,140

As at 31 December 2013, approximately 70% (2012: approximately 64%) 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 2013 and 2012, all trade receivables were denominated in RMB.

23 Prepayment and other receivables

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for transportation services	17,301	10,923	16,129	8,118
Other receivables	18,187	15,550	7,824	10,845
Less: provision for impairment of other receivables	(1,128)	(1,128)	(1,117)	(1,117)
	34,360	25,345	22,836	17,846

The carrying amounts of other receivables approximate their fair values.

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

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	1,128	857	1,117	846
Provision for impairment of other receivables (Note 8)	-	271	-	271
At 31 December	1,128	1,128	1,117	1,117

24 Inventories

	Group and Company	Group and Company
	2013	2012
	RMB'000	RMB'000
Raw materials	23,987	15,797
Work in progress	133	64
Finished goods	59,422	10,401
	83,542	26,262

For the year ended 31 December 2013, the cost of inventories recognised as expense and included in "cost of sales" amounted to approximately RMB1,025,672,000 (2012: approximately RMB382,744,000) (Note 8).

25 Cash and cash equivalents and restricted cash

(a) Restricted cash

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash	38,615	6,379	38,615	6,379

As at 31 December 2013, the Company's bank balance of approximately RMB38,615,000 (2012: approximately RMB6,379,000) was pledged as security for the issuance of bank acceptance bills, letter of credit and bank letter of guarantee.

(b) Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	265,502	263,424	183,814	171,256
Cash at non-bank financial institution	298,506	104,305	290,037	100,088
Short-term bank deposits	30,000	29,308	10,000	10,308
Short-term deposits at non-bank financial institution	20,000	63,000	-	60,000
	614,008	460,037	483,851	341,652

The cash denominated in foreign currencies is as follows:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
USD	30,619	11,873	21,667	5,736

The remaining cash balance as at 31 December 2013 and 2012 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.

26 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 2013 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 (2012: 162,064,000 shares) with a par value of RMB1 per share (2012: RMB1 per share). All issued shares are rank pari passu in all respects.

All the non-H foreign shares are non-tradable on Main Board.

27 Retained earnings

	Group RMB'000	Company RMB'000
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
At 1 January 2013	868,369	769,440
Profit for the year	207,607	206,487
Dividends paid relating to 2012	(48,619)	(48,619)
At 31 December 2013	1,027,357	927,308

28 Capital surplus and other reserves

(a) Capital surplus

	Capital surplus
	RMB'000
At 1 January 2012	75,150
Changes in ownership interests in subsidiary without change of control	(8,243)
At 31 December 2013 and 2012	66,907

(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 2012	81,032	4,835	85,867
Appropriation to reserve	-	-	-
At 31 December 2012	81,032	4,835	85,867
Appropriation to reserve	-	-	-
At 31 December 2013	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 the balance of the statutory surplus reserve reached 50% of the Company's registered capital, no amount was appropriated to the statutory surplus reserve from net profit for the year ended 31 December 2013 (2012: nil).

28 Capital surplus and other reserves (continued)

(b) Other reserves (continued)

(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.

29 Deferred income

The movement of deferred income is as follows:

Group	2013 RMB'000	2012 RMB'000
At 1 January	1,691	3,657
Credited to cost of sales	(77)	(1,966)
At 31 December	1,614	1,691

Company	2013 RMB'000	2012 RMB'000
At 1 January	1,691	3,589
Credited to cost of sales	(77)	(1,898)
At 31 December	1,614	1,691

In prior years, the Group received certain grants from the local government in respect of compensations for constructing property, plant and equipment. Such grants 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 property, plant and equipment. In 2013, such deferred income of approximately RMB77,000 (2012: approximately RMB77,000) was amortised and credited to cost of sales.

30 Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payable (a)	1,086,434	735,191	950,163	682,591
Other payables	76,342	88,300	79,035	79,004
Accrued payroll and welfare	129,917	72,809	111,707	58,856
Bills payable (a)	29,840	34,510	29,840	34,510
Advance from customers	1,345	592	1,354	484
Other taxes	82,416	41,368	69,096	33,254
	1,406,294	972,770	1,241,195	888,699

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

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	1,068,913	728,981	944,593	678,341
91 to 180 days	44,617	37,494	33,931	37,448
181 to 365 days	1,590	2,099	597	611
Over 1 year	1,154	1,127	882	701
	1,116,274	769,701	980,003	717,101

As at 31 December 2013, all bill payables were secured by bills receivable of RMB19,000,000 (2012: RMB36,290,000) and cash in bank of RMB10,840,000 (Note 22 and 25).

