



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)

Results Announcement
for the year ended 31 December 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This announcement 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”) of the Stock Exchange for the purpose of giving information with regard to Changan Minsheng APLL Logistics Co., Ltd. (the “Company”). The directors of the Company collectively and individually accept full responsibility of this announcement. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2011, the audited consolidated revenue of the Group was approximately RMB3,275,136,000 representing an increase of approximately 15.85% from the previous year.
- The audited profit attributable to equity holders of the Company was approximately RMB250,128,000, representing an increase of 39.78% from the corresponding period in 2010.
- For the year ended 31 December 2011, the audited basic earnings per share was RMB 1.54 (in 2010: RMB 1.10).

ANNUAL RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2011 and the comparative figures for the corresponding period of 2010 as follows:

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
BALANCE SHEETS

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

	Note	Group		Company	
		As at 31 December		As at 31 December	
		2011	2010	2011	2010
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment		264,560	243,100	177,216	149,047
Prepaid lease payments		143,883	146,164	121,484	123,346
Intangible assets		9,547	9,676	3,238	2,532
Investments in subsidiaries		-	-	191,500	188,500
Investments in associates		21,836	19,692	12,100	12,100
Deferred income tax assets		12,595	13,093	8,859	10,176
Total non-current assets		452,421	431,725	514,397	485,701
Current assets					
Inventories		3,988	3,097	3,988	3,097
Trade receivables	5	193,056	114,777	176,320	96,250
Prepayment and other receivables		21,647	39,032	14,873	31,581
Due from related parties	17	632,860	389,405	547,397	249,969
Restricted cash		850	-	850	-
Cash and cash equivalents		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

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
BALANCE SHEETS(continued)
(All amounts in RMB unless otherwise stated)

	Note	Group		Company	
		As at 31 December		As at 31 December	
		2011	2010	2011	2010
		RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Equity attributable to owners of the Company					
Share capital		162,064	162,064	162,064	162,064
Capital surplus	6	75,150	75,150	75,150	75,150
Other reserves	6	85,867	65,911	85,867	65,911
Retained earnings					
- Proposed final dividends		25,930	24,310	25,930	24,310
- Others		664,092	459,850	546,379	393,041
		<u>1,013,103</u>	<u>787,285</u>	<u>895,390</u>	<u>720,476</u>
Non-controlling interests		<u>106,009</u>	<u>89,153</u>	<u>-</u>	<u>-</u>
Total equity		<u>1,119,112</u>	<u>876,438</u>	<u>895,390</u>	<u>720,476</u>
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities		995	963	-	-
Deferred income		3,657	4,910	3,589	4,775
Total non-current liabilities		<u>4,652</u>	<u>5,873</u>	<u>3,589</u>	<u>4,775</u>
Current liabilities					
Trade and other payables	7	544,931	399,863	455,992	289,100
Due to related parties	17	112,111	111,499	190,526	148,727
Current income tax liabilities		13,333	25,895	5,861	13,718
Total current liabilities		<u>670,375</u>	<u>537,257</u>	<u>652,379</u>	<u>451,545</u>
Total liabilities		<u>675,027</u>	<u>543,130</u>	<u>655,968</u>	<u>456,320</u>
Total equity and liabilities		<u>1,794,139</u>	<u>1,419,568</u>	<u>1,551,358</u>	<u>1,176,796</u>
Net current assets		<u>671,343</u>	<u>450,586</u>	<u>384,582</u>	<u>239,550</u>
Total assets less current liabilities		<u>1,123,764</u>	<u>882,311</u>	<u>898,979</u>	<u>725,251</u>

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(All amount in RMB unless otherwise stated)

		Year ended 31 December	
		2011	2010
		RMB'000	RMB'000
	Note		
Revenue	8	3,275,136	2,827,020
Cost of sales		(2,738,554)	(2,419,262)
Gross profit		536,582	407,758
Other income	9	4,181	2,505
Distribution costs	10	(109,017)	(87,751)
Administrative expenses	10	(79,140)	(65,311)
Operating profit		352,606	257,201
Finance income	12	4,357	3,294
Finance costs	13	(909)	(1,564)
Share of profit of associates		2,144	2,881
Profit before income tax		358,198	261,812
Income tax expense	14	(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 interests		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	15	RMB1.54	RMB1.10
Dividends	18	25,930	24,310

