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)

2015 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
Wu Xiaohua
Danny Goh Yan Nan
Wang Lin

Independent Non-Executive Directors
Chong Teck Sin
Poon Chiu Kwok
Jie Jing
Zhang Yun

Supervisors
Zhu Ying (Chairman)
Steven Ho Kok Keong
Zhang Tianming
Zhou Zhengli
Deng Gang

General Manager
Wang Yang

Deputy General Managers
Li Xiwen
Chen Zhigang
Huang Ming

Joint Company Secretaries
Huang Xuesong
Joseph Au Yeung Wai Ki, CPA ACA

Audit Committee
Zhang Yun (Chairman)
Chong Teck Sin
Poon Chiu Kwok
Jie Jing

Remuneration Committee
Jie Jing (Chairman)
Zhu Minghui
Poon Chiu Kwok
Zhang Yun

Nomination Committee
Zhu Minghui (Chairman)
Chong Teck Sin
Poon Chiu Kwok
Jie Jing
Zhang Yun

Compliance Officer
Zhu Minghui

Authorised Representative
Zhu Minghui
Lu Xiaozhong

Auditors
Ernst & Young
22nd Floor, CITIC Tower
1 Tim Mei Avenue, 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

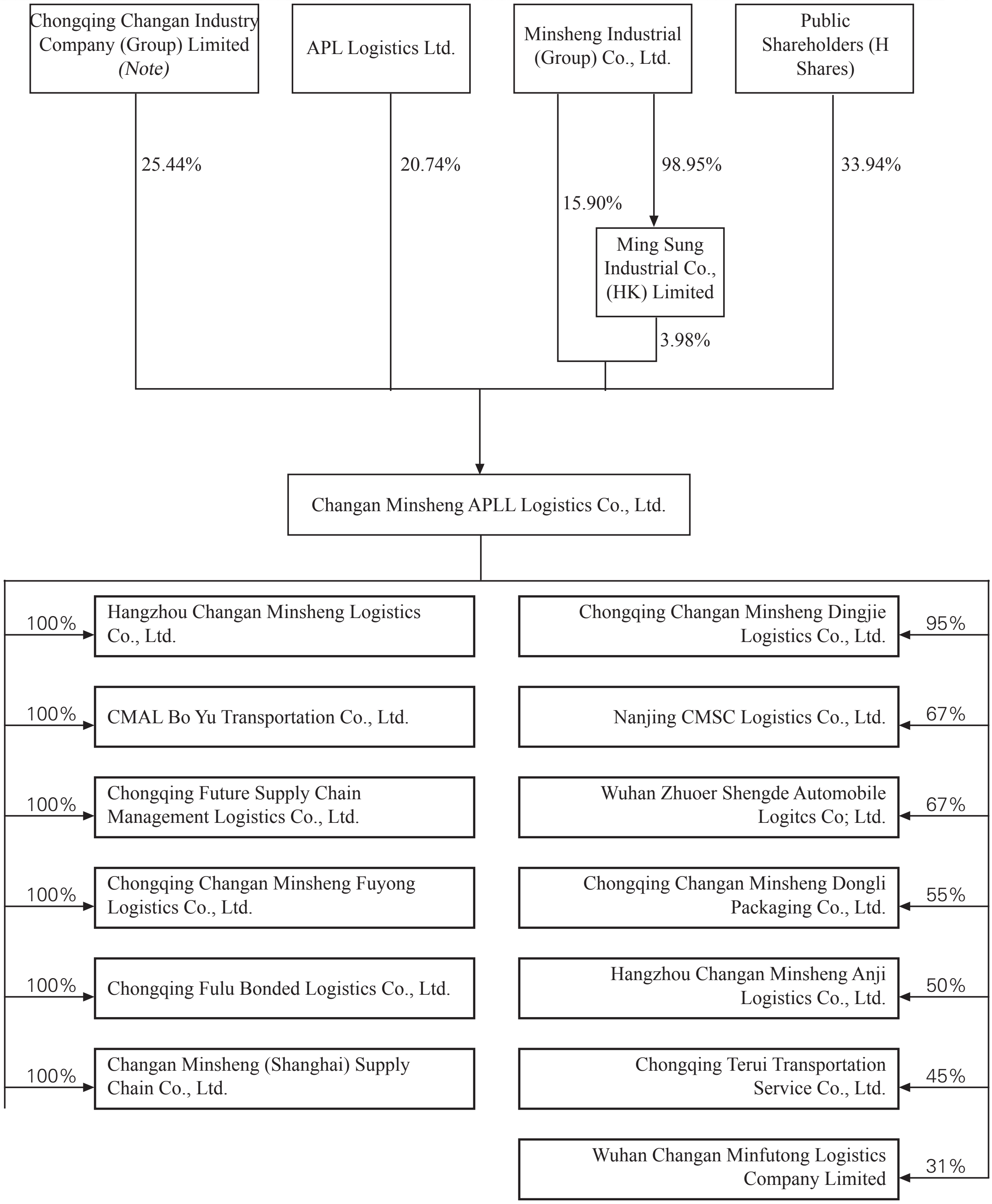
Office and Address of Correspondence
No. 561 Hongjin Road, Yubei District, Chongqing, the PRC
Zip Code: 401121

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



Note: Chongqing Changan Industry Company (Group) Limited ("Changan Industry Company") and China Changan Automobile Group Co., Ltd. ("China Changan") have completed revelent registration of transfer procedures on 9 March 2016. Please refer to the announcement of the Company dated on 9 March 2016 for further details.

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 2015 (as extracted from the Group's audited consolidated statement of comprehensive income, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	6,056,284	5,344,351	4,646,330	3,631,719	3,275,136
Profit before taxation	336,731	304,409	269,302	273,494	358,198
Income tax expense	72,473	61,365	50,567	50,044	71,614
Profit for the year	264,258	243,044	218,735	223,450	286,584
Profit attributable to the following parties:					
Non-controlling interest	26,300	21,080	11,128	19,173	36,456
Equity holders of the Company	237,958	221,964	207,607	204,277	250,128
	RMB yuan	RMB yuan	RMB yuan	RMB yuan	RMB yuan
Earnings per share *(Note 1)*	1.47	1.37	1.28	1.26	1.54
Dividends per share	Nil (including tax) *(Note 2)*	0.27 (including tax)	0.25 (including tax)	0.30 (including tax)	0.16 (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 2011, 2012, 2013, 2014 and 2015 by the weighted average number of shares in issue for the respective years ended 31 December 2011, 2012, 2013, 2014 and 2015, respectively, being 162,064,000, 162,064,000, 162,064,000, 162,064,000 and 162,064,000 shares.*

Note 2: *The Board of the Company do not recommend the payment of final dividend for the year ended 31 December 2015.*

Assets and Liabilities

Set out below is the summary of the Group's balance sheet for the five years ended 31 December 2015 (as extracted from the Group's audited balance sheet, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	843,002	706,941	495,268	451,361	452,421
Current assets	3,337,623	2,828,438	2,457,174	1,904,096	1,341,718
Total assets	4,180,625	3,535,379	2,952,442	2,355,457	1,794,139
Non-current liabilities	6,422	3,388	2,096	2,333	4,652
Current liabilities	2,349,492	1,922,538	1,545,911	1,110,225	670,375
Total liabilities	2,355,914	1,925,926	1,548,007	1,112,558	675,027
Non-controlling interest	106,867	85,810	62,240	59,692	106,009
Equity attributable to owners of the parent	1,717,844	1,523,643	1,342,195	1,183,207	1,013,103
Total equity	1,824,711	1,609,453	1,404,435	1,242,899	1,119,112

On behalf of the board of directors (“the Board”) of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2015 to all shareholders of the Company.

Annual Results

The year of 2015 was unusual, with lots of challenges and difficulties: the recovery of the world economy was zigzag, slow and complicated; and the domestic economy faced great pressure of downward adjustments.

Faced with such complicated and strained situation during the year of 2015, Chinese government took into full consideration both the domestic and the international situation as well, adhering to the general keynote of seeking improvement in stability, guiding new practice with renewed philosophy, striving for new development with fresh strategy and were committed to innovating in the microeconomic control system, further deepening structural reform, fostering mass innovation and the popularity of entrepreneurship, therefore, the national economy presented new norm. In 2015, the GDP growth rate was 7.0% both in the first quarter and second quarter, and 6.9% and 6.8% respectively in the third and four quarter, finally with the annual GDP growth of 6.9% which was regarded as moderate and reasonable growth range, and achieved the forecast target of approximately 7.0% as set in early 2015.

According to analysis by China Association of Automobile Manufacturers, in 2015, although struggling with microeconomic downturn and heavy task of the domestic development and reform, the automobile industry has implemented the decisions and arrangements of the Chinese government; grasped the developing trend; proactively accommodated to the new norm; kept a down-to-earth attitude in work and accomplished a sound overall development with the automobile industry in smooth and sophisticated moving. The national automobile production and sales volume were 24,503,300 vehicles and 24,597,600 vehicles respectively, representing a respective growth of 3.3% and 4.7% compared with last year. The production and sales volume respectively exceeded 24.5 million vehicles and hit a record high, breaking the world record again, making a first in the world for seven consecutive years.

The Group’s customers are mainly in the automobile industry. The production volume and sales volume of the Group’s major customer, Chongqing Changan Automobile Co., Ltd. (“Changan Automobile”), has achieved 2,781,400 vehicles and 2,776,500 vehicles, respectively, representing an increase of 5.86% and 9.13% as compared with last year. During the year, being one of the third-party logistics service providers in China, through creative logistics services modes and “professionalism” in logistics service technology, comprehensive logistics design and operating experience and well-established service network throughout the PRC, the Group actively enhanced its service quality and made efforts to extend its logistics service space, and finally achieved a relatively good result.

For the year ended 31 December 2015, the increase of automobile production volume and sales volume of the Group’s customers has promoted the growth in logistics service volume of the Group. In particular, the logistics service of tyre processing business of the Group developed well. The Group’s revenue amounted to RMB 6,056,284,000, up approximately 13.32 % from the same period in 2014. Although affected by the increasing human resources and other operating costs and the decreasing logistics service price, the Group strengthened the cost control, and benefited with financial refund from the local government in accordance with the government policy “replace the business tax with a value-added tax”. The profits attributable to the equity holders of the Company amounted to RMB 237,958,000, up approximately 7.21% from the same period in 2014. Earnings per share was RMB 1.47 for the year ended 31 December 2015 (2014: RMB1.37).

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Annual Review

Business development

During 2015, the Company has established several subsidiaries and branches, and improved the Company's logistics service network and logistics service capability.

On 6 May 2015, the Company increased the capital investment in Changan Minsheng (Shanghai) Supply Chain Co., Ltd. ("Shanghai Supply Chain") by RMB 28,000,000, and the registered capital of Shanghai Supply Chain was increased to RMB30,000,000.

The Company acquired 60% of equity interests in Wuhan Zhuoer Shengde Automobile Logistics Co., Ltd. ("Zhuoer Shengde")(Zhuoer Shengde was renamed "Wuhan Changsheng Gangtong Automobile Logistics Co.,Ltd." on 25 February 2016) (the formalities for industrial and commercial registration of changes were already completed on 22 May 2015). The Company now has 60% of equity interests in Zhuoer Shengde with Hubei Hannan Gang Logistics Co; Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd. respectively, representing 20.4% and 19.6% of Zhuoer Shengde's equity interests.

Hangzhou Changan Minsheng Anji Logistics Co., Ltd. was established on 5 January 2016 with a registered capital of RMB20,000,000. The Company and Shanghai Anji Components and Parts Logistics Co., Ltd.("Shanghai Anji") each hold 50% of its equity interests.

Awards

In January 2015, the Company was granted A Grade Enterprise Tax by Tax Bureau of Chongqing New North Zone. In February 2015, the Company was crowned 5A Logistics Enterprise by China Federation of Logistics & Purchasing. In July 2015, the Company was awarded 2015 Top Service Enterprise in Chongqing, 2015 Top 100 Enterprises in Chongqing and 2015 Top 50 Effective Enterprises in Chongqing jointly by Chongqing Enterprise Association and Chongqing Entrepreneur Association. In November 2015, the Company received the Automobile Logistics Industry Innovation Award from China Federation of Logistics & Purchasing. At the same time, the chairman of the Company Mr. Zhu Minghui and executive director & general manager Mr. Wang Yang won the title of Outstanding Contribution Expert of Automobile Logistics Industry respectively granted by China Federation of Logistics & Purchasing. In December 2015, the Company was granted the award of 2015 Outstanding Supplier by Changan Ford Automobile Company Limited ("Changan Ford") and was also granted the award of 2015 Outstanding Supplier by Changan Ford Mazda Engine Company Limited.

Outlook and Prospects

Notwithstanding adverse factors such as the measures to curb the traffic jam in big cities, and to control pollutants emitted by automobiles with a view to preventing environmental pollution and the expectation of continued slowing down in the growth rate of macro economy of the PRC, it is expected that there is still room for automobiles market to grow in general small and medium-sized cities and the rural areas in China. In addition, reform in the supply system by the government are very likely to bring much more opportunities to Chinese automobile industry. Therefore, we have every reason to believe that the logistics business, especially the automobile logistics business, still have a relatively moderate growth potential.

The year of 2016 is the opening year of the 13th Five-Year Plan of China and is the most crucial year to carry forward the structural reform. The Group will fight the three battles of "intensifying the reform, transformation and upgrading, refining work style" as its core, focusing on serving the manufacturers and the enterprises by law, intensify the reform, promote the management, improve quality, build four strong awareness of "Responsibility, Opportunity, Crisis and Innovation", fully develop the spirits of "Dare to Race and Fight Courageously", in line with the operating policy of "Intensifying reform strives to strengthen the base and foundation, Innovation drives transformation and upgrading", proactively promote work in an orderly manner, and make efforts to improve competitiveness and explore more profit margins.