31 Borrowings – Group and Company

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Short-term borrowings from non-bank financial institution	50,000	-	50,000	-

The short-term borrowings from non-bank financial institution mature until 23 February 2014 and bear a borrowing rate of 5.4% annually.

The carrying amount of short-term non-bank financial institution borrowings approximates its fair value.

The carrying amount of the group's borrowings is denominated in RMB.

32 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% (2012: from 17% 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 34.

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.

33 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 22 March 2013, the directors of the Company proposed to declare a final dividend of RMB0.30 per share, totalling RMB48,619,000 (2012: RMB25,930,000), which was approved during the shareholders' annual general meeting on 26 June 2013.

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 26 March 2014, the directors of the Company proposed to declare final dividend of RMB0.25 per share (2012: RMB0.30 per share), amounting to RMB40,516,000 (2012: RMB48,619,000) for the year ended 31 December 2013. The proposed dividend is subject to be approved at the annual general meeting of 2013.

34 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 2013 and 2012 are as follows:

	2013 RMB'000	2012 RMB'000
Basic salaries and allowances	852	491
Performance bonuses	237	128
Retirement benefits	29	27
	1,118	646

The emoluments of the directors of the Company for the years ended 31 December 2013 and 2012 are analysed as follows:

	2013 RMB'000	2012 RMB'000
Zhang Lun Gang (i)	-	-
Gao Pei Zheng (i)	-	-
Lu Xiao Zhong	-	-
Zhu Ming Hui	382	346
Wang Yang *(Chief executive)* (ii)	136	-
William K. Villalon	-	-
Lu Guo Ji	-	-
Lau Man Yee (i)	-	-
Li Ming (i)	-	-
Wu Xiao Hua	-	-
Zhou Zheng Li (i)	-	-
Danny Goh Yan Man	-	-
Peng Qifa	100	100
Chong Teck Sin	100	100
Poon Chiu Kwok	100	100
Jie Jing	100	-
Zhang Yun	100	-
Goh Chan Peng	100	-
Du Bin (iii)	-	-
	1,118	646

(i) Resigned in 2013.
(ii) Appointed as chief executive on 6 September 2013; appointed as director on 12 November 2013.
(iii) Appointed on 12 November 2013.

34 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 2013 and 2012.

(b) Supervisors' emoluments

The aggregate amounts of emolument payables to the supervisors for the years ended 31 December 2013 and 2012 are as follows:

	2013 RMB'000	2012 RMB'000
Basic salaries and allowances	355	235
Performance bonuses	190	137
Retirement benefits	57	46
	602	418

The emoluments of the supervisors for the years ended 31 December 2013 and 2012 are analysed as follows:

	2013 RMB'000	2012 RMB'000
Zhu Ying	-	-
Zhang Tian Ming	-	-
Wu Jun	-	-
Liu Yue (i)	144	215
Deng Gang	330	203
Zhou Zheng Li (ii)	128	-
	602	418

(i) Resigned in 2013.
(ii) Appointed on 12 November 2013.

34 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 2013 and 2012.

(c) Five highest paid individuals

One of the top five highest paid individuals of the Group for the years ended 31 December 2013 and 2012 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 2013 and 2012 are as follows:

	2013 RMB'000	2012 RMB'000
Basic salaries and allowances	767	638
Performance bonuses	477	425
Retirement benefits	107	84
	1,351	1,147

The emoluments of the above four highest paid individuals for the years ended 31 December 2013 and 2012 are analysed as follows:

	2013 RMB'000	2012 RMB'000
Individual A	368	321
Individual B	337	295
Individual C	330	287
Individual D	316	244
	1,351	1,147

34 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	
	2013	2012
Nil to HKD1,000,000 (equivalent to RMB786,230)	4	4

For the years ended 31 December 2013 and 2012, 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.

35 Cash generated from operations

	2013 RMB'000	2012 RMB'000
Profit before income tax	269,302	273,494
Adjustments for		
- Finance exchange loss	670	101
- Finance income	(6,852)	(6,636)
- Finance expense	512	-
- Provision for impairment of receivables and due from related parties	43,415	2,032
- (Gain)/loss on disposals of property, plant and equipment	(194)	58
- Depreciation of property, plant and equipment	62,725	58,678
- Amortisation of prepaid lease payments	3,705	3,451
- Amortisation of intangible assets	2,667	1,536
- Share of profit of associates	(2,714)	(1,737)
- Amortisation of deferred income	(77)	(1,966)
Changes in working capital:		
- Inventories	(57,280)	(22,274)
- Trade receivables	(3,685)	(156,216)
- Prepayment and other receivables	(9,015)	(3,969)
- Due from related parties	(336,601)	(405,702)
- Restricted cash	(32,236)	(5,529)
- Trade and other payables	438,523	428,068
- Due to related parties	(65,869)	10,388
Cash generated from operations	306,996	173,777

