



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

(A joint stock limited company 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 (THE “STOCK EXCHANGE”)**

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*The directors (the “Directors”) of CMA Logistics Co., Ltd (the “Company”) collectively and individually accept full responsibility of this report. This report includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. 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 2006, the turnover of the Group is approximately RMB294,578,000, representing an increase of approximately 58.2% from the corresponding period in 2005.
- For the three-month period ended 31 March 2006, the profit attributable to shareholders of the Company is approximately RMB13,328,000, representing an increase of approximately 19.6% from the corresponding period in 2005.

## 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 subsidiary (the “Group”) for the three-month period ended 31 March 2006 together with the unaudited comparative figures for the corresponding period in 2005, as follows:

		<b>For the three-month period ended 31 March</b>	
		<b>2006</b>	<b>2005</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3	294,578	186,159
Cost of Sales		<u>(269,463)</u>	<u>(163,494)</u>
Gross Profit		25,115	22,665
Other Gains		769	153
Distribution costs		(4,783)	(3,185)
Administrative expenses		<u>(5,649)</u>	<u>(6,786)</u>
Operation profit		15,452	12,847
Finance costs	4	<u>(481)</u>	<u>(460)</u>
Profit before tax		14,971	12,387
Income tax expense	5	<u>(1,643)</u>	<u>(1,244)</u>
Profit attributable to shareholders of the Company	6	<u>13,328</u>	<u>11,143</u>
Dividends		<u>—</u>	<u>—</u>
Earnings per share -Basic and diluted	7	<u>RMB0.104</u>	<u>RMB0.099</u>

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 as CMA Logistics Co., Ltd.

The H Shares of the Company have been listed on the GEM of the Stock Exchange on 23 February 2006.

### 2. Principal accounting policies

The accompanying unaudited consolidated results of the Group are prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). 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 2005.

### 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 2006 are as follows:

	<b>For the three-month period ended 31 March</b>	
	<b>2006</b>	<b>2005</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Transportation of finished vehicles	189,523	135,484
Supply chain management for automobile components and parts	101,555	48,415
Transportation of non-vehicle commodities	3,500	2,260
Total	<u>294,578</u>	<u>186,159</u>

#### 4. Finance costs

The Group's finance costs for the three-month period ended 31 March 2006 are as follows:

	For the three-month period ended 31 March	
	2006	2005
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank loans	—	363
Interest on other long-term payable wholly repayable within five years	—	14
Finance charges on discounted bills with banks	18	83
Exchange loss	463	—
	<hr/>	<hr/>
Total finance costs	481	460
	<hr/> <hr/>	<hr/> <hr/>

#### 5. Income tax expense

	For the three-month period ended 31 March	
	2006	2005
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current PRC enterprise income tax ("EIT")	1,281	1,386
Deferred tax	362	(142)
	<hr/>	<hr/>
Total	1,643	1,244
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As a foreign-invested joint stock limited company established in the Chongqing Technological Economic Development Zone, the applicable EIT rate of the Company is 15%. The applicable EIT rates of Dingzhou branch, Qingdao branch and Nanjing branch of the Company are 30% and the local tax rate is 0%, resulting in an aggregate tax rate of 30%. 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 (including all branches) is entitled to exemption from EIT in 2003 and 2004 followed by a 50% tax reduction from 2005 to 2007. For the three-month period ended 31 March 2006, the applicable tax rate of the Company (excluding Dingzhou branch, Qingdao branch and Nanjing branch) is 7.5% (2005: 7.5%), the applicable tax rates of Dingzhou branch, Qingdao branch and Nanjing branch are 15% (2005:15%). As CMAL Gang Cheng Co., Ltd., the Company's subsidiary, was in accumulated tax loss status for the three-month period ended 31 March 2006, no income tax was incurred.

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 end 31 March 2006 (2005: nil).

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

	<b>For the three-month period ended 31 March</b>	
	<b>2006</b> <b>(unaudited)</b> <i>RMB'000</i>	<b>2005</b> <b>(unaudited)</b> <i>RMB'000</i>
Profit before tax	<u>14,971</u>	<u>12,387</u>
Tax at the statutory tax rate of 15%	2,246	1,858
EIT exemption	(1,123)	(929)
Expenses not deductible for tax purposes	<u>520</u>	<u>315</u>
Tax charge	<u>1,643</u>	<u>1,244</u>

The effective income tax rate for three-month period ended 31 March 2006 was 10.97% (2005: 10.04%).

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

The profit attributable to shareholders of the Company is approximately RMB13,328,000 for the three-month period ended 31 March 2006, which increased by approximately 19.6% from RMB11,143,000 for the three-month period ended 31 March 2005.

