



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)*



**2008** Third Quarterly Report

\*For identification purposes only

**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.

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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 nine-month period ended 30 September, 2008, the unaudited revenue of the Group was approximately RMB1,172,967,000, representing an increase of approximately 13.50% from the corresponding period in 2007.
- For the nine-month period ended 30 September, 2008, the unaudited profit attributable to equity holders of the Company was approximately RMB78,470,000, representing an increase of approximately 28.01% from the corresponding period in 2007.
- For the nine-month period ended 30 September, 2008, the unaudited basic earnings per share were RMB0.48 (corresponding period in 2007: RMB0.38).
- The Board does not propose the payment of an interim dividend for the nine-month period ended 30 September, 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 nine-month period ended 30 September, 2008, together with the comparative figures for the corresponding period in 2007, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the nine-month period ended 30 September		For the three-month period ended 30 September	
		2008 (unaudited) RMB'000	2007 (unaudited) RMB'000	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000
Revenue	3	<b>1,172,967</b>	1,033,431	<b>309,916</b>	362,419
Cost of sales		<b>(1,018,062)</b>	(926,172)	<b>(267,992)</b>	(326,219)
Gross profit		<b>154,905</b>	107,259	<b>41,924</b>	36,200
Other income		<b>3,349</b>	2,879	<b>923</b>	1,260
Distribution costs		<b>(32,047)</b>	(20,672)	<b>(10,746)</b>	(6,951)
Administrative expenses		<b>(30,586)</b>	(24,221)	<b>(8,852)</b>	(12,356)
Operating profit		<b>95,621</b>	65,245	<b>23,249</b>	18,153
Finance costs	4	<b>(2,610)</b>	(3,605)	<b>(503)</b>	(909)
Finance income		<b>1,156</b>	1,833	<b>226</b>	510
Finance costs-net		<b>(1,454)</b>	(1,772)	<b>(277)</b>	(399)
Share of profits / (loss) of associates		<b>288</b>	1,161	<b>434</b>	436
Profit before income tax		<b>94,455</b>	64,634	<b>23,406</b>	18,190
Income tax expense	5	<b>(15,430)</b>	(4,237)	<b>(4,687)</b>	(652)
Attributable to:		<b>79,025</b>	60,397	<b>18,719</b>	17,538
Equity holders of the Company	6	<b>78,470</b>	61,302	<b>18,399</b>	18,443
Minority interest		<b>555</b>	(905)	<b>320</b>	(905)
Earnings per share for profit attributable to the equity holders of the Company during the year-basic and diluted	7	<b>RMB0.48</b>	RMB 0.38	<b>RMB0.11</b>	RMB 0.11

## 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.

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 Group is principally engaged in rendering of transportation of finished vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities services. Revenues for the nine-month period ended 30 September, 2008 are as follows:

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000
Transportation of finished vehicles	<b>717,942</b>	671,636	<b>192,945</b>	222,336
Supply chain management for automobile components and parts	<b>369,392</b>	315,002	<b>89,549</b>	126,160
Transportation of non-vehicle commodities	<b>85,633</b>	46,793	<b>27,422</b>	13,923
Total	<b><u>1,172,967</u></b>	<u>1,033,431</u>	<b><u>309,916</u></b>	<u>362,419</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 revenue 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

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank loans	1,975	1,439	401	511
Exchange loss	538	2,065	5	364
Others	97	101	97	34
Total	<u>2,610</u>	<u>3,605</u>	<u>503</u>	<u>909</u>

5. Income tax expense

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Current PRC enterprise income tax ("EIT")	14,280	3,890	4,678	360
Deferred tax	1,150	347	9	292
Total	<u>15,430</u>	<u>4,237</u>	<u>4,687</u>	<u>652</u>

(1) The company and its branches are subject to different EIT rates. The applicable and actual EIT rates are shown as follows:

		For the nine-month period ended 30 September			
		2008		2007	
		Applicable EIT rate	Actual EIT rate	Applicable EIT rate	Actual 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)	18.0%	18.0%	15.0%	7.5%

Note:

(a) In accordance with an 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.

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 and 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.