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

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

Zhu Minghui
Chairman

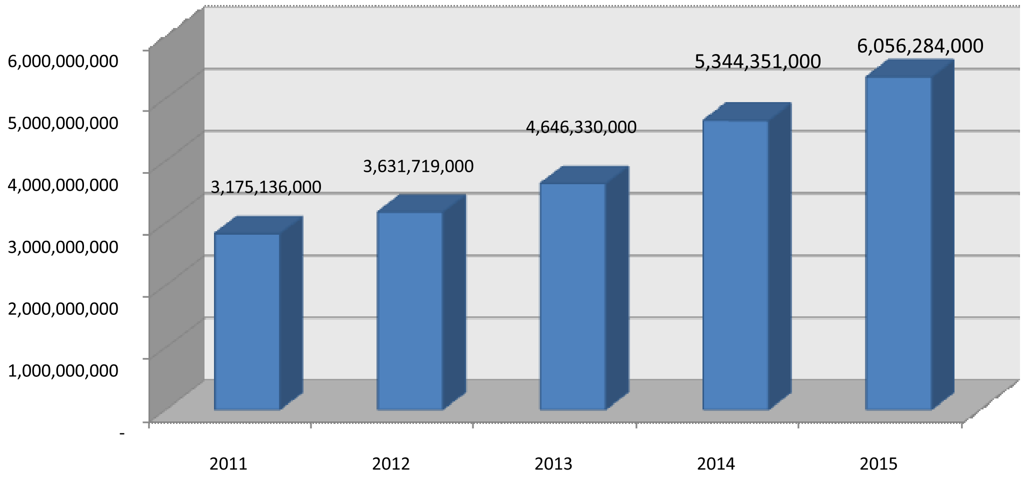
Chongqing, the PRC
24 March 2016

Business Review

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

During the reporting period, the production volume and sales volume of the PRC automobile industry kept a moderate increasing trend, especially Changan Automobile, one of the Group's major customers exceeded the average level of the industry with production and sales volume of vehicles each at 2,781,400 sets and 2,776,500 sets, representing respectively 5.86% and 9.13% up in the growth rate. 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 2015, the revenue of the Group amounted to RMB 6,056,284,000, approximately 13.32% up from RMB 5,344,351,000 of last year.

Chart 1: Growth in revenue for the five years ended 31 December 2015 (unit:RMB yuan)



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

1.Transportation of Finished Vehicles

For the year ended 31 December 2015, the revenue from the finished vehicle transportation services was RMB 2,502,978,000, up approximately 4.14% from RMB2,403,454,000 of last year.

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

During the reporting period, the revenue from the supply chain management services of automobile raw materials & components and parts was RMB1,772,063,000, up approximately18.89% from RMB1,490,562,000 of last year.

Transportation of Non-automobile Commodities and Other Logistics Services

During the reporting period, the revenue of the Group from such logistics services was RMB 83,736,000, down approximately 26.86 % from RMB114,480,000 of last year.

Automobile Components & Parts Packaging Sales and Tyres Subpackaging

During the reporting period, the revenue of the Group from automobile components & parts packaging sales and tyres subpackaging was RMB1,697,507,000, up approximately 27.07% from RMB1,335,855,000 of last year.

Logistics Services Network

As at 31 December 2015, the Company had a total of 29 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 2015, the Group's cash and bank deposit was RMB710,107,000 (31 December 2014: RMB954,513,000). As at 31 December 2015, the Group's total assets was RMB4,180,625,000 (31 December 2014: RMB3,535,379,000), the source of funds was current liabilities of RMB2,349,492,000 (31 December 2014: RMB1,922,538,000), non-current liabilities of RMB 6,422,000 (31 December 2014: RMB3,388,000), shareholders' equity excluding non-controlling interest of RMB1,717,844,000 (31 December 2014: RMB1,523,643,000) and non-controlling interest of RMB106,867,000 (31 December 2014: RMB85,810,000).

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2015, the Group's cost of sales was RMB5,459,169,000 (2014: RMB4,832,617,000), up approximately 12.97% from the previous financial year. Although faced with adverse factors such as the rising labor cost and the downturn of logistics service price, the Group has intensively emphasised on management and continuously strengthened logistics and internal management cost control, which results in the gross profit margin of the Group to slightly increase to 9.86% (2014: 9.58%).

Distribution Expenses

For the year ended 31 December 2015, the Group's distribution expense was RMB117,494,000, representing approximately 1.94% of the Group's revenue during the period (2014: 1.90%).

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 15.98% from last year.

Administrative Expenses

During the reporting year, the Group's administrative expenses increased from RMB131,604,000 in 2014 to RMB 146,510,000 in 2015, up approximately 11.33% as compared with the corresponding period of last year.

Finance Costs

The Group's finance costs for the year amounted to RMB2,198,000 (2014: RMB2,084,000).

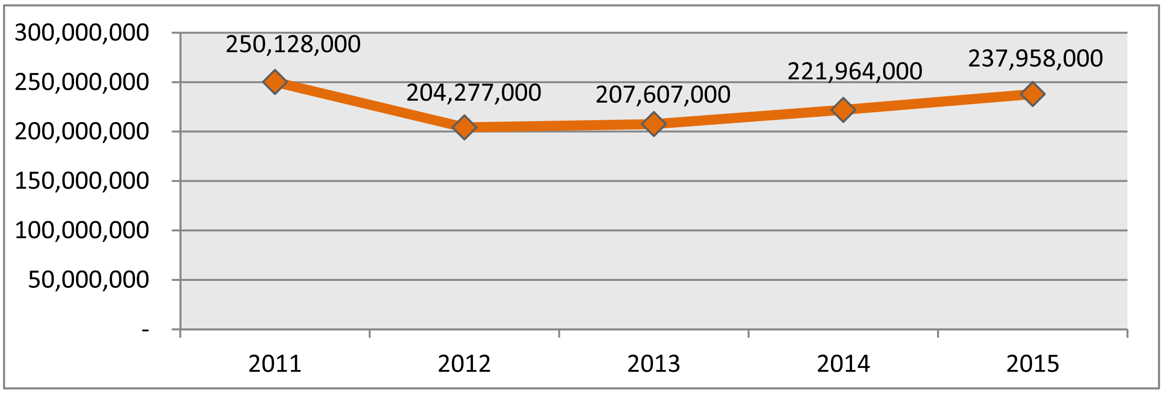
Taxation

For the year ended 31 December 2015, the weighted average applicable tax rate of the Group was 21.52% (2014: 20.16 %); and the income tax expenses was RMB72,473,000 (2014: RMB 61,365,000).

Profit Attributable to Equity Holders

During the year, the profit attributable to equity holders of the Company was RMB237,958,000, up approximately 7.21% from the previous financial year.

Chart 3: Profit attributable to equity holders of the Company for the five years ended 31 December 2015
(unit: RMB yuan)



Capital Structure

For the year ended 31 December 2015, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2015, the balance of bank loans and borrowings of the Group was RMB4,000,000 (31 December 2014: Nil). Please refer to note 26 to the consolidated financial statements of this report for further details.

Gearing Ratio

As at 31 December 2015, the gearing ratio (net debt divided by the adjusted capital plus net debt) of the Group was approximately 48.60% (31 December 2014: 37.99%).

Pledge of Assets

As at 31 December 2015, the Group had pledged bank deposits of approximately RMB51,155,000 and bills receivables of approximately RMB30,350,000 to secure bank acceptance bills.

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Principal Risks and Uncertanties

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Exchange Rate Risks

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

Market Risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market price. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity Risk

Liquidity risk is the potential that our Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, our Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in our Group are guided by their standard operating procedures, limits of authority and reporting framework. Our management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Capital Commitment

As at 31 December 2015, the Group's capital expenditure at the balance sheet date but not yet incurred was as follows:

	2015	2014
	RMB'000	RMB'000
Property, plant and equipment		
Contracted but not provided for	100,490	110,192
Approved but not signed the contract	-	-
	100,490	110,192

Significant Purchase or Sale of Subsidiaries and Associated Companies

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

Substantial Investment

During the reporting period, the Company had no substantial investment.

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 2015.

Principal Activities and Business Review

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

Further discussion and analysis of these activities as required by Schedule 5 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 8 to 12 of this Annual Report. This discussion forms part of this directors' report.

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	
	2015	2014
A Changan Ford Automobile Company Limited	59%	56%
B Chongqing Changan Automobile Co., Ltd.	18%	19%
C Changan Mazda Automobile Co., Ltd.	7%	6%
D Baoding Changan Bus Manufacture Co., Ltd.	1%	2%
E Chongqing Ante Import and Export Trading Company Limited	1%	1%
Total of 5 largest customers	86%	84%

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

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

	For the year ended 31 December	
	2015	2014
A CITIC Dicastal Co., Ltd.	8%	8%
B Minsheng Logistics Company Limited	7%	7%
C Goodyear Tire Co., Ltd.	6%	7%
D Michelin (China) Investment Co., Ltd.	5%	5%
E Maxxis Rubber (China) Co., Ltd.	3%	4%
Total of 5 largest suppliers	29%	31%

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

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

Results

The results of the Group for the year ended 31 December 2015 are set out in the consolidated comprehensive income statement of this report.

Dividends

The Board do not recommended the payment of final dividend for the year ended 31 December 2015.

Share Capital

For the year ended 31 December 2015, there had been no change in the share capital. Details are set out in note 29 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 45 to 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 13 to the consolidated financial statements.

Financial Position

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

Subsidiaries

As at 31 December 2015, 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 1 to the consolidated financial statements of this report for further details.

On 30 October 2014, Chongqing Changan Minsheng Future Bonded Logistics Co., Ltd. was changed to Chongqing Future Supply Chain Management Co., Ltd. ("Chongqing Future") with a registered capital of RMB 30,000,000 and the Company holds 100% of its equity interests. Chongqing Future is mainly engaged in general freight, storage, loading and unloading, handling, distribution, packaging, automobile components and parts subpackaging and sales, import & export of goods, international freight forwarding services and sales via internet, etc. Please refer to note 1 to the consolidated financial statement of this report for further details.

Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. ("Chongqing Fuyong"), with a registered capital of RMB 5,000,000, 100% of its equity interests is held 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 1 to the consolidated financial statement of this report for further details.

Hangzhou Changan Minsheng Logistics Co., Ltd. ("Hangzhou Changan Minsheng") was established on 17 May 2013, with a registered capital of RMB250,000,000 and the Company holds 100% of its equity interests. Hangzhou Changan Minsheng is mainly engaged in general freight and automobile components and parts manufacturing. Please refer to note 1 to the consolidated financial statement of this report for further details.

The registered capital of Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC") is RMB100,000,000. The Company holds 67% of its equity interests and Sumitomo Corporation ("Sumitomo") holds 33% of its equity interests. Nanjing CMSC is mainly engaged in general freight, station management and distribution. Please refer to note 1 to the consolidated financial statement of this report for further details.

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

On 9 April 2014, Chongqing Fulu Bonded Logistics Co; Ltd. ("Chongqing Fulu Bonded") was established by the Company in Chongqing. Chongqing Fulu Bonded mainly engages in storage services, loading and unloading, handling, distribution, processing; packaging products, packaging, subpackaging and processing of automobile components and parts, import and export business, international freight forwarder, logistics information consultancy and project design. Please refer to note 1 to the consolidated financial statement of this report for further details.

Chongqing Changan Minsheng Dongli Packaging Co., Ltd. ("Dongli Packaging") was established on 16 May 2014. The Company holds 55% of its equity interests and Tonglit Logistics Co., Ltd. ("Tonglit Logistics") holds 45% of its equity interests. Dongli Packaging is mainly engaged in packaging services of solid products; production, sales, maintenance and relevant information consulting services of packaing container; processing and sales of automobile components and parts; storages services; international freight forwarder; import and export of goods. Please refer to note 1 to the consolidated financial statement of this report for further details.

Shanghai Supply Chain was established on 6 August 2014. After capital increase of RMB 28,000,000 on 6 May 2015, its registered capital reaches to RMB 30,000,000. The Company holds 100% of its equity interests. The main business of Shanghai Supply Chain is supply chain management, general freight transport, import and export business of goods and technology, exhibition and display services, exploitation and design of computer software and hardware, storage, packaging, exploitation and information services of logistics software. Details are set out in the paragraph of Chairman's Statement. Please refer to note 1 to the consolidated financial statement of this report for further details.

On 22 May 2015, the Company acquired 60% of equity shares in Zhuoer Shengde, whose principal activities are port management, storage services, general freight transport, freight forwarding, logistics planning and consulting, selling and providing after-sale services of the Hafei and Songhua River vehicles, auto beauty services and auto components and parts sales. Details are set out in the paragraph of Chairman's Statement. Please refer to note 1 and note 32 to the consolidated financial statement of this report for further details.

Capitalized Interests

For the year ended 31 December 2015, no interest had been capitalized by the Company.

Permitted Indemnity Provision

A permitted indemnity provision for the benefit of the directors of the Company is currently in force and was in force throughout this year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Relationship with Stakeholders

The Group recognizes that employees are our valuable assets. Thus our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. Our Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. During the reporting period, there was no material and significant dispute between our Group and its business partners or bank enterprises.

Retirement Plan

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

Employees

As at 31 December 2015, the Company had 9213 employees (31 December 2014: 8,426 employees).

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

	As at 31 December	
	2015	2014
Administration and finance	425	399
Information and technology	129	109
Sales and marketing	248	225
Operation	8,411	7,693
Total	9,213	8,426

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

Remuneration Policy

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

Training Programme

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

Staff Quarters

During the year, the Company has not provided any staff quarters to the staff (2014: Nil). Full time employees are entitled to participate in the government-sponsored housing fund. The Group contributes on a monthly basis to the fund at certain rates of the employees' basic salary.

Directors and Supervisors

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

Executive directors	
Zhu Minghui (Chairman)	(appointed on 14 November 2014)
Lu Xiaozhong	(appointed on 14 November 2014)
William K Villalon	(appointed on 14 November 2014)
Wang Yang	(appointed on 14 November 2014)
Non-executive directors	
Wu Xiaohua	(appointed on 14 November 2014)
Danny Goh Yan Nan	(appointed on 14 November 2014)
Wang Lin	(appointed on 14 November 2014)
Independent non-executive directors	
Chong Teck Sin	(appointed on 14 November 2014)
Poon Chiu Kwok	(appointed on 14 November 2014)
Jie Jing	(appointed on 14 November 2014)
Zhang Yun	(appointed on 14 November 2014)
Supervisors	
Zhu Ying	(appointed on 14 November 2014)
Steven Ho Kok Keong	(appointed on 14 November 2014)
Zhang Tianming	(appointed on 14 November 2014)
Zhou Zhengli	(appointed on 14 November 2014)
Deng Gang	(appointed on 14 November 2014)

Confirmation of Independence

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

Service Contracts of Directors and Supervisors

Each of the directors and supervisors of the Company has entered into 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 2015.

Directors, Supervisors and Senior Management

Profiles of the directors, supervisors and members of the senior management are set out on pages 41 to 46.

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

Remuneration of Directors and Supervisors

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

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

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

As at 31 December 2015, none of the directors, chief executive and the supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") in Chapter 571 of Laws of Hong Kong) which (a) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (b) were required, pursuant to the Appendix 10 of Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") to the Listing Rules to be notified to the Company and the Stock Exchange.

