



# 重慶長安民生物流股份有限公司 CMA Logistics Co., Ltd. \*

(A joint stock limited incorporated in the People's Republic of China with limited liability)  
(Stock Code: 8217)



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")**

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*This report includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") of the Stock Exchange of Hong Kong for the purpose of giving information with regard to CMA 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 2007, the unaudited turnover of the Group was RMB307,269,000, representing an increase of approximately 4.31% from the corresponding period in 2006.
- For the three-month period ended 31 March 2007, the unaudited profit attributable to shareholders of the Company was RMB17,253,000, representing an increase of approximately 29.45% from the corresponding period in 2006.
- For the three-month period ended 31 March 2007, the unaudited basic earnings per share were RMB0.106 (corresponding period in 2006: RMB0.104).

## 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 (the "Group" ) for the three-month period ended 31 March 2007, together with the comparative figures for the corresponding period in 2006, as follows:

	Note	For the three-month period ended 31 March	
		2007 (unaudited)	2006 (unaudited)
		RMB'000	RMB'000
Turnover	3	307,269	294,578
Cost of sales		<u>(278,340)</u>	<u>(269,463)</u>
Gross profit		28,929	25,115
Other gains		1,100	641
Distribution costs		(6,322)	(4,783)
Administrative expenses		<u>(4,585)</u>	<u>(5,649)</u>
Operation profit		19,122	15,324
Finance costs	4	(1,337)	(481)
Finance income		476	128
Share of profits of associates		<u>233</u>	<u>-</u>
Profit before tax		18,494	14,971
Income tax expense	5	<u>(1,241)</u>	<u>(1,643)</u>
Profit attributable to shareholders of the Company	6	<u><u>17,253</u></u>	<u><u>13,328</u></u>
Dividends		<u><u>-</u></u>	<u><u>-</u></u>
Earnings per share -- basic and diluted	7	<u><u>RMB0.106</u></u>	<u><u>RMB0.104</u></u>

## Note:

### 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 into 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.

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 consolidated financial statements of the Group in this report 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 annual consolidated financial statements for the year ended 31 December 2006.

### 3. Turnover

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 three-month period ended 31 March 2007 are as follows:

	For the three-month period ended 31 March	
	2007 (unaudited)	2006 (unaudited)
	RMB'000	RMB'000
Transportation of finished vehicles	200,170	189,523
Supply chain management for automobile components and parts	84,979	101,555
Transportation of non-vehicle commodities	<u>22,120</u>	<u>3,500</u>
Total	<u>307,269</u>	<u>294,578</u>

#### 4. Finance costs

For the three-month period ended 31 March 2007, the Group's finance costs are as follows:

	For the three-month period ended 31 March	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Interest on bank loans	459	–
Exchange loss	870	463
Others	<u>8</u>	<u>18</u>
Total	<u><u>1,337</u></u>	<u><u>481</u></u>

#### 5. Income tax expense

	For the three-month period ended 31 March	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Current PRC enterprise income tax ( "EIT" )	1,277	1,281
Deferred tax	<u>(36)</u>	<u>362</u>
Total	<u><u>1,241</u></u>	<u><u>1,643</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			
		2007		2006	
		Applicable EIT rate	Actual EIT rate	Applicable EIT rate	Actual EIT rate
Company					
– Headquarter	Note (a)	15.0%	7.5%	15.0%	7.5%
– Nanjing branch	Note (a)	24.0%	12.0%	24.0%	12.0%
– Dingzhou branch	Note (a)	30.0%	15.0%	30.0%	15.0%
– Qingdao branch	Note (a)	30.0%	15.0%	30.0%	15.0%
– Wuhan branch	Note (a)	30.0%	15.0%	30.0%	15.0%
– Shanghai branch	Note (a)	15.0%	7.5%	15.0%	7.5%
Chongqing CMAL Gangcheng Logistics Company Limited ( "Chongqing Gangcheng" )	Note (b)	33.0%	33.0%	33.0%	33.0%

**Note:**

- (a) In accordance with an Approval of Enjoying Favourable 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, the Company's subsidiary incurred losses for the three-month period ended 31 March 2007, no EIT expense was incurred.

For the three-month period ended 31 March 2007, the deferred tax assets relating to the share of profits of associates, were charged to the income statement, amounting to approximately RMB17,000.

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 2007 (2006: nil).

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

	<b>For the three-month period ended 31 March</b>	
	<b>2007</b>	2006
	<b>(unaudited)</b>	(unaudited)
	RMB'000	RMB'000
Profit before tax	18,494	14,971
Tax at the applicable EIT rates	2,774	2,246
EIT exemption	(1,792)	(1,123)
Expenses not deductible for tax purposes	<u>259</u>	<u>520</u>
Tax charge	<u>1,241</u>	<u>1,643</u>

The effective tax rate for the three-month period ended 31 March 2007 was 6.71% (2006: 10.97%).

