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: 8217)

2011 Annual Report

* For identification purpose only

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

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CORPORATE INFORMATION

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

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

Independent Non-Executive Directors
Peng Qifa
Chong Teck Sin
Poon Chiu Kwok

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

General Manager
Zhu Minghui

Deputy General Managers
Li Xiwen
Chen Zhigang
Huang Ming

Company Secretary
Joseph Au Yeung Wai Ki, CPA ACA

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

Compliance Officer
Zhu Minghui

Authorised Representative
Zhang Lungang
Zhu Minghui

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

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

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

Registered Office in the PRC
Liangjing Village, Yuanyang Town
Yubei District
Chongqing, the PRC

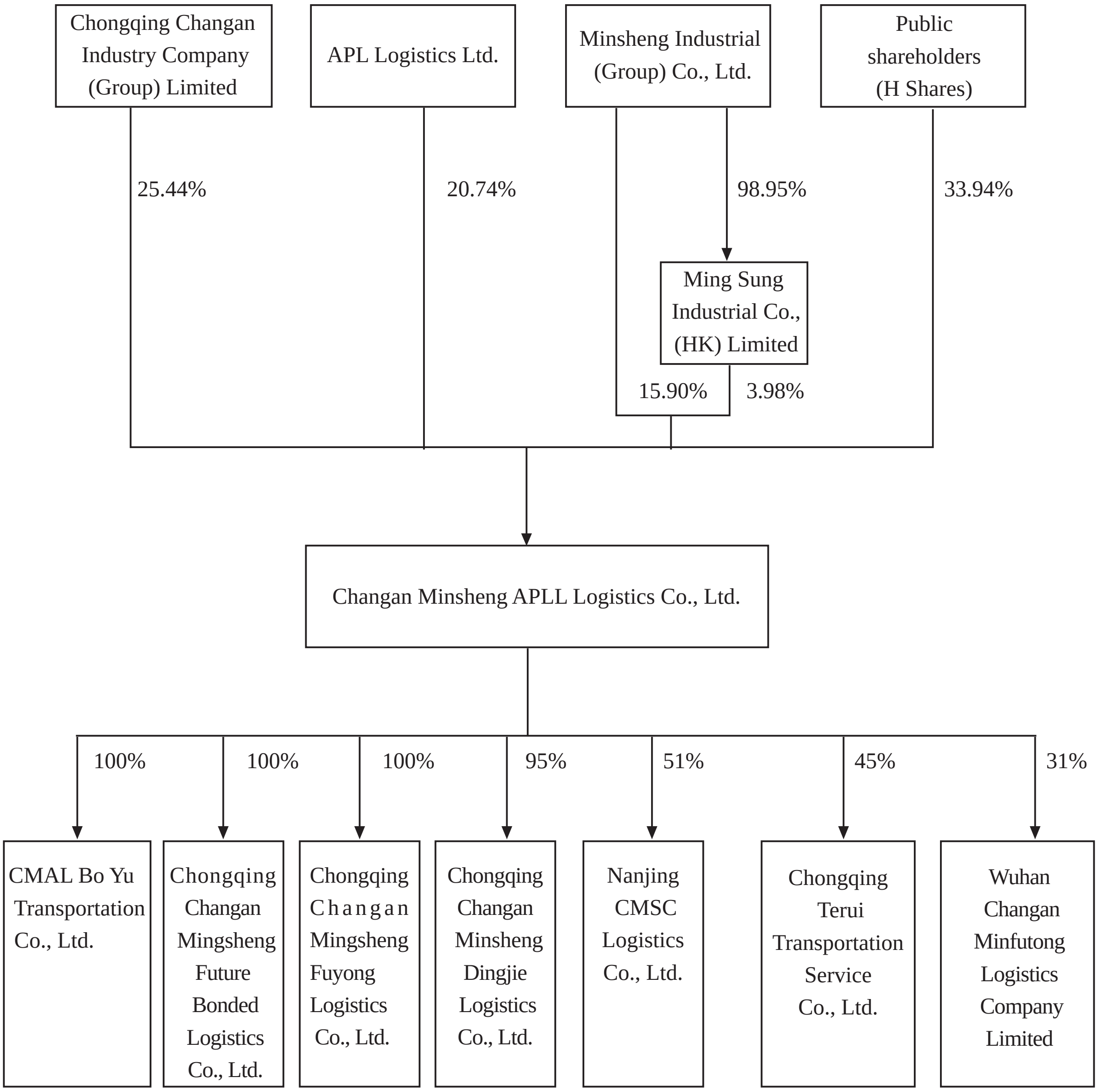
Office and Address of Correspondence
No. 561 Hongjin Road, Yubei District, Chongqing, the PRC
Zip Code: 401121

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

Stock Code
08217

Website
http://www.camsl.com

GROUP'S SHAREHOLDING STRUCTURE



FINANCIAL SUMMARY

RESULTS

Set out below is the summary of the consolidated results of the Company and its subsidiaries (the "Group") for the five years ended 31 December 2011 (as extracted from the Group's audited consolidated statement of comprehensive income, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	For the year ended 31 December				
	2011	2010	2009	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,275,136	2,827,020	2,284,723	1,565,237	1,475,020
Profit before taxation	358,198	261,812	168,664	123,149	99,652
Income tax	71,614	46,788	25,734	19,410	5,981
Profit for the year	286,584	215,024	142,930	103,739	93,671
Profit attributable to the following parties:					
Non-controlling interest	36,456	36,079	12,695	3,444	(1,090)
Equity holders of the Company	250,128	178,945	130,235	100,295	94,761
	RMB yuan	RMB yuan	RMB yuan	RMB yuan	RMB yuan
Earnings per share (Note 1)	1.54	1.10	0.80	0.62	0.58
Dividends per share	0.16 (including tax) (Note 2)	0.15 (including tax)	0.09 (including tax)	0.09 (including tax)	0.08 (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 2007, 2008, 2009, 2010 and 2011 by the weighted average number of shares in issue for the respective years ended 31 December 2007, 2008, 2009, 2010 and 2011, respectively, being 162,064,000, 162,064,000, 162,064,000, 162,064,000 and 162,064,000 shares.

Note 2: This is the final dividend for the year ended 31 December 2011 which the board of directors proposed to distribute, pending approval at the annual general meeting of the Company.

ASSETS AND LIABILITIES

Set out below is the summary of the Group's balance sheet for the five years ended 31 December 2011 (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				
	2011	2010	2009	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	452,421	431,725	330,787	329,370	238,780
Current assets	1,341,718	987,843	894,015	565,056	613,850
Total assets	1,794,139	1,419,568	1,224,802	889,426	852,630
Non-current liabilities	4,652	5,873	7,707	10,315	1,025
Current liabilities	670,375	537,257	554,620	344,980	408,248
Non-controlling interest	106,009	89,153	39,549	26,854	23,410
Total liabilities and non-controlling interest	781,036	632,283	601,876	382,149	432,683
Total Equity	1,119,112	876,438	662,475	534,131	443,357

CHAIRMAN'S STATEMENT

On behalf of the board of directors (“the Board”) of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2011 to all shareholders of the Company.

ANNUAL RESULTS

2011 is the first year of the “Twelfth Five-year Plan”, but the economy operation for the whole year is very extraordinary. The deepening of European debt crisis and the soaring of CPI caused adverse influences on the macro economy. Facing the complicated international situation and the new status in domestic economy operation, the PRC government considered the situation and made scientific decision, made efforts to speed up changing economic developing way, insisted on implementing an active financial policy and a prudent moneytary policy, strengthened and improved the macroeconomic control. China’s GDP in 2011 achieved RMB47.1564 trillion yuan, increasing approximately 9.20% than that of 2010.

On 27 December 2010, the Ministry of Finance of the PRC published the “Notice regarding the Cessation of the Implementation of the Preferential Policy of the Reduced Vehicle Purchase Tax Under 1.6L Emission (Including 1.6L) Owing to Policy Expiration”and decided to levy a 10% of the vehicle purchase tax on the passenger cars under 1.6L emission (including 1.6L) since 1 January 2011. On 29 December 2010, the Ministry of Finance of the PRC, National Development and Reform Commission and Ministry of Industry and Information Technology of the PRC jointly issued the “Notice regarding the Cessation of the Policy of Implementation of Automobiles Going to Countryside for Policy Expiration and the Relevant Issues”. In 2011, the stimulus policies for car consumption ceased to exist. Besides, caused by the continuing soaring fuel price, and the measures to rule the traffic jams by restricting car licenses in big cities like Beijing, etc., the growth rate of production and sales volume of Chinese automobile industry is slackening as compared with that of the last year. According to the statistics of China Automobile Industry Information Network, China produced approximately 18,418,900 vehicles in 2011, increased by approximately 0.84% from that of the last year; sold approximately 18,505,100 vehicles, increased by approximately 2.45% from that of the last year.

The Group's customers are mainly in the automobile industry. Both the production volume and sales volume of the Group's major customer, Chognqing Changan Automobile Co., Ltd. (“Changan Automobile”), had exceeded 1,660,000 vehicles. During the year, being one of the third-party logistics service providers in China, through its creative logistics services ideas, professional logistics service technology, rich logistics design and operating experience and well-established service network throughout the PRC, the Group actively explored the logistics business of China Changan Automobile Group Co., Ltd. (“China Changan”) and extended its logistics service space and being able to achieve a good result in 2011.

For the year ended 31 December 2011, the Group increased Harbin logistics service base, the automobile after-sales logistics business, international freight forwarding logistics business developed well and the holding subsidiary Nanjing CMSC Logistics Co., Ltd. (“Nanjing CMSC”) had a good performance. Accordingly, the Group's revenue amounted to RMB3,275,136,000, up approximately 15.85% from the same period in 2010. In tandum with the revenue increased, the Group strengthened the cost control, and hence the profits attributable to the equity holders of the Company amounted to RMB250,128,000, up approximately 39.78% from the same period in 2010. Earnings per share was RMB1.54 for the year ended 31 December 2011 (2010:RMB1.10).

ANNUAL REVIEW

Marketing exploration

On 21 Feburary 2011, Baotou Branch of the Company was established in Baotou, Inner Mongolian Autonomous Region. Baotou Branch will have an overall control of the logistics business from Baotou, Penglai and Chongqing bases of Baotou Beiben Heavy Truck Limited Liability Company (“Beiben Heavy Truck”) and will take this chance to further tap on the logistics market space from Beiben Heavy Truck and to seek further cooperation opportunities. Baotou Branch mainly provides storage, distribution, packaging, logistics software developing and information services, logistics planning, management and consulting services.

On 9 March 2011, Harbin Branch of the Company was established in Harbin, Heilongjiang Province. Its establishenment is a symbol of successful exploration on the logistics business of Hafei Automobile Co., Ltd. (“Hafei Automobile”) by the Company and the Company will provide Hafei Automobile a customized supply chain management logistics service mode to better meet the customer’s logistics demand. Harbin Branch mainly provides storage, distribution, packaging, sorting, processing, logistics software developing and consulting services, logistics planning and management services. The Company also will take this chance to further enlarge the logistics business from Hafei Automobile and its subsidiaries, to enhance the capacity of providing logistics business to them and to strengthen the market competing capacity and consulting developing capacity.

On 28 April 2011, Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. (“Chongqing Fuyong”), the wholly owned subsidiary of the Company was established in Shapingba District, Chongqing. On 10 January 2012, its registerd capital was increased to RMB 5 million. Through Chongqing Fuyong, the Company will explore the electronic products manufacturing industry’s logistics business and the bonded logistics business in Xiyong Bonded Area, Chongqing to strengthen the Company’s contining developing capacity.

On 24 November 2011, Beijing Branch of the Company was established to provide in-bound logistics services to Beijing Changan Automobile which is under Changan Automobile.

Awards

The Company has achieved good operating results in 2011 while the same has been recognised by the community. In February 2011, the Company won the prize of 2010 Annual Development of Open Type Economy Advanced Enterprise; in April 2011, the Company was granted A Grade Tax Payment Enterprise in Chongqing by Chongqing Municipal Northern New Area National Tax Bureau and Local Tax Bureau; in September 2011, the Company was awarded the Excellent Member Enterprise issued by China Federation of Logistics & Purchasing; on 20 September 2011, the Company was awarded the 3A Grade Credit Enterprise for the Credit Evaluation issued by China Federation of Logistics & Purchasing; in October 2011, after granted by the Ministry of National Science Technology, the Company was awarded the National First Batch of Modern Service Creation and Developing Demonstration Enterprise; in November 2011, approved by the fifth session committee of Chongqing Logsitics Association, the Company became an Excellent Council Member of Chongqing Logsitics Association; in November 2011, the Company was awarded Top 100 Logistics Enterprise in Western Area granted together by the logistics associations in west country area.

OUTLOOK AND PROSPECTS

Notwithstanding the adverse factors such as the measures to rule the traffic jam in big cities, the soaring fuel price and the expectation of slowing down on macro economy of the PRC, the quantity of automobiles in wide middle and small cities and the rural areas in China is relatively small and therefore there is still room for growth in the market. The National Developing & Reform Commission had established a Logistics Developing Middle and Long Term Planning Making Lead Team to formulate the Logistics Developing Middle and Long Term Planning (2012-2020). Besides, in the Foreign Investing Industries Guidance Contents (revised in 2011), the road cargo carriers and the storage facilities construction and operation relating to the transportation business had been listed into encouraged industries. We believe that the logistics business, especially the automobile logistics business will relatively have a promising development space.

In 2012, although the competition in automobile logistics market is intensifying, by creative logistics service modes and "professionalism" in logistics service technology, the Group will continually and actively seek for taking advantages of all chances to develop continuously; further strengthen the strategic cooperation relationship with the existing customers through the measures such as customers satisfactory evaluation system, core customers relation coordination and speeding up the responses to customers.

The Board and I are very optimistic about the prospect of the Group. The Group will work together with various parties to establish a stronger professional logistics services team, a more extensive logistics services network as well as a more flexible logistics services system. The Group is striving to become a first-class logistics enterprise in China.