#### **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 in issue for the three-month period ended 31 March 2006.

	<b>For the three-month period ended 31 March</b>	
	<b>2006</b> <b>(unaudited)</b> <i>RMB'000</i>	<b>2005</b> <b>(unaudited)</b> <i>RMB'000</i>
Group's profit attributable to shareholders of the Company	<u>13,328</u>	<u>11,143</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>128,731</u>	<u>112,064</u>
Basic earnings per share (RMB per share)	<u>0.104</u>	<u>0.099</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 recommend the payment of an interim dividend for the three-month period ended 31 March 2006 (2005: nil).

## RESERVES

For the three-month period ended 31 March 2006 and 2005, the movements of reserves are as follows:

	Capital surplus	Statutory surplus reserve fund	Statutory public welfare fund	Share issue cost	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2005	—	—	—	(1,379)	36,418	35,039
Profit for the period	—	—	—	—	11,143	11,143
Share issue costs	—	—	—	(1,039)	—	(1,039)
Dividends	—	—	—	—	(28,016)	(28,016)
Appropriation	—	3,575	1,787	—	(5,362)	—
	<u>—</u>	<u>3,575</u>	<u>1,787</u>	<u>—</u>	<u>(5,362)</u>	<u>—</u>
At 31 March 2005	<u>—</u>	<u>3,575</u>	<u>1,787</u>	<u>(2,418)</u>	<u>14,183</u>	<u>17,127</u>

  

	Capital Surplus	Statutory surplus reserve fund	Statutory public welfare fund	Share issue cost	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	—	9,670	4,835	(4,749)	38,310	48,066
Profit for the period	—	—	—	—	13,328	13,328
Fund raised from listing	75,546	—	—	16,333	—	91,879
Share issue costs	—	—	—	(11,584)	—	(11,584)
	<u>75,546</u>	<u>9,670</u>	<u>4,835</u>	<u>—</u>	<u>51,638</u>	<u>141,689</u>
At 31 March 2006	<u>75,546</u>	<u>9,670</u>	<u>4,835</u>	<u>—</u>	<u>51,638</u>	<u>141,689</u>

## BUSINESS REVIEW

For the three-month period ended 31 March 2006, the Group recorded a turnover of approximately RMB294,578,000, representing an increase of approximately 58.2% from the corresponding period in 2005. The increase in turnover is due to the rising demand for vehicle logistics services as our car manufacturer customers 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 accounted for 64.3% and 34.5% respectively of the total turnover of our Group (2005: 72.8% and 26.0%, respectively). The detailed breakdown of turnover is set out in note 3 to the section headed “Quarterly Results” of this report.

For the three-month period ended 31 March 2006, the automobile industry in the PRC remained highly competitive. The gross profit margin of our Group decreased from approximately 12.2% to 8.5% during the period. In addition, as the Company was listed on the GEM of the Stock Exchange on 23 February 2006, the share issue cost recognized in the consolidated income statement of the reporting period increased significantly. The rising oil price further led to an increase in our cost of transportation. As a result, the Group’s net profit margin decreased from approximately 6.0% to 4.5% during the period. Profit attributable to shareholders of the Company amounted to approximately RMB13,328,000 for the three-month period ended 31 March, 2006, representing an increase of approximately 19.6% from RMB11,143,000 in the corresponding period of 2005.

Our Group is mainly engaged in the provision of vehicle logistics service to car manufacturers. For the three-month period ended 31 March 2006, we provided services to more than 20 new customers and the Group’s total number of customers increased to about 520. We will continue to strengthen the relationships with our customers.

## **PROSPECTS**

We will strive to manage ourselves professionally, operate efficiently and work with innovation. We will strengthen our customer base and seize market opportunities with a view to achieving sustainable development.

With regard to transportation of finished vehicles business, it is expected that our business volume will grow as a result of increase in production capacities of our car manufacturer customers. With regard to supply chain management services for car components and parts, the upgrading and construction of our regional distribution centers in Chongqing and Nanjing respectively for Changan Ford Mazda Automobile Co., Ltd. are underway while we continue to explore car components and parts after-sale logistics service for Chongqing Changan Automobile Co., Ltd.

## **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 2006, none of the Directors and chief executives of the Company holds 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")) 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 2006, 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 H shares	Percentage of total registered share capital
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	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%
APLL	Beneficial owner	33,619,200	31.40%	—	20.74%
Ming Sung (HK)	Beneficial owner	7,844,480	7.33%	—	4.84%
First State Investments (Hong Kong) Limited (Note 3)	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	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 Sanchan, which holds 0.49% of the Company.

