重慶長安民生物流股份有限公司

Changan Minsheng APLL Logistics Co., Ltd.*

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

(Stock Code: 8217)

2009 Annual Report

* For identification purpose only

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This report includes particulars given in compliance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") 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

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CORPORATE INFORMATION

Executive Directors
Yin Jiaxu (Chairman)
Cui Xiaomei
Lu Xiaozhong
Shi Chaochun
James H McAdam

Non-Executive Directors
Lu Guoji (Vice Chairman)
Zhang Lungang
Joseph F Lee
Li Ming
Wu Xiaohua
Lau Man Yee, Vanessa

Independent Non-Executive Directors
Wang Xu
Peng Qifa
Chong Teck Sin

Supervisors
Tang Dongmei (Chairman)
Tang Yizhong
Wu Jun
Ye Guangrong
Chen Haihong

General Manager
Shi Chaochun

Deputy General Managers
Li Xiwen
Huang Yong
Huang Ming

Company Secretary
Joseph Au Yeung Wai Ki, CPA ACA

Audit Committee
Peng Qifa (Chairman)
Wang Xu
Chong Teck Sin

Compliance Officer
Shi Chaochun

Authorised Representative
Cui Xiaomei
Shi Chaochun

Auditors
PricewaterhouseCoopers
22nd Floor
Prince's Building
Central, Hong Kong

Principal Bankers
China Minsheng Bank Limited, Chongqing Branch
China Merchants Bank Limited, Chongqing Branch
China Construction Bank Limited, Chongqing Branch

H-shares Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Rooms 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

Registered Office in the PRC
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Hong Kong

Stock Code
8217

Website
http://www.camsl.com

* CMAL Bo Yu Transportation Co., Ltd. ("Bo Yu Transportation"), formerly named CMAL Gang Cheng Co., Ltd.

FINANCIAL SUMMARY

RESULTS

Set out below is the summary of the consolidated results of the Company and its subsidiaries (the "Group") for the five years ended 31 December 2009 (as extracted from the Group's audited consolidated income statement, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	For the year ended 31 December				
	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,284,723	1,565,237	1,475,020	1,104,477	882,176
Profit before taxation	168,664	123,149	99,652	71,889	63,660
Income tax	25,734	19,410	5,981	5,940	5,799
Profit for the year	142,930	103,739	93,671	65,949	57,861
Profit attuibutable to the following parties:					
Minority interest	12,695	3,444	(1,090)	-	-
Equity holders of the Company	130,235	100,295	94,761	65,949	57,861
	RMB	RMB	RMB	RMB	RMB
Earnings per share (Note 1)	0.80	0.62	0.58	0.43	0.52
Dividends per share	0.09 (including tax) (Note 2)	0.09 (including tax)	0.08 (including tax)	0.08 (including tax)	0.11 (including tax)

Note 1: Earnings per share is calculated by dividing the profit attributable to the equity holders of the Company for the years ended 31 December 2005, 2006, 2007, 2008 and 2009 by the weighted average number of respectively, 112,064,000, 153,730,667, 162,064,000, 162,064,000 and 162,064,000 shares in issue for the respective years ended 31 December 2005, 2006, 2007, 2008 and 2009 respectively.

Note 2: This is the final dividend for the year ended 31 December 2009 which the board of directors proposed to distribute, pending approval at the annual general meeting of the Company.

ASSETS AND LIABILITIES

Set out below is the summary of the Group's balance sheet for the five years ended 31 December 2009 (as extracted from the Group's audited balance sheet, which are prepared in accordance with the Hong Kong Financial Reporting Standards):

	As at 31 December				
	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	330,787	329,370	238,780	197,972	141,559
Current assets	894,015	560,056	613,850	479,733	325,565
Total assets	1,224,802	889,426	852,630	677,705	467,124
Non-current liabilities	7,707	10,315	1,025	-	-
Current liabilities	554,620	344,980	408,248	339,554	306,944
Minority interest	39,549	26,854	23,410	-	50
Total liabilities and minority interest	601,876	382,149	432,683	339,554	306,994
Total Equity	662,475	534,131	443,357	338,151	160,180

CHAIRMAN'S STATEMENT

On behalf of the board of directors ("the Board") of the Company, I am pleased to present the annual report of the Group for the year ended 31 December 2009 to all shareholders of the Company.