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

Zhang Lungang
Chairman

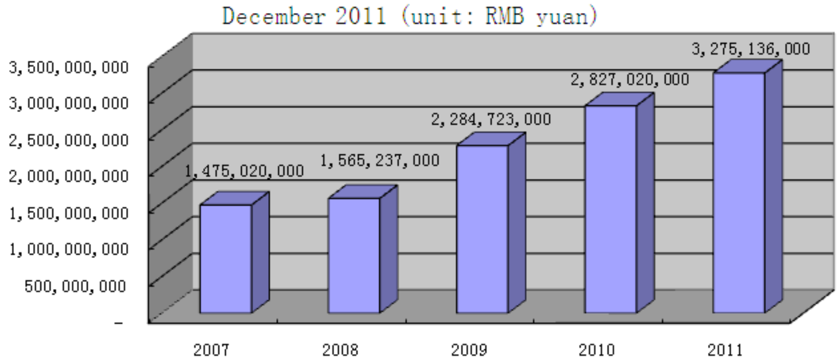
Chongqing, the PRC
19 March 2012

BUSINESS REVIEW

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

During the reporting period, the GDP grew 9.20%, as compared with the corresponding period of 2010. In 2011, sales of the major customers of the Group decreased a little as compared with the corresponding period of 2010 caused by the influence of the PRC macro economy, the exits of preferential policies on vehicles purchasing tax, the automobiles going to countryside and old-for-new and some cities' restrictions on purchasing and sales volumes are approximately 1,660,000 vehilces. But through actively exploring the business of Changan Ford Mazda and Changan Automobile's after-sales logistics and Hafei Auomobile's logistics, strengthening the traditional logistics services, speeding up the development of the milk-run project and an extension scope of supply chain management provided by the Group, for the year ended 31 December 2011, the revenue of the Group was approximately RMB3,275,136,000, up approximately 15.85% from RMB2,827,020,000 of last year.

Chart 1 Growth in revenue for the five years ended 31 December 2011 (unit: RMB yuan)



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

Transportation of Finished Vehicles

For the year ended 31 December 2011, the revenue from the finished vehicles transportation services was RMB2,015,526,000, up approximately 15.59% from RMB1,743,732,000of last year.

Car Components & Parts Supply Chain Management

During the reporting period, the revenue from the car components & parts supply chain management services was RMB1,159,548,000, up approximately 19.96% from RMB966,586,000 of last year.

Transportation of Non-vehicle Commodities and Other Logistics Services

During the reporting period, the revenue of the Group from such logistics services was RMB96,393,000, down approximately 12.48% from RMB110,135,000 of last year.

Car Components & Parts Packaging Sales

During the reporting period, the revenue of the Group from car components & parts packaging sales was RMB3,669,000, down approximately 44.13% from RMB6,567,000 of last year.

Logistics Services Network

In order to broaden its services network and enhance its services capability, the Company strengthened the infrastructure of its branches by better utilising the information technology system and managing them in a more scientific way. As at 31 December 2011, the Company had a total of 21 branches, subsidiaries, associated companies and representative offices, which are mainly located in East China, Central China, North China, South China and Southwest China (Chart 2). The continuous enhancement of service network enables the Group to provide logistics services to different parts of the country.

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

FINANCIAL REVIEW

Cost of sales and gross profit margin

For the year ended 31 December 2011, the Group's cost of sales was RMB2,738,554,000 (2010: RMB2,419,262,000), up approximately 13.20% from the previous financial year. During the reporting year, although facing the adverse factors such as the rising price of fuel, the Group continually strengthened the control on logistics cost and the internal management cost, the Group's gross profit margin was maintained at 16.38% (2010: 14.42%).

Distribution Expenses

The Group's distribution expenses of RMB109,017,000 for the year ended 31 December 2011 represented approximately 3.33% of the Group's revenue during the year (2010: 3.10%).

The distribution expenses included salaries and benefits, traveling, business and communication expenses, and marketing and promotion expenses incurred by the Group's sales and marketing department. Such expenses increased by approximately 24.23% from last year.

Administrative Expenses

The Group's administrative expenses increased from RMB65,311,000 in 2010 to RMB79,140,000 in 2011, up approximately 21.17% from the previous financial year.

Finance Costs

The Group's finance costs for the year amounted to RMB909,000 (2010: RMB1,564,000). As at 31 December 2011, the Group had no bank borrowings.

Taxation

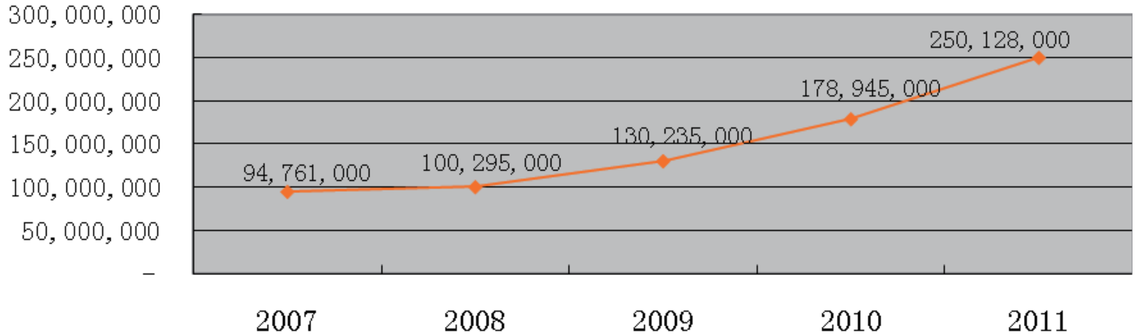
The weighted average applicable tax rate of the Group decreased from 18.5% in 2010 to 18.30% for the year ended 31 December 2011, and the income tax expenses for the year increased from RMB46,788,000 to RMB71,614,000.

Profit Attributable to Equity Holders

During the year, the profit attributable to equity holders of the Company was RMB250,128,000, up approximately 39.78% from the previous financial year.

Chart 3: Growth in profit attributable to equity holders of the Company
for the five years ended 31 December 2011

(unit: RMB yuan)



Dividends

Based on the total shares in issue on the record date for implementation of the profit appropriation, the Board recommended the payment of a final dividend of RMB0.16 (including tax) (2010: RMB0.15 (including tax)) per share for the year ended 31 December 2011. The above proposal of profit appropriation is subject to consideration and approval at the 2011 annual general meeting of the Company. The final dividend is expected to be payable before 30 September 2012 upon approval of the Board's proposal by shareholders at the annual general meeting.

The record date of equity as at the annual general meeting, the last day for trading in the securities with entitlement, the ex-entitlement date and the last registration date of equity for issuing the 2011 final dividend and the period for the closure of register of members will be set out in the notice convening the annual general meeting of the Company. The Company shall comply with the relevant rules and regulations to withhold and pay the enterprise income tax on behalf of the relevant shareholders whose names are listed in the register of members of the Share of the Company as at the last registration date of equity for issuing the 2011 final dividend.

Liquidity and Financial Resources

The Group maintained a sound position for the year ended 31 December 2011. As at 31 December 2011, the balance of the Group's cash and bank deposit was RMB489,317,000 (31 December 2010: RMB441,532,000). As at 31 December 2011, total assets of the Group amounted to RMB1,794,139,000 (31 December 2010: RMB1,419,568,000). Capital resources were current liabilities of RMB670,375,000 (31 December 2010: RMB537,257,000), non-current liabilities of RMB4,652,000 (31 December 2010: RMB5,873,000), shareholders' interests (excluding non-controlling interest) of RMB1,013,103,000 (31 December 2010: RMB787,285,000) and non-controlling interests of RMB106,009,000 (31 December 2010: RMB89,153,000).

Capital Structure

For the year ended 31 December 2011, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2011, the balance of the Group's bank loans and borrowings was zero (31 December 2010: zero).

Gearing Ratio

As at 31 December 2011, the gearing ratio (total liabilities as a percentage of total assets) of the Group was approximately 37.62% (31 December 2010: 38.26%). The ratio of total liabilities to total equities of the Group was approximately 0.60:1 (31 December 2010: 0.62:1).

Pledge of Assets

As at 31 December 2011, the Group had not pledged any assets as security, and there were no bank borrowings.

Exchange Rate Risks

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

Contingent Liabilities

As at 31 December 2011, the Group did not have any significant contingent liabilities.

The payment of compensation of the fire broke out in a warehouse which is used by Penglai Branch of the Company on 18 May 2010 is completed with a net loss of RMB1,182,000, which is the same with the estimated figure disclosed in the 2010 Annual Report. Please refer to the announcement dated 25 May 2010 by the Company and the 2010 Annual Report for more details.

Capital Commitment

As at 31 December 2011, the Group capital expenditure at the balance sheet date but not yet incurred was as follows:

	2011	2010
	RMB'000	RMB'000
Property, plant and equipment		
Contracted but not provided for	-	13,192
Approved but not signed the contract	-	-
Prepaid lease payments		
Approved but not provided for	-	-
	-	13,192

Significant Purchase or Sale of Subsidiaries and Associates

During the reporting period, the Group had not made any significant purchase or sale of subsidiaries and associates.

Substantial Investment

During the year, Chongqing Fuyong was invested to be eastablished by the Company and the Company holdes 100% of its shares. Please refer to the Chairman's Statement and the Report of the Directors of this report.

Employees

As at 31 December 2011, the Company employed 4,799 employees (31 December 2010: 3,816 employees).

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

	2011	2010
Administration and finance	148	118
Information and technology	57	46
Sales and marketing	108	86
Operation	4,486	3,566
Total	4,799	3,816

Please refer to note 24 to the consolidated financial statements for a breakdown of the employee benefit expense.

Remuneration Policy

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

Retirement Plan

Details of the Company's retirement plan are set out in note 20 to the consolidated financial statements.

Staff Quarters

During the year, the Company has not provided any staff quarters to the staff (2010: nil). It has provided housing provident fund to the staff, details of which are set out in note 20 to the consolidated financial statements.

Corporate Governance Report

The Company believes that the Company can enhance its corporate governance and transparency by adhering to strict corporate governance practices in the interest of the shareholders of the Company. The Company has prepared the compliance manual of the Board (the "Manual") with a view to compliance with the GEM Listing Rules. During the reporting year, the Company complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules and in the Manual.

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

Board

The new session of board of directors was elected out at the general meeting of the Company on 30 September 2011. Please refer to the circular of the Company dated 15 August 2011 and the announcement dated 30 September 2011 for more details.

The Board comprises 14 directors, including 5 executive directors, 6 non-executive directors and 3 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 considers that the Board's composition has maintained a reasonable balance between 9 non-executive and independent non-executive directors and 5 executive directors. The 9 non-executive directors and independent non-executive directors participate actively in the formulation of the Company's policies and seek to represent the interests of shareholders as a whole.

The Company has 3 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 2012, and the Company considers that each of the independent non-executive directors has complied with the guidelines on independence set out in rule 5.09 of the GEM Listing Rules. The term of office of each independent non-executive director does not exceed 9 years.

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

The Board has held four regular meetings in 2011 to discuss and decide the Company's business strategies, key operational issues, financial matters and other matters set out in the articles of associations of the Company. Details of directors' attendance records at the Board's regular meetings held during the year are set out in the following table:

Directors	**Number of attendance/Number of meetings**
Executive directors	
Mr. Zhang Lungang	4/4
Mr. Shi Yubao*(note 1)*	1/1
Mr. Gao Peizheng	4/4
Mr. Lu Xiaozhong	4/4
Mr. Zhu Minghui *(note 2)*	1/1
Mr. Shi Chaochun*(note 3)*	2/2
Mr. William K Villalon	4/4

Non-executive directors	
Mr. Lu Guoji	4/4
Ms. Lau Man Yee, Venessa	4/4
Mr. Li Ming	4/4
Mr. Wu Xiaohua	4/4
Mr. Zhou Zhengli *(note 4)*	1/1
Mr. Danny Goh Yan Nan	4/4
Independent non-executive directors	
Mr. Peng Qifa	4/4
Mr. Chong Teck Sin	4/4
Mr. Poon Chiu Kwok *(note 5)*	1/1
Ms. Wang Xu *(note 5)*	3/3

Note 1: The effective date of the resignation of Mr. Shi Yubao was on 25 April 2011, he attended all the regular board meetings of the Company held during the period from 1 January 2011 to his effective resignation date.

Note 2: Mr. Zhu Minghui was appointed as the executive director of the Company on 30 September 2011, he attended all the regular board meetings of the Company held during the period from his appointment date to 31 December 2011.

Note 3: The effective date of the resignation of Mr. Shi Chaochun was on the convening date of 2010 annual general meeting of the Company, he attended all the regular board meetings of the Company held during the period from 1 January 2011 to his effective resignation date.

Note 4: Mr. Zhou Zhengli was appointed as the non-executive director of the Company on 30 September 2011, he attended all the regular board meetings of the Company held during the period from his appointment date to 31 December 2011.

Note 5: Mr. Poon Chiu Kwok was appointed as the independent non-executive director of the Company on 30 September 2011, he attended all the regular board meetings of the Company held during the period from his appointment date to 31 December 2011. Ms. Wang Xu attended all the regular board meetings of the Company held during the period from 1 January 2011 to 30 September 2011.

Cessation of Directors and Supervisors

On 25 November 2010 the Company received the letter of resignation from Ms. Cui Xiaomei. Due to her retirement from Chongqing Changan Industry (Group) Company Limited ("Changan Industry Company"), Ms. Cui Xiaomei resigned as executive director and other positions in the Company. Please refer to the announcement of the Company dated 25 November 2010 for more details. On 25 January 2011, Mr. Gao Peizheng was elected as an executive director of the Company. Please refer to the announcement of the Company dated 25 January 2011 for more details.

On 25 April 2011 the Company received the letters of resignation from Mr. Shi Yubao and Mr. Shi Chaochun. Due to the job change, Mr. Shi Yubao departed from Changan Industry Company and thus resigned as the executive director, Chairman of the Board and other positions in the Company. Due to health problem, Mr. Shi Chaochun resigned as executive director and other positions in the Company. Please refer to the announcement of the Company dated 25 April 2011 for more details. From

30 June 2011, Mr. Zhang Lungang was re-designated from a non-executive director to an executive director of the Company. Please refer to the announcement of the Company dated 30 June 2011 for more details.

Chairman and General Manager

The Company's chairman is Mr. Zhang Lungang, and the general manager is Mr. Zhu Minghui. The chairman is responsible for setting the strategic direction of the Company and formulating the business strategies, while the general manager is responsible for overseeing the daily operations of the Company. The chairman is also responsible for 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.

Three Committees of the Board

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

(1) Audit Committee

The Company has set up an audit committee pursuant to the requirements under Rule 5.28 of the GEM Listing Rules and the "Guidelines for the establishment of Audit Committees" published by Hong Kong Institute of Certified Public Accountants, with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules. The responsibilities of the audit committee are principally to review and supervise the Company's financial reporting procedure and internal control system.

The audit committee currently comprises Mr. Peng Qifa, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok, who are all independent non-executive directors. Chairman Peng Qifa has the requisite professional qualification and financial experience.

During the year, the audit committee has held five meetings.

On 12 January 2011, the audit committee reviewed the remuneration of appointed auditor for the year 2010 and approved the proposal.

The audit committee met on 14 March 2011 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2010, listened to the auditor's suggestions for the Company and approved the 2010 Annual Report.

The audit committee met on 5 May 2011 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2011, and approved such report.

