



重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd.*

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

(Stock Code: 8217)



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This report includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange of Hong Kong 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 report. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report 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 report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- For the three-month period ended 31 March, 2008, the unaudited revenue of the Group was approximately RMB440,283,000, representing an increase of approximately 43% from the corresponding period in 2007.
- For the three-month period ended 31 March, 2008, the unaudited profit attributable to equity holders of the Company was approximately RMB28,537,000, representing an increase of approximately 65% from the corresponding period in 2007.
- For the three-month period ended 31 March, 2008, the unaudited basic earnings per share were RMB0.176 (corresponding period in 2007: RMB0.106).
- The Board does not propose the payment of an interim dividend for the three-month period ended 31 March, 2008.

QUARTERLY REPORT (UNAUDITED)

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three-month period ended 31 March, 2008, together with the comparative figures for the corresponding period in 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

| | | For the three-month period ended 31 March | |
|---------------------------------------|------|--|-------------|
| | | 2008 | 2007 |
| | | (unaudited) | (unaudited) |
| | Note | RMB'000 | RMB'000 |
| Revenue | 3 | 440,283 | 307,269 |
| Cost of sales | | (389,163) | (278,340) |
| Gross profit | | 51,120 | 28,929 |
| Other gains | | 754 | 1,100 |
| Distribution costs | | (8,778) | (6,322) |
| Administrative expenses | | (8,861) | (4,585) |
| Operating profit | | 34,235 | 19,122 |
| Finance costs | 4 | (1,070) | (1,337) |
| Finance income | | 537 | 476 |
| Net finance costs | | (533) | (861) |
| Share of profits of associates | | 41 | 233 |
| Profit before income tax | | 33,743 | 18,494 |
| Income tax expense | 5 | (5,120) | (1,241) |
| Attributable to: | | | |
| Equity holders of the Company | 6 | 28,537 | 17,253 |
| Minority interest | | 86 | - |
| Dividends | | - | - |
| Earnings per share –basic and diluted | 7 | RMB 0.176 | RMB 0.106 |

Notes:

1. Basis of presentation

The Company, formerly known as Chongqing Changan Minsheng Logistics Co., Ltd., was incorporated in 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 and was renamed CMA Logistics Co., Ltd.

As approved by the Ministry of Commerce of the PRC, on 5 June, 2007, the English name of the Company was changed to “Changan Minsheng APLL Logistics Co., Ltd.”.

The H Shares of the Company have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited on 23 February, 2006.

2. Principal accounting policies

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards. The accounting policies adopted are consistent with those followed in preparation of the Group’s consolidated financial statements for the year ended 31 December, 2007.

3. Revenue

The Company is principally engaged in the provision of transportation of finished vehicles services, supply chain management services relating to car components and parts and transportation of non-vehicle commodities services. Revenues for the three-month period ended 31 March, 2008 are as follows:

For the three-month period ended 31 March

| | 2008 | 2007 |
|---|--------------------|----------------|
| | (unaudited) | (unaudited) |
| | RMB'000 | RMB'000 |
| Transportation of finished vehicles | 276,965 | 200,170 |
| Supply chain management for automobile components and parts | 140,036 | 84,979 |
| Transportation of non-vehicle commodities | <u>23,282</u> | <u>22,120</u> |
| Total | <u>440,283</u> | <u>307,269</u> |

The Group has only one business segment, which is the rendering of transportation of finished vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities services. The directors of the Company consider that its primary reporting format of its segment information is its business segment.

No geographical segment information is presented as all of the Group’s turnover and profit are derived within the PRC and all assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

4. Finance costs

Finance costs for the three-month period ended 31 March, 2008 are as follows:

| | For the three-month period ended 31 March | |
|------------------------|--|---------------------|
| | 2008 (unaudited) | 2007 (unaudited) |
| | RMB'000 | RMB'000 |
| Interest on bank loans | 470 | 459 |
| Exchange loss | 600 | 870 |
| Others | <u>-</u> | <u>8</u> |
| Total | <u><u>1,070</u></u> | <u><u>1,337</u></u> |

5. Income tax expense

| | For the three-month period ended 31 March | |
|--|--|---------------------|
| | 2008 (unaudited) | 2007 (unaudited) |
| | RMB'000 | RMB'000 |
| Current PRC enterprise income tax ("EIT") | 5,412 | 1,277 |
| Deferred tax | <u>(292)</u> | <u>(36)</u> |
| Total | <u><u>5,120</u></u> | <u><u>1,241</u></u> |