#### **6. Profit attributable to shareholders of the Company**

For the three-month period ended 31 March 2007, profit attributable to shareholders of the Company is RMB17,253,000(2006: RMB13,328,000), representing an increase of 29.45% from the corresponding period in 2006.

#### **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 shares outstanding for the three-month period ended 31 March 2007.

	<b>For the three-month period ended 31 March</b>	
	<b>2007 (unaudited)</b>	2006 (unaudited)
	RMB'000	RMB'000
Group's profit attributable to shareholders of the Company	17,253	13,328
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>128,731</u>
Basic earnings per share (RMB per share)*	<u>0.106</u>	<u>0.104</u>

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

#### INTERIM DIVIDENDS

The Board does not propose the payment of an interim dividend for the three-month period ended 31 March 2007 (2006: nil).

#### RESERVES

For the three-month period ended 31 March 2007 and 2006, the movements of reserves are as follows:

	<b>Statutory Statutory</b>						
	<b>Capital surplus</b>	<b>surplus reserve fund</b>	<b>public welfare fund</b>	<b>Other surplus reserve</b>	<b>Share issue Costs</b>	<b>Retained earnings</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2006(audited)	-	9,670	4,835	-	(4,749)	38,310	48,066
Net profit for the period	-	-	-	-	-	13,328	13,328
Raised fund from share issue	75,546	-	-	-	16,333	-	91,879
Share issue costs	-	-	-	-	(11,584)	-	(11,584)
As at 31 March 2006(unaudited)	<u>75,546</u>	<u>9,670</u>	<u>4,835</u>	<u>-</u>	<u>-</u>	<u>51,638</u>	<u>141,689</u>
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>-</u>	<u>4,835</u>	<u>-</u>	<u>96,830</u>	<u>193,340</u>

## BUSINESS REVIEW

For the three-month period ended 31 March 2007, the Group recorded an unaudited turnover of RMB307,269,000, representing an increase of approximately 4.31% over the same period of last year. The growth in turnover was due to the increasing logistics services demand from our existing clients as their production and sales volume increased. The income from transportation of finished vehicles, automobile raw materials and supply chain management of car components and parts for the three-month period ended 31 March 2007 represented respectively approximately 65.14% and 27.66% of the Group's total turnover (2006: 64.34% and 34.47% respectively). Detailed breakdown of turnover is set out in note 3 to the unaudited consolidated results of the Company in the section headed "Quarterly Report" of this report.

For the three-month period ended 31 March 2007, fierce competition still existed in domestic automobile market. The Group's customers, which procured automobile logistics services from us, strengthened their control on production costs as they strived to increase their sales volume and market share. During the reporting period, the Company tightened its control on logistics cost. The gross profit margin of the Group increased from 8.53% of the corresponding period of last year to 9.41% for the three-month period ended 31 March 2007. At the same time, the Group's net profit margin improved to 5.61% (2006: 4.52%). The unaudited profit attributable to shareholders of the Company was RMB17,253,000 for the three-month period ended 31 March 2007, representing an increase of approximately 29.45% from the corresponding period in 2006.

For the three-month period ended 31 March 2007, the Group had 79 new customers and the total number of customers increased to 652. We will continue to strengthen the relationship with our existing customers and consolidate our customer base.



## PROSPECTS

For the three-month period ended 31 March 2007, the Company has achieved satisfactory business results and is well-prepared for the major operating activities in 2007. We will continue to promote the management philosophy of “improving the service quality and satisfying customers' needs” and “cooperating in partnership and operating sincerely” in order to “become the pioneer in logistics field and better serve society” . We will further strengthen our logistics networks, utilize our information network technology, optimize resource allocation and further enhance the Company's market competitiveness to ensure a steady growth in our operating results.

## 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 31 March 2007, the directors and chief executives of the Company hold no 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” )) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS AND MANAGEMENT SHAREHOLDERS

As at 31 March 2007, the following persons (other than the directors and chief executives of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### Long position in shares

Name of Shareholders	Capacity	Number of shares	Percentage of		
			domestic shares (non-H foreign shares included)	Percentage of total registered share capita	
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%	—	15.90%
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	11,025,000	—	20.05%	6.80%
First State Investments (Hong Kong) Limited	Investment manager	5,673,000	—	10.31%	3.50%
First State (Hong Kong) LLC (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
First State Investments (Bermuda) Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
First State Investment Managers (Asia) Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial First State Group Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
The Colonial Mutual Life Assurance Society Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Commonwealth Insurance Holdings Limited (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial Holding Company (No.2) Pty Limited (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial Holding Company Pty Limited (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Commonwealth Bank of Australia (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Acru China+Absolute Return Fund Limited (Note 4)	Person having a security interest in shares	4,000,000	—	7.27%	2.47%
Acru Asset Management International Limited (Note 4)	Investment manager	4,000,000	—	7.27%	2.47%
Acru Asset Management Limited (Note 5)	Investment manager	4,000,000	—	7.27%	2.47%
Chan Lee Wang (Note 5)	Investment manager	4,000,000	—	7.27%	2.47%
Lau Hing Sang (Note 5)	Investment manager	4,000,000	—	7.27%	2.47%

**Note 1:** Changan Co. owns 98.92% of Changan Industrial Company Limited ( "Changan Industrial" ), which holds 0.49% of the Company.