As at 31 December 2015, 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 2014, 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 2015, so far as is known to the directors, chief executive and the supervisors of the Company, the following persons, other than a director, supervisor, or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or are required, pursuant to Sections 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non-H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Chongqing Changan Industry Company (Group) Limited ("Changan Industry Company")*(note 1)*	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 2)*	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") *(note 2)*	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 3)*	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management,LP *(note 3)*	Investment manager	3,423,000(L)	-	6.22%	2.11%
Mclntyre Steven *(note 3)*	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

Note 1 :Changan Industry Company transferred all of 41,225,600 shares held by it in the Company to China Changan. The transfer was already registered in the China Securities Depository and Clearing Corporation Limited(CSDCC) on 9 March 2016.

Note 2: Ming Sung (HK) is the subsidiary of Minsheng Industrial. Mr. Lu Xiaozhong (the director of the Company) holds 6% shareholdings of Mingsheng Industrial.

Note 3: 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 4: (L) – long position, (S) – short position, (P) - Lending Pool.

Save as disclosed in this report, as at 31 December 2015, so far as is known to the directors and chief executive of the Company, there is no other person (other than the directors, supervisors, or chief executive of the Company) who had interests or short positions in the provisions of Divisions 2 and 3 of Part XV of the SFO; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Share Appreciation Right Incentive Scheme

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

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

During the year, the Scheme has not been implemented by the Company. As of 23 February 2016, it has been 10 years since it first became effective, and the Scheme became invalid since 23 February 2016.

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 details of such undertakings.

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

In February 2016, the Company received the confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics and Changan Industry Company.

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

Continuing Connected Transactions

Set out below is information in relation to the continuing connected transactions of the Group 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, a holding subsidiary of South Group, holds 39.11% of shareholdings in Changan Automobile as at the date of the report. As of the date of the report, South Group holds 22.90% of shareholdings in Binqi Zhuangbei Group Financial Limited Liability Company ("Zhuangbei Finance") and member companies of South Group hold the remaining shareholdings in Zhuangbei Finance, and the Company holds 0.81% of its shareholdings. Chongqing Changan Property Management Co., Ltd. ("Changan Property") is wholly owned by Changan Real Estate Development Company ("Changan Real Estate"), one of the subsidiaries of Changan Industry Company. Changan Industry Company holds 98.49% of equity shares in the Changan Real Estate.

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

Changan Industry Company holds (directly and indirectly) in aggregate 100% of equity shares in the Chongqing Changan Construction Limited Company ("Chongqing Changan Construction"). Therefore, according to the Listing Rules, Chongqing Changan Construction and its associates are the connected persons of the Company. On 23 January 2015, the Company entered into a connected transactions framework agreement with Chongqing Changan Construction with a term commencing on 1 January 2015 and expiring on on 31 December 2015. Please refer to the announcement of the Company dated on 23 January 2015 for further details.

In order to expand the packaging business and purchase property leasing services in an effective manner to fulfill the need for warehouses of the Company, on 30 November 2015, the Company and each of Tonglit Logistics and Changan Industry Company entered into connected transactions framework agreements for the purchase of packaging processing services and property leasing services with a term commencing on 1 January 2015 and expiring on 31 December 2015. Please refer to the announcement of the Company dated on 30 November 2015 for further details.

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

The Company is of the view that the continuing connected transactions pursuant to which the Group provides logistics services to Changan Industry Company, Changan Automobile, APL Logistics, Baogang Zhushang, Tonglit Logistics 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 is generally satisfied with the quality of their transportation services.

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

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

In order to improve the management skills and security precaution on the access control of the relevant personnel,vehicles and cargos in and out of the affiliated projects working unit of the Group as well as the sanitary work in relevant working unit, the Group need to purchase security and cleaning services from Changan Property and its associates. The Group has established a long-term partnership with Changan Property and its associates and are in a good working relationship with them.

In order to enhance the the Company's warehousing logistics services to meet with the storage demand of the Group, the Group require to purchase property leasing services from Changan Industry Company.

Pricing of Continuing Connected Transactions

According to the framework agreements concluded on 14 November 2014 between the Company and Changan Industry Company, Changan Automobile, Minsheng Industrial, APL Logistics, Zhuangbei Finance and the framework agreement concluded between the Company's holding subsidiary, Nanjing CMSC, and Baogang Zhushang, the prices of the transactions for the services provided by the Group to our customers under such framework agreements are set in accordance with the following principles:

(a) according to the PRC Bidding Law, where a bidding price is arrived by bidding process, the bidding price prevails;or
(b) where there is no bidding price available, the market price prevails; or
(c) where there is none of the above is available, the agreed price will be adopted.

According to the framework agreements concluded on 14 November 2014 between the Company and Changan Industry Company, Minsheng Industrial, APL Logistics, Changan Property, Tonglit Logistics, the prices of the transactions for the services purchased by the Group from our customers under such framework agreements are set in accordance with the following principles:

(a) according to the PRC Bidding Law, where a bidding price is arrived by bidding process, the bidding price prevails;or
(b) where there is no bidding price available, the market price will be adopted.

According to the framework agreement concluded on 14 November 2014 between the Company and Zhuangbei Finance in regard to settlements, deposits and loans, and note discounting services, the prices of the transaction under such framework agreement are set on normal commercial terms.

According to the framework agreement concluded on 23 January 2015 between the Company and Chongqing Changan Construction ,the prices of the transactions under such framework agreement are set by a bidding process in accordance with the PRC Bidding Law.

According to the framework agreement concluded on 30 November 2015 between the Company and the Tonglit Logistics, the prices for the services provided by the Group to Tonglit Logistics are set in accordance with the following principles:

(a) where there is a market price available, the market price prevails; or
(b) where there is no market price is available, the agreed price will be adopted.

According to the framework agreement concluded on 30 November 2015 between the Company and Changan Industry Company, the prices for purchasing property rental services from Changan Insustry Company by the Group under such framework agreement are set in accordance with the following principles:

(a) according to the PRC Bidding Law, where a bidding price is arrived by bidding process, the bidding price prevails;or
(b) where there is no bidding price available, the market price will be adopted.

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

Total Consideration of the Continuing Connected Transactions

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

For the year ended 31 December 2015, 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 2015	
	Actual Transaction Amount RMB'000	Annual Caps RMB'000
Changan Industry Company and its associates:		
- Supply chain management services for automobiles and automobile raw materials, components and parts & non-automobile logistics services	22,678	30,000
Changan Automobile and its associates:		
- Supply chain management services for automobiles and automobile raw materials, components and parts	5,388,286	7,500,000
Minsheng Industrial and its associates:		
- logistics services	3,784	10,000
APL Logistics and its associates:		
- logistics services	-	20,000
Baogang Zhushang:		
- Supply chain management services for automobile raw materials, components and parts	12,156	30,000
Tonglit Logistics		
- packaging processing services	9,057	15,000
Zhuangbei Finance		
- Finance logistics services	-	30,000

For the year ended 31 December 2015, the total consideration paid by the Group to each of the connected persons for the purchase of transportation services of automobiles and automobile raw materials, components and parts is as follows:

	For the year ended 31 December 2015	
	Actual Value RMB’000	Maximum Value RMB’000
Changan Industry Company and its associates:	15,835	36,000
Minsheng Industrial and its associates:	447,458	1,000,000
APL Logistics and its associates:	1,219	29,000

For the year ended 31 December 2015, the total consideration paid by the Group to each of the connected persons for the purchase of packaging processing services is as follows:

	For the year ended 31 December 2015	
	Actual Value	Maximum Value
	RMB'000	RMB'000
Tonglit Logistics and its associates:	292	15,000

For the year ended 31 December 2015, the total consideration paid by the Group to each of the connected persons for the purchase of property leasing services is as follows:

	For the year ended 31 December 2015	
	Actual Value	Maximum Value
	RMB'000	RMB'000
Changan Industry Company and its associates:	4,263	10,000

For the year ended 31 December 2015, the total consideration paid by the Group to each of the connected persons for the purchase of security and cleaning services is as follows:

	For the year ended 31 December 2015	
	Actual Value	Maximum Value
	RMB'000	RMB'000
Changan Property and its associates:	6,884	7,002

For the year ended 31 December 2015, the amount of transactions between the Group and Zhuangbei Finance are as follows:

	For the year ended 31 December 2015	
	Actual Value	Maximum Value
	RMB'000	RMB'000
The balance of the maximum amount of outstanding of deposit (including interest) on a daily basis	363,065	700,000

For the year ended 31 December 2015, the total consideration paid by the Group to Chongqing Changan Construction for the purchase of construction services is as follows:

	For the year ended 31 December 2015	
	Actual Value	Maximum Value
	RMB'000	RMB'000
Chongqing Changan Construction:	44,826	50,000

On 14 March 2016, the Company submitted the "Letter from Independent Auditors Regarding Continuing Connected Transactions to the Board of Directors of Changan Minsheng APLL Logistics Co., Ltd" (the "Relevant Letter") issued by the Company's auditor to all independent non-executive directors. After reviewing the Relevant Letter, the independent non-executive directors of the Company, Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing and Ms. Zhang Yun confirmed that the continuing connected transactions of the Company for 2015 pursuant to Rule 14A.55 of the Listing Rules were:

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

The Company's auditor has reviewed the continuing connected transactions and in the 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 all material respects, in accordance with the relevant agreement governing the transactions; and
4. have not exceeded the annual cap disclosed in the previous announcements.

Several related party transactions as disclosed in Note 37 to the consolidated financial statements prepared in accordance with HKFRS fall under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Legal Proceedings

As at 31 December 2015, 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 2015, 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.

Compliance with the relevant Laws and Regulations

As far as the Board of Directors and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Environmental Policies and Performance

The Group is committed to the long term substainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with the laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and wates reduction.

Donation

During the year, the total amount of donation made by the Group was RMB 0 (2014: Nil).

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

There was no purchase, sale or redemption by the Group of the Company's listed securities during the year ended 31 December 2015.

Pre-emptive Rights

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

Auditors

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

By the Order of the Board
Zhu Minghui
Chairman

Chongqing, the PRC
24 March 2016

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

Pursuant to the Company Law of the People's Republic of China, the relevant laws and regulations and the Articles of Association of the Company, the Supervisory Committee, 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 2015, the members of the Board, the general manager and other senior management staff of the Company were able to strictly fulfil their fiduciary duties, to act diligently and to exercise their authority faithfully in the best interests of the Company, to carry out work pursuant to the Articles of Association of the Company in standard operation and gradually improve the internal control system. The transactions between the Company and connected parties were carried out on fair and reasonable terms and in the interests of the shareholders as a whole. As of the date of this report, none of the directors, general manager and other senior management staff had been found to have abused their authority, prejudiced the interests of the Company and of its shareholders. None of them was found to be in breach of any laws and regulations or the Articles of Association of the Company.

The Supervisory Committee is satisfied with the achievement and efficient work of the Company in 2015, and is confident in the Company's future development.

The Supervisory Committee has conscientiously reviewed and agreed with the report of the Board, the audited consolidated financial statements, which will be submitted by the Board to the 2015 annual general meeting.

By order of the Supervisory Committee
Zhu Ying
Chairman

Chongqing, the PRC
24 March 2016

Corporate Governance Report

The Board believes that the Company can enhance its corporate governance and transparency by adhering to strict corporate governance practices in the interest of the shareholders of the Company. Since 18 July 2013, the provisions of the Corporate Governance Code ("Code") set out in Appendix 14 of the Listing Rules have been adopted as the Company's corporate governance standards, which coupled with, the experience of the Company, help to establish a favorable corporate governance structure of the Group. For the period from 1 January 2015 to 31 December 2015, the Company has consistently complied with the code provisions set out in the Code.

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

Securities Transactions by the Directors

Since the Transfer of Listing on 18 July 2013, the Company has adopted a code of conduct regarding directors' securities transactions on terms of the required standard of dealings (the "Code of Conduct") prepared according to the Model Code. After making specific enquiries to all directors, the Company confirms that the directors had complied with the Code of Conduct during the period from 1 January 2015 to 31 December 2015.

Board

The Board comprises 11 directors, including 4 executive directors, 3 non-executive directors and 4 independent non-executive directors. Details of the members of the Board are set out in the paragraph headed "Directors, Supervisors, General Manager and Deputy General Managers" in this annual report. The Board believes that 7 non-executive directors and independent non-executive directors maintained a reasonable balance with the amount of executive directors and have participated actively in the formulation of the Company's policies through providing constructive suggestions in the interests of shareholders as a whole. The names of members of the fourth session of the Board are set out in the "Report of the Board".

The Company has 4 independent non-executive directors, of whom at least one has appropriate professional qualification and financial management expertise. The Company received the relevant independence confirmation letter from each of the independent non-executive directors in March 2016. There is no relationship between the members of the Board, Supervisory Committee and other senior management staff in finance, business, family and other material or relevant aspects.

Election of Directors and Supervisors (Change)

There is no change to the directors and supervisor of the Company during this year.

Directors' Attendance of Regular Meetings

The Board has held four regular meetings in 2015 to discuss and determine the Company's major strategies, key operational issues, financial matters and other matters set out in the Company's Articles of Association. Details of directors' attendance records at the Board's regular meetings held during the year of 2015 are set out in the following table:

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

Composition of the Board

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

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

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

According to the Listing Rules, the Company received the relevant written independence confirmation letter from each of the independent non-executive directors for the year 2015. The Company confirmed that all the independent non-executive directors are independent of the Company.

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

Duties of Directors and Management

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

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

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

Chairman and General Manager

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

Continuing Professional Development of Directors (Training for Directors)

Directors should participate in continuing 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 2015 and 31 December 2015 based on the records provided by the directors:

Name	Category of Continuing Professional Development
Directors	
Zhu Minghui	A/B
Lu Xiaozhong	A
William K Villalon	A
Wang Yang	A/B
Wu Xiaohua	A/B
Danny Goh Yan Nan	A/B
Wang Lin	A/B
Chong Teck Sin	A/B
Poon Chiu Kwok	A/B
Jie Jing	A/B
Zhang Yun	A/B
Supervisors	
Zhu Ying	A/B
Steven Ho Kok Keong	A/B
Zhang Tianming	A
Zhou Zhengli	A/B
Deng Gang	A/B

A: reading seminar materials and other updated information regarding the amendments to the Listing Rules and other applicable regulations
B: attending briefing and/or seminar

Internal Control

TThe 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 Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

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

(d) monitor integrity of the Company's financial statements and the annual report and accounts, half-year report and (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 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 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 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 of the Stock Exchange of Hong Kong Limited;

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

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

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

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

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

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

The Audit Committee met on 8 May 2015 to review the income statement, cash flow statement and balance sheet of the Group for the three months ended 31 March 2015.