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amount in RMB unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000	
	Note	Share capital RMB'000	Capital surplus RMB'000 Note(6)	Other reserves RMB'000 Note(6)			Retained earnings 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	6	-	-	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	6	-	-	19,956	(19,956)	-	-
Balance at 31 December 2011		162,064	75,150	85,867	690,022	106,009	1,119,112

CHANGAN MINSHENG APLL LOGISTICS CO., LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS
(All amount in RMB unless otherwise stated)

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
Cash flows from operating activities		
Cash generated from operations	242,630	293,358
Interest paid	-	(1,235)
Income tax paid	(83,645)	(43,303)
Net cash generated from operating activities	<u>158,985</u>	<u>248,820</u>
Cash flows from investing activities		
Acquisition of a business	(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	336	218
Interest received	4,357	3,294
Net cash used in investing activities	<u>(66,994)</u>	<u>(120,355)</u>
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	(24,310)	(14,586)
Dividends paid to non-controlling interests	(19,600)	(13,475)
Net cash used in financing activities	<u>(43,910)</u>	<u>(1,061)</u>
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	<u><u>489,317</u></u>	<u><u>441,532</u></u>

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 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 3.

3 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.

3.1 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.

3.2 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.

4 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.

4 Segment information(Continued)

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 RMB'000	Transportation of non-vehicle commodities RMB'000	All other segments RMB'000	Total 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

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

	Transportation and supply chain management for vehicle commodities RMB'000	Transportatio n 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 8.

4 Segment information(Continued)

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	<u>5,687</u>	<u>6,923</u>
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	<u>2,144</u>	<u>2,881</u>
Profit before income tax	<u>358,198</u>	<u>261,812</u>

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	<u>8,976</u>	<u>8,749</u>
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	<u>709,584</u>	<u>547,621</u>
Total assets per the Group's balance sheet	<u>1,794,139</u>	<u>1,419,568</u>

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.

5 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	<u>(10,872)</u>	<u>(8,742)</u>	<u>(10,771)</u>	<u>(8,580)</u>
Accounts receivable - net	107,181	65,750	90,565	47,303
Bills receivable (b)	<u>85,875</u>	<u>49,027</u>	<u>85,755</u>	<u>48,947</u>
	<u>193,056</u>	<u>114,777</u>	<u>176,320</u>	<u>96,250</u>

(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	<u>8,281</u>	<u>4,299</u>	<u>8,269</u>	<u>4,299</u>
	<u>118,053</u>	<u>74,492</u>	<u>101,336</u>	<u>55,883</u>

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.

5 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 RMB'000	2010 RMB'000	2011 RMB'000	2010 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
	<u>31,114</u>	<u>21,933</u>	<u>29,313</u>	<u>21,072</u>

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

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

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 7).

5 Trade receivables (continued)

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

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

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.

6 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.

7 Trade and other payables

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 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
	<u>544,931</u>	<u>399,863</u>	<u>455,992</u>	<u>289,100</u>

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

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 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
	<u>370,445</u>	<u>250,693</u>	<u>311,862</u>	<u>164,287</u>

(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.

8 Revenue

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

	2011 RMB'000	2010 RMB'000
<u>Transactions with related party (Note 17)</u>		
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
	<u>2,879,373</u>	<u>2,524,581</u>
<u>Transactions with third parties</u>		
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
	<u>395,763</u>	<u>302,439</u>
Total	<u>3,275,136</u>	<u>2,827,020</u>

9 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
	<u>4,181</u>	<u>2,505</u>

10 Expenses by nature

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

11 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	25,660	15,643
Others	13,857	8,138
	<u>358,097</u>	<u>249,838</u>

12 Finance income

	2011 RMB'000	2010 RMB'000
Interest income on bank deposits	<u>4,357</u>	<u>3,294</u>

13 Finance costs

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

14 Income tax expense

	2011 RMB'000	2010 RMB'000
<u>Current tax:</u>		
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	<u>71,084</u>	<u>53,095</u>
<u>Deferred tax :</u>		
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	<u>530</u>	<u>(6,307)</u>
Income tax expense	<u>71,614</u>	<u>46,788</u>

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%.