The company, its subsidiary, and its branches are subject to different EIT rates. The applicable and actual EIT rates are shown as follows:

| | | For the three-month period ended 31 March | | | |
|---|----------|--|-----------------|-------------------|-----------------|
| | | 2008 | | 2007 | |
| | | Applicable | Actual | Applicable | Actual |
| | | EIT rate | EIT rate | EIT rate | EIT rate |
| Company | | | | | |
| - Headquarter | Note (a) | 15.0% | 15.0% | 15.0% | 7.5% |
| - Nanjing branch | Note (a) | 25.0% | 25.0% | 24.0% | 12.0% |
| - Dingzhou branch | Note (a) | 25.0% | 25.0% | 30.0% | 15.0% |
| - Qingdao branch | Note (a) | 25.0% | 25.0% | 30.0% | 15.0% |
| - Wuhan branch | Note (a) | 25.0% | 25.0% | 30.0% | 15.0% |
| - Shanghai branch | Note (a) | 25.0% | 25.0% | 15.0% | 7.5% |
| Chongqing CMAL Gangcheng Logistics Company Limited ("Chongqing Gangcheng") | | | | | |
| | Note (b) | 25.0% | 25.0% | 33.0% | 33.0% |
| Nanjing CMSC Logistics Company Limited ("Nanjing CMSC") | | | | | |
| | Note (b) | 25.0% | 25.0% | N/A | N/A |

Note:

(a) In accordance with the Approval of Enjoying Favorable EIT Policy (YYSJH[2003]No. 27) issued by the national tax bureau of Chongqing Technological Economic Development Zone on 27 May 2003, the Company is entitled to exemption from EIT in 2003 and 2004 followed by a 50% tax reduction from 2005 to 2007.

(b) As Chongqing Gangcheng and Nanjing CMSC, the Company's subsidiary, incurred losses for the three-month period ended 31 March, 2008, no EIT expense was incurred. Chongqing Gangcheng is the wholly-owned subsidiary of the Company. The Company, Sumitomo Corporation and Beijing Changjiu Logistics Co., Ltd. respectively hold 51%, 25% and 24% of the equity interests of Nanjing CMSC.

The PRC Income Tax Law (the new income tax law) was approved on 16 March 2007 by the NPC and the new income tax law will be taken effective on 1 January 2008. According to the regulation of the continuous implementation of the Western Development tax preferential policies pursuant to the Notice on the Implementation of Preferential Policies of the State Council on Transition of Enterprise Income Tax, Document No [2007] 39, the tax at the applicable rates of the Company remains 15% from 2008 to 2010. The tax at the applicable rates of the Company's affiliates, Chongqing Gangcheng and Nanjing CMSC will be adjusted to 25% on 1 January 2008.

No provision for Hong Kong profits tax was made as the Group had no assessable profit arising in or derived from Hong Kong for the three-month period ended 31 March, 2008 (corresponding period in 2007: nil).

The tax amount on the Group's profit before tax differs from the theoretical amount that would arise using the applicable EIT rates was as follows:

For the three-month period ended 31 March

| | 2008 (unaudited) RMB'000 | 2007 (unaudited) RMB'000 |
|--|---|--------------------------------|
| Profit before tax | 33,743 | 18,494 |
| Tax at the applicable EIT rates | 5,061 | 2,774 |
| EIT exemption | (322) | (1,792) |
| Expenses not deductible for tax purposes | <u>381</u> | <u>259</u> |
| Tax charge | <u><u>5,120</u></u> | <u><u>1,241</u></u> |

The effective tax rate for the three-month period ended 31 March, 2008 was 15.17% (corresponding period in 2007:6.71%).

6. Profit attributable to equity holders of the Company

For the period ended 31 March, 2008, the profit attributable to shareholders of the Company is RMB28,564,000 (corresponding period in 2007: RMB17,253,000), representing an increase of approximately 65.56% from the corresponding period in 2007.

7. 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 share in issue for the three-month period ended 31 March, 2008.

For the three-month period ended 31 March

| | 2008 (unaudited) RMB'000 | 2007 (unaudited) RMB'000 |
|--|---|--------------------------------|
| Group's profit attributable to equity holders of the Company | 28,537 | 17,253 |
| Weighted average number of ordinary shares in issue (in thousands) | <u>162,064</u> | <u>162,064</u> |
| Basic earnings per share (RMB per share) | <u><u>0.176</u></u> | <u><u>0.106</u></u> |

*Diluted earning per share is the same as basic earnings per share as there were no potentially dilutive shares.