The Audit Committee met on 21 August 2015 to review the unaudited interim report of the Group for the six months ended 30 June 2015, and approved such report.

The Audit Committee met on 19 November 2015 to review the income statement, cash flow statement and balance sheet of the Group for the nine months ended 30 September 2015.

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
Chong Teck Sin	4	4	0	100%
Poon Chiu Kwok	4	3	1	75%
Jie Jing	4	4	0	100%
Zhang Yun	4	4	0	100%

The Audit Committee meeting held on 17 March 2016 reviewed and discussed the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2015, listened to the auditor's suggestions for the Company and approved such reports.

In 2015, the Audit Committee has worked actively mainly on the following aspects:

1. reviewed the policies and systems on internal financial supervision & operation, compliance monitoring and risks management, for the purpose of ensuring the effectiveness of the policies and systems on internal financial supervision and operation, compliance monitoring and risks management;

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

3. made two times of effective communication and discussions with the Group's external auditors with regard to the 2015 conducted annual financial auditing's nature and scope;

4. proposed to the Board to appoint Ernst & Young and Ernst & Young Hua Ming LLP as the Company's 2015 annual external auditors.

(2) Remuneration Committee

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

The major duties of the Remuneration Committee are:

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

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

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

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

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

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

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

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

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

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

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

Members of the Remuneration Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Zhu Minghui	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%
Jie Jing	1	1	0	100%
Zhang Yun	1	1	0	100%

In 2015, 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 2015, 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

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

The major duties of the Nomination Committee are:

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

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

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

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

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

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

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

Members of the Nomination Committee	Number of regular meetings	Records for personal attendance	Records for attendance by alternate	Individual attendance rate
Zhu Minghui	1	1	0	100%
Chong Teck Sin	1	1	0	100%
Poon Chiu Kwok	1	1	0	100%
Jie Jing	1	1	0	100%
Zhang Yun	1	1	0	100%

In 2015, the Nomination Committee has worked actively mainly on the following aspects:

1. Analyzed the framework, population and composition of the current Board of the Company;
2. Assessed and reviewed the independent non-executive directors of the Company, ensuring their independency;
3. 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 2015, the Board reviewed the Company's compliance with the Code and other rules applicable according to the requirements of the Code; approved the annual corporate governance report of the Company and its disclosure on the websites of the Stock Exchange and the Company.

Auditors and their Remuneration

Ernst & Young was the Company's international auditor (Ernst & Young Hua Ming LLP was the Company's PRC auditor for the year ended 31 December 2015) for the year ended 31 December 2015.

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 2015.

The remuneration of the auditors for the year ended 31 December 2015 was set out below:

Services provided	Fees (RMB'000)
Audit Services	2,430
Non-audit services	270
Total	2,700

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 2015 to 31 December 2015, Mr. Huang Xuesong and Mr. Joseph Au Yeung Wai Ki continued to be the joint company secretaries of the Company, and complied with the relevant requirements of the Listing Rules.

During the year of 2015, each of Mr. Huang Xuesong and Mr. Joseph Au Yeung Wai Ki has received no less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

Rights of Shareholders

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

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

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

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

(4) the right to transfer, bestow, 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) all parts of the 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;

(vi) audited financial report.

(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 2015, the Company held conferences and/or conference calls, as well as arranged many field trips for investors.

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

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

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

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

Risk Management and Internal Control

The Company has established a function department specialized in risk management and internal control, which is responsible for the risk management and internal control of the Company.

During the year of 2015, the Company conducted several internal audits and evaluatiuons, which had a favorable effect on the Company's operation and management. Through the review of its risk management and internal control of 2015, the Company holds the belief that the Group's risk management and internal control systems are sound and effective enough to ensure the compliance of the Company's business operation.

General Meetings

On 30 June 2015, the executive director Mr. Zhu Minghui (the chairman of the Board and the chairman of the Nomination Committee of the Company), Mr. Willliam K Villalon and Mr. Wang Yang, the non-executive director Mr. Wu Xiaohua, the independent non-executive director Mr. Chong Teck Sin, Mr. Poon Chiu Kwok, Mr. Jie Jing(the chairman of Remunation Committee of the Company) and Ms. Zhang Yun (the chairman of the Audit Committee of the Company) attended the 2014 Annual General Meeting held by the Company.

Amendments of Articles of Association

There was no amendment to the Articles of the Associtaion of the Company during the year.

Executive Directors

Mr. Zhu Minghui

Mr. Zhu Minghui (朱明輝), aged 50, the chairman, an executive director, the chairman of nomination committee and the member of remuneration committee of the fourth session of the Board, the Compliance Officer and the Authorized Representative of the Company. He was born in April 1966, holding a postgraduate diploma, senior engineer and joined the Company in 2011. 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 served as general manager of Changan Real Estate Development Company and general manager of Chongqing 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 general manager 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 Industry Company.

Mr. Lu Xiaozhong

Mr. Lu Xiaozhong (盧曉鐘), aged 68, an executive director of the fourth 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, aged 67, an executive director of the fourth session of the Board of the Company. He was born in 1949, graduated from University of California, Berkeley in 1979, holding an MBA in Finance; and was graduated from Washington University, St. Louis in 1972, holding a BA in Political Science. Mr. William K Villalon joined the Company in 2010. He 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 Pacific Railroad (subsequently merged into UNION PACIFIC RAILROAD) before 1984.

Mr. Wang Yang

Mr. Wang Yang (汪洋), aged 45 an executive director of the fourth session of the Board and the general manager of the Company, the chairman of Nanjing CMSC Logistics Co., Ltd. and Chongqing Terui Transportation Service Co., Ltd.. He was born in 1971, and is a senior engineer with master's degree in engineer and joined the Company in 2013. 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 Chongqing Changan Automobile Co., Ltd. Since 2006, Mr. Wang was transferred to the Headquarters of former Changan Automobile (Group) Company Liability Limited 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 Industry 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. Wu Xiaohua

Mr. Wu Xiaohua (吳小華), aged 61, a non-executive director of the fourth 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 accountant, 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 chief financial officer of Minsheng Shipping Co., Ltd.

Mr. Danny Goh Yan Nan

Mr. Danny Goh Yan Nan, aged 57, a non-executive director of the fourth 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. Mr. Danny Goh Yan Nan joined the Company in 2010 and is currently serving as Chief Operations Officer in APLL. He has 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. Wang Lin

Mr. Wang Lin (王琳), aged 47, a non-executive director of the fourth session of the Board of the Company. He was born in 1969, holding a Bachelor's Degree. Mr. Wang joined the Company in 2014. Graduated from East China Institute of Technology in July 1991, Mr. Wang was assigned to former Changan Automobile (Group) Company Liability Limited and worked as Deputy head of one Research Institute under the Precision Machine Factory, Yinchuan Area Manager in the Sales Company, Chief Engineer of the Precision Machine Factory, Deputy Chief Engineer of the Machine Manufacturing Company and Deputy head of Operating Management Department under the Machine Manufacturing Company of Changan Automobile (Group) Company Liability Limited. Mr. Wang also served as Deputy head of Producing and Manufacturing Department, Deputy Director of the Office and Party Branch Secretary and head of Management Information Department and Party Branch Secretary of Changan Industry Company. Mr. Wang currently serves as Board Secretary, head of Development & Planning Department and Party Branch Secretary in Changan Industry Company. Mr. Wang has rich working experience in development planning, technology research and development, producing and manufacturing, corporate governance, etc..

Independent Non-executive Directors

Mr. Chong Teck Sin

Mr. Chong Teck Sin (張鐵沁), aged 61, an independent non-executive director, the member of audit committee and the member of nomination committee of the fourth session of the Board of the Company. Born in 1955, he joined the Company as an independent non-executive director in 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 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 was 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). Currently Mr. Chong is a director (Audit & Risk Committee Chair) and the trustee manager at Accordia Golf Trust Management Pte Ltd. (listed on SGX), an independent director of Civmec Ltd. (listed on SGX) and a director of Civmec Construction&Engineering Singapore Pte. Ltd. (subsidiary of Civmec Ltd.). 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), aged 54, an independent non-executive director, the member of audit committee, the member of nomination committee and the member of remuneration committee of the fourth 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 is a fellow member of the Institute of Chartered Secretaries and Administrators, and The Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel and Professional Development Committee. He is also a fellow 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 (a listed company in Hong Kong) (Stock Code:00336), an independent non-executive director of Yuanda China Holdings Limited (a listed company in Hong Kong) (Stock Code: 02789), Sunac China Holdings Limited (a company listed in Hong Kong) (Stock Code: 01918), Tonly Electronics Holdings Limited (a company listed in Hong Kong) (Stock Code: 01249), Sany Heavy Equipment International Holdings Company Limited (a company listed in Hong Kong) (Stock Code: 00631), TUS International Limited (a company listed in Hong Kong) (Stock Code: 00872) and AUX International Holdings Limited (a company listed in Hong Kong) (Stock Code: 02080). Mr. Poon also served as an independent non-executive director of CSSC OFFSHORE & MARINE ENGINEERING (GROUP) COMPANY LIMITED (both listed in Hong Kong and Shanghai) (Stock Code: 00317 and Stock Code in Shanghai Stock Exchange: 600685) from 31 May 2011 to 8 May 2014 and of Ningbo Port Company Limited (a listed company in Shanghai) (Stock Code: 601018) from 1 April 2008 to 26 May 2014.

Mr. Jie Jing

Mr. Jie Jing (揭京), aged 48, an independent non-executive director, the chairman of remuneration committee, the member of audit committee and the member of nomination committee of the fourth session of the Board of the Company. He was born in 1968, obtained a Bachelor of Engineering degree from Wuhan University of Technology in 1989, a Master of Engineering degree from Chongqing University in 1997 and a Doctor of Psychology degree from Southwest University in 2008. Mr. Jie currently 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), aged 50, an independent non-executive director, the chairman of audit committee, the member of nomination committee and the member of remuneration committee of the fourth session of the Board of the Company. She 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.

Supervisors

Ms. Zhu Ying

Ms. Zhu Ying (朱英), aged 50, a shareholder representative supervisor and chairman of the fourth 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. Steven Ho Kok Keong

Mr. Steven Ho Kok Keong (何國強), aged 48, a shareholder representative supervisor of the fourth session of the Supervisory Committee of the Company. Mr. Ho was born in 1968 and is an MBA Finance graduate of University of Leeds (UK). Mr. Ho was appointed Corporate Finance Director (APLL), Singapore since September 2006. In this role, his primary accountabilities include: consolidating group accounts, reengineered the group's financial system, reviewing and developing product costing structures, group strategy, controlling the cash-flow movement and working capital requirements, drive the group's budget and forecast processes, credit control policy, operational risk, risk-control, information system implementation, due diligence analysis and overseeing the departments staffing and recruitment activities. Prior to joining APLL, he was working for TNT International Express (part of TPG group, headquarter in Amsterdam) from 1994-2006 as the Regional Financial Controller with coverage spanning across Asia Pacific to Middle East regions. During his decade long stay in TNT, he was responsible for financial performance reporting, planning, forecasting and budgeting. Particularly, he was part of the core team that involved in the joint-venture deal with Sino-Trans and was seconded to Beijing to facilitate the investment negotiation and administrate the back-office setup. Mr. Ho is now based in Singapore.

Ms. Zhang Tianming

Ms. Zhang Tianming (張天明), aged 61, a shareholder representative supervisor of the fourth 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), aged 52, an employee representative supervisor of the fourth session of the Supervisory Committee of the Company. He was born in 1964, holding an 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, non-executive director of the Company and employee representative supervisor of the third session of the Supervisory Committee. 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), aged 44, an employee representative supervisor of the fourth 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, and also served as employee representative supervisor of the third session of the Supervisory Committee. 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）, aged 43, the deputy general manager of the Company, MBA. He was born 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）, aged 52, the deputy general manager of the Company. Mr. Chen was born in March 1964, an economic engineer, holding an MBA. Mr. Chen entered into Minsheng Industrial in 1992 and served as deputy director, director of Multi-transportation Department, assistant of general manager and manager, deputy general manager and general manager of Minsheng International Cargo Transportation Agent Company Limited; deputy general manager and manager of Logistics Department of Minsheng Logistics Company Limited, etc. At the establishment of the Company, Mr. Chen had served as our deputy general manager and from 7 June 2011 Mr. Chen serves as the deputy general manager of the Company again and since the end of 2012 Mr. Chen starts to manage the finished vehicles logistics business.

Mr. Huang Ming（黃明）, aged 54, 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.