ANNUAL RESULTS

Under the background of the global financial crisis in 2009, the economy of China revealed a recovery due to the Chinese government introduced and implemented a series of stimulus policies, especially the RMB4,000 billion investment plan and Ten Industries Revival Plans which boost the revival of China's economy. In 2009 the GDP of China achieved RMB33,535.3 billion yuan representing an increase of 8.7% for the corresponding period in 2008 which is close to the 9% growth rate in 2008.

On 10 March 2009, the Adjustment and Vitalization Plan for Logistics Industry (Decree No. [2009] 8) issued by the State Council put forward the goal that in the future the average annual growth rate of the added value of logistics industry would reach over 10%. The Adjustment and Vitalization Plan for Automobile Industry issued by the State Council put forward that the production and sales of automobile would increase steadily, in 2009 the production and sales volume of automobile would exceed 10,000,000 vehicles and the average growth rate for the three years would achieve 10%. Besides, the policies including exemption of half purchasing tax for 1.6L and below emission automobiles (for the whole 2009), the automobile go to countryside, acceleration on automobile disposal and using energy saving and new energy automobile, are all implemented. With the carring out of these adjustment and vitalization plans, it brings revival and creates hope to the domestic automobile and logistics industries which were affected by the global financial turmoil and the automobile industry changed its downturn situation in the next half year of 2008, representing a good developing status for both production and sales. In 2009, the automobile production volume in the PRC was 13,800,000 vehicles, representing an increase of 48% for the corresponding period of the last year while the automobile sales volume in the PRC was 13,600,000 vehicles, representing an increase of 46% for the corresponding period of the last year. The production and sales volume of automobile in the PRC had exceeded the USA, the PRC then became the largest new car consumption market in the world.

The Group's customers are mainly in the automobile industry. The automobile production volume and sales volume of the Group's customers in 2009 maintained a rapid increasing momentum due to the influence of many economic stimulus policies and automobile industry policy, the production and sales volume respectively exceeded 1,400,000 vehicles. As one of the third party logistics services providers in China, through its creative logistics services ideas, rich logistics design and operating experience and well-established service network throughout the PRC, the Group kept optimizing the supply chain management operation mode, integrating logistics resources and optimizing the business process in 2009. These facilitated the Group achieving a highly efficient, low cost and good quality lean logistics service capacity and being able to achieve a good result in 2009.

For the year ended 31 December 2009, the Group's revenue was RMB2,284,723,000, up approximately 45.97% from the same period in 2008. Profits attributable to the equity holders of the Company were RMB130,235,000, up approximately 29.85% from the same period in 2008. Earnings per share was RMB0.80 for the year ended 31 December 2009 (2008:RMB0.62).

ANNUAL REVIEW

Setting branches and enhancing logistics service capacity

On 12 January 2009, Yubei Branch was established in Yubei District, Chongqing. The establishment of this branch further integrated the logistics system in Changan Industrial Park, can more effectively make overall arrangements of the existing logistics resources, improving logistics efficiency and control logistics costs; and by this opportunity, further explore the logistics business in the Changan Industrial Park and Air Port Industrial Park.

On 18 March 2009, Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd ("Future Logistics") was established in the Bonded Port in New Northern Zone, Chongqing. This company mainly engages in processing and packaging, car components & parts subseembly, import & export of goods and international freight forwarding services. With the establishment of Future Logistics and the closure of the Bonded Port, the Company will seize the opportunity of setting bonded port in Chongqing and extending open scope to the outside, build an integrated automobile and car components & parts import & export logistics platform for our major customer Chongqing Changan Automobile Company Limited ("Changan Automobile") and Changan Ford Mazda Automobile Company Limited ("CFMA") to better meet the customers' logistics demand; we will also continuously explore the bonded logistics business, enhance the logistics service capacity and strengthen the market competition and sustainable developing capacity.