(2) The Company has received the notice from the tax authorities that Chongqing CMAL Gangcheng Logistics Company Limited ("Chongqing Gangcheng"), the wholly-owned subsidiary of the Company, has been enjoying the West Development tax policy since 23 May 2008 and the applicable rate is 15% (corresponding period in 2007: 33%).

(3) Nanjing CMSC Logistics Company Limited ("Nanjing CMSC") is a 51% subsidiary of the Company while 24% of Nanjing CMSC's equity interest is held by Beijing Changjiu and 25% is held by Sumitomo. The tax at the applicable rate of Nanjing CMSC was 25% since 1 January 2008 (corresponding period in 2007: N/A).

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 nine-month period ended 30 September, 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 as follows:

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before tax	94,455	64,634	23,406	18,190
Tax at the applicable EIT rates	15,062	9,695	4,405	2,728
EIT exemption	-	(6,755)	-	(3,164)
Expenses not deductible for tax purposes	368	1,297	282	1,088
Tax charge	<u>15,430</u>	<u>4,237</u>	<u>4,687</u>	<u>652</u>

The effective tax rate for the nine-month period ended 30 September, 2008 was 16.34% (corresponding period in 2007: 6.56%).

#### 6. Profit attributable to equity holders of the Company

For the nine-month period ended 30 September, 2008, the profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB73,687,000 (corresponding period in 2007: approximately RMB63,765,000).

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 nine-month period ended 30 September, 2008.

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000
Group's profit attributable to equity holders of the Company	<u>78,470</u>	<u>61,302</u>	<u>18,399</u>	<u>18,443</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share)	<u>0.48</u>	<u>0.38</u>	<u>0.11</u>	<u>0.11</u>

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

## 8. Reserves

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2007 (audited)	75,150	16,525	4,835	79,577	176,087
Net profit for the period	-	-	-	42,859	42,859
Dividends	-	-	-	(12,965)	(12,965)
As at 30 June 2007 (unaudited)	75,150	16,525	4,835	109,471	205,981
Net profit for the period	-	-	-	18,443	18,443
As at 30 September 2008 (unaudited)	75,150	16,525	4,835	127,914	224,424
As at 1 January 2008 (audited)	75,150	26,502	4,835	151,396	257,883
Net profit for the period	-	-	-	60,071	60,071
Dividends	-	-	-	(12,965)	(12,965)
As at 30 June 2008 (unaudited)	75,150	26,502	4,835	198,502	304,989
Net profit for the period	-	-	-	18,399	18,399
As at 30 September 2008 (unaudited)	75,150	26,502	4,835	216,901	323,388



## **INTERIM DIVIDENDS**

The Board does not propose the payment of an interim dividend for the nine-month period ended 30 September, 2008 (corresponding period in 2007: nil).

## **BUSINESS REVIEW**

### **Overview**

For the nine-month period ended 30 September, 2008, the Group recorded a revenue of approximately RMB1,172,967,000, representing an increase of approximately 13.50% over the same period of last year thanks to the efforts made by all the staffs of the Group amid the earthquake in Wenchuan, Sichuan Province on 12 May 2008, the significant fluctuations of oil prices and the financial turmoil in the US and the slowdown in China's automobile industry. The income from transportation of finished vehicles and supply chain management of car components and parts for the nine-month period ended 30 September, 2008 represented respectively 61.21% and 31.49% of the Group's total revenue (corresponding period in 2007: 64.99% and 30.48%, 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 nine-month period ended 30 September, 2008, although the domestic automobile industry remained highly competitive, the Group's gross profit margin was approximately 13.21%, representing an increase of approximately 2.83% for the corresponding period of last year, due to the growth of the production and sales volume of the Company's major customers and the tightened control of the logistics costs and internal management costs. The Group's profit attributable to the shareholders of the Company for the nine-month period ended 30 September, 2008 was approximately RMB78,470,000 (corresponding period in 2007: RMB61,302,000), representing an increase of approximately 28.01%.

### **PROSPECTS**

For the nine-month period ended 30 September, 2008, the Group maintained an increase in revenue because of the production and sales volume of the Group's customers as well as the expansion of the Company's own sales market. In the fourth quarter of 2008, we will continue to strengthen the relationships with our existing customers to seek stable business development and to expand the logistics services scope for our existing customers to seek more growth opportunities.