The audit committee met on 25 July 2011 to review the unaudited interim report of the Group for the six months ended 30 June 2011, and approved such report.

The audit committee met on 4 November 2011 to review the unaudited third quarterly report of the Group for the nine months ended 30 September 2011, and approved such report.

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

Committee Members	Number of attendance/ Number of meetings
Peng Qifa	5/5
Chong Teck Sin	5/5
Poon Chiu Kwok *(note 1)*	1/1
Wang Xu *(note 1)*	4/4

Note 1: Mr. Poon Chiu Kwok was appointed as the member of the audit committee on 30 September 2011, he attended all the meetings of audit committee held during the period from his appointment date to 31 December 2011. Ms. Wang Xu attended all the meetings of audit committee held during the period from 1 January 2011 to 30 September 2011.

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

(2) Remuneration Committee

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

The principal responsibilities of the remuneration committee include making proposals to the Board in respect of the overall remuneration policy and compositions of the directors and senior management.

During the year, the remuneration committee held two meetings.

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

Committee Members	Number of attendance/ Number of meetings
Zhang Lungang	2/2
William K Villalon	2/2
Peng Qifa	2/2
Chong Teck Sin	2/2
Poon Chiu Kwok *(note 1)*	0/0
Wang Xu *(note 1)*	2/2

Note 1: Mr. Poon Chiu Kwok was appointed as the member of the remuneration committee on 30 September 2011, he attended all the meetings of remuneration committee held during the period from his appointment date to 31 December 2011. Ms. Wang Xu attended all the meetings of remuneration committee held during the period from 1 January 2011 to 30 September 2011.

(3) Nomination Committee

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

The principal responsibilities of the nomination committee include reviewing the structure and composition of the Board, enhancing corporate governance within the Company and assessing the independence of the Company's independent non-executive directors. According to the laws and regulations including the Company Law of the PRC and GEM Listing Rules, the nomination committee discussed and reviewed the qualifications of the candidates of directors and supervisors of the Company and provided opinions to the Board.

During the year, the nomination committee held four meetings.

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

Committee Members	**Number of attendance/ Number of meetings**
Zhang Lungang *(note 1)*	0/0
Lau Man Yee, Vanessa	4/4
Wu Xiaohua *(note 1)*	4/4
Peng Qifa	4/4
Chong Teck Sin	4/4
Poon Chiu Kwok *(note 2)*	0/0
Wang Xu *(note 2)*	4/4

Note 1: Mr. Zhang Lungang was appointed as the member of the nomination committee on 19 March 2012, Mr. Wu Xiaohua is no longer to be the member of the nomination committee; Mr. Zhang Lungang was appointed as the chairman of the nomination committee on 19 March 2012, Ms. Lau Man Yee, Vanessa is no longer to be the chairman of the nominatino committee.

Note 2: Mr. Poon Chiu Kwok was appointed as the menber of the nomination committee on 30 September 2011 and the nomination committee doesn't hold any meetings during the year after Mr. Poon Chiu Kwok's appointment. Ms. Wang Xu attended all the meetings of nomination committee held during the period from 1 January 2011 to 30 September 2011.

Securities Transactions by Directors

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

Term of Office and Re-election

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

Internal Control

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

Relationship with Shareholders

The Board intends to encourage and maintain continued dialogues with shareholders through various channels. The Company's annual general meeting provides a good opportunity for directors to meet and communicate with shareholders. All directors shall make their best efforts to attend the annual general meeting so as to reply to enquiries of shareholders.

Investor Relations

During this reporting period, the Company invited investors to visit it for many times. The Board would like to sincerely thank all investors for their interests in the Company. The investor relations management department of the Company is the office of the Board (Email: dongshihui@camsl.com).

Auditors and the Remuneration

PricewaterhouseCoopers was the Company's international auditors (PricewaterhouseCoopers Zhong Tian Certified Public Accountants Co., Ltd. was the Company's PRC auditor) for the year ended 31 December 2011. For the three years ended 31 December 2011, the Company didn't change auditor. The remuneration of the auditor for the year ended 31 December 2011 was set out in Note 23 of the consolidated financial statements of this report. The Company did not pay for the auditor's traveling, meals and lodging expenses and other incidental expenses during the period the audit services were provided.

Report of the Directors

The Board is pleased to present the annual report together with audited consolidated financial statements of the Group for the year ended 31 December 2011.

Principal Business

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

Results

The results of the Group for the year ended 31 December 2011 are set out in the consolidated income statement of this report.

Property, Plant and Equipment

Details of changes in the Company's property, plant and equipment during the year are set out in note 6 to the consolidated financial statements.

Financial Position

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

Subsidiaries

The registered capital of CMAL Bo Yu Transportation Co., Ltd. ("CMAL Bo Yu") is RMB60,000,000 and the Company holds 100% of its equity interests. CMAL Bo Yu's main business includes commodities transportation, storage, and logistics planning and consultation services in the PRC. Details are set out in note 9 to the consolidated financial statements of this report.

Nanjing CMSC was incorporated by the Company, Sumitomo Corporation ("Sumitomo") and Beijing Changjiu Logistics Company Limited ("Beijing Changjiu") to provide logistics services to the customers such as Changan Ford Mazda Nanjing Plant and Changan Ford Mazda Engine Company Limited, and the Company holds 51% of its equity interests, Sumitomo and Beijing Changjiu respectively hold 25% and 24% of its equity interests. Details are set out in note 9 to the consolidated financial statement of this report.

Chongqing Changan Minsheng Future Logistics Co., Ltd. ("Chongqing Future"), the wholely-owned subsidiary of the Company, was incorporated by the Company to provide bonded logistics services to the customers in Chongqing and the areas around. The incorporated capital is RMB30,000,000. Chongqing Future mainly engages in storage, goods, loading and unloading, handling, distribution, import & export of goods and international freight forwarding services. Details are set out in note 9 to the consolidated financial statement of this report.

Together with Chongqing Dajiang Zhenyue Storage Co., Ltd. ("Chongqing Dajiang"), Chongqing Weitai Economic & Trade Co., Ltd. ("Chongqing Weitai") and Chongqing Lingxin Storage Co., Ltd. ("Chongqing Lingxin"), the Company incorporated Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. ("Chongqing Dingjie") to provide logistics services to Changan Suzuki. The incorporated capital is RMB50,000,000. The Company holds 95% of its shares, Chongqing Dajiang holds 2%, Chongqing Weitai holds 2% and Chongqing Lingxin holds 1% of its shares. Chongqing Dingjie mainly engages in production and sales of car components and parts packages, storage, distribution, logistics software developing, logistics design and consulting services, etc. Details are set out in note 9 to the consolidated financial statement of this report.

On 28 April 2011, Chongqing Fuyong, the wholly-owned subsidiary of the Company, was incorporated by the Compnay with a registerd capital of RMB3,000,000. After the approval of the Board, the registered capital of Chongqing Fuyong was further increased by RMB2,000,000, reaching the registered capital of RMB5,000,000. The Company will continuously explore the electronic information products logistics business and the bonded logistics business in Xiyong Bonded Area in Chongqing through Chongqing Fuyong. Details are set out in note 9 to the consolidated financial statement of this report.

Capitalized Initerests

For the year ended 31 December 2011, no interest had been capitalized by the Company.

Share Capital

For the year ended 31 December 2011, there had been no change to the share capital. Details are set out in note 16 to the consolidated financial statements.

Pre-emptive Rights

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

Reserves

Details of changes in the Company’s reserves for the year are set out in the consolidated statement of changes in equity and in note 17 of the consolidated financial statements.

Directors and Supervisors

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

Executive directors

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

Non-executive directors

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

Independent non-executive directors

Peng Qifa	（appointed on 30 September 2011）
Chong Teck Sin	（appointed on 30 September 2011）
Poon Chiu Kwok	（appointed on 30 September 2011）

Supervisors

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

Confirmation of Independence

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

Service Contracts of Directors and Supervisors

Each of the directors and supervisors of the Company has entered into a service contract with the Company.

There is no unexpired period of any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

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

Remuneration of Directors and the Five Highest Paid Individuals

Details of the remuneration of directors and the 5 highest paid individuals are set out in note 31 to the consolidated financial statement of this report.

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

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

As at 31 December 2011, none of the directors, chief executive and the supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and the supervisors is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

As at 31 December 2011, 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 2010, 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 2011, so far as is known to the directors and chief executive of the Company, the following persons, other than a director, supervisor, or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Sections 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of shares	Percentage of domestic share(non-H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Changan Industry Company	Beneficial owner	41,225,600(L)	38.51%	-	25.44%
APL Logistics Ltd (“APL Logistics”)	Beneficial owner	33,619,200(L)	31.40%	-	20.74%
Minsheng Industrial (Group) Co., Ltd. (“Minsheng Industrial”)	Beneficial owner	25,774,720(L)	24.07%	-	15.90%
Minsheng Industrial (note 1)	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited (“Ming Sung (HK)”) (note 1)	Beneficial owner	6,444,480(L)	6.02%	-	3.98%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments,LLC (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management,LP (note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Mclntyre Steven (note 2)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%
Pemberton Asian Opportunities Fund	Beneficial owner	3,300,000(L)	-	6.00%	2.04%

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

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

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

Save as disclosed in this report, as at 31 December 2011, so far as is known to the directors and chief executive of the Company, there is no other person (other than the director, supervisors, or chief executive of the Company) who had interests or short positions in the provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interest amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Share Appreciation Right Incentive Scheme

On 6 June 2005, in order to enhance the Company's incentive mechanism, the share appreciation right incentive scheme (the "Scheme") was approved by the shareholders of the Company at the second extraordinary general meeting of the Company. The principal terms and conditions of the Scheme are summarized in the section headed "Summary of terms of the Share Appreciation Right Incentive Scheme" in Appendix VII to the Prospectus of the Company issued by the Company on 16 February 2006 ("the Prospectus"). During the year, no such plan has been implemented.

Major Customers and Suppliers

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

	For the year ended 31 December	
	2011	2010
Changan Ford Mazda	42%	43%
Changan Automobile	24%	25%
Hebei Chagnan Commercial Automoible Sales Co., Ltd.	7%	11%
Nanjing Chuanyu Automoible Sales Co., Ltd.	4%	0
Nanjing Changan	2%	2%
Total of 5 largest customers	79%	81%

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

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

	For the year ended 31 December	
	2011	2010
Minsheng Logistics Co., Ltd. ("Minsheng Logistics")	9%	9%
Chongqing Hailong Transportation Co., Ltd.	5%	5%
Yingtan Taiyangsheng Logistics Co., Ltd.	3%	2%
Chongqing Wanqun Logistics Co., Ltd.	3%	1%
Lezhi County Daxiang Logistics Co., Ltd.	3%	1%
Total of 5 largest suppliers	23%	18%

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

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

Competing Interests

Before the H shares of the Company being listed on the GEM of the Stock Exchange of Hong Kong Limited, the Company's shareholders APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Company had all signed non-competition undertakings with the Company in favour of the Company. Please refer to the Prospectus of the Company dated 16 February 2006 for such undertakings. Except of the disclosure in this paragraph, for the year ended 31 December 2011, there was no director(s) or substantial shareholder(s) (having the same meaning with that of the GEM Listing Rules) of the Company owning any equity in the business that compete with the Group or may have competition with the Group.

In March 2012, the Company received the annual confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Company.

Continuing Connected Transactions

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

Background of the Continuing Connected Transactions

Changan Industry Company is one of the promoters and 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 45.55% shares of Changan Automobile; South Group holds 42.27% of Binqi Zhuangbei Group Financial Limited Liability Company ("Zhuangbei Finance"). Changan Industry Company directly and indirectly holds 100% of the share of Chongqing Changan Construction Company Limited ("Chongqing Changan Construction"). Accordingly, Changan Industry Company, Changan Automobile, Zhuangbei Finance, Chongqing Changan Construction and their respective associates are all the Company's connected persons according to the GEM Listing Rules. Minsheng Industrial and APL Logistics are one of the promoters and substantial shareholders of the Company. Accordingly, Minsheng Industrial and APL Logistics and their respective associates are also connected persons of the Company. The Company holds 51% of the share capital of Nanjing CMSC, Beijing Changjiu holds 24% of its share capital and Sumitomo holds 25% of its share capital. Accordingly, Beijing Changjiu and Sumitomo and their respective associates are also connected persons of the Company as they are the substantial shareholders of Nanjing CMSC according to the GEM Listing Rules. Sumitomo holds 49% of the share capital of Nanjing Baogang Zhushang Metal Products Company Limited ("Baogang Zhushang"), Baogang Zhushang is the associate of Sumitomo.

On 22 October 2008, the Company entered into a framework agreement with Changan Industry Company, Changan Automobile, Minsheng Industrial, APL Logistics (with regard to the Group purchasing transportation services from APL Logsitics), Beijing Changjiu and Chongqing Changan Construction, all of which have an effective period from 1 January 2009 to 31 December 2011. Please refer to the circular released on 13 November 2008 and the announcement released on 24 October 2008 for further details.

On 30 March 2009, the Company entered into a framework agreement with APL Logistics (with regard to the Group providing logistics services to APL Logistics) and Zhuangbei Finance and the subsidiary of the Company Nanjing CMSC entered into a framework agreement with Baogang Zhushang, all of which have an effective period from 1 January 2009 to 31 December 2011. Please refer to the circular released on 17 Apirl 2009 and the announcement released on 30 March 2009 for further details.

On 26 April 2010, the Company entered into a supplementary agreement with Zhuangbei Finance, which has an effective period for the two years from 1 January 2010 to 31 December 2011. Please refer to the circular released on 14 May 2010 and the announcement released on 26 April 2010 for further details.

The Company revised the existing caps of the continuing connected transactions with Changan Automobile for the year from 1 January 2011 to 31 December 2011. Please refer to the circular released on 3 November 2011, the announcement released on 28 October 2011 and the announcement released on 13 November 2011 for further details.

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

Reasons and Interests of Continuing Connected Transactions

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

Pricing of Continuing Connected Transactions

According to the framework agreements signed in 2008 and 2009 by the Company with Changan Industry Company, Changan Automobile, Minsheng Industrial, APL Logistics Beijing Changjiu and Chongqing Changan Construction and the framework agreements signed in 2009 by the Company's holding subsidiary, Nanjing CMSC, with Baogang Zhushang, the prices of the transactions under framework agreements are set in accordance with the following principles:

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

According to the framework agreement and the supplementary agreement signed in 2009 and 2010 by the Company with Zhuangbei Finance, the prices of the transactions under the framework agreement and the supplementary agreement shall be based on the normal commercial terms.

The transactions between the Company and connected persons shall be on terms no less favorable to the Company than those available from independent third parties under current market conditions. Such terms are in the interest of the Company and shareholders as a whole.