**Note 2:** Minsheng Industrial owns 98.95% of the Ming Sung (HK).

**Note 3:** Commonwealth Bank of Australia holds 100% interest of Colonial Ltd, Colonial Ltd holds 100% interest of Colonial Holding Company Pty Ltd, Colonial Holding Company Pty Ltd holds 100% interest of Colonial Holding Company (No.2) Pty Limited, Colonial Holding Company (No.2) Pty Limited holds 100% interest of Commonwealth Insurance Holdings Limited, Commonwealth Insurance Holdings Limited holds 100% interest of The Colonial Mutual Life Assurance Society Ltd, The Colonial Mutual Life Assurance Society Ltd holds 100% interest of Colonial First State Group Ltd, Colonial First State Group Ltd holds 100% interest of First State Investment Managers (Asia) Ltd, First State Investment Managers (Asia) Ltd holds 100% interest of First State Investments (Bermuda) Ltd, First State Investments (Bermuda) Ltd holds 100% interest of First State (Hong Kong) LLC, First State (Hong Kong) LLC holds 100% interest of First State Investments (Hong Kong)Limited. As the result, pursuant to the Part XV of the SFO, Commonwealth Bank of Australia, Colonial Ltd, Colonial Holding Company Pty Ltd, Colonial Holding Company (No.2) Pty Limited, Commonwealth Insurance Holdings Limited, The Colonial Mutual Life Assurance Society Ltd, Colonial First State Group Ltd, First State Investment Managers (Asia) Ltd, First State Investments (Bermuda) Ltd. And First State (Hong Kong) LLC are deemed to be interested in the 5,673,000 shares held by the First State Investments (Hong Kong) Limited.

**Note 4:** Acru China+Absolute Return Fund Limited or its directors follow the direction of Acru Asset Management International Limited, Chan Lee Wang and Lau Hing Sang are the Acru Asset Management International Limited's controllers.

**Note 5:** Chan Lee Wang and Lau Hing Sang are all Acru Asset Management Limited's controllers.

As at 31 March 2007, 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 shareholder	Capacity	Number of shares	Percentage of domestic shares	Percentage of non H foreign shares	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 31 March 2007, the directors were not aware of any other person (other than the directors and chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## COMPETING INTERESTS

The Company has entered into a non-competition undertaking in favor 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 Company's prospectus dated on 16 February 2006 and the Annual Report of 2006.

## CONNECTED TRANSACTIONS

For the three-month period ended 31 March 2007, the unaudited turnover generated from the continuing connected transaction between the Group and the connected persons (as defined in the GEM Listing Rules) was approximately RMB292,087,000, which accounted for approximately 95.06% of our unaudited turnover during the reporting period.

For the three-month period ended 31 March 2007, the unaudited cost of sales of purchasing transportation labour from the connected persons (as defined in the GEM Listing Rules) was approximately RMB42,212,000, which accounted for approximately 15.17% of our unaudited cost of sales during the reporting period.

## INTEREST OF COMPLIANCE ADVISER

As at 31 March 2007, none of Anglo Chinese Corporate Finance, Limited, the compliance adviser of the Company, its directors or its employees has any interest in the Company's securities, including share options and other rights to the Company's securities.

## 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" prepared 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, Ms. Wang Xu and Mr. Chong Teck Sin, who are all independent non-executive directors. Chairman Peng Qifa has proper professional qualification and financial experience.

Up to the date of this report, the audit committee has held two meetings in 2007.

The audit committee met on 8 March 2007 to review the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2006, listened to the auditor's views and approved these reports.

The audit committee met on 27 April 2007 to review and approve the Group's unaudited results report for the three-month period ended 31 March 2007.

#### **SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS**

Each of the director and supervisor 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.

The term of appointment of every non-executive director is 3 years.

#### **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 three-month period ended 31 March 2007.

## PUBLIC FLOAT

Based on the information available to the Company, the Company has met the public float requirement under the GEM Listing Rules throughout the reporting period.

By order of the Board  
Yin Jiaxu  
Chairman

Chongqing, the PRC  
14 May 2007

As at the date of this report, the Company's directors include:

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. Daniel C. Ryan, Mr. Zhang Baolin, Ms. Cao Dongping, Mr. Wu Xiaohua and Ms. Lau Man Yee.

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