Start and propel PROFESSION, improving the Company's logistics technology level

In order to become a modern logistics enterprise of totalization and globalization, the Company started its PROFESSION strategy in 2009 and will implement the strategy thoroughly in 2010. The PROFESSION includes planning of goals, clear responsibilities, criteria of behaviours, standardization of procedures, criteria of operations and quantification of processing monitor. The implementation of the PROFESSION strategy will further enhance the Company's logistics technology service capacity, offer more professional logistics services to the customers and make solid foundation for the striving to be a world first class logistics enterprise.

Awards

The Company has achieved a good operating results in 2009 while the same has been recognised by the community. On 13 February 2009, the Company was awarded the Advanced Enterprise of Developing Open Economy in Chongqing in 2008 by Chongqing Municipal People's Government. On 24 March 2009, the CFMA Automobile Distribution Center of the Company was awarded the Second Batch of Important Modern Logistics Projects in Chongqing by Chongqing Development and Reform Commission. In March 2009, the Company was awarded Service Outsoucing Demonstration Enterprise. On 19 May 2009, the Finished Vehicles Logistics Management Information System and the Components & Parts Logistics Management Information System researched and developed by the Company obtained the registered certificate of computer software copyright issued by the State Copyright Bureau. In July 2009, the Company won the title of 3A Grade of the Excellent Enterprise of Evaluation on Quality of Security Service of Road Freight Station issued by Chongqing Road Transport Administration. On 4 September 2009, the Company was awarded the Outstanding Automobile Logistics Enterprise in China of the Outstanding Contribution of Influence to 2008 – 2009 China Logistics, appraised and elected by Modern Logistics and China Logistics Technology Organizing Committee. On 21 December 2009, the Company was awarded the Advanced Enterprise for 2009 Statistics Work by the Administrative Committee of Chongqing New Northern Zone. On 31 December 2009, the Future Bonded Logistics Project of the Company was awarded the Third Batch of Important Modern Logistics Projects in Chongqing by Chongqing Development and Reform Commission. On 22 January 2010, the Company won the prize of 5A Grade Logistics Enterprise issued by China Federation of Logistics & Purchasing. In January 2010, the Company was awarded one of the Top Ten Foreign Investment Enterprises in Chongqing in 2009 by Chongqing Municipal People's Government.

OUTLOOK AND PROSPECTS

In order to encourage the stable and fast development of automobile industry and stimulate consumption and promote the economic growth in China, the PRC government issued the Notice on Continuously Implementation on the Policy of Automobile Go to Countryside on 4 January 2010, which decided to prolong the implementation of the policy for another year to the end of 31 December 2010; issued the Notice on Permission of Enjoying the Preferential Policies of Both the Automobile Replacement Subsidy and Reduced Vehicle Purchase Tax on 4 January 2010, which decided to permit the car owners which are in accordance with the conditions can enjoy the preferential policies of both the auto replacement subsidy and reduced vehicle purchase tax under 1.6L emission (including 1.6L) since 1 January 2010 (the purchase tax rate is 7.5% in 2010 and 5% in 2009). Therefore, we believe China's economy will be better in 2010 and the automobile industry thus has a bright future. The Board also believes that the growth of the domestic demand will further boost the increasing momentum of the production and sales volume of China's automobile.

In 2010, although the competition among automobile logistics market is more and more fierce, the Group will seek to continue to strengthen its relationship with the existing customers and expand the scope of services for them, explore new opportunities for business development, enhance its marketing initiatives and strengthen communication with other well-established industry players to explore cooperation opportunities.