14 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	<u>358,198</u>	<u>261,812</u>
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	<u>120</u>	<u>(1,388)</u>
Tax charges	<u><u>71,614</u></u>	<u><u>46,788</u></u>

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.

15 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)	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share)	<u>1.54</u>	<u>1.10</u>

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

16 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.

17 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

17 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 Auto Group
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

17 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	-
	<u>2,004,386</u>	<u>1,741,635</u>

(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
	<u>821,783</u>	<u>733,330</u>

17 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
	<u>53,204</u>	<u>49,616</u>

(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
	<u>281,814</u>	<u>256,726</u>

(v) Purchase of construction services

	2011 RMB'000	2010 RMB'000
Changan Construction	<u>9,742</u>	<u>1,496</u>

(vi) Operating lease - warehouse and venue

	2011 RMB'000	2010 RMB'000
Chongqing Dajiang	<u>700</u>	<u>350</u>

17 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	<u>555</u>	<u>555</u>

- (viii) Considerations paid for business combination

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

17 Related party transactions (continued)

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

Due from related parties

	<u>Group</u>		<u>Company</u>	
	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
- Chongqing 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	<u>622,217</u>	<u>383,458</u>	<u>536,571</u>	<u>202,360</u>

17 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 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Balance of deposits for service quality guarantee				
Other related parties:				
- Changan Ford	3,505	2,164	1,351	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	<u>8,542</u>	<u>5,106</u>	<u>3,783</u>	<u>3,624</u>
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	<u>2,242</u>	<u>562</u>	<u>1,310</u>	<u>3,266</u>
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	<u>935</u>	<u>1,278</u>	<u>6,809</u>	<u>41,718</u>
Less: provision for impairment of due from related parties	<u>(1,076)</u>	<u>(999)</u>	<u>(1,076)</u>	<u>(999)</u>
Total	<u>632,860</u>	<u>389,405</u>	<u>547,397</u>	<u>249,969</u>

17 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 RMB'000	2010 RMB'000	2011 RMB'000	2010 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
	<u>622,217</u>	<u>383,458</u>	<u>536,571</u>	<u>202,360</u>

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 RMB'000	2010 RMB'000	2011 RMB'000	2010 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
	<u>26,486</u>	<u>10,265</u>	<u>25,813</u>	<u>9,737</u>

17 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:

	<u>Group</u>		<u>Company</u>	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
Over 1 year	<u>1,076</u>	<u>999</u>	<u>1,076</u>	<u>999</u>

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

	<u>Group</u>		<u>Company</u>	
	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	<u>77</u>	<u>476</u>	<u>77</u>	<u>476</u>
At 31 December	<u><u>1,076</u></u>	<u><u>999</u></u>	<u><u>1,076</u></u>	<u><u>999</u></u>

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.

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

17 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 RMB'000	2010 RMB'000	2011 RMB'000	2010 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	<u>102,899</u>	<u>85,348</u>	<u>159,490</u>	<u>104,831</u>
Balance from construction services provided by related party				
Other related party:				
- Changan Construction	<u>6,940</u>	<u>2,267</u>	<u>5,606</u>	<u>555</u>
Advances for rendering of services				
Other related parties:				
- Changan Ford	61	19,639	-	19,579
- Changan International Sales	-	1,181	-	1,181
Subtotal	<u>61</u>	<u>20,820</u>	<u>-</u>	<u>20,760</u>

17 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 RMB'000	2010 RMB'000	2011 RMB'000	2010 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	<u>2,211</u>	<u>3,064</u>	<u>25,430</u>	<u>22,581</u>
Total	<u>112,111</u>	<u>111,499</u>	<u>190,526</u>	<u>148,727</u>

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

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 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	<u>3,753</u>	<u>3,114</u>	<u>5,156</u>	<u>1,482</u>
	<u>112,111</u>	<u>111,499</u>	<u>190,526</u>	<u>148,727</u>

17 Related party transactions (continued)

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

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

Deposit

	Group		Company	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 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%).