35 Cash generated from operations (continued)

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

	2013 RMB'000	2012 RMB'000
Net book amount (Note 16)	1,846	785
Gains/(Loss) on disposals of property, plant and equipment (Note 8)	194	(58)
Proceeds from disposals of property, plant and equipment	2,040	727

36 Commitments

(a) Capital commitments

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

	2013 RMB'000	2012 RMB'000
Property, plant and equipment	96,536	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:

	2013 RMB'000	2012 RMB'000
Not later than one year	8,771	5,752
Between one to five years	6,766	881
	15,537	6,633

37 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)

38 Related party transactions

(a) For the years ended 31 December 2013 and 2012, related parties, other than the subsidiaries, and their relationship with the Group are as follows:

Name of related party	Relationship
Chongqing Changan Industry Company (Group) Limited ("Changan Industry")	Shareholder
APL Logistics Co., Ltd. ("APLL")	Shareholder
Minsheng Industrial (Group) Co., Ltd. (Minsheng Industrial)	Shareholder
Neptune Orient Lines Limited (NOL)	Parent company of APLL
American President Lines Company Limited ("APL")	Subsidiary of NOL
American President Lines (China) Company Limited ("APL China")	Subsidiary of APL
APL Logistics (China) Co., Ltd. ("APLLC")	Subsidiary of APLL
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

38 Related party transactions (continued)

(a) For the years ended 31 December 2013 and 2012, related parties, other than the subsidiaries, and their relationship with the Group are as follows: (continued)

Name of related party	Relationship
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
Jiangling Holding Company Limited (“Jiangling Holding”)	Jointly controlled entity of Changan Automobile
Changan Ford Automobile Company Limited (“Changan Ford”, formerly known as 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 ZhenYue Warehouse Company Limited (“Chongqing Zhenyue”)	Non-controlling shareholder of Chongqing Dingjie

38 Related party transactions (continued)

(b) For the years ended 31 December 2013 and 2012, 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

	2013 RMB'000	2012 RMB'000
Chongqing Terui	43,339	26,995
Wuhan Minfutong	3,597	7,400
	46,936	34,395

Transactions with other related parties:

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

	2013 RMB'000	2012 RMB'000
Changan Ford	1,084,292	836,067
Changan Automobile	717,346	693,001
Changan Hebei Commercial	115,257	215,889
Changan Nanjing	92,694	63,167
Changan Mazda	82,232	14,323
Changan Hebei	21,765	-
Changan Bus	9,563	5,641
Changan Suzuki	4,782	20,088
Hafei Automobile	4,584	77,241
Nanjing Chuanyu	-	98,888
	2,132,515	2,024,305

38 Related party transactions (continued)

(b) For the years ended 31 December 2013 and 2012, the related party transactions are shown as follows: (continued)

Transactions with other related parties:(continued)

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

	2013 RMB'000	2012 RMB'000
Changan Ford	489,731	474,048
Changan Automobile	161,453	136,097
Changan Mazda	113,088	23,167
Changan Ford Engine	46,879	18,772
Chongqing Ante	32,503	20,172
Changan Hebei	27,665	23,659
Changan Service	25,745	14,183
Changan Nanjing	10,219	43,733
Changan Suzuki	5,793	6,545
Changan International Sales	4,912	8,781
Hefei Changhe	4,505	2,898
Sichuan Jian'an	3,161	3,435
Harbin DAE	2,783	3,656
Hafei Automobile	2,474	4,566
Changan Industry	2,179	-
Chongqing Tsingshan	1,458	1,301
Jiangling Holding	368	707
	934,916	785,720

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

	2013 RMB'000	2012 RMB'000
Changan Ford	992,886	367,237
Changan Automobile	7,542	6,539
Changan Industry	6,164	8,769
Changan Suzuki	595	650
Jiangling Holding	255	228
Changan Service	144	1,631
Changan Hebei	-	2,128
	1,007,586	387,182

38 Related party transactions (continued)

(b) For the years ended 31 December 2013 and 2012, the related party transactions are shown as follows: (continued)

Transactions with other related parties: (continued)

(iv) Purchase of transportation services

	2013 RMB'000	2012 RMB'000
Minsheng Logistics	319,753	241,271
Dajiang Yanxing	24,594	23,419
Minsheng Shipping	12,411	61,194
Minsheng International Freight	9,490	14,211
Minsheng International Container	1,406	1,220
APL China	1,062	2,108
Beijing Changjiu	-	11,617
	368,716	355,040