## OTHER INFORMATION

### THE 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 the date of this report, 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 the date of this report, 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 2007, 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 the date of this report, so far as is known to the directors and chief executive of the Company, the following person, 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:

#### Long positions 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%
APL Logistics Ltd. ("APLL")	Beneficial owner	33,619,200	31.40%	—	20.74%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Beneficial owner	25,774,720	24.07%	—	15.90%
Minsheng Industrial (Note 2)	Interest of a controlled corporation	7,844,480	7.33%	—	4.84%

Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)") (Note 2)	Beneficial owner	7,844,480	7.33%	—	4.84%
Atlantis Investment Management Ltd	Investment manager	14,809,000	—	26.93%	9.14%
788 China Fund Ltd.	Investment manager	4,000,000	—	7.27%	2.47%
Braeside Investments, LLC (Note3)	Investment Manager	3,423,000	-	6.22%	2.11%
Braeside Management, LP (Note3)	Investment Manager	3,423,000	-	6.22%	2.11%
McIntyre Steven (Note3)	Interest of a controlled corporation	3,423,000	-	6.22%	2.11%
Ajia Partners Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner	3,315,000	—	6.03%	2.05%
Acru China+Absolute Return Fund Limited (Note 4)	Holding guarantee interest of the share	3,184,000	-	5.79%	1.96%
Acru Asset Investment Limited (Note 5)	Investment Manager	3,184,000	-	5.79%	1.96%
Acru Asset Management Limited (Note 5)	Investment Manager	3,184,000	-	5.79%	1.96%
Chan Lee Wang (Note 5)	Investment Manager	3,184,000	-	5.79%	1.96%
Lau Hing Sang (Note 5)	Investment Manager	3,184,000	-	5.79%	1.96%

Note 1: Changan Industrial Company Limited, Changan Co.'s subsidiary, holds 0.49% of the Company.

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

Note 3: McIntyre Steven is the controller of Braeside Investments, LLC and Braeside Investments, LLC is the controller of Braeside Management, LP.

Note 4: Acru China+Absolute Return Fund Limited or its directors used to follow the directions of Acru Asset Investment Limited

Note 5: Chan Lee Wang and Lau Hing Sang are both the controllers of Acru Asset Investment Limited and Acru Asset Management Limited.

As at the date of this report, the management shareholders (interests in the shares and underlying shares of the Company held by the management shareholders such as Changan Co., Minsheng Industrial, APL Logistics and Ming Sung (HK) are as disclosed above) hold interests in the shares and underlying shares of the Company as follows:

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of domestic shares (non- H foreign shares included)</b>	<b>Percentage of H shares</b>	<b>Percentage of total registered share capital</b>
Changan Industrial	Beneficial owner	796, 512	0. 74%	–	0. 49%

Save as disclosed in this report, as at the date of this report, 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.

#### **AUDIT COMMITTEE**

Pursuant to Rule 5.28 of the GEM Listing Rules and "A Guide For The Formation of An Audit Committee" compiled by the Hong Kong Society of Accountants, the Company has set up an audit committee. 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 audit 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.

During the reporting period, the audit committee held four meetings.

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 matters for the year ended 31 December 2007, listened to the auditor's suggestions for the Company and approved the 2007 Annual Report.

The audit committee met on 28 April 2008 to review the unaudited quarterly results and report of the Group for the three months ended 31 March 2008, and approved such results and report.

The audit committee met on 28 July 2008 to review the unaudited interim results and report of the Group for the six months ended 30 June 2008, and approved such results and report.

The audit committee met on 4 November 2008 to review the unaudited third quarterly results and report of the Group for the nine months ended 30 September 2008, and approved such results and report.

#### **INTEREST OF COMPLIANCE ADVISOR**

As at the date of 30 September 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.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

For the nine-month period ended 30 September 2008, the Company and its subsidiaries have not purchased, sold or redeemed 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  
12 November 2008

As at the date of this report the Board comprises

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

Non-executive directors: Mr. Lu Guoji, Mr. Huang Zhangyun, Mr. Daniel C Ryan, Mr. Li Ming, Mr. Wu Xiaohua and Ms. Lau Man Yee, Vanessa

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