To the shareholders of Changan Minsheng APLL Logistics Co., Ltd.
(A joint stock limited company 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 set out on pages 48 to 116, which comprise the consolidated statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 auditors' judgement, 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 auditors consider 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 financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong, 24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015** RMB'000	**2014** RMB'000
REVENUE	5	6,056,284	5,344,351
Cost of sales		(5,459,169)	(4,832,617)
Gross profit		597,115	511,734
Other income and gains	5	51,028	21,984
Selling and distribution expenses		(117,494)	(101,306)
Administrative expenses		(146,510)	(131,604)
Other expenses		(47,029)	2,066
Finance costs	7	(2,198)	(2,084)
Share of profits and losses of associates		1,819	3,619
PROFIT BEFORE TAX	6	336,731	304,409
Income tax expense	10	(72,473)	(61,365)
PROFIT FOR THE YEAR		264,258	243,044
Attributable to:			
Owners of the parent		237,958	221,964
Non-controlling interests		26,300	21,080
		264,258	243,044
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
- For profit for the year		RMB1.47	RMB1.37

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR		264,258	243,044
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		264,258	243,044
Attributable to:			
Owners of the parent		237,958	221,964
Non-controlling interests		26,300	21,080
		264,258	243,044

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	498,081	359,391
Prepaid land lease payments	14	167,291	157,129
Goodwill	15	5,016	4,663
Other intangible assets	16	13,202	5,647
Investments in associates	17	26,295	24,941
Available-for-sale investment	18	28,900	28,900
Deferred tax assets	27	42,539	46,373
Other non-current assets	19	61,678	79,897
Total non-current assets		843,002	706,941
CURRENT ASSETS			
Inventories	20	44,749	36,459
Trade and bills receivables	21	408,583	344,581
Prepayments, deposits and other receivables	22	116,363	53,438
Due from related parties	37	2,057,821	1,439,447
Pledged deposits	23	51,155	56,589
Cash and bank balances	23	658,952	897,924
Total current assets		3,337,623	2,828,438
CURRENT LIABILITIES			
Trade and bills payables	24	1,746,916	1,426,055
Other payables and accruals	25	429,482	370,799
Due to related parties	37	154,120	91,176
Interest-bearing bank and other borrowings	26	4,000	-
Tax payable		14,974	34,508
Total current liabilities		2,349,492	1,922,538
NET CURRENT ASSETS		988,131	905,900
TOTAL ASSETS LESS CURRENT LIABILITIES		1,831,133	1,612,841

continued/…

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,831,133	1,612,841
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	3,481	-
Deferred income	28	2,941	3,388
Total non-current liabilities		6,422	3,388
Net assets		1,824,711	1,609,453
EQUITY			
Equity attributable to owners of the parent			
Issued shares	29	162,064	162,064
Other reserves	30	1,555,780	1,361,579
		1,717,844	1,523,643
Non-controlling interests		106,867	85,810
Total equity		1,824,711	1,609,453

Director

Director

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 December 2015

	Notes	Attributable to owners of the parent						
		Issued shares RMB'000 (note 29)	Share premium account RMB'000	Reserve funds RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014		162,064	66,907	85,867	1,027,357	1,342,195	62,240	1,404,435
Total comprehensive income for the year		-	-	-	221,964	221,964	21,080	243,044
Capital contribution from non-controlling shareholders in a new subsidiary		-	-	-	-	-	8,100	8,100
Final 2013 dividend declared		-	-	-	(40,516)	(40,516)	-	(40,516)
Dividend paid to non-controlling shareholders by a subsidiary		-	-	-	-	-	(5,610)	(5,610)
At 31 December 2014		162,064	66,907	85,867	1,208,805#	1,523,643	85,810	1,609,453
Total comprehensive income for the year		-	-	-	237,958	237,958	26,300	264,258
Acquisition of a subsidiary	32	-	-	-	-	-	11,257	11,257
Final 2014 dividend declared		-	-	-	(43,757)	(43,757)	-	(43,757)
Dividend paid to non-controlling shareholders by a subsidiary		-	-	-	-	-	(16,500)	(16,500)
At 31 December 2015		162,064	66,907*	85,867*	1,403,006*	1,717,844	106,867	1,824,711

* These reserve accounts comprise the consolidated other reserves of RMB1,555,780,000 (2014: RMB1,361,579,000) in the consolidated statement of financial position.

Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation, which is described in note 2.4 of the notes to the consolidated financial statements ("notes to the financial statements").

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		336,731	304,409
Adjustments for:			
Finance costs	7	2,198	2,084
Share of profits and losses of associates		(1,819)	(3,619)
Interest income	6	(6,480)	(5,682)
Loss on disposal of items of property, plant and equipment	6	82	557
Depreciation	13	75,035	55,358
Recognition of prepaid land lease payments	14	7,145	4,166
Amortisation of other intangible assets	16	4,756	3,550
Provision/(reversal of provision) for impairment of trade and other receivables	6	22,906	(12,333)
Provision/(reversal of provision) for impairment of due from related parties	6	(947)	206
Impairment of other intangible assets	6	642	-
Impairment of goodwill	6	2,441	-
Recognition of asset-related subsidy income	28	(447)	(76)
Exchange gain from banks		(1,458)	-
		440,785	348,620
Decrease/(increase) in inventories		(8,290)	47,083
Decrease/(increase) in trade and bills receivables		(85,306)	4,601
Decrease/(increase) in prepayments		5,123	(5,530)
Decrease/(increase) in pledged deposits		5,434	(17,974)
Increase in deposits and other receivables		(1,697)	(8,086)
Increase in amounts due from related parties		(617,427)	(94,675)
Increase in trade and bills payables		315,574	309,781
Increase in other payables and accruals		43,049	76,204
Increase in amounts due to related parties		49,345	20,263
Cash generated from operations		146,590	680,287
Income taxes paid		(88,194)	(62,939)
Net cash flows from operating activities		58,396	617,348

continued/...

	Notes	2015 RMB'000	2014 RMB'000
Net cash flows from operating activities		58,396	617,348
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		6,480	5,682
Dividends received from an associate		465	465
Purchases of items of property, plant and equipment		(162,788)	(220,167)
Proceeds from disposal of items of property, plant and equipment		3,446	1,387
Receipt of government grants		-	1,850
Additions to other intangible assets		(8,072)	(3,639)
Additions to prepaid lease payments		(60,229)	-
Acquisition of a subsidiary	32	(19,673)	-
Purchases of available-for-sale investment		-	(28,900)
Increase/(decrease) in time deposits with original maturity of more than three months		20,199	(54,602)
Net cash flows used in investing activities		(220,172)	(297,924)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		224,000	120,000
Repayment of bank loans		(220,000)	(170,000)
Capital contribution from non-controlling shareholders in a new subsidiary		-	8,100
Dividends paid		(43,757)	(40,516)
Dividends paid to non-controlling shareholders by a subsidiary		(16,500)	(5,610)
Interest paid		(2,198)	(2,084)
Net cash flows used in financing activities		(58,455)	(90,110)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(220,231)	229,314
Cash and cash equivalents at beginning of year		843,322	614,008
Effect of foreign exchange rate changes, net		1,458	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		624,549	843,322
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Non- pledged cash and bank balances	23	615,549	841,323
Time deposits	23	43,403	56,601
Cash and bank balances as stated in the statement of financial position		658,952	897,924
Less: Time deposits with original maturity of more than three months when acquired	23	(34,403)	(54,602)
Cash and cash equivalents as stated in the statement of cash flows		624,549	843,322

1. CORPORATE INFORMATION

Changan Minsheng APLL Logistics Co., Ltd. (the "Company") is a limited liability company incorporated in the People's Republic of China (the "PRC") on 27 August 2001. In 2002, the Company was converted to a Sino-foreign equity joint venture. On 31 December 2004, the Company was transformed into a joint stock limited liability company. The H shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM") on 23 February 2006, and have been transferred and traded on the Main Board since 18 July 2013. The registered office of the Company is located at Liangjing Village, Yuanyang Town, Yubei District, Chongqing, the PRC.

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

<u>Information about subsidiaries</u>
Particulars of the Company's subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Paid-in capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
重慶長安民生博宇運輸有限公司 CMAL Bo Yu Transportation Co., Ltd.	PRC/Mainland China 3 November 2005	RMB60,000,000	100	-	Rendering of logistics services
南京長安民生住久物流有限公司 Nanjing CMSC Logistics Co., Ltd.	PRC/Mainland China 26 July 2007	RMB100,000,000	67	-	Rendering of logistics services
重慶福集供應鏈管理有限公司 Chongqing Future Supply Chain Management Co., Ltd.	PRC/Mainland China 18 March 2009	RMB30,000,000	100	-	Rendering of logistics services
重慶長安民生鼎捷物流有限公司 Chongqing Changan Minsheng Dingjie Logistics Co., Ltd.	PRC/Mainland China 30 April 2010	RMB50,000,000	95	-	Rendering of logistics services
重慶長安民生福永物流有限公司 Chongqing Changan Minsheng Fuyong Logistics Co., Ltd.	PRC/Mainland China 28 April 2011	RMB5,000,000	100	-	Rendering of logistics services
杭州長安民生物流有限公司 Hangzhou Changan Minsheng Logistics Co., Ltd.	PRC/Mainland China 17 May 2013	RMB250,000,000	100	-	Rendering of logistics services

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Company name	Place and date of incorporation/ registration and place of operations	Paid-in capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
重慶福路保稅物流有限公司 Chongqing Fulu Bonded Logistics Co., Ltd.	PRC/Mainland China 9 April 2014	RMB3,000,000	100	-	Rendering of logistics services
重慶長安民生東立包裝有限公司 Chongqing Changan Minsheng Dongli Packaging Co., Ltd.	PRC/Mainland China 16 May 2014	RMB18,000,000	55	-	Rendering of logistics services
長安民生(上海)供應鏈有限公司 Changan Minsheng (Shanghai) Supply Chain Co., Ltd.	PRC/Mainland China 6 August 2014	RMB30,000,000	100	-	Rendering of logistics services
武漢卓爾盛德汽車物流有限公司 Zhuoer Shengde Automobile Logistics Co., Ltd.*	PRC/Mainland China 18 August 2010	RMB23,070,000	60	-	Rendering of logistics services

* Zhuoer Shengde Automobile Logistics Co., Ltd. was renamed as Wuhan Changsheng Gangtong Automobile Logistics Co., Ltd. since 25 February 2016.

During the year, the Group acquired a total 60% of equity shares of Zhuoer Shengde Automobile Logistics Co., Ltd. ("Zhuoer Shengde") from Hubei Hannan Gang Logistics Co., Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd., respectively. Further details of this acquisition are included in note 32 to the financial statements.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (CONTINUED)

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements:

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) *Amendments to HKAS 19* apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) *The Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The Annual Improvements to HKFRSs 2011-2013 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap.622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No specific effective date but early adoption is permitted

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;
(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

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

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

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

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

Property, plant and equipment and depreciation

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

Available-for-sale financial investments

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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

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

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

Available-for-sale financial investments

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)
Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

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

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, on the completion basis, as further explained in the accounting policy for "Contracts for services" below;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

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

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

Pension schemes

The employees of the Group are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute its payroll costs in a range from 14% to 20% to the central pension scheme, depending on the specific provinces that the entities are incorporated. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was RMB5,016,000 (2014: RMB4,663,000). Further details are given in note 15.

Impairment of non-financial assets (other than goodwill)

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Provision for impairment of receivables

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that tax profit will be available against which the unused tax losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2015 was RMB145,000 (2014: RMB1,245,000). The amount of unrecognised tax losses at 31 December 2015 was RMB45,102,000 (2014: RMB8,128,000). Further details are contained in note 27 to the financial statements.

Income taxes

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

Revenue recognition

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

4. OPERATING SEGMENT INFORMATION

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

Geographical information

Since the Group solely operates in Mainland China and all of the assets of the Group are located in Mainland China, geographical segment information as required by HKFRS 8 Operating Segments is not presented.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

Revenue of approximately RMB3,571,239,000 (2014: RMB3,003,935,000) was derived from the rendering of transportation services for finished vehicles, supply chain management services for automobile raw materials, components and parts, and the sale of packaging materials and the processing of tyres and others to Customer A.

Revenue of approximately RMB1,101,930,000 (2014: RMB1,022,744,000) was derived from the rendering of transportation services for finished vehicles, supply chain management services for automobile raw materials, components and parts, and the sale of packaging materials and the processing of tyres and others to Customer B.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of logistics services rendered during the year.

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

	2015 RMB'000	2014 RMB'000
Revenue		
Sale of goods	1,697,507	1,335,855
Rendering of logistics services	4,358,777	4,008,496
	6,056,284	5,344,351
Other income and gains		
Government grants	32,977	9,209
Bank interest income	6,480	5,682
Penalty on transportation companies	4,374	3,200
Sales of recycled packages of vehicle spare parts	5,692	1,956
Gain on disposal of items of property, plant and equipment	174	39
Foreign exchange gains	721	151
Others	610	1,747
	51,028	21,984

6. PROFIT BEFORE TAX

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

	Notes	2015 RMB'000	2014 RMB'000
Cost of inventories sold		1,659,211	1,304,409
Cost of logistics services rendered		3,116,673	2,919,635
Depreciation	13	75,035	55,358
Amortisation of other intangible assets	16	4,756	3,550
Impairment of other intangible assets*	16	642	-
Impairment of goodwill*	15	2,441	-
Minimum lease payments under operating leases		41,290	30,496
Amortisation of land lease payments	14	7,145	4,166
Auditors' remuneration		2,430	1,800
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		644,804	586,730
Pension scheme contributions		83,551	60,349
		728,355	647,079
Foreign exchange differences, net		(721)	(151)
Provision/ (reversal of provision) for impairment of trade and other receivables		22,906	(12,333)
Provision/ (reversal of provision) for impairment of due from related parties		(947)	206
Dividend income from associates		(465)	(465)
Bank interest income	5	(6,480)	(5,682)
Net loss on disposal of items of property, plant and equipment		82	557

* The impairment of other intangible assets and the impairment of goodwill are included in "Other expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 RMB'000	2014 RMB'000
Interest on bank loans and other loans wholly repayable within five years	2,198	1,569
Other finance costs:		
Interest on the discounting of bank accepted notes	-	515
	2,198	2,084

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 RMB'000	2014 RMB'000
Fees	500	600
Other emoluments:		
Salaries, allowances and benefits in kind	778	743
Performance related bonuses	488	489
Pension scheme contributions	48	44
	1,314	1,276
	1,814	1,876

(a) Independent non-executive directors

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

	2015 RMB'000	2014 RMB'000
Chong Teck Sin	125	100
Poon Chiu Kwok	125	100
Jie Jing	125	100
Zhang Yun	125	100
Peng Qifa*	-	100
Goh Chan Peng*	-	100
	500	600

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

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

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

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2015				
Executive directors:				
Lu Xiao Zhong	-	-	-	-
Zhu Ming Hui	-	-	-	-
William K. Villalon	-	-	-	-
Wang Yang (i)	294	238	16	548
Non-executive directors:				
Wu Xiao Hua	-	-	-	-
Danny Goh Yan Nan	-	-	-	-
Wang Lin (iv)	-	-	-	-
Supervisors:				
Zhu Ying	-	-	-	-
Steven Ho Kok Keong (v)	-	-	-	-
Zhang Tian Ming	-	-	-	-
Zhou Zheng Li	240	125	16	381
Deng Gang	244	125	16	385
	778	488	48	1,314
2014				
Executive directors:				
Lu Xiao Zhong	-	-	-	-
Zhu Ming Hui	-	-	-	-
William K. Villalon	-	-	-	-
Wang Yang (i)	286	238	15	539
Non-executive directors:				
Lu Guo Ji (ii)	-	-	-	-
Wu Xiao Hua	-	-	-	-
Danny Goh Yan Nan	-	-	-	-
Du Bin (iii)	-	-	-	-
Wang Lin (iv)	-	-	-	-
Supervisors:				
Zhu Ying	-	-	-	-
Wu Jun (ii)	-	-	-	-
Steven Ho Kok Keong (v)	-	-	-	-
Zhang Tian Ming	-	-	-	-
Zhou Zheng Li	229	126	15	370
Deng Gang	228	125	14	367
	743	489	44	1,276