The Board and I are very optimistic about the prospect of the Group. The Group will work together with various parties to establish a stronger professional logistics services team, a more extensive logistics services network as well as a more flexible logistics services system. The Group is striving to become a first-class logistics enterprise in China.

I would like to take this opportunity to express my heartfelt thanks to the members of the Board and all the staff of the Group for their effective work and unremitting efforts. As in the past, the Company will strive to reward all its shareholders for their great support.

Chairman
Yin Jiaxu

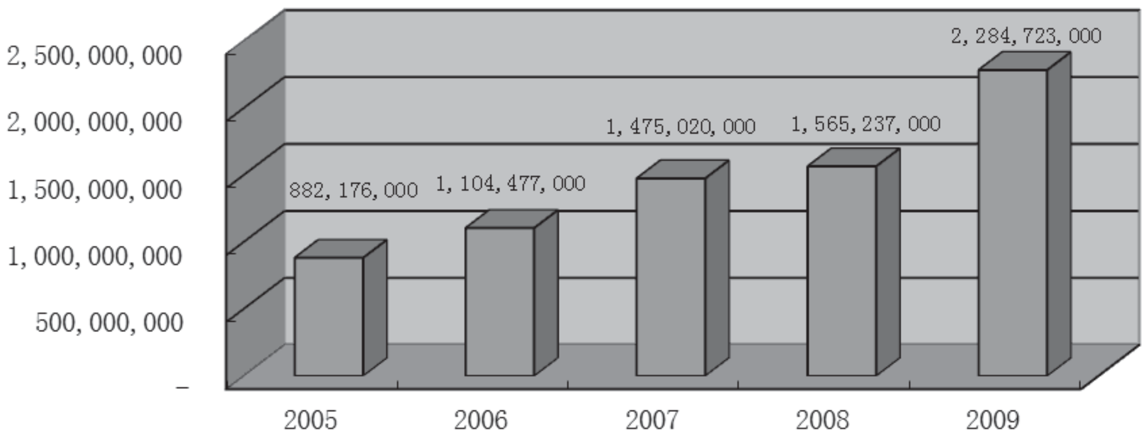
Chongqing, the PRC
19 March 2010

BUSINESS REVIEW

The principal businesses of the Group include finished vehicle transportation and related logistics services, car components and parts supply chain management services and non-vehicle commodities transportation services. The Group's major customers include Changan Automobile, Changan Ford Mazda, Hebei Changan Automobile Co., Ltd. ("Changan Hebei"), Nanjing Changan Automobile Company Limited ("Changan Nanjing"), Bao Tou Beifangbenchi Heavy-Duty Truck Co., Ltd., Webasto Roof Systems (Shanghai) Ltd., Shanghai Delphi International Battery Company Ltd., Yanfeng Visteon Automotive Electronics Co., Ltd., and Chengdu Baogang West Trade Company Limited, etc.

During the reporting period, the PRC economy maintained a moderate growth, and the GDP grew 8.7%, as compared with the corresponding period of 2008. In 2009, sales in the automobile industry, to which important customers of the Group belong, increased 46% which has factored in the impact of the stimulated economic policies and automobile industry policies, especially the reduced vehicle purchase tax under 1.6L emission (including 1.6L) and the policy of automobile go to countryside. The production and sales volume of the major customers of the Group maintained a rapid increasing rate and the production and sales volumes respectively exceeded 1,400,000 vehicles. Through the strengthening of traditional logistics services, better after-sales services and an extension scope of supply chain management provided by the Group, for the year ended 31 December 2009, the revenue of the Group was approximately RMB2,284,723,000, up approximately 45.97% from RMB1,565,237,000 of last year.

Chart 1: Changes in revenue for the five years ended 31 December 2009 (unit:RMB yuan)



Transportation of Finished Vehicles

For the year ended 31 December 2009, the revenue from the finished vehicles transportation services was RMB1,606,619,000, up approximately 71.52% from RMB936,682,000 of last year.