*Note 2:* Minsheng Industrial owns 98.95% of 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 a result, pursuant to 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, First State (Hong Kong) LLC are deemed to be interest 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 directions of Acru Asset Management International Limited. Chan Lee Wang and Lau Hing Sang are the controllers of Acru Asset Management International Limited.

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

The management shareholders (interests in the shares and underlying shares of the Company held by the management shareholders such as Changan Automobile Company (Group) Limited ("Changan Co."), Minsheng Industrial (Group) Co., Ltd ("Minsheng Industrial"), APL Logistics Ltd. ("APLL") and Ming Sung Industrial Co., (HK) Ltd. ("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 Sanchan	Beneficial owner	796,512	0.74%	—	—	0.49%

Save as disclosed above, as at 31 March 2006, 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 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 of the Company dated 16 February 2006 (the “Prospectus”).

Save as disclosed in the Prospectus, the Directors and the management shareholders of our Company have no other business interest which competes, or may compete with the Group’s business.

## CONNECTED TRANSACTION

For the three-month period ended 31 March 2006, the total amount of the Group’s continuing connected transactions with connected parties in respect of the provision vehicle logistics services to such parties was approximately RMB275,343,000, representing approximately 93.5% of our total turnover during the reporting period.

For the three-month period ended 31 March 2006, the total amount of the Group’s continuing connected transactions with connected parties in respect of the purchase of transportation services from such parties was approximately RMB81,537,000, representing approximately 30.3% of the total cost of sales of our Group during the reporting period.

For the details of our connected transactions, please refer to the Prospectus.

## INTEREST OF COMPLIANCE ADVISER

As at the date of 31 March 2006, none of the Anglo Chinese Corporate Finance, Limited (the “Compliance Adviser”), the compliance adviser 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. Pursuant to the agreement dated 23 February 2006 entered into between the Company and the Compliance Adviser, the Compliance Adviser charges a fee to act as the compliance adviser from the date when the shares of the Company are listed on the GEM (“listing date”), until the end of the second full financial year after the listing date.

## **AUDIT COMMITTEE**

Pursuant to the Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee according to “A Guide For The Formation of An Audit Committee” compiled by the Hong Kong Society of Accountants. In compliance with Rule of 5.29 of the GEM Listing Rules, the Board has approved authority and responsibility of the audit committee. 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. All of them are independent non-executive directors and Mr. Peng Qifa has appropriate professional qualifications and financial experience.

A meeting of the audit committee was held on 23 March 2006 to review and discuss the annual results, financial statements, major accounting policies and internal audit issues of the Group for the year ended 31 December 2005.

On 26 April 2006, another meeting of the audit committee was held to review and approve the unaudited quarterly report for the three-month period ended 31 March 2006.

## **SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS**

### **Executive directors**

Mr. Yin Jia Xu (chairman of the Board), Mr. Huang Zhang Yun, Mr. Lu Xiao Zhong, Mr. Shi Chao Chun and Mr. James H McAdam have all entered into service contracts of executive director with the Company at the remuneration of zero on 7 February 2006.

### **Non-executive director**

Mr. Lu Guo Ji (vice chairman), Mr. Koay Peng Yen, Mr. Zhang Bao Lin, Ms. Cao Dong Ping, Mr. Wu Xiao Hua and Ms. Lau Man Yee, Vanessa have all entered into service contracts of the non-executive director with the Company at the remuneration of zero on 7 February 2006.

### **Independent non-executive director**

Ms. Wang Xu, Mr. Peng Qi Fa and Mr. Chong Teck Sin have all entered into service contracts of the independent non-executive director with the Company at the remuneration of RMB50,000 per year on 7 February 2006.

## Supervisor

Mr. Hua Zhan Biao, Mr. Tang Yi Zhong, Mr. Dai Bai Ming, Mr. Ye Guang Rong and Ms. Chen Hai Hong have all entered into service contracts of supervisor with the Company at the remuneration of zero on 7 February 2006.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the three-month period ended 31 March 2006, the Group has not purchased, sold or redeemed any of the Company's listed shares.

By the Order of the Board  
**Yin Jia Xu**  
*Chairman*

Chongqing, the PRC  
28 April 2006

As at the date of this report the Board comprises

*Executive directors:*

Mr. Yin Jia Xu  
Mr. Huang Zhang Yun  
Mr. Lu Xiao Zhong  
Mr. Shi Chao Chun  
Mr. James H McAdam

*Non-executive directors:*

Mr. Lu Guo Ji  
Mr. Koay Peng Yen  
Mr. Zhang Bao Lin  
Ms. Cao Dong Ping  
Mr. Wu Xiao Hua  
Ms. Lau Man Yee, Vanessa

*Independent non-executive directors:*

Ms. Wang Xu  
Mr. Peng Qi Fa  
Mr. Chong Teck Sin