



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)*



**2009** Third Quarterly Report

\*For identification purpose only

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "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 report includes particulars given in compliance with 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 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, 2009, the unaudited revenue of the Group was approximately RMB1,500,316,000, representing an increase of approximately 27.91% from the corresponding period in 2008.
- For the nine-month period ended 30 September, 2009, the unaudited profit attributable to equity holders of the Company was approximately RMB90,946,000, representing an increase of approximately 15.90% from the corresponding period in 2008.
- For the nine-month period ended 30 September, 2009, the unaudited basic earnings per share were RMB0.56 (corresponding period in 2008: RMB0.48).
- The Board does not propose the declaration of an interim dividend for the nine-month period ended 30 September, 2009.

## 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, 2009 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the nine-month period ended 30 September		For the three-month period ended 30 September	
		2009 (unaudited) RMB'000	2008 (unaudited) RMB'000	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Revenue	3	1,500,316	1,172,967	593,462	309,916
Cost of sales		(1,306,370)	(1,018,062)	(518,860)	(267,992)
Gross profit		193,946	154,905	74,602	41,924
Other income		1,059	3,349	524	923
Distribution costs		(45,663)	(32,047)	(18,533)	(10,746)
Administrative expenses		(31,539)	(30,586)	(10,451)	(8,852)
Operating profit		117,803	95,621	46,142	23,249
Finance income		1,104	1,156	390	226
Finance costs	4	(608)	(2,610)	(608)	(503)
Finance income/(costs)		496	(1,454)	(218)	(277)
Share of post tax (loss)/ profit of associates		(150)	288	(392)	434
Profit before income tax		118,149	94,455	45,532	23,406
Income tax expense	5	(20,501)	(15,430)	(8,565)	(4,687)
<b>Profit for the period</b>		<b>97,648</b>	<b>79,025</b>	<b>36,967</b>	<b>18,719</b>
<b>Total comprehensive income for the period</b>		<b>97,648</b>	<b>79,025</b>	<b>36,967</b>	<b>18,719</b>

**Profit attributable to:**

Equity holders of the Company	<b>90,946</b>	78,470	<b>32,129</b>	18,399
Minority interest	<b>6,702</b>	555	<b>4,838</b>	320
	<b>97,648</b>	79,025	<b>36,967</b>	18,719

**Total comprehensive income attributable to :**

Equity holders of the Company	<b>90,946</b>	78,470	<b>32,129</b>	18,399
Minority interest	<b>6,702</b>	555	<b>4,838</b>	320
	<b>97,648</b>	79,025	<b>36,967</b>	18,719

**Earnings per share for profit attributable to the equity holders of the Company**

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-basic and diluted	<b>RMB0.56</b>	RMB0.48	<b>RMB0.20</b>	RMB0.11
Dividends	-	-	-	-

## Notes:

### 1. General information

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.

On 5 June, 2007, the English name of the Company was changed to "Changan Minsheng APLL Logistics Co., Ltd."

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

The H Shares of the Company have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited since 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, 2008.

### 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 recognized for the nine-month period ended 30 September 2009 are as follows:

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Transportation of finished vehicles	1,024,545	717,942	415,969	192,945
Supply chain management for automobile components and parts	379,366	369,392	139,054	89,549
Transportation of non-vehicle commodities	70,896	85,633	21,269	27,422
Others	25,509	-	17,170	-
Total	<u>1,500,316</u>	<u>1,172,967</u>	<u>593,462</u>	<u>309,916</u>

The chief operating decision-maker has been identified as the working meeting presided by the general manager of the Company (the "working meeting"). This working meeting reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The working meeting considers the business from both a geographic and services perspective. From a services perspective, management assesses the performance of only one 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 and other logistics services.

From a geographic perspective, the management concludes that 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

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Interest on bank loans	608	1,975	608	401
Exchange loss	-	538	-	5
Others	-	97	-	97
Total	<u>608</u>	<u>2,610</u>	<u>608</u>	<u>503</u>

#### 5. Income tax expense

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Current PRC corporate income tax ("CIT")	20,127	14,280	8,702	4,678
Deferred tax	<u>374</u>	<u>1,150</u>	<u>(137)</u>	<u>9</u>
Total	<u>20,501</u>	<u>15,430</u>	<u>8,565</u>	<u>4,687</u>

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

	For the nine-month period ended 30 September			
	2009		2008	
	Applicable CIT rate	Actual CIT rate	Applicable CIT rate	Actual CIT rate
The Company	15.0%	15.0%	15.0%	15.0%
Chongqing CMAL Gangcheng Logistics Company Limited ("Chongqing Gangcheng")	15.0%	15.0%	15.0%	15.0%
Nanjing CMSC Logistics Company Limited ("Nanjing CMSC")	25.0%	25.0%	25.0%	25.0%
Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd ("Chongqing MFBL")	25.0%	25.0%	N/A	N/A

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law was effective from 1 January 2008. Pursuant to the detailed measures of the new CIT Law in respect of West China Development Champion, the applicable CIT rate of each of the Company and Chongqing Gangcheng is 15% from 2008 to 2010. The applicable CIT rate of Nanjing CMSC is 25% from 1 January 2008 onwards. The applicable CIT rate of Chongqing MFBL is 25% from its establishment date on 18 March 2009.