Car Components & Parts Supply Chain Management

During the reporting period, the revenue from the car components & parts supply chain management services was RMB560,760,000, up approximately 6.61% from RMB526,013,000 of last year.

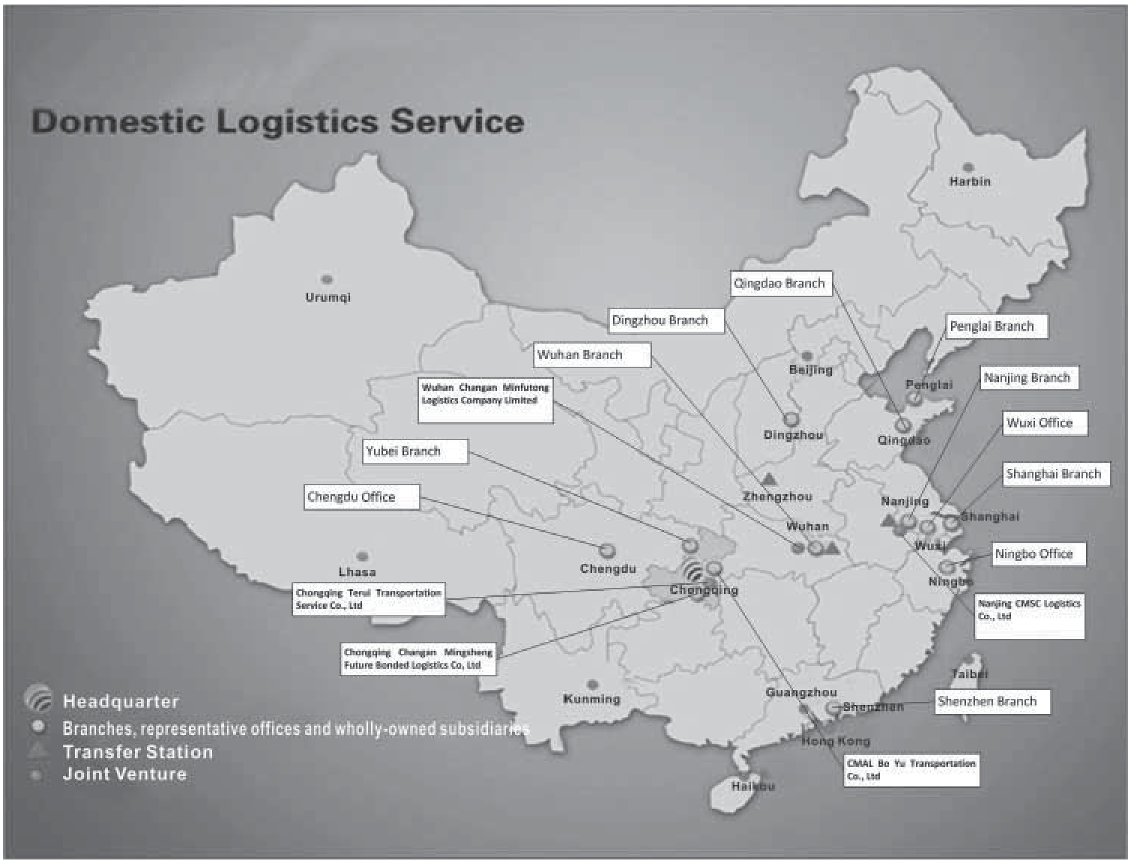
Transportation of Non-vehicle Commodities

During the reporting period, the revenue of the Group from such logistics services was RMB106,402,000, up approximately 3.76% from RMB102,542,000 of last year.

Logistics Services Network

In order to broaden its services network and enhance its services capability, the Company strengthened the infrastructure of its branches by better utilising the information technology system and managing them in a more scientific way. As at 31 December 2009, the Company had a total of 16 branches, subsidiaries, associated companies and representative offices, which are mainly located in East China, Central China, North China, South China and Southwest China (Chart 2). The continuous enhancement of service network enables the Group to provide logistics services to different parts of the country.