Total Consideration of the Continuing Connected Transactions

During the reporting period, the Group did continuing connected transactions with Changan IndustryCompany, Changan Automobile, APL Logistics, Minsheng Industrial, Beijing Changjiu, Chongqing Changan Construction, Zhuangbei Finance and their respective associates, which constitute continuing connected transactions during the period. The details are set out in the notes to the consolidated financial statements. During the reporting period, the Group strictly complied with Chapater 20 of the GEM Listing Rules.

For the year ended 31 December 2011, the total consideration paid to the Group by the relevant connected persons for the logistics services is as follows:

	For the year ended 31 December 2011 Annual transaction volume RMB'000
Changan Industry Company and its associates:	
- Supply chain management services for car raw materials, components and parts and other logistics services, such as other product packaging and transportation services, etc	8,145
Changan Automobile and its associates:	
- Transportation for finished vehicle	2,004,386
- Supply chain management for car components and parts	863,321
APLL and its associates:	
- Supply chain management for car components and parts	-
Baogang Zhushang:	
- Supply chain management for car components and parts and other products	21,927

For the year ended 31 December 2011, the total consideration paid by the Group to the connected persons for the purchase of transportation services is as follows:

	For the year ended 31 December 2011 Annual transaction volume RMB'000
Minsheng Industrial and its associates	257,840
APL Logistics and its associates	-
Beijing Changjiu and its associates	44,027

For the year ended 31 December 2011, the transactions between the Group and Zhuangbei Finance:

	For the year ended 31 December 2011 RMB'000
The maximum amount of loan outstanding (including interests) on a daily basis	-
The maximum amount of deposit (including interest) on a daily basis	112,864
The aggregate amount of each note discounting transactions on an annual basis	-

For the year ended 31 December 2011, the total consideration paid by the Group to Chongqing Changan Construction for the purchase of engineering construction services is as follows:

	For the year ended 31 December 2011 RMB'000
Chongqing Changan Construction	9,742

The independent non-executive directors of the Company have reviewed the continuing connected transactions conducted by the Group, and are of the view that they were entered into:

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

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

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

Legal Proceedings

As at 31 December 2011, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company and its subsidiaries.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2011.

Public Float

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

Designated Deposits

As at 31 December 2011, the Company and its subsidiaries had no designated deposits in any financial institutions in the PRC or any overdue fixed deposit which could not be recovered.

Donations

During the year, the total amount of donation made by the Company and its subsidiaries was RMB0 (2010: RMB500,000).

Auditors

The attached consolidated financial statements of the Group have been audited by PricewaterhouseCoopers.

Disclosure under Chapter 17 of the GEM Listing Rules

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

By order of the Board
Zhang Lungang
Chairman

Chongqing, the PRC
19 March 2012

Report of the Supervisory Committee

Shareholders,

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

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

The Supervisory Committee considers that in 2011, the members of the Board, the general manager and other senior management staff of the Company were able to strictly fulfil their fiduciary duties, to act diligently and to exercise their authority faithfully in the best interests of the Company. The transactions between the Company and connected parties are carried out on fair and reasonable terms and in the interests of the shareholders as a whole. Up till now, none of the directors, general manager and other senior management staff had been found to have abused their authority, damaging the interests of the Company and of its shareholders and employees. And none of them was found to be in breach of any laws and regulations or the articles of association of the Company.

The Supervisory Committee is satisfied with the achievement and efficient work of the Company in 2011, and has full confidence in the future development of the Company.

The Supervisory Committee has seriously reviewed and agreed with the report of the directors, the audited consolidated financial statements, which need to be submitted by the Board to the 2011 annual general meeting.

By order of the Supervisory Committee
Zhu Ying
Chairman

Chongqing, the PRC
19 March 2012

Executive Directors

Mr. Zhang Lungang

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

Mr. Gao Peizheng

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

Mr. Lu Xiaozhong

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

Mr. Zhu Minghui

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

Mr. William K Villalon

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

DIRECTORS, SUPERVISORS, GENERAL MANAGER AND DEPUTY GENERAL MANAGERS

Non-executive Directors

Mr. Lu Guoji

Mr. Lu Guoji (盧國紀), is now the vice chairman and a non-executive director of the third session of the Board of the Company. Mr. Lu was born in 1923, joined the Company in 2001, and was appointed as vice chairman of the Company in December 2004. Mr. Lu graduated from University of Central Chongqing in 1948, obtained a bachelor's degree in Civil Engineering. Since 1984, Mr. Lu had served as the director and general manager, deputy chairman and chairman of Minsheng Industrial. The State Council has been granting him a special allowance in recognition of his contribution to the country as an expert in engineering, since 1992. From 1980 to 1997, Mr. Lu was the committee member and member of the Standing Committee of Chongqing CPPCC for the seventh, eighth, ninth and tenth session. From 1997 to 2003, he was the committee member of the Standing Committee of the CPPCC of Chongqing Municipality for the first session. From 1988 to 2002, Mr. Lu was the committee member of CPPCC for the seventh, eighth and ninth session at the national level. Mr. Lu now serves as the chairman of the board of directors of Minsheng Industrial and the chairman of the board of directors of Ming Sung (HK).

Ms. Lau Man Yee, Vanessa

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

Mr. Li Ming

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

Mr. Wu Xiaohua

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

Mr. Zhou Zhengli

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

Mr. Danny Goh Yan Nan

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

Independent Non-executive Directors

Mr. Peng Qifa

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

Mr. Chong Teck Sin

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

Mr. Poon Chiu Kwok

Mr. Poon Chiu Kwok (潘昭國), is now an independent non-executive director, the member of audit committee, the member of nomination committee and the member of remuneration committee of the third session of the Board of the Company. He was born in 1962, obtained a master's degree in international accounting, a post-graduate diploma in laws, a bachelor's degree in laws and a bachelor's degree in business studies. He has been an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. He is also a member and Associate Instructor of Hong Kong Securities Institute ("HKSI") and a long-term serving member of Professional Education Committee of HKSI. Mr. Poon now serves as an executive director and company secretary of Huabao International Holdings Limited which is a listed company in Hong Kong (Stock Code: 00336), an independent non-executive director and as a member of the audit committee of Guangzhou Shipyard International Company Limited (Stock Code: 00317) (both listed in Hong Kong and Shanghai), Ningbo Port Company Limited (a listed company in Shanghai), Yuanda China Holdings Limited which is a listed company in Hong Kong (Stock Code: 02789), Sunac China Holdings Limited (a company listed in Hong Kong) (Stock Code:01918) and China Tianrui Group Cement Company Limited which is a listed company in Hong Kong (Stock Code: 1252). He was appointed as an independent non-executive director of CATIC Shenzhen Holdings Limited ("CATIC") which is a listed company in Hong Kong (Stock Code: 00161) in 2003 and Tsingtao Brewery Company Limited which is a listed company in Hong Kong (Stock Code:00168) in 2005 and retired upon expiry of term in June 2009 and June 2011, respectively.

Supervisors

Ms. Zhu Ying

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

Mr. Wu Jun

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

Ms. Zhang Tianming

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

Mr. Liu Yue

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

Mr. Deng Gang

Mr. Deng Gang (鄧剛), is now an employee representative supervisor of the third session of the Supervisory Committee of the Company. He was born in 1972, graduated from College of Business and Management of Chongqing University, holding a master degree, engineer. Since graduated in July 1992, Mr. Deng served as technical engineer of domestic large automobile group; responsible for joint government affairs in Enterprise & Industry Committee under Chongqing State-owned Property Committee. Since December 2001, Mr. Deng entered into former Changan Automobile (Group) Company Liability Limited and worked in the general manager office, holding the post of comprehensive administration assistant, deputy director of secretary office, which mainly responsible for the administrative assists for the strategic development planning and international business. Mr. Deng joined the Company in March 2004. From December 2007 till now, Mr. Deng serves as director of Marketing 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.

General Manager and Deputy General Manager

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

Mr. Li Xiwen (李習文), was borned in 1973, joined the Company in 2005. Mr. Li is the deputy general manager and responsible for managing the regional distribution centres and information technology department of the Company as well as overseeing the implementation and development of various management systems and company policies. Mr. Li graduated from Beijing Foreign Studies University in 1996 and obtained bachelor's degree in Arts. He obtained a master's degree in Business Administration from the Michigan State University in the United States in 2002. From August 2004 to October 2005, he was the deputy general manager of GEFCODTW Logistics Co., Ltd.

Mr. Chen Zhigang (陈治刚), the deputy general manager of the Company. Mr. Chen was born in March 1964, an economic engineer, holding a MBA. Mr. Chen entered into Minsheng Group 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.

Mr. Huang Ming (黃明), was born in 1962, joined the Company in 2001. Mr. Huang graduated from the Distance Learning Institute of the Central Party School of the China Communist Party in 2000. Mr. Huang is the deputy general manager of the Company and mainly responsible for the business development and planning of the Company, as well as the finished vehicle logistics business. Mr. Huang worked as a manager of the general affairs department and multi-modal transportation department of Shanghai North Transportation Co., Ltd. (上海北方航運有限公司) from 2000 to 2001.

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

We have audited the consolidated financial statements of Changan Minsheng APLL Logistics Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 45 to 115, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F:+852 2810 9888, www.pwchk.com

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2012

BALANCE SHEETS

(All amounts in Renminbi(“RMB”) unless otherwise stated)

		Group		Company	
		As at 31 December		As at 31 December	
		2011	2010	2011	2010
	Note	RMB’000	RMB’000	RMB’000	RMB’000
ASSETS					
Non-current assets					
Property, plant and equipment	6	264,560	243,100	177,216	149,047
Prepaid lease payments	7	143,883	146,164	121,484	123,346
Intangible assets	8	9,547	9,676	3,238	2,532
Investments in subsidiaries	9	-	-	191,500	188,500
Investments in associates	10	21,836	19,692	12,100	12,100
Deferred income tax assets	11	12,595	13,093	8,859	10,176
Total non-current assets		452,421	431,725	514,397	485,701
Current assets					
Inventories	12	3,988	3,097	3,988	3,097
Trade receivables	13	193,056	114,777	176,320	96,250
Prepayment and other receivables	14	21,647	39,032	14,873	31,581
Due from related parties	35	632,860	389,405	547,397	249,969
Restricted cash	15	850	-	850	-
Cash and cash equivalents	15	489,317	441,532	293,533	310,198
Total current assets		1,341,718	987,843	1,036,961	691,095
Total assets		**1,794,139**	**1,419,568**	**1,551,358**	**1,176,796**

BALANCE SHEETS (continued)

(All amounts in RMB unless otherwise stated)

		Group		Company	
		As at 31 December		As at 31 December	
		2011	**2010**	**2011**	**2010**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Equity attributable to owners of the Company					
Share capital	16	162,064	162,064	162,064	162,064
Capital surplus	17	75,150	75,150	75,150	75,150
Other reserves	17	85,867	65,911	85,867	65,911
Retained earnings					
- Proposed final dividends	30, 37	25,930	24,310	25,930	24,310
- Others		664,092	459,850	546,379	393,041
		1,013,103	787,285	895,390	720,476
Non-controlling interests		106,009	89,153	-	-
Total equity		1,119,112	876,438	895,390	720,476
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	11	995	963	-	-
Deferred income	18	3,657	4,910	3,589	4,775
Total non-current liabilities		4,652	5,873	3,589	4,775
Current liabilities					
Trade and other payables	19	544,931	399,863	455,992	289,100
Due to related parties	35	112,111	111,499	190,526	148,727
Current income tax liabilities		13,333	25,895	5,861	13,718
Total current liabilities		670,375	537,257	652,379	451,545
Total liabilities		675,027	543,130	655,968	456,320
Total equity and liabilities		**1,794,139**	**1,419,568**	**1,551,358**	**1,176,796**
Net current assets		**671,343**	**450,586**	**384,582**	**239,550**
Total assets less current liabilities		**1,123,764**	**882,311**	**898,979**	**725,251**

The notes on pages 50 to 115 are an integral part of these consolidated financial statements.

The financial statements on pages 45 to 115 were approved by the Board of Directors on 19 March 2012 and were signed on its behalf

Director

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2011	**2010**
	Note	RMB’000	RMB’000
Revenue	21	3,275,136	2,827,020
Cost of sales	23	(2,738,554)	(2,419,262)
Gross profit		536,582	407,758
Other income	22	4,181	2,505
Distribution costs	23	(109,017)	(87,751)
Administrative expenses	23	(79,140)	(65,311)
Operating profit		352,606	257,201
Finance income	25	4,357	3,294
Finance costs	26	(909)	(1,564)
Share of profit of associates	10	2,144	2,881
Profit before income tax		358,198	261,812
Income tax expense	27	(71,614)	(46,788)
Profit for the year		286,584	215,024
Profit attributable to:			
Owners of the company		250,128	178,945
Non-controlling intersts		36,456	36,079
		286,584	215,024
Other comprehensive income for the year		-	-
Total comprehensive income		286,584	215,024
Total comprehensive income attributable to:			
Owners of the Company		250,128	178,945
Non-controlling interests		36,456	36,079
		286,584	215,024
Earnings per share for profit attributable to owners of the Company during the year - basic and diluted	29	RMB1.54	RMB1.10

The notes on pages 50 to 115 are an integral part of these consolidated financial statements.

Dividends	30	25,930	24,310

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB unless otherwise stated)

		Attributable to owners of the Company					
	Note	Share capital RMB'000 Note (16)	Capital surplus RMB'000 Note (17)	Other reserves RMB'000 Note (17)	Retained earnings RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Balance at 1 January 2010		162,064	75,150	51,866	333,846	39,549	662,475
Comprehensive income							
Profit for the year		-	-	-	178,945	36,079	215,024
Transactions with owners							
Cash dividends		-	-	-	(14,586)	(13,475)	(28,061)
Appropriation to reserve	17	-	-	14,045	(14,045)	-	-
Capital injection by non-controlling shareholders		-	-	-	-	27,000	27,000
Balance at 31 December 2010		162,064	75,150	65,911	484,160	89,153	876,438
Comprehensive income							
Profit for the year		-	-	-	250,128	36,456	286,584
Transactions with owners							
Cash dividends		-	-	-	(24,310)	(19,600)	(43,910)
Appropriation to reserve	17	-	-	19,956	(19,956)	-	-
Balance at 31 December 2011		162,064	75,150	85,867	690,022	106,009	1,119,112

The notes on pages 50 to 115 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2011 RMB'000	2010 RMB'000
Cash flows from operating activities			
Cash generated from operations	33	242,630	293,358
Interest paid		-	(1,235)
Income tax paid		(83,645)	(43,303)
Net cash generated from operating activities		158,985	248,820
Cash flows from investing activities			
Acquisition of a business	34	(240)	(7,124)
Purchase of property, plant and equipment and intangible assets		(70,746)	(96,773)
Increase in prepaid lease payments		(701)	(19,970)
Proceeds from disposal of property, plant and equipment	33	336	218
Interest received		4,357	3,294
Net cash used in investing activities		(66,994)	(120,355)
Cash flows from financing activities			
Proceeds from short-term loans		-	50,000
Repayment of short-term loans		-	(50,000)
Capital contributions from non-controlling shareholders		-	27,000
Dividends paid to the Company's shareholders	30	(24,310)	(14,586)
Dividends paid to non-controlling interests		(19,600)	(13,475)
Net cash used in financing activities		(43,910)	(1,061)
Net increase in cash and cash equivalents		48,081	127,404
Cash and cash equivalents at beginning of year		441,532	314,362
Exchange losses on cash and cash equivalents		(296)	(234)
Cash and cash equivalents at end of year		489,317	441,532

The notes on pages 50 to 115 are an integral part of these consolidated financial statements.