RESERVES

For the three-month period ended 31 March, 2008 and 2007, the movements of reserves are as follows:

| | Capital surplus RMB'000 | Statutory surplus reserve fund RMB'000 | Discretionary surplus reserve fund RMB'000 | Retained earnings RMB'000 | Total RMB'000 |
|---------------------------------|-------------------------------|---|---|---------------------------------|------------------|
| As at 1 January 2007 (audited) | 75,150 | 16,525 | 4,835 | 79,577 | 176,087 |
| Net profit for the period | - | - | - | 17,253 | 17,253 |
| As at 31 March 2007 (unaudited) | <u>75,150</u> | <u>16,525</u> | <u>4,835</u> | <u>96,830</u> | <u>193,340</u> |
| As at 1 January 2008 (audited) | 75,150 | 26,502 | 4,835 | 151,396 | 257,883 |
| Net profit for the period | <u>-</u> | <u>-</u> | <u>-</u> | <u>28,537</u> | <u>28,537</u> |
| As at 31 March 2008 (unaudited) | <u>75,150</u> | <u>26,502</u> | <u>4,835</u> | <u>179,933</u> | <u>286,420</u> |

INTERIM DIVIDENDS

The Board does not propose the payment of an interim dividend for the three-month period ended 31 March, 2008 (corresponding period in 2007: nil).

BUSINESS REVIEW

For the three-month period ended 31 March, 2008, the Group recorded a revenue of approximately RMB440,283,000, representing an increase of approximately 43% over the same period last year. The increase in revenue was due to the increasing demand for vehicle logistics services from our existing clients, which increased their car manufacturing and selling activities during the period. The income from transportation of finished vehicles and supply chain management of car components and parts for the three-month period ended 31 March, 2008 represented respectively 62.91% and 31.81% of the Group's total revenue (corresponding period in 2007: 65.14% and 27.66%, respectively). The detailed breakdown of revenue is set out in Note 3 to the section headed "Condensed Consolidated Income Statement" of this report.

For the three-month period ended 31 March, 2008, the domestic automobile industry remained highly competitive. As we continue to implement control over our costs and enhance the income proportion of the business with comparably better profitability, our Company's gross profit margin, which was approximately 11.61%, is higher than that of the same period of last year. The Group's profit attributable to the shareholders of the Company for the three-month period ended 31 March, 2008 was approximately RMB28,537,000 (corresponding period in 2007: RMB17,253,000), representing an increase of approximately 65%.

PROSPECTS

For the three-month period ended 31 March, 2008, the Group achieved a notable increase in sales because of the expansion of the domestic automobile market and production volume of the Group's customers as well as the growth in the Company's sales market. In the second quarter of 2008, we will continue to strengthen the strategic and business relationships with our existing customers and explore our market and network, including new areas of the automobile logistics market. We will further deepen the construction of logistics network, fully utilize our information network technology, optimize resources allocation, and comprehensively develop the third party logistics market in order to further enhance the market competition of the Company. We will also strive to achieve sustainable growth by taking advantages of our professional technical knowledge and skills in the vehicle logistics industry and improving the management quality.

OTHER INFORMATION

INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS HOLD BY THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at 31 March 2008, none of the Directors, chief executive and the Supervisors 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 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 March 2008, the Directors, chief executive and the Supervisors were not beneficially interested in the share capital of any member of the Group nor did it has 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 2007 were 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 SHAREHOLDER AND MANAGEMENT SHAREHOLDER

As at 31 March 2008, so far as is known to the Directors, chief executive and the Supervisors of the Company, the following persons, other than a Director, chief executive, or Supervisor 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 provisions 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 share capital carrying rights to vote in all circumstances at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Long position in shares

| 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 Automobile Company (Group) Limited ("Changan Co.") | Beneficial owner | 39,029,088 | 36.45% | — | 24.08% |
| Changan Co. (Note 1) | Interest of a controlled corporation | 796,512 | 0.74% | — | 0.49% |
| Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial") | Beneficial owner | 25,774,720 | 24.07% | — | 15.91% |
| Minsheng Industrial (Note 2) | Interest of a controlled corporation | 7,844,480 | 7.33% | — | 4.84% |
| APL Logistics Ltd. ("APLL") | Beneficial owner | 33,619,200 | 31.40% | — | 20.74% |
| Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") | Beneficial owner | 7,844,480 | 7.33% | — | 4.84% |
| Atlantis Investment Management Ltd | Investment manager | 15,500,000 | — | 28.18% | 9.56% |
| 788 China Fund Ltd. | Investment manager | 4,000,000 | — | 7.27% | 2.47% |