Chart 2: Location of the Company's existing branches, subsidiaries and representative offices



FINANCIAL REVIEW

Cost of sales and gross profit margin

For the year ended 31 December 2009, the Group's cost of sales was RMB2,016,652,000 (2008: RMB1,352,971,000), up approximately 49.05% from the previous financial year. During the reporting year, as influenced by the soaring price of fuel and the tension transportation capacity, the Group's cost of sales increased rapidly and the gross profit margin decreased to 11.73% (2008: 13.56%).

Distribution Expenses

The Group's distribution expenses of RMB61,889,000 for the year ended 31 December 2009 represented approximately 2.71% of the Group's revenue during the year (2008: 3.03%).

The distribution expenses included salaries and benefits, traveling, business and communication expenses, and marketing and promotion expenses incurred by the Group's sales and marketing department. Such expenses increased by approximately 30.45% from last year.

Administrative Expenses

The Group's administrative expenses decreased from RMB44,880,000 in 2008 to RMB41,654,000 in 2009.

Finance Costs

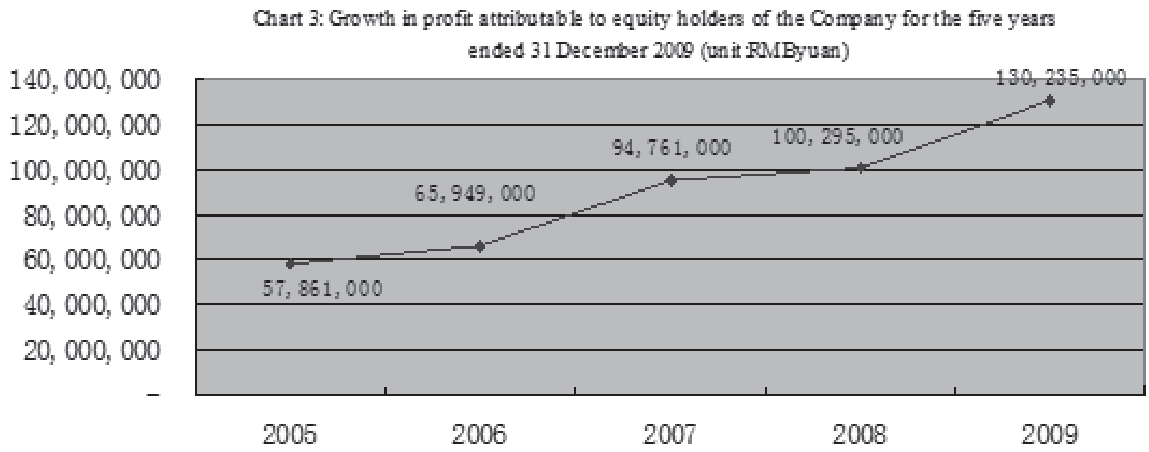
The Group's finance costs for the year amounted to RMB1,130,000 (2008: RMB3,563,000). The decreasing of the finance costs is due to the decreasing of the loans taken from financial organizations. As at 31 December 2009, the Group had no bank borrowings.

Taxation

The weighted average applicable tax rate of the Group increased from 15.6% in 2008 to 16.7% for the year ended 31 December 2009, which was caused by the profit changing of Nanjing CMSC Logistics Co.,Ltd.("Nanjing CMSC") and it led to an increase in the income tax expenses for the year from RMB19,410,000 to RMB25,734,000.

Profit Attributable to Equity Holders

During the year, the profit attributable to equity holders of the Company was RMB130,235,000, up approximately 29.85% from the previous financial year.



Dividends

The Board recommended the payment of a final dividend of RMB0.09 (including tax) (2008: RMB0.09 (including tax)) per share for the year ended 31 December 2009 to shareholders registered in the register of members of the Company on 29 June 2010. The final dividend is expected to be payable on or before 30 September 2010 upon approval of the Board's proposal by shareholders at the annual general meeting.