1 General information

Changan Minsheng APLL Logistics Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 27 August 2001 as a limited liability company. In 2002, the Company was converted to a sino-foreign equity joint venture. On 31 December 2004, the Company was transformed into a joint stock limited liability company. The H Share of the Company has been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM") since February 2006.

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2012.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011 that would not be expected to have a material impact on the Group.

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

  - The name of the government and the nature of their relationship;
  - The nature and amount of any individually significant transactions; and
  - The extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party.

  Refer to Note 35 for details of transactions with related parties.

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted

The Group's assessment of the impact of these new and amended standards is set out below.

- HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 upon its effective date, which is for the accounting period beginning on or after 1 January 2015.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted (continued)

- HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.

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

- HKFRS 13, 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS. The Group is yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

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

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

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

(a) Business combinations

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

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

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

(c) Disposal of subsidiaries

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

2.2.2 Separate financial statements

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

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

2.3 Associates

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

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

2 Summary of significant accounting policies (continued)

2.3 Associates (continued)

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

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

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

Dilution gains and losses arising in investments in associates are recognised in the income statement.

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

2.4 Segment reporting

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

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2.6 Property, plant and equipment

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

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

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

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

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

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

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

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

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

2.7 Intangible assets

(a) Goodwill

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

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

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

(b) Contractual customer relationship

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

(c) Computer software

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

2 Summary of significant accounting policies (continued)

2.8 Prepaid lease payments

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

2.9 Impairment of non-financial assets

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

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. As at 31 December 2011 and 2010, the Group only has loans and receivables, which comprise "trade receivables", "prepayment and other receivables" and "due from related parties" in the balance sheet (Note 2.13).

- Financial assets at fair value through profit or loss

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

- Loans and receivables

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

- Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets.

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification (continued)

- Available-for-sale financial assets

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

(b) Recognition and measurement

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

2.11 Offsetting financial instruments

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

2.12 Inventories

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

2.13 Trade and other receivables

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

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

2 Summary of significant accounting policies (continued)

2.13 Trade and other receivables (continued)

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivable.

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

2.14 Cash and equivalents

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

2.15 Share capital

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

2.16 Trade and other payables

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

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

2 Summary of significant accounting policies (continued)

2.17 Borrowings

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

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

2.18 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.19 Current and deferred income tax

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

(a) Current income tax

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

2 Summary of significant accounting policies (continued)

2.19 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

(c) Offsetting

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

2.20 Government grants

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

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

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

2 Summary of significant accounting policies (continued)

2.21 Employee benefits

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

2.22 Revenue recognition

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

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

(a) Provision of service

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

(b) Sales of goods

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

(c) Interest income

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

(d) Dividend income

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

2 Summary of significant accounting policies (continued)

2.23 Leases (as the lessee for operating leases)

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

2.24 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

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

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

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with all of the transactions settled in RMB, except for certain international freight forward services and corresponding purchases which are settled in United States Dollars ("USD"). The Group's assets and liabilities that are subject to foreign exchange rate risk mainly include bank deposits and amounts due from/to related parties that are denominated in USD. As at 31 December 2011, the Group had USD denominated bank deposits amounting to approximately RMB3 million (2010: RMB8 million), and USD denominated amounts due from/to related parties of approximately RMB14 million and RMB2 million, respectively (2010: RMB4 million and RMB0.3 million).

Management has set up policies for non-RMB denominated bank deposits to manage the Group's foreign exchange risk against its functional currency, including term deposits to earn higher interest income to offset the loss due to appreciation of RMB, and matching the settlement dates of receivables and payables relating to abovementioned international freight forward services.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2011, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB613,000 (2010: approximately RMB590,000) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of USD denominated bank deposits and amounts due from/to related parties.

(ii) Cash flow and fair value interest rate risk

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

(b) Credit risk

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

As at 31 December 2011, substantially all the Group's deposits are deposited in major banks and a non-bank financial institution that is state-owned entity incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's deposits as at 31 December 2011 and 2010 were as follows:

	2011 RMB'000	2010 RMB'000
Big four commercial banks (i)	271,240	277,234
Other listed banks	69,284	33,023
Non-bank financial institution (Note 35)	149,339	130,934
	489,863	441,191

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

As at 31 December 2011, approximately 69% (2010: approximately 72%) of the total amount of trade receivables and due from related parties of the Group was due from the top five largest customers. The carrying amount of trade receivables and due from related parties included in the balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets.

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

In this regard, the directors of the Company are satisfied that adequate provision for impairment on trade and other receivables and due from related parties has been made in the financial statements after assessing the collectability of individual debts. Further quantitative disclosures in respect of the impairment of trade and other receivables and due from related parties are set out in Note 13 and 35.

(c) Liquidity risk

To manage the liquidity risk, the Group performs cash flow forecasting and monitors the Group's liquidity requirements to ensure it maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations, borrowings from financial institutions, as well as equity financing through shareholders. As at 31 December 2011, the Group had no undrawn borrowing facilities (2010: RMB300,000,000).

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

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables				
- less than 1 year	527,731	377,916	445,856	274,952
Due to related parties				
- less than 1 year	112,050	90,679	190,526	127,967

3 Financial risk management (continued)

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as interest-bearing liabilities divided by the total equity as shown in the consolidated balance sheet.

Unchanged from 2010, the Group's strategy in 2011 was to maintain a gearing ratio at a reasonable level. The gearing ratios at 31 December 2011 and 2010 are as follows:

Group	2011	2010
Interest bearing liabilities (RMB'000)	-	-
Total equity (RMB'000)	1,119,112	876,438
Gearing ratio	0%	0%

3.3 Fair value estimation

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

3 Financial risk management (continued)

3.4 Financial instruments by category

Group

	Loans and receivables	
	2011	2010
	RMB'000	RMB'000
Financial assets:		
Trade and other receivables excluding prepayments	203,412	123,243
Due from related parties excluding prepayments	630,618	388,843
Restricted bank deposits	850	-
Cash and cash equivalents	489,317	441,532
Total	**1,324,197**	**953,618**

	Other financial liabilities at amortised cost	
	2011	2010
	RMB'000	RMB'000
Financial liabilities:		
Trade and other payables excluding non-financial liabilities	527,731	377,916
Due to related parties excluding non-financial liabilities	112,050	90,679
Total	**639,781**	**468,595**

3 Financial risk management (continued)

3.4 Financial instruments by category (continued)

Company

	Loans and receivables	
	2011	2010
	RMB'000	RMB'000
Financial assets:		
Trade and other receivables excluding prepayments	183,000	100,462
Due from related parties excluding prepayments	546,087	246,703
Restricted bank deposits	850	-
Cash and cash equivalents	293,533	310,198
Total	**1,023,470**	**657,363**

	Other financial liabilities at amortised cost	
	2011	2010
	RMB'000	RMB'000
Financial liabilities:		
Trade and other payables excluding non-financial liabilities	445,856	274,952
Due to related parties excluding non-financial liabilities	190,526	127,967
Total	**636,382**	**402,919**

Credit quality of financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The credit risk exposure of the Group's and the Company's trade and other receivables, due from related parties and bank deposits have been disclosed in the Note 13, Note 14, Note 35 and Note 3.1(b).

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

(a) Income taxes

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

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

As at 31 December 2011, the Group has deferred tax assets of approximately RMB12,595,000 (2010: approximately RMB13,093,000). To the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred tax assets are recognised for temporary differences arising from impairment provision on receivables, tax losses, amortisation of deferred income and useful lives used in calculating depreciation of property, plant and equipment that are different from tax rules.

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated, and will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4.2 Critical judgements in applying the entity's accounting policies

Revenue recognition

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

5 Segment information

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

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

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

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

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

The segment information provided to the General Manager meeting for the reportable segments for the year ended 31 December 2011 is as follows:

	Transportation and supply chain management for vehicle commodities	Transportation of non-vehicle commodities	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	3,121,870	96,393	56,873	3,275,136
Inter-segment revenue	-	-	-	-
Revenue from external customers	**3,121,870**	**96,393**	**56,873**	**3,275,136**
Adjusted operating profit	**460,032**	**11,760**	**5,687**	**477,479**
Total assets	**618,315**	**4,843**	**8,976**	**632,134**

5 Segment information (continued)

The segment information for the year ended 31 December 2010 is as follows:

	Transportation and supply chain management for vehicle commodities RMB'000	Transportation of non-vehicle commodities RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	2,660,702	110,135	56,183	2,827,020
Inter-segment revenue	-	-	-	-
Revenue from external customers	**2,660,702**	**110,135**	**56,183**	**2,827,020**
Adjusted operating profit	**336,776**	**13,282**	**6,923**	**356,981**
Total assets	**414,323**	**17,150**	**8,749**	**440,222**

The revenue from external parties reported to the General Manager meeting is measured in a manner consistent with that in the consolidated statement of comprehensive income. The details are included in Note 21.

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

	2011 RMB'000	2010 RMB'000
Adjusted operating profit for reportable segments	471,792	350,058
Other segments adjusted operating profit	5,687	6,923
Total adjusted operating profits for segment reporting	477,479	356,981
Depreciation and amortisation included in cost of sales and distribution costs	(49,914)	(36,974)
Other income	4,181	2,505
Administrative expenses	(79,140)	(65,311)
Finance income – net	3,448	1,730
Share of profit of associates	2,144	2,881
Profit before income tax	**358,198**	**261,812**

5 Segment information (continued)

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

	2011 RMB'000	2010 RMB'000
Segment assets for reportable segments	623,158	431,473
Other segments assets	8,976	8,749
Total reportable segment's assets	632,134	440,222
Unallocated:		
Property, plant and equipment	264,560	243,100
Prepaid lease payments	143,883	146,164
Intangible assets	9,547	9,676
Investments in associates	21,836	19,692
Deferred income tax assets	12,595	13,093
Other current assets	709,584	547,621
Total assets per the Group's balance sheet	1,794,139	1,419,568

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

Revenue of approximately RMB1,360 million, RMB792 million and RMB234 million (2010: approximately RMB1,197 million, RMB742 million and RMB225 million) were derived from three external customers, respectively. These revenues were attributable to transportation and supply chain management for vehicle commodities and other segments.

6 Property, plant and equipment

Group

	Buildings RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2010						
Cost	199,527	10,539	14,025	37,847	4,604	266,542
Accumulated depreciation	(56,655)	(5,050)	(8,922)	(21,373)	-	(92,000)
Net book amount	142,872	5,489	5,103	16,474	4,604	174,542
Year ended 31 December 2010						
Opening net book amount	142,872	5,489	5,103	16,474	4,604	174,542
Additions	2,228	4,809	5,228	65,210	24,919	102,394
Acquisition of a business	438	546	193	615	-	1,792
Transfers	20,294	-	-	-	(20,294)	-
Disposals (Note 33)	(23)	(40)	(136)	(158)	-	(357)
Depreciation charges (Note 23)	(16,290)	(2,018)	(2,381)	(14,582)	-	(35,271)
Closing net book amount	149,519	8,786	8,007	67,559	9,229	243,100
At 31 December 2010						
Cost	222,401	14,985	16,799	101,854	9,229	365,268
Accumulated depreciation	(72,882)	(6,199)	(8,792)	(34,295)	-	(122,168)
Net book amount	149,519	8,786	8,007	67,559	9,229	243,100
Year ended 31 December 2011						
Opening net book amount	149,519	8,786	8,007	67,559	9,229	243,100
Additions	4,425	7,978	4,459	19,996	33,403	70,261
Transfers	30,626	12,006	-	-	(42,632)	-
Disposals (Note 33)	(20)	(154)	(50)	(192)	-	(416)
Depreciation charges (Note 23)	(20,973)	(2,882)	(2,838)	(21,692)	-	(48,385)
Closing net book amount	163,577	25,734	9,578	65,671	-	264,560
At 31 December 2011						
Cost	255,618	34,564	20,591	117,088	-	427,861
Accumulated depreciation	(92,041)	(8,830)	(11,013)	(51,417)	-	(163,301)
Net book amount	163,577	25,734	9,578	65,671	-	264,560

6 Property, plant and equipment (continued)

Company

	Buildings RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2010						
Cost	170,542	9,581	11,955	33,010	2,033	227,121
Accumulated depreciation	(55,111)	(4,781)	(8,040)	(19,423)	-	(87,355)
Net book amount	115,431	4,800	3,915	13,587	2,033	139,766
Year ended 31 December 2010						
Opening net book amount	115,431	4,800	3,915	13,587	2,033	139,766
Additions	759	4,253	3,908	16,122	9,229	34,271
Transfers	2,033	-	-	-	(2,033)	-
Disposals	(23)	(40)	(132)	(52)	-	(247)
Depreciation charges	(14,601)	(1,799)	(1,853)	(6,490)	-	(24,743)
Closing net book amount	103,599	7,214	5,838	23,167	9,229	149,047
At 31 December 2010						
Cost	173,248	12,925	13,225	47,625	9,229	256,252
Accumulated depreciation	(69,649)	(5,711)	(7,387)	(24,458)	-	(107,205)
Net book amount	103,599	7,214	5,838	23,167	9,229	149,047
Year ended 31 December 2011						
Opening net book amount	103,599	7,214	5,838	23,167	9,229	149,047
Additions	1,448	7,187	3,992	16,967	29,268	58,862
Transfers	26,491	12,006	-	-	(38,497)	-
Disposals	-	(24)	(50)	(52)	-	(126)
Depreciation charges	(16,056)	(2,739)	(2,391)	(9,381)	-	(30,567)
Closing net book amount	115,482	23,644	7,389	30,701	-	177,216
At 31 December 2011						
Cost	200,916	32,078	16,823	61,817	-	311,634
Accumulated depreciation	(85,434)	(8,434)	(9,434)	(31,116)	-	(134,418)
Net book amount	115,482	23,644	7,389	30,701	-	177,216

6 Property, plant and equipment (continued)

As at 31 December 2011, the Group was in the process of obtaining the legal title of buildings with carrying amount of approximately RMB68,875,000 (2010: approximately RMB30,754,000).