- (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 RMB'000	2010 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
	<u>2,450</u>	<u>2,250</u>

18 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.

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)
Owners 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 (including tax) (Note 2)	0.16	0.15	0.09	0.09	0.08

Note 1: Earnings per share is calculated by dividing the profit attributable to the owner 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 monetary 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, Chongqing 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" or "Changan Auto Group") 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 tandem with the revenue increased, the Group strengthened the cost control, and hence the profits attributable to the owners 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 February 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 establishment 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 registered 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 continuing 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 Logistics Association, the Company became an Excellent Council Member of Chongqing Logistics 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

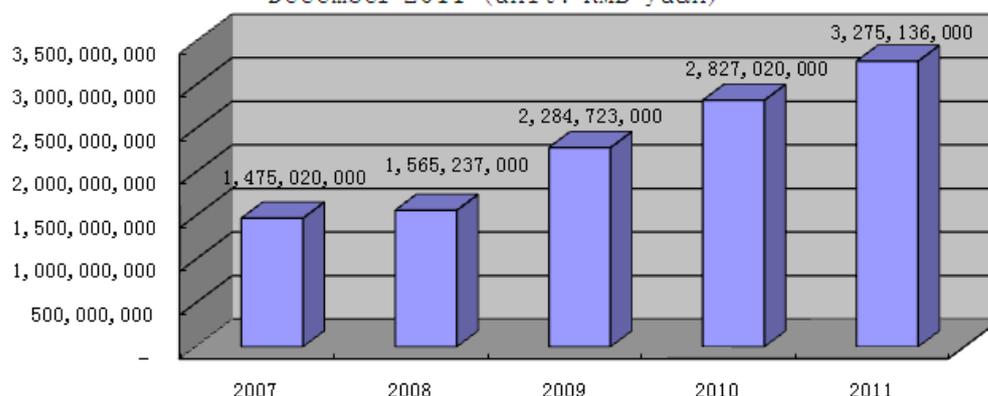
Management Discussion and Analysis

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" or "Changan Ford Mazda"), Chongqing Changan Suzuki Automobile Company Limited, 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 vehicles. But through actively exploring the business of Changan Ford Mazda and Changan Automobile's after-sales logistics and Hafei Automobile'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 RMB1,743,732,000 of 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

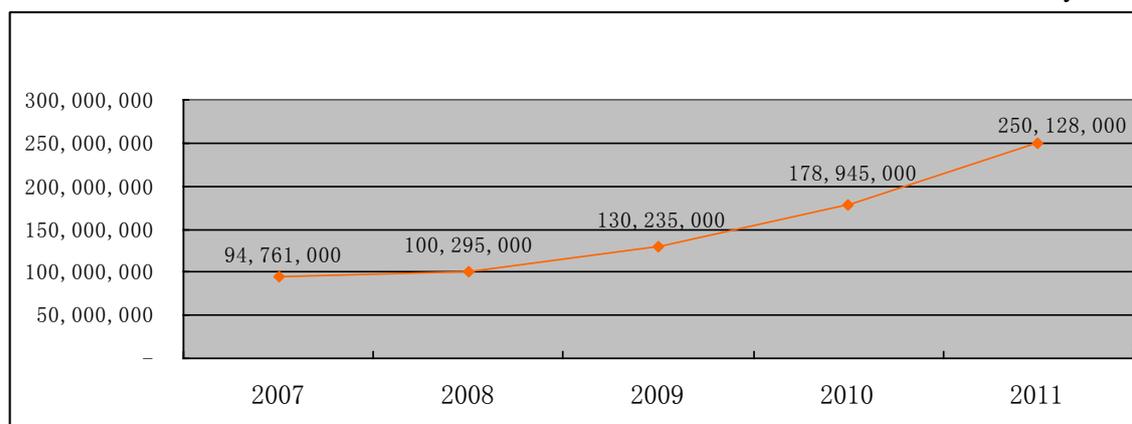
The weighted average applicable tax rate of the Group decreased from 18.5% in 2010 to 18.30% for the year ended 31 December 2011, and the income tax expenses for the year increased from RMB46,788,000 to RMB71,614,000.