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

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

(i) Mr. Wang Yang was the chief executive officer of the Group.
(ii) Mr. Lu Guo Ji and Mr. Wu Jun resigned in 2014.
(iii) Mr. Du Bin was appointed as a non-executive director since 12 November 2013 and resigned in 2014.
(iv) Mr. Wang Lin was appointed as a non-executive director since 30 June 2014.
(v) Mr. Steven Ho Kok Keong was appointed as a supervisor since 14 November 2014.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2014: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2014: four) highest paid employees who are neither directors nor supervisor nor the chief executive of the Company are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	1,002	962
Performance related bonuses	709	721
Pension scheme contributions	62	60
	1,773	1,743

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

	Number of employees	
	2015	2014
Nil to HK$1,000,000	4	4

10. INCOME TAX

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

	2015 RMB'000	2014 RMB'000
Current – Mainland China		
Charge for the year	69,099	69,635
Underprovision/(overprovision) in prior years	(439)	2,675
Deferred (note 27)	3,813	(10,945)
Total tax charge for the year	72,473	61,365

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

		2015		2014	
	Notes	RMB'000	%	RMB'000	%
Profit before tax		336,731		304,409	
Tax at the statutory tax rate		84,183	25.0	76,102	25.0
Lower tax rate for specific provinces or enacted by local authority	i	(19,593)	(5.9)	(21,326)	(7.0)
Adjustments in respect of current tax of previous years		(439)	(0.1)	2,864	1.0
Income not subject to tax	ii	(273)	(0.1)	(543)	(0.2)
Expenses not deductible for tax		2,635	0.8	2,600	0.9
Tax losses utilised from previous periods		(468)	(0.1)	(767)	(0.3)
Tax losses and deductible temporary differences not recognised		6,428	1.9	2,435	0.8
Tax charge at the Group's effective rate		72,473	21.5	61,365	20.2

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

(ii) The share of tax attributable to associates amounting to RMB273,000 (2014: RMB543,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

11. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Proposed final – Nil (2014: RMB0.27) per ordinary share	-	43,757

The Board of Directors do not recommended the payment of final dividend for the year ended 31 December 2015. Pursuant to a resolution of the Board of Directors dated 25 March 2015, the directors of the Company proposed to declare a final dividend of RMB0.27 per share, amounting to RMB43,757,000 for the year ended 31 December 2014.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 162,064,000 (2014: 162,064,000) in issue during the year.

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

The calculation of basic earnings per share is based on:

	2015 RMB'000	2014 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	237,958	221,964
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	162,064,000	162,064,000

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000 Plant and	Office equipment RMB'000 Office	Motor vehicles RMB'000 Motor	Construction in progress RMB'000 Construction	Total RMB'000
31 December 2015						
At 31 December 2014 and at 1 January 2015:						
Cost	316,196	57,380	30,021	157,843	115,365	676,805
Accumulated depreciation	(156,215)	(29,300)	(19,554)	(112,345)	-	(317,414)
Net carrying amount	159,981	28,080	10,467	45,498	115,365	359,391
At 1 January 2015, net of accumulated depreciation	159,981	28,080	10,467	45,498	115,365	359,391
Additions	1,014	18,052	8,637	103,121	78,035	208,859
Acquisition of a subsidiary (note 32)	6,916	19	4	5	1,450	8,394
Disposals	-	(133)	(92)	(3,303)	-	(3,528)
Depreciation provided during the year	(20,734)	(15,455)	(5,984)	(32,862)	-	(75,035)
Transfers	399	26,101	281	4,048	(30,829)	-
At 31 December 2015, net of accumulated depreciation	147,576	56,664	13,313	116,507	164,021	498,081
At 31 December 2015:						
Cost	326,595	99,414	36,972	251,243	164,021	878,245
Accumulated depreciation	(179,019)	(42,750)	(23,659)	(134,736)	-	(380,164)
Net carrying amount	147,576	56,664	13,313	116,507	164,021	498,081
31 December 2014						
At 31 December 2013 and at 1 January 2014:						
Cost	270,701	53,721	25,066	145,516	33,387	528,391
Accumulated depreciation	(136,001)	(22,512)	(16,332)	(101,952)	-	(276,797)
Net carrying amount	134,700	31,209	8,734	43,564	33,387	251,594
At 1 January 2014, net of accumulated depreciation	134,700	31,209	8,734	43,564	33,387	251,594
Additions	2,189	3,656	5,410	24,035	129,809	165,099
Disposals	(343)	(923)	(63)	(615)	-	(1,944)
Depreciation provided during the year	(20,918)	(9,340)	(3,614)	(21,486)	-	(55,358)
Transfers	44,353	3,478	-	-	(47,831)	-
At 31 December 2014, net of accumulated depreciation	159,981	28,080	10,467	45,498	115,365	359,391
At 31 December 2014:						
Cost	316,196	57,380	30,021	157,843	115,365	676,805
Accumulated depreciation	(156,215)	(29,300)	(19,554)	(112,345)	-	(317,414)
Net carrying amount	159,981	28,080	10,467	45,498	115,365	359,391

14. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Carrying amount at 1 January	161,474	165,640
Addition	3,862	-
Acquisition of a subsidiary (note 32)	13,948	-
Recognised during the year	(7,145)	(4,166)
Carrying amount at 31 December	172,139	161,474
Current portion included in prepayments, deposits and other receivables	(4,848)	(4,345)
Non-current portion	167,291	157,129

15. GOODWILL

	RMB'000
At 1 January and 31 December 2014:	
Cost and net carrying amount	4,663
Cost at 1 January 2015, net of accumulated impairment	4,663
Acquisition of a subsidiary (note 32)	2,794
Impairment during the year	(2,441)
Cost and net carrying amount at 31 December 2015	5,016
At 31 December 2015:	
Cost	7,457
Accumulated impairment	(2,441)
Net carrying amount	5,016

Impairment testing of goodwill

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

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

Transportation services for finished vehicle cash-generating unit

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

15. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Storage management services cash-generating unit

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

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

	Transportation services for finished vehicle		Storage management services		Total	
	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of goodwill	5,016	2,222	2,441	2,441	7,457	4,663

Assumptions were used in the value in use calculation of the industrial products and infrastructure cash-generating units for 31 December 2015 and 31 December 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

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

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

The goodwill allocated to storage management services cash-generating unit was impaired due to significant decrease in the production volume and sales volume of the cash-generating unit's major customer, Chongqing Changan Suzuki Automobile Co., Ltd. in 2015. The carrying amounts and the recoverable amount of goodwill and net identifiable assets allocated to storage management services cash-generating unit are as follows:

31 December 2015

	Goodwill	Net identifiable assets	Total
	RMB'000	RMB'000	RMB'000
Carrying amount	2,441	3,272	5,713
Recoverable amount – value in use	-	2,630	2,630
Impairment loss	2,441	642	3,083

16. OTHER INTANGIBLE ASSETS

	Software RMB'000	Customer relationships RMB'000	Trademark RMB'000	Wharf lease right RMB'000	Total RMB'000
31 December 2015					
Cost at 1 January 2015, net of accumulated amortisation	4,339	1,284	24	-	5,647
Additions	5,715	-	-	-	5,715
Acquisition of a subsidiary (note 32)	38	-	-	7,200	7,238
Amortisation provided during the year	(3,686)	(642)	(24)	(404)	(4,756)
Impairment during the year	-	(642)*	-	-	(642)
At 31 December 2015	6,406	-	-	6,796	13,202
At 31 December 2015:					
Cost	18,432	4,174	107	7,200	29,913
Accumulated amortisation	(12,026)	(3,532)	(107)	(404)	(16,069)
Accumulated impairment	-	(642)*	-	-	(642)
Net carrying amount	6,406	-	-	6,796	13,202
31 December 2014					
Cost at 1 January 2014, net of accumulated amortisation	3,571	1,928	59	-	5,558
Additions	3,639	-	-	-	3,639
Amortisation provided during the year	(2,871)	(644)	(35)	-	(3,550)
At 31 December 2014	4,339	1,284	24	-	5,647
At 31 December 2014:					
Cost	12,657	4,174	107	-	16,938
Accumulated amortisation	(8,318)	(2,890)	(83)	-	(11,291)
Net carrying amount	4,339	1,284	24	-	5,647

* Further details of the impairment for customer relationships are contained in note 15 to the financial statements.

17. INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Share of net assets	26,295	24,941

Particulars of the material associates are as follows:

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

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

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

The following table illustrates the aggregate financial information of the Group's associates that are not individually material for the year ended 31 December 2015:

	2015 RMB'000	2014 RMB'000
Share of the associates' profit for the year	1,819	3,619
Share of the associates' total comprehensive income	1,819	3,619
Aggregate carrying amount of the Group's investments in the associates	26,295	24,941

18. AVAILABLE-FOR-SALE INVESTMENT

	2015 RMB'000	2014 RMB'000
Unlisted equity investment, at cost	28,900	28,900

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

As at 31 December 2015, all unlisted equity investment with a carrying amount of RMB28,900,000 (2014: RMB28,900,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose it in the near future.

19. OTHER NON-CURRENT ASSETS

	Note	2015 RMB'000	2014 RMB'000
Prepayment for land use right	(i)	56,100	59,813
Prepayment for purchases of property, plant and equipment		3,221	20,084
Prepayment for purchases of other intangible assets		2,357	-
		61,678	79,897

(i) The total consideration for the land use right is RMB99,000,000, and the Group has not acquired the land use right by the year ended 31 December 2015.

20. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	1,161	1,455
Work in progress	505	276
Finished goods	43,083	34,728
	44,749	36,459

21. TRADE AND BILLS RECEIVABLES

	2015 RMB'000	2014 RMB'000
Bills receivable	149,695	153,005
Trade receivables	295,941	205,768
Impairment	(37,053)	(14,192)
	408,583	344,581

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

21. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	2015 RMB'000	2014 RMB'000
Within 3 months	191,201	170,255
3 to 6 months	37,818	11,732
6 months to 1 year	29,869	9,589
	258,888	191,576

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

	2015 RMB'000	2014 RMB'000
At 1 January	14,192	25,381
Impairment losses recognised	22,906	-
Amount written off as uncollectible	(45)	-
Impairment losses reversed	-	(11,189)
	37,053	14,192

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB37,053,000 (2014: RMB14,192,000) with a carrying amount before provision of RMB66,922,000 (2014: RMB23,781,000).

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

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

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	191,201	170,255
Less than 3 month past due	37,818	11,732
	229,019	181,987

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

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

The Group has pledged bills receivable of approximately RMB30,350,000 (2014: RMB94,476,000) to secure bank acceptance bills granted to suppliers.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Prepayments	22,625	27,176
Deposits and other receivables	93,738	26,273
Impairment	-	(11)
	116,363	53,438

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

	2015 RMB'000	2014 RMB'000
At 1 January	11	1,128
Impairment losses reversed	-	(1,117)
Amount written off as uncollectible	(11)	-
	-	11

As at 31 December 2015, no provision for impairment is required for deposits and other receivables. As at 31 December 2014, provision for impairment with amount of RMB11,000 was provided for long-aged deposits and other receivables with a carrying amount before provision of RMB11,000.

23. CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash and bank balances	666,704	897,912
Time deposits	43,403	56,601
	710,107	954,513
Less:		
Bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee	(51,155)	(56,589)
Time deposits with original maturity of more than three months when acquired	(34,403)	(54,602)
Cash and cash equivalents	624,549	843,322

23. CASH AND CASH EQUIVALENTS (CONTINUED)

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB658,952,000 (2014: RMB897,924,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

24. TRADE AND BILLS PAYABLES

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

	2015 RMB'000	2014 RMB'000
Within 3 months	1,668,564	1,367,844
3 to 6 months	72,498	52,685
6 months to 1 year	1,521	3,876
1 to 2 years	3,262	840
2 to 3 years	261	810
Over 3 years	810	-
	1,746,916	1,426,055

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

25. OTHER PAYABLES AND ACCRUALS

	2015 RMB'000	2014 RMB'000
Advances from customers	5,563	3,498
Other payables	116,345	99,699
Other taxes	89,026	72,588
Accruals for payroll and welfare	218,548	195,014
	429,482	370,799

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

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Loans	5.2	2016	4,000	N/A	N/A	-

	2015 RMB'000	2014 RMB'000
Analysed into:		
Loans repayable:		
Within one year	4,000	-

Note: As at 31 December 2015, the Group's loans bear interest at 5.2% per annum and are repayable in 2016.

27. DEFERRED TAX

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

Deferred tax liabilities

	2015		
	Contractual customer relationship RMB'000	Fair values adjustments arsing from acquisition of a subsidiary RMB'000	Total RMB'000
At 1 January 2015	321	-	321
Deferred tax arsing from acquisition of a subsidiary (note 32)	-	3,502	3,502
Deferred tax credited to the statement of profit or loss during the year (note 10)	(321)	(21)	(342)
Gross deferred tax liabilities at 31 December 2015	-	3,481	3,481

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

27. DEFERRED TAX (CONTINUED)

Deferred tax assets

	2015							
	Depreciation allowance in excess of related depreciation RMB'000	Provision for impairment of receivables RMB'000	Deferred income RMB'000	Accruals RMB'000	Payroll payable RMB'000	Tax losses RMB'000	Unrealised profit in inventories RMB'000	Total RMB'000
At 1 January 2015	11,221	6,842	680	263	26,443	1,245	-	46,694
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	(447)	3,208	(71)	3,333	(9,184)	(1,100)	106	(4,155)
Gross deferred tax assets at 31 December 2015	10,774	10,050	609	3,596	17,259	145	106	42,539

27. DEFERRED TAX (CONTINUED)

2014

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

For presentation purposes, certain deferred tax assets and liabilities were offset in the statement of financial position as at 31 December 2014. The following was an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2014 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	46,373

27. DEFERRED TAX (CONTINUED)

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

	2015 RMB'000	2014 RMB'000
Tax losses	45,102	8,128
Deductible temporary differences	939	1,612
	46,041	9,740

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

28. DEFERRED INCOME

Government subsidies

	RMB'000
At 1 January 2015	3,388
Released during the year	(447)
At 31 December 2015	2,941
At 1 January 2014	1,614
Additions during the year	1,850
Released during the year	(76)
At 31 December 2014	3,388

29. ISSUED SHARES

Shares

	2015 RMB'000	2014 RMB'000
Authorised:		
162,064,000 (2014: 162,064,000) ordinary shares of RMB1.00 each	162,064	162,064
Issued and fully paid:		
162,064,000 (2014: 162,064,000) ordinary shares of RMB1.00 each	162,064	162,064

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

	Number of shares in issue	Issued capital RMB'000
At 1 January 2015 and 31 December 2015	162,064,000	162,064

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 6 of the financial statements.