Operating lease rentals for properties amounting to approximately RMB15,786,000 (2010: approximately RMB10,551,000) were included in consolidated profit or loss (Note 23).

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

	Group	
	2011	2010
	RMB'000	RMB'000
Cost of sales	37,456	27,301
Distribution costs	8,810	6,420
Administrative expenses	2,119	1,550
	48,385	35,271

7 Prepaid lease payments

	Group	Company
	RMB'000	RMB'000
At 1 January 2010	129,653	105,215
Additions	21,167	21,167
Deductions (a)	(1,197)	-
Amortisation charges (Note 23)	(3,459)	(3,036)
At 31 December 2010	146,164	123,346
Additions	1,279	1,279
Amortisation charges (Note 23)	(3,560)	(3,141)
At 31 December 2011	143,883	121,484

(a) The local government adjusted the scope of the land use rights that the Group acquired in 2009 and returned corresponding prepaid lease payments of approximately 1,197,000 to the Group for the reduction of the areas.

Amortisation charges of RMB3,006,000 (2010: RMB2,932,000) and RMB554,000 (2010: RMB527,000) were included in the "cost of sales" and "administrative expenses" in consolidated profit or loss, respectively for the year ended 31 December 2011.

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

8 Intangible assets

Group

	Goodwill RMB'000	Computer software RMB'000	Contractual customer relationship RMB'000	Total RMB'000
At 1 January 2010				
Cost	2,222	1,788	-	4,010
Accumulated amortisation	-	(1,095)	-	(1,095)
Net book amount	2,222	693	-	2,915
Year ended 31 December 2010				
Opening net book amount	2,222	693	-	2,915
Additions	-	1,277	-	1,277
Acquisition of a business	2,441	-	4,174	6,615
Amortisation charges (Note 23)	-	(810)	(321)	(1,131)
Closing net book amount	4,663	1,160	3,853	9,676
At 31 December 2010				
Cost	4,663	2,992	4,174	11,829
Accumulated amortisation	-	(1,832)	(321)	(2,153)
Net book amount	4,663	1,160	3,853	9,676
Year ended 31 December 2011				
Opening net book amount	4,663	1,160	3,853	9,676
Additions	-	1,256	-	1,256
Amortisation charges (Note 23)	-	(743)	(642)	(1,385)
Closing net book amount	4,663	1,673	3,211	9,547
At 31 December 2011				
Cost	4,663	4,248	4,174	13,085
Accumulated amortisation	-	(2,575)	(963)	(3,538)
Net book amount	4,663	1,673	3,211	9,547

8 Intangible assets (continued)

Company

	Goodwill RMB'000	Computer software RMB'000	Total RMB'000
At 1 January 2010			
Cost	2,222	1,530	3,752
Accumulated amortisation	-	(1,099)	(1,099)
Net book amount	2,222	431	2,653
Year ended 31 December 2010			
Opening net book amount	2,222	431	2,653
Additions	-	422	422
Amortisation charges	-	(543)	(543)
Closing net book amount	2,222	310	2,532
At 31 December 2010			
Cost	2,222	1,952	4,174
Accumulated amortisation	-	(1,642)	(1,642)
Net book amount	2,222	310	2,532
Year ended 31 December 2011			
Opening net book amount	2,222	310	2,532
Additions	-	984	984
Amortisation charges	-	(278)	(278)
Closing net book amount	2,222	1,016	3,238
At 31 December 2011			
Cost	2,222	2,936	5,158
Accumulated amortisation	-	(1,920)	(1,920)
Net book amount	2,222	1,016	3,238

Amortisation charges of RMB743,000 (2010: RMB810,000) and RMB642,000 (2010: RMB321,000) were included in "administrative expenses" and "cost of sales" in consolidated profit or loss respectively for the year ended 31 December 2011.

Impairment tests for goodwill

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

8 Intangible assets (continued)

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

Key assumptions used for value-in-use calculations in 2011 are as follows:

	Transportation and supply chain management for vehicle commodities	
	Transportation of finished vehicle	Storage management
Gross margin	8.1%	14.8%
Growth rate	1.2%	16.0%
Pre-tax discount rate	16.6%	18.2%

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

9 Investments in subsidiaries

	Company	
	2011 RMB'000	2010 RMB'000
Unlisted investments at cost:		
- Chongqing Changan Minsheng Boyu Transportation Co., Ltd. ("Chongqing Boyu")	60,000	60,000
- Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC")	51,000	51,000
- Chongqing Changan Minsheng Future Bonded Logistics Co., Ltd. ("Chongqing Future")	30,000	30,000
- Chongqing Changan Minsheng Dingjie Logistics Co., Ltd. ("Chongqing Dingjie")	47,500	47,500
- Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. ("Chognqing Fuyong")	3,000	-
	191,500	188,500

9 Investments in subsidiaries (continued)

As at 31 December 2011, the Company had direct interests in the following subsidiaries:

Name	Place of incorporation and type of legal entity	Registered capital	Principal activities and place of operation	Investment amount	Interests held as at	
					31 December 2011	31 December 2010
		RMB'000		RMB'000		
Chongqing Boyu	Chongqing, the PRC, Limited liability company	60,000	Providing logistics services in the PRC	60,000	100%	100%
Nanjing CMSC	Nanjing, the PRC, Limited liability company	100,000	Providing logistics services in the PRC	51,000	51%	51%
Chongqing Future	Chongqing, the PRC, Limited liability company	30,000	Providing logistics services in the PRC	30,000	100%	100%
Chongqing Dingjie	Chongqing, the PRC, Limited liability company	50,000	Providing logistics services in the PRC	47,500	95%	95%
Chongqing Fuyong (a)	Chongqing, the PRC, Limited liability company	3,000	Providing logistics services in the PRC	3,000	100%	NA

(a) In April 2011, Chongqing Fuyong was established by the Company with total registered capital of RMB3,000,000. As at 31 December 2011, all the registered capital has been paid in cash and verified by a Certified Public Accountant firm.

10 Investments in associates

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	19,692	16,811	12,100	12,100
Share of profit, net of tax	2,144	2,881	-	-
At 31 December	21,836	19,692	12,100	12,100

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

Name	Registered capital	Place of incorporation	Assets	Liabilities	Revenue	Net profit	Interest held
	RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	
2011							
Wuhan Changan Minfutong Logistics Company Limited ("Wuhan Minfutong")	10,000	Wuhan, the PRC	13,013	5,495	2,334	456	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	20,000	Chongqing, the PRC	30,319	16,001	76,858	1,688	45%
			43,332	21,496	79,192	2,144	
2010							
Wuhan Minfutong	10,000	Wuhan, the PRC	11,295	4,234	4,625	1,084	31%
Chongqing Terui	20,000	Chongqing, the PRC	22,440	9,809	32,110	1,797	45%
			33,735	14,043	36,735	2,881	

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

11 Deferred income tax

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

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	7,878	7,236	5,300	7,236
- Deferred tax asset to be recovered within 12 months	4,717	5,857	3,559	2,940
	12,595	13,093	8,859	10,176
Deferred tax liabilities				
- Deferred tax liabilities to be settled after more than 12 months	(642)	(815)	-	-
- Deferred tax liabilities to be settled within 12 months	(353)	(148)	-	-
	(995)	(963)	-	-
Deferred tax assets - net	11,600	12,130	8,859	10,176

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

Group

Deferred tax assets

	Tax losses	Provision for impairment of receivables	Depreciation	Deferred income	Accruals	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	64	1,345	4,192	1,265	-	6,866
Credited/(charged) to income tax expense (Note 27)	2,784	1,050	1,530	(330)	1,193	6,227
At 31 December 2010	2,848	2,395	5,722	935	1,193	13,093
Credited/(charged) to income tax expense (Note 27)	401	(471)	(1,022)	(704)	1,298	(498)
At 31 December 2011	3,249	1,924	4,700	231	2,491	12,595

11 Deferred income tax (continued)

In accordance with relevant PRC tax regulations, tax losses may be carried forward against future taxable income for at most five years. The management believes it is more than likely that the tax losses incurred by certain subsidiaries would be utilised before they expire and deferred income tax assets of RMB3,249,000 (2010: RMB2,848,000) as at 31 December 2011 were recognised for these tax losses.

Deferred tax liabilities

	Deductible prepaid expenses RMB'000	Contractual customer relationship RMB'000	Total RMB'000
At 1 January 2010	-	-	-
Additions	-	1,043	1,043
Credited to income tax expense (Note 27)	-	(80)	(80)
At 31 December 2010	-	963	963
Additions (Note 27)	193	-	193
Credited to income tax expense (Note 27)	-	(161)	(161)
At 31 December 2011	193	802	995

Company

Deferred tax assets

	Provision for impairment of receivables RMB'000	Depreciation RMB'000	Deferred income RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2010	1,338	4,192	1,265	-	6,795
Credited/(charged) to income tax expense	1,057	1,461	(330)	1,193	3,381
At 31 December 2010	2,395	5,653	935	1,193	10,176
(Charged)/credited to income tax expense	(491)	(1,305)	(704)	1,183	(1,317)
At 31 December 2011	1,904	4,348	231	2,376	8,859

12 Inventories

	Group and Company 2011 RMB'000	Group and Company 2010 RMB'000
Raw materials	1,599	2,065
Work in progress	66	95
Finished goods	2,323	937
	3,988	3,097

For the year ended 31 December 2011, the cost of inventories recognised as expense and included in "cost of sales" amounted to approximately RMB38,530,000 (2010: approximately RMB40,530,000) (Note 23).

13 Trade receivables

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Accounts receivable (a)	118,053	74,492	101,336	55,883
Less: provision for impairment of receivables	(10,872)	(8,742)	(10,771)	(8,580)
Accounts receivable - net	107,181	65,750	90,565	47,303
Bills receivable (b)	85,875	49,027	85,755	48,947
	193,056	114,777	176,320	96,250

(a) The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of accounts receivable as at 31 December 2011 and 2010 are as follows:

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Up to 90 days	86,939	52,559	72,023	34,811
91 to 180 days	8,041	8,279	6,824	7,577
181 to 365 days	14,792	9,355	14,220	9,196
Over 1 year	8,281	4,299	8,269	4,299
	118,053	74,492	101,336	55,883

As at 31 December 2011 and 2010, trade receivables aged within 90 days, which were amounted to approximately RMB86,939,000 and RMB52,559,000, respectively, were fully performing.

13 Trade receivables (continued)

As at 31 December 2011 and 2010, trade receivables of RMB31,114,000 and RMB21,933,000 were impaired and provisions of RMB10,872,000 and RMB8,742,000 were made, respectively. The individually impaired receivables mainly related to certain customers, which are experiencing default. Based on the management's best estimation, it was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	8,041	8,279	6,824	7,577
181 to 365 days	14,792	9,355	14,220	9,196
Over 1 year	8,281	4,299	8,269	4,299
	31,114	21,933	29,313	21,072

(b) Ageing analysis of bills receivable at 31 December 2011 and 2010 is as follows:

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 180 days	85,875	49,027	85,755	48,947

Bills receivable as at 31 December 2011 and 2010 were not impaired.

As at 31 December 2011, bills receivable amounted to RMB21,000,000 (2010: nil) was pledged for issuance of bills payable (Note 19).

13 Trade receivables (continued)

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

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	8,742	6,338	8,580	6,166
Provision for impairment of trade receivables (Note 23)	2,281	2,640	2,191	2,640
Trade receivables written off during the year as uncollectible	(151)	(236)	-	(226)
At 31 December	10,872	8,742	10,771	8,580

As at 31 December 2011, approximately 69% (2010: approximately 72%) of the total amount of trade receivables and due from related parties was due from the top five largest customers. The carrying amount of trade receivables and due from related parties represented the Group's maximum exposure to credit risk in relation to its financial assets. The Group did not hold any collateral as security.

The carrying amounts of trade receivables approximated their fair values.

As at 31 December 2011 and 2010, all trade receivables were denominated in RMB.

14 Prepayment and other receivables

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for transportation services	10,893	26,633	7,795	23,436
Prepayment for purchasing materials	398	3,933	398	3,933
Other receivables	11,213	8,466	7,537	4,212
Less: provision for impairment of other receivables (Note 23)	(857)	-	(857)	-
	21,647	39,032	14,873	31,581

The carrying amounts of other receivables approximate their fair values.

14 Prepayment and other receivables (continued)

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

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	-	-	-	-
Provision for impairment of other receivables (Note 23)	857	-	857	-
At 31 December	857	-	857	-

15 Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	388,167	391,532	244,383	290,198
Short-term bank deposits	102,000	50,000	50,000	20,000
	490,167	441,532	294,383	310,198

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	Group	
	2011	2010
	RMB'000	RMB'000
Cash at bank and on hand and short-term bank deposits	490,167	441,532
Restricted cash (a)	(850)	-
Cash and cash equivalents	489,317	441,532

(a) As at 31 December 2011, the Company's bank balance of RMB850,000 (2010: nil) was pledged as security for the issuance of bank letter of guarantee and irrevocable letter of credit (Note 19).

15 Cash and cash equivalents (continued)

The cash in foreign currencies is as follows:

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
HKD	38	40	38	40
USD	3,419	8,190	3,370	7,873
	3,457	8,230	3,408	7,913

The remaining cash balance as at 31 December 2011 and 2010 was denominated in RMB.

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

16 Share capital

	Number of shares RMB'000	Domestic shares RMB'000	Non-H foreign shares RMB'000	H shares RMB'000	Total RMB'000
At 31 December 2010	162,064	65,600	41,464	55,000	162,064
Changes of shares (a)	-	1,400	(1,400)	-	-
At 31 December 2011	162,064	67,000	40,064	55,000	162,064

(a) In December 2011, Ming Sung Industrial Co., (HK) Limited, a subsidiary of Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial"), transferred approximately 0.86% of the Company's total shares to Chongqing Changan Industry Company (Group) Limited (Changan Industry).

The total registered, issued and fully paid number of shares is 162,064,000 shares (2010: 162,064,000 shares) with a par value of RMB1 per share (2010: RMB1 per share). All issued shares are rank pari passu in all respects.

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

17 Capital surplus and other reserves

(a) Capital surplus

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

(b) Other reserves

Group and Company

	Statutory surplus reserve	Discretionary surplus reserve	Total
	RMB'000	RMB'000	RMB'000
	Note (i)	Note (ii)	
At 1 January 2010	47,031	4,835	51,866
Appropriation to reserve	14,045	-	14,045
At 31 December 2010	61,076	4,835	65,911
Appropriation to reserve	19,956	-	19,956
At 31 December 2011	81,032	4,835	85,867

(i) Statutory reserves

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

For the year ended 31 December 2011, approximately RMB19,956,000 (2010: approximately RMB14,045,000) was appropriated to the statutory surplus reserve from net profit.