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 2009 (corresponding period in 2008: nil).

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:

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Profit before tax	118,149	94,455	45,532	23,406
Tax calculated at actual tax rates applicable to each group entities	19,589	15,062	8,208	4,405
Expenses not deductible for tax purposes	889	368	298	282
Share of profit of associates	23	-	59	-
Tax charge	20,501	15,430	8,565	4,687



The effective tax rate for the nine-month period ended 30 September 2009 was 17.35% (2008: 16.34%).

## 6. 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 or for the three-month period ended 30 September 2009.

	For the nine-month period ended 30 September		For the three-month period ended 30 September	
	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000	2009 (unaudited) RMB'000	2008 (unaudited) RMB'000
Group's profit attributable to equity holders of the Company	<b>90,946</b>	78,470	<b>32,129</b>	18,399
Weighted average number of ordinary shares in issue (in thousands)	<b>162,064</b>	162,064	<b>162,064</b>	162,064
Basic earnings per share (RMB per share) #	<b>0.56</b>	0.48	<b>0.20</b>	0.11

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

## 7. Reserves

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008 (audited)	75,150	26,502	4,835	151,396	257,883
Total comprehensive income for the year	-	-	-	100,295	100,295
Dividend	-	-	-	(12,965)	(12,965)
Appropriation	-	9,145	-	(9,145)	-
At 31 December 2008 (audited)	75,150	35,647	4,835	229,581	345,213
Total comprehensive income for the period	-	-	-	26,860	26,860
At 31 March 2009 (unaudited)	75,150	35,647	4,835	256,441	372,073
Total comprehensive income for the period	-	-	-	31,957	31,957
Dividend	-	-	-	(14,586)	(14,586)
At 30 June 2009 (unaudited)	75,150	35,647	4,835	273,812	389,444
Total comprehensive income for the period	-	-	-	32,129	32,129
At 30 September 2009 (unaudited)	75,150	35,647	4,835	305,941	421,573



## **INTERIM DIVIDENDS**

The Board does not propose to declare any interim dividend for the nine-month period ended 30 September 2009 (corresponding period in 2008: nil).

The final dividend of 2008 of RMB0.09 per share, including tax, had been approved by the shareholders of the Company in the annual general meeting of the Company held on 19 June 2009 and had been paid in September 2009.

## **BUSINESS REVIEW**

### **OVERVIEW**

For the nine-month period ended 30 September 2009, the growth pace of China's economy remained slowed down as a result of the global financial turmoil. However, at the beginning of this year, the Chinese government introduced the Automobile Industry Revival Plan which has led to a rebound in the growth of the automobile market in the PRC. From January to September 2009, the production and sales volume of automobiles in the PRC were approximately 9,610,000 vehicles and 9,660,000 vehicles respectively, representing an increase of approximately 32% and 34% from the same period in 2008. For the nine-month period ended 30 September 2009, with the efforts of all staff of the Group, the Group recorded a total revenue of approximately RMB1,500,316,000, representing an increase of approximately 27.91% over the same period of last year. The turnover generated from transportation of finished vehicles and supply chain management of car components and parts for the nine-month period ended 30 September 2009 represented respectively 68.29% and 25.29% of the Group's total revenue (for the nine-month period ended 30 September 2008: 61.21% and 31.49% respectively). The detailed breakdown of revenue is set out in Note 3 to the section headed "Condensed consolidated statement of comprehensive income" of this report.

For the nine-month period ended 30 September 2009, the domestic automobile market revealed a recovery with the performance of middle and low-priced products (such as mini-cars and economical cars) which recorded a satisfactory growth. Although facing the adverse factors such as the rising oil prices, the Group had continuously strengthened its control over the cost arising from logistics and internal management and the Group's gross profit margin and the net profit margin were 12.93% (for the same period in 2008: 13.21%) and 6.51% (for the same period in 2008: 6.74%) respectively. The Group's profit attributable to the shareholders of the Company for the nine-month period ended 30 September 2009 increased approximately by 15.90% to RMB90,946,000 from RMB78,470,000 in the corresponding period in 2008.