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

31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's one subsidiary that has material non-controlling interests are set out below:

	2015 RMB'000	2014 RMB'000
Percentage of equity interest held by non-controlling interests:		
Nanjing CMSC Logistics Co., Ltd.	33%	33%
Profit for the year allocated to non-controlling interests:		
Nanjing CMSC Logistics Co., Ltd.	27,162	21,448
Dividends paid to non-controlling interests of Nanjing CMSC Logistics Co., Ltd.	16,500	5,610
Accumulated balances of non-controlling interests at the reporting dates:		
Nanjing CMSC Logistics Co., Ltd.	86,742	76,080

31. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS(CONTINUED)

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

	Nanjing CMSC	
	2015	2014
	RMB'000	RMB'000
Revenue	535,495	473,943
Total expenses	(453,187)	(408,949)
Profit for the year	82,308	64,994
Total comprehensive income for the year	82,308	64,994
Current assets	391,040	334,408
Non-current assets	45,691	47,487
Current liabilities	(173,877)	(151,349)
Non-current liabilities	-	-
Net cash flows from operating activities	99,992	93,594
Net cash flows used in investing activities	(2,354)	(3,207)
Net cash flows used in financing activities	(50,000)	(17,000)
Net increase in cash and cash equivalents	47,638	73,387

32. BUSINESS COMBINATION

On 22 May 2015, the Group acquired a total 60% equity shares of Zhuoer Shengde from Hubei Hannan Gang Logistics Co., Ltd. and Wuhan Shengde Nisshin Auto Industrial Park Co., Ltd., respectively. Zhuoer Shengde is engaged in the rendering of transportation services for finished vehicles. The acquisition was made as part of the Group's strategy to acquire the wharf lease right and improve transportation services capacity through land-and-water coordinated transport. The purchase consideration for the acquisition was in the form of cash with RMB10,036,800 paid on 16 Febuary 2015 and the remaining RMB9,643,200 paid on 18 June 2015. The Group has elected to measure the non-controlling interest in Zhuoer Shengde at the non-controlling interest's proportionate share of Zhuoer Shengde's identifiable net assets.

32. BUSINESS COMBINATION(CONTINUED)

The fair values of the identifiable assets and liabilities of Zhuoer Shengde as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	13	8,394
Prepaid land lease payments	14	13,948
Other intangible assets	16	7,238
Cash and bank balances		7
Trade receivables		1,602
Prepayments, deposits and other receivables		5,768
Trade payables		(5,287)
Other payables and accruals		(25)
Deferred tax liabilities		(3,502)
Total identifiable net assets at fair value		28,143
Non-controlling interests		(11,257)
		16,886
Goodwill on acquisition	15	2,794
Satisfied by cash		19,680

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(19,680)
Cash and bank balances acquired	7
Net outflow of cash and cash equivalents included in cash flows from investing activities	(19,673)

Since the acquisition, Zhuoer Shengde contributed RMB6,905,000 to the Group's revenue and RMB53,000 to the consolidated profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB6,058,849,000 and RMB261,087,000, respectively.

33. CONTINGENT LIABILITIES

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

34. PLEDGE OF ASSETS

Details of the Group's bills receivable and bank balances pledged for bank acceptance bills, letter of credit and bank letter of guarantee are included in note 21 and note 23 to the financial statements.

35. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	35,231	15,292
In the second to fifth years, inclusive	43,329	10,151
After five years	61,921	-
	140,481	25,443

36. COMMITMENTS

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

	2015 RMB'000	2014 RMB'000
Contracted, but not provided for:		
Plant and machinery	100,490	110,192

37. RELATED PARTY TRANSACTIONS

(a) For the years ended 31 December 2015 and 2014, 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 Company”)	Shareholder
APL Logistics Co., Ltd. (“APL Logistics”)	Shareholder
Minsheng Industrial (Group) Co., Ltd. (“Minsheng Industrial”)	Shareholder
Neptune Orient Lines Limited (“NOL”) *	Parent company of APL Logistics
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 APL Logistics
APL Logistics Storage (Shanghai) Co., Ltd. (“APLL Shanghai”)	Subsidiary of APL Logistics
China South Industries Group Corporation (“CSI Group”)	Parent company of Changan Industry Company
China Changan Automobile Group Co; Ltd. (“China Changan ”)	Subsidiary of CSI Group
Binqi Zhuangbei Group Finance Limited Liability Company (“Zhuangbei Finance”)	Subsidiary of CSI Group
Chengdu Lingchuan Special Industrial Co., Ltd. (“Lingchuan Industrial”)	Subsidiary of CSI Group
Chongqing Dajiang Industry Company (Group) Limited (“Chongqing Dajiang “)	Subsidiary of CSI Group
Chongqing Jianshe Industrial (Group) Co., Ltd (“Jianshe Industrial”)	Subsidiary of CSI Group
Hubei Xiaogan Huazhong Automotive Lighting Co., Ltd. (“Hubei Xiaogan”)	Subsidiary of CSI Group
China South Industrial Assets Management Co., Ltd. (“South Assets Management”)	Subsidiary of CSI Group
Chongqing Dajiang Industrial Co. Ltd. (“Chongqing Dajiang Industrial”)	Subsidiary of CSI Group
Chongqing Changjiang Electric Industry Group Co., Ltd. (“Chongqing Changjiang Electric”)	Subsidiary of CSI Group
Chengdu lingchuan Automotive fuel tank Co.,Ltd (“Lingchuan Tank”)	Subsidiary of Lingchuan Industrial
Chongqing Dajiang Industry Group Yanxing Logistics Company Limited (“Dajiang Yanxing”)	Subsidiary of Chongqing Dajiang
Chongqing Changan Automobile Co., Ltd. (“Changan Automobile”)	Subsidiary of China Changan
Chongqing Changfeng Jiquan Machinary Co.,Ltd (“Changfeng Jiquan”)	Subsidiary of China Changan
Hafei Automobile Industry Group Co., Ltd. (“Hafei Group”)	Subsidiary of China Changan
Harbin Dongan Automotive Engine Manufacturing Co., Ltd. (“Harbin DAE”)	Subsidiary of China Changan
Hefei Changan Automobile Co., Ltd (“Hefei Changan”)	Subsidiary of China Changan
Hefei Changhe Automobile Company Limited (“Hefei Changhe”)	Subsidiary of China Changan
Ningjiang Shock Absorber Branch Company Co.,Ltd. (“Ningjiang Shock”)	Subsidiary of China Changan
Sichuan Jian’an Industrial Co. Ltd. (“Sichuan Jian’an”)	Subsidiary of China Changan
South Air International Co., Ltd. (“South Air”)	Subsidiary of China Changan
Hafei Automobile Company Limited (“Hafei Automobile”)	Subsidiary of Hafei Group
Chongqing Changan Construction Company Limited (“Chongqing Changan Construction”)	Subsidiary of Changan Industry Company
Chongqing Changan Visteon Engine Control Systems Co., Ltd. (“Changan Visteon”)	Subsidiary of Changan Industry Company

* Neptune Orient Lines Limited has sold all its interests in APL Logistics Co., Ltd. to Kintetsu Worldwide Express in 2015.
* American President Lines Company Limited and American President Lines (China) Company Limited are excluded from related party of the Group in 2015.

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) For the years ended 31 December 2015 and 2014, related parties, other than the subsidiaries, and their relationship with the Group are as follows: (continued)

Name of related party	Relationship
Changan Real Estate Development Company (“Changan Real Estate”)	Subsidiary of Changan Industry Company
Chongqing Changan Property Management Co., Ltd. (“Changan Property”)	Subsidiary of Changan Real Estate
Mingsheng Industrial (Hong Kong) Co., Ltd. ("Minsheng Hongkong")	Subsidiary of Minsheng Industrial
Minsheng Shipping Company Limited (“Minsheng Shipping”)	Subsidiary of Minsheng Industrial
Minsheng International Container Transportation Company Limited (“Minsheng International Container”)	Subsidiary of Minsheng Shipping
Minsheng International Freight Company Limited (“Minsheng International Freight”)	Subsidiary of Minsheng Shipping
Minsheng Logistics Company Limited (“Minsheng Logistics”)	Subsidiary of Minsheng Shipping
Minsheng International Shipping Agencies Ltd. (“Minsheng Shipping Agencies”)	Subsidiary of Minsheng Shipping
Tianjin Minsheng International Shipping Agencies Ltd. (“Tianjin Minsheng Shipping”)	Subsidiary of Minsheng Shipping
Guangzhou Minsheng International Freight Company Limited (“Guangzhou Minsheng International Freight”)	Subsidiary of Minsheng International Freight
Shanghai Minsheng International Freight Company Limited (“Shanghai Minsheng International Freight”)	Subsidiary of Minsheng International Freight
Baoding Changan Bus Manufacture Co., Ltd. (“Changan Bus”)	Subsidiary of Changan Automobile
Chongqing Changan Automobile Sales Company Limited (“Changan Sales”)	Subsidiary of Changan Automobile
Chongqing Changan Automobile Supporting Service Co., Ltd. (“Changan Service”)	Subsidiary of Changan Automobile
Chongqing Changan International Sales and Services Company Limited (“Changan International Sales”)	Subsidiary of Changan Automobile
Hebei Changan Automobile Co., Ltd. (“Hebei Changan”)	Subsidiary of Changan Automobile
Hebei Changan Commercial Vehicle Company Limited (“Hebei Changan Commercial”)	Subsidiary of Changan Automobile
Nanjing Changan Automobile Co., Ltd. (“Nanjing Changan”)	Subsidiary of Changan Automobile
Chongqing Changan New Energy Vehicle Co., Ltd. (“Changan New Energy”)	Subsidiary of Changan Automobile
CSGC TRW CHASSIS SYSTEMS CO., LTD. (“CTCS”)	Jointly controlled entity of CSI Group
Changan Ford Automobile Company Limited (“Changan Ford”)	Jointly controlled entity by Changan Automobile
Changan Ford Mazda Engine Company Limited (“Changan Ford Engine”)	Jointly controlled entity by Changan Automobile
Changan Mazda Automobile Company Limited (“Changan Mazda”)	Jointly controlled entity by Changan Automobile
Changan Kuayue Automobile Co., Ltd. (“Changan Kuayue”)	Jointly controlled entity of Changan Automobile
Chengdu Ningjiang Showa Autoparts Co.,Ltd. (“Ningjiang Showa”)	Jointly controlled entity of Changan Automobile
Chongqing Changan Suzuki Automobile Company Limited (“Changan Suzuki”)	Jointly controlled entity by Changan Automobile
Jiangling Holding Company Limited (“Jiangling Holding”)	Jointly controlled entity by Changan Automobile
Chongqing Ante Import and Export Trading Company Limited (“Chongqing Ante”)	Subsidiary of Changan Ford
Yunnan Xiyi Industrial Company Limited (“Yunnan Xiyi”)	Subsidiary of South Asset Management
Wuhan Minfutong	Associate
Chongqing Terui	Associate

37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Transactions with associates:

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

	2015 RMB'000	2014 RMB'000
Chongqing Terui	1,051	-

(ii) Transportation services provided by related parties

	2015 RMB'000	2014 RMB'000
Chongqing Terui	32,178	29,208
Wuhan Minfutong	10,573	8,954
	42,751	38,162

Transactions with other related parties:

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

	2015 RMB'000	2014 RMB'000
Changan Ford	1,259,483	1,076,874
Changan Automobile	821,579	933,875
Changan Mazda	195,957	152,897
Changan Bus	62,429	35,967
Nanjing Changan	34,384	81,228
Hebei Changan	24,460	6,275
Hefei Changan	9,189	500
Minsheng Logistics	3,773	-
Changan Suzuki	27	-
Hebei Changan Commercial	-	13,573
	2,411,281	2,301,189

37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Transactions with other related parties: (continued)

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

	2015 RMB'000	2014 RMB'000
Changan Ford	626,782	584,646
Changan Automobile	263,235	88,266
Changan Mazda	226,484	171,598
Chongqing Ante	52,160	20,573
Changan Suzuki	25,172	8,292
Changan Ford Engine	15,537	56,044
Hebei Changan	14,380	20,320
Hefei Changan	13,075	3,394
Changan Service	12,363	10,529
Nanjing Changan	5,867	15,328
Harbin DAE	4,790	5,331
Changan International Sales	4,642	1,053
Sichuan Jian'an	3,889	3,436
Changan Industry Company	2,665	3,878
Ningjiang Showa	2,333	822
Lingchuan Tank	2,328	140
CTCS	2,221	3,841
China Changan	1,583	1,957
Hubei Xiaogan	1,560	1,190
Yunnan Xiyi	707	-
Ningjiang Shock	695	-
Changfeng Jiquan	524	524
Lingchuan Industrial	356	309
South Air	355	898
Changan Bus	280	156
Changan Visteon	98	136
Dajiang Yanxing	58	-
Minsheng International Container	11	-
Changan New Energy	7	-
Jiangling Holding	-	56
Jianshe Industrial	-	21
	1,284,157	1,002,738

37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Transactions with other related parties: (continued)

(iii) Revenue from the sale of packaging materials and the processing of types and others:

	2015 RMB'000	2014 RMB'000
Changan Ford	1,684,974	1,342,415
Changan Automobile	17,116	603
Changan Industry Company	8,868	7,052
Jianshe Industrial	3,817	-
Changan Service	1,773	3,314
Changan Suzuki	1,035	-
Hebei Changan	1,033	2,075
Hefei Changan	580	317
Chongqing Ante	85	56
Changan New Energy	29	-
Chongqing Changan Construction	-	1,614
Jiangling Holding	-	102
	1,719,310	1,357,548

(iv) Purchase of transportation services:

	2015 RMB'000	2014 RMB'000
Minsheng Logistics	381,605	356,894
Minsheng Shipping	56,173	11,661
Dajiang Yanxing	14,357	16,810
Minsheng International Freight	6,570	6,438
Minsheng International Container	1,320	1,261
APLL Shanghai	1,219	717
Tianjin Minsheng Shipping	1,175	-
Changan Industry Company	1,084	835
Shanghai Minsheng International Freight	597	-
Hafei Automobile	394	-
Guangzhou Minsheng International Freight	18	-
APL China	-	2,039
APLLC	-	389
	464,512	397,044

37. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Transactions with other related parties: (continued)

(v) Purchase of construction services:

	2015 RMB'000	2014 RMB'000
Chongqing Changan Construction	44,826	111,768

(vi) Purchase of security and cleaning services:

	2015 RMB'000	2014 RMB'000
Changan Property	6,884	1,873

(vii) Operating lease – warehouse and venue:

	2015 RMB'000	2014 RMB'000
Changan Industry Company	3,463	-
Dajiang Yanxing	800	-
	4,263	-

(viii) Borrowings from a related party:

	2015 RMB'000	2014 RMB'000
Zhuangbei Finance	224,000	120,000

(ix) Discounted bills receivable to a related party:

	2015 RMB'000	2014 RMB'000
Zhuangbei Finance	-	82,000

During the year ended 31 December 2014, the Group discounted certain bills (notes) receivable accepted by banks in Mainland China of RMB82,000,000 (2015: Nil) to Zhuangbei Finance, which charged the Group interests of RMB515,000 (2015: Nil) accordingly.