As at 31 December of 2011, the balance of the statutory surplus reserve reached 50% of the Company's registered capital.

(ii) Discretionary surplus reserve

Pursuant to the Articles of Association of the Company, the Company has the discretion to appropriate its annual statutory net profit to the discretionary surplus reserve after the appropriation of statutory surplus reserve upon the approval by shareholders. The discretionary surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital.

18 Deferred income

The movement of deferred income is as follows:

Group	2011 RMB'000	2010 RMB'000
At 1 January	4,910	7,707
Additions	1,768	-
Credited to cost of sales (Notes 23)	(3,021)	(2,797)
At 31 December	3,657	4,910

Company	2011 RMB'000	2010 RMB'000
At 1 January	4,775	7,504
Additions	1,768	-
Credited to cost of sales	(2,954)	(2,729)
At 31 December	3,589	4,775

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

In accordance with the approvals issued by the tax bureau of Chongqing Technological Economic Development Zone and Nanjing Jiangling Economic Development Zone, with respect to the Group's application for income tax reduction relating to the purchase of domestic manufactured equipment, the Group is entitled to tax reductions of RMB1,272,000 and RMB1,745,000, which were all utilised to offset the Group's income tax liability for 2007 and 2008, respectively. Such reductions of the Group's income tax liability were recorded as deferred income and recognised as deduction to cost of sales on a straight-line basis over the estimated useful lives of the equipment. In 2011, such deferred income of approximately RMB634,000 (2010: approximately RMB595,000) was amortised and credited to cost of sales.

In 2007, the Company obtained grants of RMB11,000,000 from local government, in relation to upgrading certain logistics information systems. It was initially recorded as advance received from government in other payables, and upon completion of the upgrading activities in 2008, transferred to deferred income, being amortised on a straight-line basis over the estimated useful lives of related assets. In 2011, such deferred income of approximately RMB2,200,000 (2010: approximately RMB2,200,000) was amortised and credited to cost of sales.

In 2011, the Company obtained grants from local government of RMB 1,768,000, in relation to the non-current assets.

19 Trade and other payables

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payable (a)	353,345	250,693	294,762	164,287
Bills payable (a)	17,100	-	17,100	-
Other payables	157,286	127,223	133,994	110,665
Advances from customers	901	5,394	689	2,964
Other taxes (b)	16,299	16,553	9,447	11,184
	544,931	399,863	455,992	289,100

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

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	351,460	250,011	292,937	163,709
91 to 180 days	17,967	181	17,919	176
181 to 365 days	12	133	-	65
Over 1 year	1,006	368	1,006	337
	370,445	250,693	311,862	164,287

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

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

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

20 Retirement benefit schemes and housing benefits

The retirement benefits of full time employees of the Group are covered by the government-sponsored defined contribution pension plan under which the Group are required to make a monthly pension contribution at rates ranging from 19% to 20% (2010: from 15% to 18%) of the employees' basic salary.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed in Note 24 and Note 31.

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

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

21 Revenue

Revenues recognised for the years ended 31 December 2011 and 2010 are as follows:

	2011 RMB'000	2010 RMB'000
Transactions with related party (Note 35)		
Transportation of finished vehicles	2,004,386	1,741,635
Supply chain management for automobile components and parts and others		
- sales of package materials and processing of tyres and others	53,204	49,616
- other supply chain management	821,783	733,330
	2,879,373	2,524,581
Transactions with third parties		
Supply chain management for automobile components and parts	284,561	183,640
Transportation of non-vehicle commodities	96,393	110,135
Transportation of finished vehicles	11,140	2,097
Sales of packages of vehicle spare parts	3,669	6,567
	395,763	302,439
Total	3,275,136	2,827,020

22 Other income

	2011 RMB'000	2010 RMB'000
Sales of recycled packages of vehicle spare parts	1,543	622
Fines on transporters for violation of processing rules	1,038	435
Government grants	797	1,206
Others	803	242
	4,181	2,505

23 Expenses by nature

Group	2011 RMB'000	2010 RMB'000
Transportation fees	2,340,652	2,147,499
Employee benefit expense (Note 24)	358,097	249,838
Depreciation of property, plant and equipment (Note 6)	48,385	35,271
Business tax (Note 19(b))	42,478	39,552
Inventories used (Note 12)	38,530	40,530
Vehicle expenditure	26,955	11,064
Maintenance expenses	17,015	10,497
Operating lease rentals for office premises and distribution centres (Note 6)	15,786	10,551
Property management fee	9,335	8,342
Entertainment expenses	7,815	6,661
Amortisation of prepaid lease payments (Note 7)	3,560	3,459
Provision for impairment of receivables (Note 13 and Note 14)	3,138	2,640
Auditors' remuneration	1,550	1,430
Amortisation of intangible assets (Note 8)	1,385	1,131
Loss on disposal of property, plant and equipment (Note 33)	80	139
Provision of impairment of due from related parties (Note 35)	77	476
Amortisation of deferred income (Note 18)	(3,021)	(2,797)
Other expenses	14,894	6,041
Total cost of sales, distribution costs and administrative expenses	2,926,711	2,572,324

24 Employee benefit expense

Employee benefit expenses include emoluments of the directors and supervisors.

	2011 RMB'000	2010 RMB'000
Wages and salaries	283,602	197,267
Social security benefits costs	34,978	28,790
Pension costs - defined contribution plans (Note 20)	25,660	15,643
Others	13,857	8,138
	358,097	249,838

25 Finance income

	2011 RMB'000	2010 RMB'000
Interest income on bank deposits	4,357	3,294

26 Finance costs

	2011 RMB'000	2010 RMB'000
Interest expense on short-term borrowings	-	(1,235)
Net exchange losses	(909)	(329)
	(909)	(1,564)

27 Income tax expense

	2011 RMB'000	2010 RMB'000
Current tax:		
Current PRC corporate income tax ("CIT") on profits for the year	71,229	52,915
Adjustments in respect of prior year tax by tax bureau	(145)	180
Total current tax	71,084	53,095
Deferred tax (Note 11):		
Origination and reversal of temporary differences	(3,540)	(4,624)
Re-measurement of deferred tax as a result of changing tax rate	4,070	(1,683)
Total deferred tax	530	(6,307)
Income tax expense	71,614	46,788

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

	2011		2010	
	Applicable tax rate	Actual tax rate	Applicable tax rate	Actual tax rate
The Company	15%	15%	15%	15%
Chongqing Boyu	15%	15%	15%	15%
Nanjing CMSC	25%	25%	25%	25%
Chongqing Future	25%	25%	25%	25%
Chongqing Dingjie	25%	25%	25%	25%
Chongqing Fuyong	25%	25%	NA	NA

According to Caishui (2011) No. 58 issued jointly by Ministry of Finance, General Administration of Customs and State Administration of Taxation on 27 July 2011, as enterprises engaged in encouraged industries in Western China, the applicable CIT rates of the Company and Chongqing Boyu are 15% from 2011 to 2020. The applicable CIT rates of Nanjing CMSC, Chongqing Future, Chongqing Dingjie and Chongqing Fuyong are 25%.

27 Income tax expenses (continued)

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

	2011 RMB'000	2010 RMB'000
Profit before income tax	358,198	261,812
Tax calculated at weighted average tax rate applicable to the Group	65,616	48,498
Expenses not deductible for tax purposes	2,130	1,793
Share of profit of associates (Non taxable income)	(322)	(432)
Re-measurement of deferred tax as a result of changing tax rate	4,070	(1,683)
Others	120	(1,388)
Tax charges	71,614	46,788

The weighted average applicable tax rate was 18.3% (2010: 18.5%). The decrease is caused mainly by an increase in the profitability of Chongqing Boyu.

28 Profit attributable to equity holders of the Company

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB199,224,000 (2010:approximately RMB138,091,000).

29 Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of shares in issue for the years ended 31 December 2011 and 2010, respectively.

	2011 RMB'000	2010 RMB'000
Group's profit attributable to owners of the Company	250,128	178,945
Weighted average number of shares in issue (in thousand)	162,064	162,064
Basic earnings per share (RMB per share)	1.54	1.10

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

30 Dividends

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

During the Board of Directors' meeting on 18 March 2011, the directors of the Company proposed to declare a final dividend of RMB0.15 per share, totalling RMB24,310,000 (2010: RMB14,586,000), which was approved during the shareholders' annual general meeting on 30 June 2011.

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

The aggregate amounts of the dividends paid and proposed during 2010 and 2011 have been disclosed in the accompanying consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

31 Directors' and senior management's emoluments

(a) Directors' emoluments

The aggregate amounts of emolument payables to the directors of the Company for the years ended 31 December 2011 and 2010 are as follows:

	2011 RMB'000	2010 RMB'000
Basic salaries and allowances	489	506
Performance bonuses	142	154
Retirement benefits	18	18
	649	678

The emoluments of the directors of the Company for the years ended 31 December 2011 and 2010 are analysed as follows:

	2011 RMB'000	2010 RMB'000
Zhang Lungang	-	-
Gao Peizheng	-	-
Lu Xiaozhong	-	-
Zhu Minghui	242	-
William K. Villalon	-	-
Lu Guoji	-	-
Lau Man Yee	-	-
Li Ming	-	-
Wu Xiaohua	-	-
Zhou Zhengli	-	-
Danny Goh Yan Man	-	-
Peng Qifa	100	100
Chong Teck Sin	100	100
Poon Chiu Kwok	25	-
Shi Chaochun (i)	107	378
Shi Yubao (i)	-	-
Wang Xu(i)	75	100
	649	678

(i) Resigned in 2011.

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

(a) Directors' emoluments (continued)

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

No director waived or agreed to waive any remuneration for the years ended 31 December 2011 and 2010.

(b) Supervisors' emoluments

The aggregate amounts of emolument payables to the supervisors for the years ended 31 December 2011 and 2010 are as follows:

	2011 RMB'000	2010 RMB'000
Basic salaries and allowances	231	209
Performance bonuses	163	147
Retirement benefits	43	37
	437	393

The emoluments of the supervisors for the years ended 31 December 2011 and 2010 are analysed as follows:

	2011 RMB'000	2010 RMB'000
Zhu Ying	-	-
Zhang Tianming	-	-
Wu Jun	-	-
Liu Yue	60	-
Deng Gang	52	-
Ye Guangrong (i)	156	212
Chen Haihong (i)	169	181
Tang Dongmei (i)	-	-
Tang Yizhong (i)	-	-
	437	393

(i)Resigned in 2011.

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

(b) Supervisors' emoluments (continued)

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

No supervisor waived or agreed to waive any remunerations for the years ended 31 December 2011 and 2010.

(c) Five highest paid individuals

One of the top five highest paid individuals of the Group for the years ended 31 December 2011 and 2010 was also a director of the Company and the emolument was reflected in the analysis presented in Note (a) above. The emolument payables to the remaining four individuals for the years ended 31 December 2011 and 2010 are as follows:

	2011 RMB'000	2010 RMB'000
Basic salaries and allowances	609	577
Performance bonuses	409	385
Retirement benefits	86	73
	1,104	1,035

The emoluments of the above four highest paid individuals for the years ended 31 December 2011 and 2010 are analysed as follows:

	2011 RMB'000	2010 RMB'000
Individual A	306	281
Individual B	282	263
Individual C	277	258
Individual D	239	233
	1,104	1,035

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

(c) Five highest paid individuals (continued)

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

	Number of individuals	
	2011	2010
Nil to HKD1,000,000 (equivalent to RMB810,700)	4	4

For the years ended 31 December 2011 and 2010, no emoluments were paid by the Group and the Company to any of the directors, supervisors or the top five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

32 Commitments

(a) Capital commitments

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

	2011	2010
	RMB'000	RMB'000
Property, plant and equipment	-	13,192

(b) Operating lease commitments

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

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

	2011	2010
	RMB'000	RMB'000
Not later than one year	9,191	7,241
Between one to five years	4,083	5,427
	13,274	12,668

33 Cash generated from operations

	2011 RMB'000	2010 RMB'000
Profit before income tax	358,198	261,812
Adjustments for		
- Finance costs	296	1,469
- Finance income	(4,357)	(3,294)
- Provision for impairment of receivables and due from related parties	3,215	3,116
- Loss on disposal of property, plant and equipment	80	139
- Depreciation of property, plant and equipment	48,385	35,271
- Amortisation of prepaid lease payments	3,560	3,459
- Amortisation of intangible assets	1,385	1,131
- Share of profit of associates	(2,144)	(2,881)
- Amortisation of deferred income	(3,021)	(2,797)
Changes in working capital:		
- Inventories	(891)	1,089
- Trade receivables	(80,560)	60,081
- Prepayment and other receivables	16,528	(20,615)
- Due from related parties	(243,532)	(20,354)
- Restricted cash	(850)	9,300
- Trade and other payables	145,726	(31,280)
- Due to related parties	612	(2,288)
Cash generated from operations	242,630	293,358

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

	2011 RMB'000	2010 RMB'000
Net book amount (Note 6)	416	357
Loss on disposal of property, plant and equipment (Note 23)	(80)	(139)
Proceeds from disposal of property, plant and equipment	336	218

34 Business combination

On 1 July 2010, the Group acquired the storage and distribution businesses of Chongqing Dajiang Zhenyue Storage Company Limited ("Chongqing Dajiang"), Chongqing Weitai Business Trading Company Limited ("Chongqing Weitai"), Chongqing Lingxin Storage Company Limited ("Chongqing Lingxin") and Chongqing Liqi Storage Company Limited, all of which, except Chongqing Liqi, are also non-controlling shareholders of Chongqing Dingjie, a subsidiary of the Company and were engaging in the provision of storage and logistics service to Chongqing Changan Suzuki Automobile Co., Ltd. and its suppliers. As a result of the acquisition, the Group is expected to increase its presence in local automobile logistics market. Details of this business combination were disclosed in Note 33 of the Group's annual financial statements for the year ended 31 December 2010. The total consideration of this acquisition was RMB7,364,000 in cash, among which RMB7,124,000 was paid in 2010 and RMB240,000 was paid in 2011.