Profit Attributable to Owners of the Company

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

Chart 3: Growth in profit attributable to Owner 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 RMB'000	2010 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	-	-
	<u>-</u>	<u>13,192</u>

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 established by the Company and the Company holds 100% of its shares. Please refer to the Chairman's Statement and the Report of the Directors of this announcement.

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	<u>4,799</u>	<u>3,816</u>

Please refer to note 11 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.

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.

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. 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 (<i>note 1</i>)	1/1
Mr. Gao Peizheng	4/4
Mr. Lu Xiaozhong	4/4
Mr. Zhu Minghui (<i>note 2</i>)	1/1
Mr. Shi Chaochun (<i>note 3</i>)	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 her effective resignation date.

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 (<i>note 1</i>)	1/1
Wang Xu (<i>note 1</i>)	4/4

Note 1: Mr. Poon Chiu Kwok was appointed as the independent non-executive director of the Company 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 her effective resignation date.

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 (<i>note 1</i>)	0/0
Wang Xu (<i>note 1</i>)	2/2

Note 1: Mr. Poon Chiu Kwok was appointed as the member of the remuneration committee on 30 September 2011, but all the meetings of remuneration committee in 2011 had been held before his appointment.

(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(<i>note 1</i>)	0/0
Lau Man Yee, Vanessa	4/4
Wu Xiaohua(<i>note 1</i>)	4/4
Peng Qifa	4/4
Chong Teck Sin	4/4
Poon Chiu Kwok (<i>note 2</i>)	0/0
Wang Xu (<i>note 2</i>)	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 nomination committee.

Note 2: Mr. Poon Chiu Kwok was appointed as the member 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 her effective resignation date.

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 Manual) 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 third 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 10 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 the net value of the Company's property, plant and equipment are set out in the balance sheet of this announcement.

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 announcement.

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.

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.

Chongqing Changan Minsheng Future Logistics Co., Ltd. ("Chongqing Future"), the wholly-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.

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.

On 28 April 2011, Chongqing Fuyong, the wholly-owned subsidiary of the Company, was incorporated by the Company with a registered 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.

Capitalized Interests

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 announcement 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 (appointed on 30 September 2011)
Zhang Tianming (appointed on 30 September 2011)
Wu Jun (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

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 shares (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%
McIntyre 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 announcement, 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	42%	43%
Changan Automobile	24%	25%
Hebei Changan Commercial Automobile Sales Co., Ltd.	7%	11%
Nanjing Chuanyu Automobile Sales Co., Ltd.	4%	0
Nanjing Changan	2%	2%
Total of 5 largest customers	<u>79%</u>	<u>81%</u>

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%
Yingtian 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 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, during the reporting period there was no director(s) or substantial shareholder(s) (having the same meaning with that of the GEM Listing Rules) of the Company owning any equity in the business that compete with the Group or may have competition with the Group.

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

	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
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 announcement, 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

As at the date of this announcement the Board comprises

Executive Directors:

Mr. Zhang Lungang
Mr. Gao Peizheng
Mr. Lu Xiaozhong
Mr. Zhu Minghui
Mr. William K Villalon

Non-executive directors:

Mr. Lu Guoji
Ms. Vanessa Lau Man Yee
Mr. Li Ming
Mr. Wu Xiaohua
Mr. Zhou Zhengli
Mr. Danny Goh Yan Nan

Independent non-executive directors:

Mr. Peng Qifa
Mr. Chong Teck Sin
Mr. Poon Chiu Kwok

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least 7 days from the date of its posting.

** For identification purpose only*