### **PROSPECTS**

With the continuing implementation of the policy of encouraging purchasing low emission vehicles, the Company expects that in the fourth quarter of the year, the production and sales volume of the domestic automobiles will continue to grow. In the fourth quarter, we will continue to leverage on our competitive advantages and strong customer base to increase our market share, improve our logistics network infrastructure and actively explore other areas of the automobile logistics market and keep exploration on heavy automobiles logistics market so as to maintain the business momentum of the Group.

## **OTHER INFORMATION**

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

As at 30 September 2009, 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 are 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 30 September 2009, the directors, chief executive and the supervisors 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 they have any interest, either direct or indirect, in any assets which have been, since 31 December 2008 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 SHAREHOLDERS AND PARTIES HOLDING INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 September 2009, 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 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:

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non- H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Chongqing Changan Industry Company (Group) Limited ("Changan Industry Co.") (Note 2)	Beneficial owner	39,029,088(L)	36.45%	-	24.08%
Changan Industry Co. (Note 2)	Interest of a controlled corporation	796,512(L)	0.74%	-	0.49%
APL Logistics Ltd. ("APLL")	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 3)	Interest of a controlled corporation	7,844,480(L)	7.33%	-	4.84%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)")	Beneficial owner	7,844,480(L)	7.33%	-	4.84%
Atlantis Investment Management Limited	Investment manager	13,901,000(L)	-	25.27%	8.58%
The Northern Trust Company(ALA)	Others	6,101,000(P)	-	11.09%	3.76%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments,LLC (Note 4)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management,LP (Note 4)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (Note 4)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

Note 1: (L) – long position, (S) – short position, (P) - Lending Pool.

Note 2: Changan Industrial Company Limited (Changan Industrial), Changan Industry Co.'s subsidiary, holds 0.49% of the equity interest of the Company.

Note 3: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

Note 4: McIntyre Steven is the controller of Braeside Investments, LLC and Braeside Investments, LLC is the controller of Braeside Management, LP.

As at 30 September 2009, the management shareholders (interests in the shares and underlying shares of the Company held by the management shareholders such as Changan Industry 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 above, as at 30 September 2009, so far as is known to the directors and chief executive of the Company, there is no other person (other than the directors, supervisors, or chief executive of the Company) who had interests or short positions in the 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 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.

Up to the date of this report, the audit committee held four meetings in 2009.

The audit committee met on 6 March 2009 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2008, listened to the auditor's suggestions for the Company and approved the 2008 Annual Report.

The audit committee met on 30 April 2009 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2009, and approved such report.

The audit committee met on 24 July 2009 to review the unaudited interim report of the Group for the six months ended 30 June 2009, and approved such report.

The audit committee met on 2 November 2009 to review the unaudited third quarterly report of the Group for the nine months ended 30 September 2009, and approved such report.

#### COMPETING INTERESTS

The Company has entered into a non-competition undertaking in favor of the Company with each of its management shareholders, namely APLL, Minsheng Industrial, Ming Sung (HK) and Changan Industry Co., respectively. For details of the non-competition undertakings, please refer to the prospectus of the Company published on 16 February 2006 and the 2008 Annual Report of the Company.

## **CONTINUING CONNECTED TRANSACTIONS**

For the nine-month period ended 30 September 2009, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the GEM Listing Rules) was approximately RMB1,364,629,000, which accounted for approximately 90.96% of the total revenue during the reporting period.

For the nine-month period ended 30 September 2009, the cost of purchasing transportation services from connected persons (as defined in the GEM Listing Rules) was approximately RMB157,539,000, which accounted for approximately 12.06% of the cost of sales during the reporting period.

For the nine-month period ended 30 September 2009, the cost of purchasing engineering construction services from connected persons (as defined in the GEM Listing Rules) was approximately RMB3,996,000.

For the nine-month period ended 30 September 2009, the balance of loan taken from connected persons (as defined in the GEM Listing Rules) was approximately RMB50,000,000, the balance of deposit at connected persons was approximately RMB18,625,000 and the accumulated amount of bill discount is RMB0.

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

For the nine-month period ended 30 September 2009, 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  
4 November 2009





As at the date of this report the Board comprises

**Executive directors:**

Mr. Yin Jiaxu  
Ms. Cui Xiaomei  
Mr. Lu Xiaozhong  
Mr. Shi Chaochun  
Mr. James H McAdam

**Non-executive directors:**

Mr. Lu Guoji  
Mr. Zhang Lungang  
Mr. Joseph F Lee  
Mr. Li Ming  
Mr. Wu Xiaohua  
Ms. Lau Man Yee, Vanessa

**Independent non-executive directors:**

Ms. Wang Xu  
Mr. Peng Qifa  
Mr. Chong Teck Sin