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) As at 31 December 2015 and 2014, the related party balances were shown as follows:

Due from related parties:

	2015 RMB'000	2014 RMB'000
Balances from the rendering of services and the sale of goods		
Changan Ford	1,222,912	747,790
Changan Automobile	502,845	367,845
Changan Mazda	141,602	120,102
Hebei Changan	55,053	31,809
Nanjing Changan	31,929	51,866
Hafei Automobile	31,400	31,166
Chongqing Ante	22,685	49,724
Hefei Changan	14,406	2,922
Changan Ford Engine	12,360	17,685
Changan Suzuki	10,369	1,121
Changan Industry Company	9,844	2,472
Changan Bus	7,318	15,241
Changan Service	4,132	12,455
Minsheng Logistics	1,506	-
Hubei Xiaogan	1,498	-
China Changan	1,376	14
Sichuan Jian'an	1,272	530
Ningjiang Showa	1,182	445
Jianshe Industrial	736	24
Changan International Sales	715	1,412
CTCS	642	1,204
Changfeng Jiquan	482	467
Harbin DAE	326	739
Lingchuan Tank	279	-
Yunnan Xiyi	176	-
Ningjiang Shock	104	-
South Air	97	162
Changan Kuayue	93	93
Lingchuan Industrial	90	-
Changan Visteon	23	42
Minsheng International Container	4	26
Hebei Changan Commercial	-	252
	2,077,456	1,457,608

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) As at 31 December 2015 and 2014, the related party balances were shown as follows: (continued)

Due from related parties: (continued)

	2015 RMB'000	2014 RMB'000
Deposits and other receivables		
Changan Suzuki	2,806	2,811
Changan Ford	2,558	4,288
Changan Mazda	1,034	1,030
Changan Automobile	916	1,254
Hafei Automobile	618	156
Hebei Changan	600	600
Nanjing Changan	595	195
Changan Bus	300	300
Hefei Changhe	180	6
Minsheng Shipping	174	174
Minsheng Hongkong	109	12
Chongqing Terui	100	212
CTCS	100	-
Chongqing Ante	83	83
Wuhan Minfutong	83	68
Chongqing Changan Construction	38	55
Changan Ford Engine	13	41
Minsheng Industrial	3	189
China Changan	3	3
Minsheng Logistics	3	3
Minsheng International Freight	1	30
	10,317	11,510
Prepayments		
Mingsheng Shipping	144	35
Changan Ford	84	276
Changan Automobile	16	165
Changan Industry Company	15	30
Mingsheng International Freight	4	666
Shanghai Minsheng International Freight	4	-
APL China	-	323
	267	1,495
Less: provision for impairment of amounts due from related parties	(30,219)	(31,166)
	2,057,821	1,439,447

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) As at 31 December 2015 and 2014, the related party balances were shown as follows: (continued)

Due from related parties: (continued)

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

	2015 RMB'000	2014 RMB'000
Within 3 months	1,734,886	1,424,117
3 to 6 months	311,070	1,747
6 months to 1 year	1,090	578
1 year to 2 years	191	-
	2,047,237	1,426,442

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

	2015 RMB'000	2014 RMB'000
At 1 January	31,166	30,960
Impairment losses recognised	(947)	206
	30,219	31,166

Included in the above provision for impairment of amounts due from related parties is a provision for individually impaired trade receivables of RMB30,219,000 (2014: RMB31,166,000) with a carrying amount before provision of RMB31,400,000 (2014: RMB31,166,000).

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

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	1,734,886	1,424,117
Less than 3 month past due	311,070	1,747
3 moths to 1 year past due	1,281	578
	2,047,237	1,426,442

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

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

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) As at 31 December 2015 and 2014, the related party balances were shown as follows: (continued)

Due to related parties:

	2015 RMB'000	2014 RMB'000
Balances from transportation services provided by related parties		
Minsheng Shipping	56,057	8,943
Minsheng Logistics	22,917	36,228
Chongqing Terui	11,001	9,526
Wuhan Minfutong	9,429	4,471
Dajiang Yanxing	3,063	1,465
Minsheng International Freight	2,345	4,182
Changan Industry Company	1,979	-
Hafei Automobile	1,106	-
APLL Shanghai	884	-
Minsheng International Container	130	54
Shanghai Minsheng International Freight	109	-
Changan International Sales	71	-
APL China	-	131
	109,091	65,000
Other payables		
Chongqing Changan Construction	35,159	21,223
Minsheng Logistics	2,216	1,001
Changan Property	2,176	-
Changan Industry Company	1,421	828
Changan Ford	812	-
Changan Automobile	765	726
Dajiang Yanxing	706	706
Nanjing Changan	612	447
Chongqing Terui	600	-
Wuhan Minfutong	210	139
Ningjiang Shock	86	86
Hafei Automobile	75	-
Hefei Changhe	63	63
Changan Ford Engine	60	60
Changan Mazda	32	32
Jiangling Holding	20	-
Minsheng Industrial	11	11
Minsheng Shipping	5	421
Changan Bus	-	400
Minsheng International Freight	-	29
China Changan	-	4
	45,029	26,176
	154,120	91,176

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) As at 31 December 2015 and 2014, the related party balances were shown as follows (continued):

Due to related parties (continued):

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

	2015 RMB'000	2014 RMB'000
Within 3 months	108,600	64,671
3 to 6 months	180	123
6 months to 1 year	-	-
1 to 2 years	300	-
Over 2 years	11	206
	109,091	65,000

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

As at 31 December 2015 and 2014, all related party balances above were unsecured.

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

Deposit

	2015 RMB'000	2014 RMB'000
Zhuangbei Finance	199,405	342,785

The interest rates range from 0.46% to 1.50% per annum (2014: 0.35% to 1.15%).

Borrowings

	2015 RMB'000	2014 RMB'000
Zhuangbei Finance	4,000	-

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

2015

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Available-for-sale investments	-	28,900	28,900
Trade and bills receivables	408,583	-	408,583
Financial assets included in prepayments, deposits and other receivables	93,738	-	93,738
Due from related parties	2,057,554	-	2,057,554
Pledged deposits	51,155	-	51,155
Cash and cash equivalents	658,952	-	658,952
	3,269,982	28,900	3,298,882

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	1,746,916
Financial liabilities included in other payables and accruals	116,345
Due to related parties	154,120
Interest-bearing bank and other borrowings	4,000
	2,021,381

38. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2014

Financial assets

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

Financial liabilities

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

39. TRANSFERS OF FINANCIAL ASSETS

Financial assets that are derecognised in their entirety

At 31 December 2015, the Group endorsed certain bills (notes) receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB51,702,000 (2014: RMB44,069,000) ("the Endorsement"). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in Mainland China, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

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

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial instruments reasonably approximate to fair value.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The head of the corporate finance manager reports directly to the audit committee. At the end of each reporting period, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Foreign currency risk
The Group has transactional currency exposures. Such exposures arise from certain international freight forward services and corresponding purchases in currencies other than the Group's functional currencies. 100% of the Group's sales were denominated in the Group's functional currencies, whilst approximately 3% (2014: 3%) of costs were denominated in currencies other than the functional currencies of the Group. The Group uses non-RMB denominated bank deposits to manage the Group's foreign exchange risk against its functional currency, including term deposits to earn higher interest income to offset the loss due to the appreciation of RMB, and matching the settlement dates of receivables and payables relating to the abovementioned international freight forward services.

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

	Increase/(decrease) in foreign currency rate %	Increase/(decrease) in profit/(loss) after tax RMB'000
2015		
If RMB strengthens against US dollar	5	(692)
If RMB weakens against US dollar	(5)	692
2014		
If RMB strengthens against US dollar	5	(2,106)
If RMB weakens against US dollar	(5)	2,106

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

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

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

Since the Group trades only with recognised and creditworthy related partied and third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as 48% (2014: 45%) and 75% (2014: 80%) of the Group's receivables asring from rendering services and sales of goods (including trade receivables and amounts due from related parties were due from the Group's largest customer and the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and amounts due from related parties are disclosed in note 21 and note 37 to the financial statements.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of other interest-bearing loans. 100% of the Group's debts would mature in less than one year as at 31 December 2015 (2014: 100%) based on the carrying value of borrowings reflected in the financial statements.

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

	2015					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Trade and bills payables	23,302	1,578,355	145,259	-	-	1,746,916
Financial liabilities included in other payables and accruals	116,345	-	-	-	-	116,345
Due to related parties	154,120	-	-	-	-	154,120
Interest-bearing bank and other borrowings	-	-	4,211	-	-	4,211
	293,767	1,578,355	149,470	-	-	2,021,592

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

2014

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

Capital management

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

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

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

	2015 RMB'000	2014 RMB'000
Interest-bearing bank and other borrowings	4,000	-
Trade and bills payables	1,746,916	1,426,055
Other payables and accruals	429,482	370,799
Due to related parties	154,120	91,176
Less: Cash and cash equivalents	(658,952)	(897,924)
Pledged deposits	(51,155)	(56,589)
Net debt	1,624,411	933,517
Equity attributable to owners of the parent	1,717,844	1,523,643
Adjusted capital and net debt	3,342,255	2,457,160
Gearing ratio	49%	38%

42. SHARE-BASED PAYMENT

On 6 June 2005, the Company established a 10-year 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 2015 and 2014, no share appreciation rights have been granted under the SARIS. As of 23 Febuary 2016, it has been 10 years since it first became effective, and it is no longer in force since 23 Febuary 2016.

43. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 January 2016, Chongqing Changan Industry Company (Group) Limited, the shareholder of the Company, entered into an agreement with China Changan Automobile Group Co., Ltd. to transfer its all equity interests (41,225,600 ordinary shares) in the Company. The equity transfer has been approved by-owned Assets Supervision and Administration Commission of the State Council of China. On 9 March 2016, China Changan Automobile Group Co., Ltd. and Chongqing Changan Industry Company (Group) Limited have completed the relevant registration of transfer procedures in China Securities Depository and Clearing Corporation Limited, and China Changan Automobile Group Co., Ltd. officially becomes one of the substantial shareholders of the Company since 9 March 2016.

(b) On 5 January 2016, the Company incorporated a joint venture, Hangzhou Changan Minsheng Anji Logistics Co., Ltd., with Shanghai Anji Components and Parts Logistics Co., Ltd.. The registered capital of Hangzhou Changan Minsheng Anji Logistics Co., Ltd. is RMB20,000,000, and the Company and Shanghai Anji Components and Parts Logistics Co., Ltd. each hold 50% of its equity interests.

(c) On 7 March 2016, Hangzhou Changan Minsheng Logistics Co., Ltd. , one of the Company's subsidiaries, entered into a Transfer Contract of Land Use Right with the Da Jiangdong Sub-Bureau and Xiaoshan Sub-Bureau, pursuant to which Hangzhou Changan Minsheng Logistics Co., Ltd. agreed to acquire the Land Use Right at a total consideration of RMB56,090,000. The Land is intended to be used by Hangzhou Changan Minsheng Logistics Co., Ltd. for its business operation.

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

44. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	253,141	220,319
Investments in subsidiaries	540,613	492,933
Prepaid land lease payments	107,146	109,229
Goodwill	2,222	2,222
Other intangible assets	4,859	3,102
Investments in associates	12,100	12,100
Available-for-sale investments	28,900	28,900
Deferred tax assets	38,794	42,596
Other non-current assets	61,678	63,166
Total non-current assets	1,049,453	974,567
CURRENT ASSETS		
Inventories	29,769	36,190
Trade and bills receivables	265,466	276,618
Prepayments, deposits and other receivables	22,892	27,528
Due from related parties	1,801,822	1,272,595
Pledged deposits	51,155	55,889
Cash and bank balances	338,358	718,091
Total current assets	2,509,462	2,386,911
CURRENT LIABILITIES		
Trade and bills payables	1,228,485	1,239,536
Other payables and accruals	329,968	315,107
Due to related parties	393,058	375,935
Tax payable	3,577	24,047
Total current liabilities	1,955,088	1,954,625
NET CURRENT ASSETS	554,374	432,286
TOTAL ASSETS LESS CURRENT LIABILITIES	1,603,827	1,406,853

continued/…

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
NON-CURRENT LIABILITIES		
Deferred income	2,941	3,388
Total non-current liabilities	2,941	3,388
Net assets	1,600,886	1,403,465
EQUITY		
Equity attributable to owners of the parent		
Issued shares	162,064	162,064
Other reserves (note)	1,438,822	1,241,401
Total equity	1,600,886	1,403,465

Director

Director

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Reserve funds RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2014	75,150	85,867	886,792	1,047,809
Total comprehensive income for the year	-	-	193,592	193,592
At 31 December 2014	75,150	85,867	1,080,384	1,241,401
Final 2014 dividend declared	-	-	(43,757)	(43,757)
Total comprehensive income for the year	-	-	241,178	241,178
Proposed final 2015 dividend	-	-	-	-
At 31 December 2015	75,150	85,867	1,277,805	1,438,822

Statutory reserves

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

As the balance of the statutory surplus reserve amounted to RMB81,032,000 reached 50% of the Company's registered capital, no amount was appropriated to the statutory surplus reserve from net profit for the year ended 31 December 2015 (2014: Nil).

Discretionary surplus reserve

Pursuant to the Articles of Association of the Company, the Company has the discretion to appropriate its annual statutory net profit to the discretionary surplus reserve after the appropriation of statutory surplus reserve upon the approval by shareholders. The discretionary surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital. As at 31 December 2015, the balance of the discretionary surplus reserve was RMB4,835,000 (2014: RMB4,835,000).

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2016.