35 Related party transactions

(a) For the years ended 31 December 2011 and 2010, related parties, other than the subsidiaries, and their relationship with the Group are as follows:

Name of related party	Relationship
Changan Industry	Shareholder
APLL	Shareholder
Minsheng Industrial	Shareholder
APL Logistics (China) Co., Ltd. ("APLLC")	Subsidiary of APLL
China South Industries Group Corporation ("CSI Group")	Parent company of Changan Industry
China Changan Automobile Group ("Changan Auto Group")	Subsidiary of CSI Group
China South Industries Group Finance Co., Ltd. ("CSIGF")	Subsidiary of CSI Group
Chongqing Changan Automobile Company Limited ("Changan Automobile")	Subsidiary of Changan Auto Group
Hafei Automobile Industry Group Co., Ltd.("Hafei Group")	Subsidiary of Changan Auto Group
Hafei Automobile Company Limited ("Hafei Automobile")	Subsidiary of Hafei Group
Chongqing Changan Construction Company Limited ("Changan Construction")	Subsidiary of Changan Industry
Minsheng Shipping Company Limited ("Minsheng Shipping")	Subsidiary of Minsheng Industrial
Minsheng International Freight Company Limited ("Minsheng International Freight")	Subsidiary of Minsheng Shipping
Minsheng Logistics Company Limited ("Minsheng Logistics")	Subsidiary of Minsheng Shipping
Chongqing Changan International Sales and Services Company Limited ("Changan International Sales")	Subsidiary of Changan Automobile
Chongqing Changan Automobile Sales Company Limited ("Changan Sales")	Subsidiary of Changan Automobile
Hebei Changan Automobile Company Limited ("Changan Hebei")	Subsidiary of Changan Automobile
Hebei Changan Commercial Vehicle Company Limited ("Changan Hebei Commercial")	Subsidiary of Changan Automobile
Nanjing Changan Automobile Company Limited ("Changan Nanjing")	Subsidiary of Changan Automobile
Chongqing Changan Automobile Supporting Service Co., Ltd. ("Changan Service")	Subsidiary of Changan Automobile
Nanjing Chuanyu Changan Sales Company Limited ("Nanjiing Chuanyu")	Subsidiary of Changan Sales
Chongqing Changan Suzuki Automobile Company Limited ("Changan Suzuki")	Jointly controlled entity of Changan Automobile
Jiangling Motor Holding Company Limited ("Jiangling Holding")	Jointly controlled entity of Changan Automobile
Chongqing Changan Ford Mazda Automobile Company Limited ("Changan Ford")	Jointly controlled entity of Changan Automobile
Changan Ford Mazda Engine Company Limited ("Changan Ford Engine")	Jointly controlled entity of Changan Automobile
Chongqing Ante Import and Export Trading Company Limited ("Chongqing Ante")	Subsidiary of Changan Ford

35 Related party transactions (continued)

(a) For the years ended 31 December 2011 and 2010, related parties, other than the subsidiaries, and their relationship with the Group are as follows: (continued)

Name of related party	Relationship
Chongqing Tsingshan Industries Company Limited (“Chongqing Tsingshan”)	Subsidiary of Changan AutoGroup
Chongqing Jian’an Axles Branch (“Chongqing Jian’an”)	Subsidiary of Changan Auto Group
Wuhan Minfutong	Associate
Chongqing Terui	Associate
Beijing Changjiu Logistics Company Limited (“Beijing Changjiu”)	Non-controlling shareholder of Nanjing CMSC
Chongqing Dajiang	Non-controlling shareholder of Chongqing Dingjie
Chongqing Weitai	Non-controlling shareholder of Chongqing Dingjie
Chongqing Lingxin	Non-controlling shareholder of Chongqing Dingjie

(b) For the years ended 31 December 2011 and 2010, the related party transactions are shown as follows:

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

Transaction with associates:

(i) Transportation services provided by related parties

	2011 RMB’000	2010 RMB’000
Chongqing Terui	20,053	22,598
Wuhan Minfutong	4,358	9,769
	24,411	32,367

35 Related party transactions (continued)

(b) For the years ended 31 December 2011 and 2010, the related party transactions are shown as follows: (continued)

Transaction with other related parties:

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

	2011 RMB'000	2010 RMB'000
Changan Ford	791,962	696,632
Changan Automobile	701,137	642,855
Changan Hebei Commercial	233,627	225,364
Changan Nanjing	2,871	163,988
Changan Suzuki	10,238	12,796
Nanjing Chuanyu	209,868	-
Hafei Automobile	54,683	-
	2,004,386	1,741,635

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

	2011 RMB'000	2010 RMB'000
Changan Ford	534,591	460,740
Changan Ford Engine	20,679	10,471
Chongqing Ante	20,677	12,321
Changan Hebei	42,928	58,774
Changan Automobile	82,265	108,073
Changan International Sales	23,041	33,761
Changan Suzuki	8,293	5,240
Changan Nanjing	67,686	23,944
Jiangling Holding	708	527
Chongqing Tsingshan	1,445	1,450
Chongqing Jian'an	2,517	1,550
Changan Service	16,953	16,479
	821,783	733,330

35 Related party transactions (continued)

(b) For the years ended 31 December 2011 and 2010, the related party transactions are shown as follows: (continued)

Transaction with other related parties: (continued)

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

	2011 RMB'000	2010 RMB'000
Changan Ford	33,126	39,013
Changan Industry	8,145	8,212
Changan International Sales	251	459
Jiangling Holding	734	482
Changan Automobile	8,412	14
Changan Suzuki	1,024	405
Changan Service	1,512	1,031
	53,204	49,616

(iv) Purchase of transportation services

	2011 RMB'000	2010 RMB'000
Minsheng Logistics	219,378	216,850
Minsheng International Freight	4,014	1,261
Minsheng Shipping	34,448	9,941
Beijing Changjiu	23,974	28,674
	281,814	256,726

(v) Purchase of construction services

	2011 RMB'000	2010 RMB'000
Changan Construction	9,742	1,496

(vi) Operating lease - warehouse and venue

	2011 RMB'000	2010 RMB'000
Chongqing Dajiang	700	350

35 Related party transactions (continued)

(b) For the years ended 31 December 2011 and 2010, the related party transactions are shown as follows: (continued)

Transaction with other related parties: (continued)

(vii) Consultant services provided by related parties

	2011 RMB'000	2010 RMB'000
APLLC	555	555

(viii) Considerations paid for business combination

	2011 RMB'000	2010 RMB'000
Chongqing Dajiang	-	2,520
Chongqing Weitai	-	2,043
Chongqing Lingxin	219	2,125
	219	6,688

35 Related party transactions (continued)

(c) As at 31 December 2011 and 2010, the related party balances are shown as follows:

Due from related parties

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Balance from rendering of services				
Subsidiary:				
- Nanjing CMSC	-	-	1,601	3,616
- Chongqing Dingjie	-	-	2,654	-
Other related parties:				
- Changan Automobile	277,576	136,420	277,576	44,550
- Changan Ford	158,875	85,292	81,554	187
- Changan Ford Engine	10,938	7,550	5	-
- Changan Hebei	9,538	19,480	9,538	19,480
- Changan Hebei Commercial	37,999	72,823	37,999	72,823
- Changan Nanjing	31,101	44,492	31,101	44,492
- Nanjing Chuanyu	63,206	-	63,206	-
- Chongqing Tsingshan	422	177	169	177
- Chonqing Jian'an	1,563	1,001	1,563	1,001
- Chongqing Ante	898	1,109	898	1,109
- Changan Suzuki	2,873	2,703	1,479	2,514
- Changan Industry	6,269	10,401	6,269	10,401
- Changan Auto Group	22	53	22	53
- Changan International Sales	642	-	642	-
- Hafei Automobile	12,880	-	12,880	-
- Changan Service	7,415	1,957	7,415	1,957
Subtotal	622,217	383,458	536,571	202,360

35 Related party transactions (continued)

(c) As at 31 December 2011 and 2010, the related party balances were shown as follows: (continued)

Due from related parties (continued)

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Balance of deposits for service quality guarantee				
Other related parties:				
- Changan Ford	3,505	2,164	1351	682
- Changan Automobile	786	730	786	730
- Changan Hebei	831	625	831	625
- Changan Nanjing	315	1,081	315	1,081
- Changan Suzuki	3,105	506	500	506
Subtotal	8,542	5,106	3,783	3,624
Prepayment for transportation services				
Other related parties:				
- Minsheng Shipping	2,044	478	1,132	1,646
- Minsheng International Freight	198	-	178	-
- Beijing Changjiu	-	84	-	1,620
Subtotal	2,242	562	1,310	3,266
Other receivables				
Subsidiaries:				
- Chongqing Boyu	-	-	-	32,698
- Chongqing Dingjie	-	-	28	-
- Chongqing Future	-	-	5,893	7,742
Associates:				
- Wuhan Minfutong	-	36	-	36
- Chongqing Terui	-	173	-	173
Other related parties:				
- Changan Industry	780	757	780	757
- Chongqing Ante	108	116	108	116
- Minsheng Industrial	47	196	-	196
Subtotal	935	1,278	6,809	41,718
Less: provision for impairment of due from related parties	(1,076)	(999)	(1,076)	(999)
Total	632,860	389,405	547,397	249,969

35 Related party transactions (continued)

(c) As at 31 December 2011 and 2010, the related party balances were shown as follows: (continued)

Due from related parties (continued)

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

As at 31 December 2011, approximately 69% (2010: approximately 72%) of the total amount of trade receivables and due from related parties was due from the top five largest customers. The carrying amount of trade receivables and due from related parties represents the Group's maximum exposure to credit risk in relation to its financial assets.

The Group offers credit terms to its related parties ranging from 30 to 90 days. Ageing analysis of balance from rendering of services at 31 December 2011 and 2010 is as follows:

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	594,655	372,194	509,682	191,624
91 to 180 days	18,712	7,704	18,039	7,176
181 to 365 days	6,968	947	6,968	947
Over 1 year	1,882	2,613	1,882	2,613
	622,217	383,458	536,571	202,360

As at 31 December 2011 and 2010, due from related parties of approximately RMB26,486,000 and RMB10,265,000 were past due but not impaired. These balances relate to certain related parties with no history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	18,712	7,704	18,039	7,176
181 to 365 days	6,968	947	6,968	947
Over 1 year	806	1,614	806	1,614
	26,486	10,265	25,813	9,737

35 Related party transactions (continued)

(c) As at 31 December 2011 and 2010, the related party balances were shown as follows: (continued)

Due from related parties (continued)

As at 31 December 2011 and 2010, due from related parties of RMB1,076,000 and RMB999,000 were impaired and provided for. The individually impaired receivables mainly relate to certain related parties, which are in difficult financial situations. The ageing of these receivables is as follows:

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Over 1 year	1,076	999	1,076	999

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

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
At 1 January	999	523	999	523
Provision of impairment of balances due from related parties	77	476	77	476
At 31 December	1,076	999	1,076	999

As at 31 December 2011 and 2010, the balances of due from related parties denominated in USD were as below. The remaining balances as at 31 December 2011 and 2010 were denominated in RMB.

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
USD	13,781	3,947	2,056	519

35 Related party transactions (continued)

(c) As at 31 December 2011 and 2010, the related party balances were shown as follows (continued):

Due to related parties

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Balance from transportation services provided by related parties				
Subsidiaries:				
- Nanjing CMSC	-	-	691	323
- Chongqing Boyu	-	-	70,377	30,391
- Chongqing Dingjie	-	-	-	123
- Chongqing Fuji	-	-	267	-
Associates:				
- Wuhan Minfutong	18,596	20,226	18,596	20,226
- Chongqing Terui	3,426	932	3,426	932
Other related parties:				
- Changan Automobile	419	-	419	-
- Changan Industry	953	-	953	-
- Minsheng Logistics	69,920	57,049	60,370	49,493
- Minsheng International Freight	433	506	433	506
- Minsheng Shipping	2,256	6,635	2,256	2,837
- Beijing Changjiu	6,896	-	1,702	-
Subtotal	102,899	85,348	159,490	104,831
Balance from construction services provided by related party				
Other related party:				
- Changan Construction	6,940	2,267	5,606	555
Advances for rendering of services				
Other related parties:				
- Changan Ford	61	19,639	-	19,579
- Changan International Sales	-	1,181	-	1,181
Subtotal	61	20,820	-	20,760

35 Related party transactions (continued)

(c) As at 31 December 2011 and 2010, the related party balances were shown as follows: (continued)

Due to related parties (continued)

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
Subsidiaries:				
- Chongqing Boyu	-	-	22,731	-
- Chongqing Dingjie	-	-	528	19,842
- Nanjing CMSC	-	-	20	-
Associates:				
- Wuhan Minfutong	14	-	14	-
Other related parties:				
- Minsheng Logistics	414	405	414	405
- Changan Automobile	721	749	721	749
- Minsheng Shipping	5	52	5	-
- APLLC	90	229	90	229
- Changan Ford	60	235	-	235
- Chongqing Lingxin	-	219	-	-
- Changan Nanjing	507	376	507	376
- Changan Industry	-	37	-	37
- Minsheng Industrial	-	307	-	307
- Beijing Changjiu	400	455	400	401
Subtotal	2,211	3,064	25,430	22,581
Total	112,111	111,499	190,526	148,727

35 Related party transactions (continued)

(c) As at 31 December 2011 and 2010, the related party balances were shown as follows: (continued)

Ageing analysis of due to related parties at 31 December 2011 and 2010 were as follows:

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 90 days	108,177	106,470	140,798	146,089
91 to 180 days	101	878	29,399	146
181 to 365 days	80	1,037	15,173	1,010
Over 1 year	3,753	3,114	5,156	1,482
	112,111	111,499	190,526	148,727

As at 31 December 2011 and 2010, all related party balances were interest-free and unsecured.

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

As at 31 December 2011 and 2010, the balances of due to related parties denominated in USD were as below. The remaining balances as at 31 December 2011 and 2010 were denominated in RMB.

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
USD	1,856	1,331	1,148	1,140

Deposit

	Group		Company	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
CSIGF	149,339	130,934	129,339	130,934

The interest rates range from 0.50% to 3.10% per annum (2010: 0.36%).

35 Related party transactions (continued)

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

Operating lease – Chongqing Dajiang

	2011	2010
	RMB'000	RMB'000
Within one year	700	700
Between 1 and 2 years	700	550
Between 2 and 3 years	700	400
Over 3 years	350	600
	2,450	2,250

36 Share-based payment

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

As at 31 December 2011 and 2010, no share appreciation rights have been granted under the SARIS.

37 Events after the balance sheet date

(1) Pursuant to a resolution of the Board of Directors dated 19 March 2012, the directors of the Company proposed to declare final dividend of RMB0.16 per share (2010:RMB0.15 per share), totalling RMB25,930,000 (2010: RMB24,310,000). The proposed dividend is subject to be approved at the shareholders' annual general meeting of year 2012.

(2) According to a resolution of board of directors' meeting dated 20 December 2011, the registered capital of Chongqing Fuyong was increased from RMB3,000,000 to RMB5,000,000. On 5 January 2012, cash of RMB2,000,000 was contributed to Chongqing Fuyong and had been verified by Chongqing Tong Guan CPAs Limited Company, a Certified Public Accountant firm.