(v) Purchase of construction services

	2013 RMB'000	2012 RMB'000
Changan Construction	7,908	9,334

(vi) Operating lease – warehouse and venue

	2013 RMB'000	2012 RMB'000
Chongqing Zhenyue	1,037	709

(vii) Consultant services provided by related parties

	2013 RMB'000	2012 RMB'000
APLLC	1,287	1,283

(viii) Borrowings from related parties

	2013 RMB'000	2012 RMB'000
CSIGF	110,000	-

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, the related party balances were shown as follows:

Due from related parties:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Balance from rendering of services				
Subsidiary:				
- Chongqing Boyu	-	-	96	-
- Chongqing Dingjie	-	-	1,284	2,143
Other related parties:				
- Changan Ford	668,816	426,982	644,592	417,444
- Changan Automobile	358,586	303,585	358,586	303,585
- Changan Mazda	98,761	43,162	2,358	57
- Changan Nanjing	66,028	75,579	66,028	75,579
- Changan Ford Engine	44,984	20,785	949	7
- Chongqing Ante	29,674	9,175	29,674	9,175
- Changan Hebei	29,254	11,457	29,254	11,457
- Hafei Automobile	28,272	30,222	28,272	30,222
- Changan Hebei Commercial	14,754	74,885	14,754	74,885
- Changan Service	11,492	4,523	11,492	4,523
- Changan Industry	5,698	8,347	5,698	8,347
- Changan Suzuki	2,796	4,207	719	111
- Chongqing Tsingshan	1,211	1,139	1,211	1,139
- Sichuan Jian'an	555	1,443	555	1,443
- Changan Bus	504	3,917	504	3,917
- Hefei Changhe	475	2,017	475	2,017
- Harbin DAE	362	572	362	572
- Minsheng International Container	308	-	-	-
- Changan Auto Group	8	8	8	8
- Changan International Sales	-	1,404	-	1,404
Subtotal	1,362,538	1,023,409	1,196,871	948,035

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, the related party balances were shown as follows: (continued)

Due from related parties:(continued)

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Balance of deposits for service quality guarantee				
Other related parties:				
- Changan Suzuki	2,800	2,800	-	-
- Changan Mazda	1,000	1,000	-	-
- Changan Hebei	600	810	600	810
- Changan Bus	300	300	300	300
Subtotal	4,700	4,910	900	1,110
Prepayment for transportation services				
Other related parties:				
- APL China	294	26	-	26
- Minsheng Shipping	154	-	154	-
- Minsheng International Freight	82	7,060	82	7,056
Subtotal	530	7,086	236	7,082

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, the related party balances were shown as follows:(continued)

Due from related parties: (continued)

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
Subsidiaries:				
- Chongqing Boyu	-	-	173	5
- Chongqing Dingjie	-	-	15	69
- Chongqing Future	-	-	2,594	2,546
- Chongqing Fuyong	-	-	7,984	7,249
Associates:				
- Chongqing Terui	212	140	212	140
- Wuhan Minfutong	-	12	-	5
Other related parties:				
- Hafei Automobile	2,464	179	2,464	179
- Changan Ford	2,150	883	2,016	836
- Changan Automobile	1,610	1,333	1,610	1,333
- Changan Industry	760	780	760	780
- Minsheng Industrial	339	317	339	317
- Changan Mazda	225	90	-	-
- Minsheng Logistics	216	37	216	37
- Chongqing Ante	128	99	128	99
- Chonqing Zhenyue	47	47	-	-
- Changan Suzuki	11	11	8	7
- Minsheng Shipping	5	5	5	5
- Changan Nanjing	3	283	3	283
- Changan Hebei	-	17	-	17
Subtotal	8,170	4,233	18,527	13,907
Less: provision for impairment of due from related parties	(30,960)	(301)	(30,960)	(301)
Total	1,344,978	1,039,337	1,185,574	969,833

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, 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 2013, approximately 70% (2012: approximately 64%) 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 2013 and 2012 is as follows:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	1,269,009	986,111	1,103,512	913,289
91 to 180 days	56,523	36,342	56,353	33,858
181 to 365 days	15,568	655	15,568	587
Over 1 year	21,438	301	21,438	301
	1,362,538	1,023,409	1,196,871	948,035

As at 31 December 2013 and 2012, due from related parties of approximately RMB65,033,000 and RMB36,997,000 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	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	56,523	36,342	56,353	33,858
181 to 365 days	8,510	655	8,510	587
	65,033	36,997	64,863	34,445