| | | | | | |
|--|------------------------------|-----------|---|-------|-------|
| Ajia Partners Asian Equity Special Opportunities Portfolio Master Fund Limited | B e n e f i c i a l owner | 3,315,000 | — | 6.03% | 2.05% |
|--|------------------------------|-----------|---|-------|-------|

Note 1: Changan Industrial Company Limited (“Changan Industrial”), Changan Co.’s subsidiary, holds 0.49% of the Company.

Note 2: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

As at 31 March 2008, the management shareholders (interests in the shares and underlying shares of the Company held by the management shareholders such as Changan Co., Minsheng industrial, APLL and Ming Sung (HK) are as disclosed above) hold interests in the shares and underlying shares of the Company as follows:

| 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 Industrial | Beneficial owner | 796,512 | 0.74% | — | 0.49% |

Save as disclosed in this report, as at 31 March 2008, so far as is known to the Directors and chief executive of the Company, there is no other person (other than a Director, chief executive, or Supervisor of the Company) who 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 provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interests 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.

COMPETING INTERESTS

The Company has entered into a non-competition undertaking in favour of the Company with each of its shareholders, namely APLL, Minsheng Industrial, Ming Sung (HK) and Changan Co., respectively. For details of the non-competition undertakings, please refer to the Prospectus disclosed on 16 February 2006 and the annual report of 2007.

CONTINUING CONNECTED TRANSACTIONS

For the three-month period ended 31 March, 2008, the turnover generated from the continuing connected transactions between the Group and the connected parties (as defined in the GEM Listing Rules) was approximately RMB385,646,000, which accounted for approximately 87.59% of our total turnover during the reporting period.

For the three-month period ended 31 March, 2008, the cost of purchasing transportation labor from connected parties (as defined in the GEM Listing Rules) was approximately RMB48,513,000, which accounted for approximately 12.46% of our total cost of sales during the reporting period.

For the three-month period ended 31 March, 2008, the engineering construction services purchased from the connected persons (as defined in the GEM Listing Rules) by the Group was approximately RMB19,349,000.

AUDIT COMMITTEE

Pursuant to the Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee according to the "Guidelines for the establishment of Audit Committees" prepared by Hong Kong Institute of Certified Public Accountants. In compliance with Rule of 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee have been properly laid down. The primary duties of the audit committee are to review and monitor the Company's financial reporting process and internal control system.

The committee comprises Mr. Peng Qifa (the chairman of the committee), Ms. Wang Xu and Mr. Chong Teck Sin. Mr. Peng Qifa is the independent non-executive director with appropriate professional qualifications and financial experience.

Up to the date of this report, the audit committee has held two meetings in 2008.

The audit committee met on 5 March, 2008 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit items for the year ended 31 December, 2007, listen to the auditors' suggestions for the Company and approve such report.

The audit committee met on 30 April, 2008 to review the unaudited quarterly report of the Group for the three-month period ended 31 March, 2008, and approved such report.

INTEREST OF COMPLIANCE ADVISOR

As at the date of 31 March, 2008, none of Anglo Chinese Corporate Finance, Limited, the compliance advisor of the Company, its directors or its employees has any interest in the Company's securities, including share options and the other rights to the Company's securities.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

There is no unexpired period of any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) in respect of which any director proposed to be re-elected.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the three-month period ended 31 March, 2008, the Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

PUBLIC FLOAT

The Company has maintained the public float requirement as stipulated by GEM listing rules throughout the reporting period.

By the Order of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Yin Jiaxu
Chairman

Chongqing, the PRC
9 May, 2008



As at the date of this report the Board comprises

Executive directors: Mr. Yin Jiaxu, Mr. Huang Zhangyun, Mr. Lu Xiaozhong, Mr. Shi Chaochun and Mr. James H McAdam.

Non-executive directors: Mr. Lu Guoji, Mr. Zhang Baolin, Mr. Daniel C Ryan, Ms. Cao Dongping, Mr. Wu Xiaohua and Ms. Lau Man Yee, Vanessa

Independent non-executive directors: Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin.

**For identification purposes only*