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, the related party balances were shown as follows: (continued)

Due from related parties: (continued)

As at 31 December 2013 and 2012, due from related parties of RMB28,496,000 and RMB301,000 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	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
181 to 365 days	7,058	-	7,058	-
Over 1 year	21,438	301	21,438	301
	28,496	301	28,496	301

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

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	301	1,076	301	1,076
Provision of impairment of balances due from related parties	30,659	(775)	30,659	(775)
At 31 December	30,960	301	30,960	301

As at 31 December 2013 and 2012, the balances of due from related parties denominated in USD were as below. The remaining balances as at 31 December 2013 and 2012 were denominated in RMB.

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
USD	3,211	6,406	792	1,727

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, the related party balances were shown as follows: (continued)

Due to related parties:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Balance from transportation services provided by related parties				
Subsidiaries:				
- Nanjing CMSC	-	-	6,363	5,082
- Chongqing Boyu	-	-	99,722	76,157
- Chongqing Dingjie	-	-	-	28
- Chongqing Fuji	-	-	2,926	1,894
- Chongqing Fuyong	-	-	1,211	-
Associates:				
- Chongqing Terui	19,160	13,343	19,160	13,343
- Wuhan Minfutong	54	21,390	29	21,354
Other related parties:				
- Minsheng Logistics	17,472	26,332	9,163	18,500
- Dajiang Yanxing	5,995	4,964	5,995	4,964
- Minsheng Shipping	4,074	43,048	3,219	40,201
- Minsheng International Freight	227	-	166	-
- Minsheng International Container	179	40	179	13
- Changan Industry	80	-	80	-
- APL China	-	402	-	-
- APLLC	-	26	-	26
Subtotal	47,241	109,545	148,213	181,562
Balance from construction services provided by related party				
Other related party:				
- Changan Construction	14,790	10,520	14,731	9,390

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, the related party balances were shown as follows: (continued)

Due to related parties: (continued)

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
Subsidiaries:				
- Chongqing Boyu	-	-	19,055	20,458
- Hangzhou Changan Minsheng	-	-	172,413	-
- Chongqing Dingjie	-	-	21,562	21,599
- Nanjing CMSC	-	-	40	-
Associates:				
- Wuhan Minfutong	160	93	160	93
Other related parties:				
- APLLC	1,370	90	1,370	90
- Changan Automobile	677	1,462	677	1,460
- Changan Nanjing	104	-	104	-
- Changan Ford Engine	60	-	-	-
- Minsheng Logistics	41	415	23	414
- Changan Mazda	32	60	-	-
- Minsheng Shipping	5	-	5	-
- Changan Industry	-	376	-	376
- Minsheng Industrial	-	11	-	11
- Hafei Automobile	-	3,507	-	3,507
Subtotal	2,449	6,014	215,409	48,008
Total	64,480	126,079	378,353	238,960

Ageing analysis of balance for transportation services and construction services provided by related parties at 31 December 2013 and 2012 were as follows:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	58,364	112,821	123,754	119,582
91 to 180 days	467	479	36,372	25,320
181 to 365 days	135	77	101	21,706
Over 1 year	3,065	6,688	2,717	24,344
	62,031	120,065	162,944	190,952

38 Related party transactions (continued)

(c) As at 31 December 2013 and 2012, the related party balances were shown as follows: (continued)

Due to related parties: (continued)

As at 31 December 2013 and 2012, all related party balances were 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 2013 and 2012, the balances of due to related parties denominated in USD were as below. The remaining balances as at 31 December 2013 and 2012 were denominated in RMB.

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
USD	-	1,832	-	1,777

Deposit

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
CSIGF	318,506	167,305	290,037	160,088

The interest rates range from 0.35 % to 1.35% per annum (2012: 0.34% to 3.05%).

Borrowings

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
CSIGF	50,000	-	50,000	-

The short-term borrowings from CSIGF mature until 23 February 2014 and bear a borrowing rate of 5.4% annually (Note 31).

38 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 Zhenyue

	2013 RMB'000	2012 RMB'000
Within one year	1,401	1,019
Between 1 and 2 years	-	400
Between 2 and 3 years	-	200
	1,401	1,619

39 Share-based payment

On 6 June 2005, the Company established a Share Appreciation Right Incentive Scheme ("SARIS"). Pursuant to a resolution of the Board of Directors dated 29 December 2005, the SARIS was effective on the date when the H shares of the Company were listed on the GEM.

As at 31 December 2013 and 2012, no share appreciation rights have been granted under the SARIS.