Liquidity and Financial Resources

The Group maintained a sound position for the year ended 31 December 2009. As at 31 December 2009, the balance of the Group's cash and bank deposit was RMB323,662,000 (31 December 2008: RMB143,239,000). As at 31 December 2009, total assets of the Group amounted to RMB1,224,802,000 (31 December 2008: RMB889,426,000). Capital resources were current liabilities of RMB554,620,000 (31 December 2008: RMB344,980,000), non-current liabilities of RMB7,707,000 (31 December 2008: RMB10,315,000), shareholders' interests (excluding minority interest) of RMB622,926,000 (31 December 2008: RMB507,277,000) and minority interests of RMB39,549,000 (31 December 2008: RMB26,854,000).

Capital Structure

For the year ended 31 December 2009, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2009, the balance of the Group's bank loans and borrowings was 0 (31 December 2008: 0).

Gearing Ratio

As at 31 December 2009, the gearing ratio (total liabilities as a percentage of total assets) of the Group was approximately 45.91% (31 December 2008: 39.95%). The ratio of total liabilities to total equities of the Group was approximately 0.85:1 (31 December 2008: 0.67:1).

Pledge of Assets

As at 31 December 2009, the Group had not pledged any assets as security, and there were no bank borrowings.

Exchange Rate Risks

As the Group had limited transactions denominated in foreign currencies, there is no significant effect on the Group's operations.

Contingent Liabilities

As at 31 December 2009, the Group did not have any significant contingent liabilities.

Capital Commitment

As at 31 December 2009, the Group capital expenditure at the balance sheet date but not yet incurred was as follows:

	2009 RMB’000	2008 RMB’000
Property, plant and equipment		
Contracted but not provided for	18,006	29,332

Significant Purchase of Sale of Subsidiaries and Associates

During the reporting period, the Group had not made any significant purchase or sale of subsidiaries and associates.

Substantial Investment

During the year, RMB30,000,000 was invested to establish a wholly-owned subsidiary, Future Logistics. Please refer to the Chairman’s Statement and the Report of the Directors of this report.

Employees

As at 31 December 2009, the Company employed 3,650 employees (31 December 2008: 2,974 employees).

The breakdown of number of employees by functions is as follows:

	31 December 2009	31 December 2008
Administration and finance	113	94
Information and technology	45	35
Sales and marketing	82	69
Operation	3,410	2,776
Total	3,650	2,974

Please refer to note 24 to the consolidated financial statements for a breakdown of the employee benefit expense.

Remuneration Policy

Salaries of Company's employees are determined by reference to market rates, performances, qualification and experience of the relevant employees. Discretionary bonus may also be given based on performance of individual staff during the year in order to award the employees for their contributions to the Company. Other employee benefits include pension insurance, unemployment insurance, personal injury insurance and housing insurance.

Retirement Plan

Details of the Company's retirement plan are set out in note 24 to the consolidated financial statements.

Staff Quarters

During the year, the Company has not provided any staff quarters to the staff (2008: nil). It has provided housing provident fund to the staff, details of which are set out in note 20 to the consolidated financial statements.

The Company believes that the Company can enhance its corporate governance and transparency by adhering to strict corporate governance practices in the interest of the shareholders of the Company. The Company has prepared the compliance manual of the Board (the "Manual") with a view to compliance with the GEM Listing Rules. During the reporting year, the Company complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

The following is a summary of key corporate governance practices of the Company:

Board

The Board comprises 14 directors, including 5 executive directors, 6 non-executive directors and 3 independent non-executive directors. Details of the members of the Board are set out in the paragraph headed "Directors, Supervisors, General Manager and Deputy General Managers" in this report. The Board considers that the Board's composition has maintained a reasonable balance between 9 non-executive and independent nonexecutive directors and 5 executive directors. The 9 non-executive directors and independent non-executive directors participate actively in the formulation of the Company's policies and seek to represent the interests of shareholders as a whole.

The Company has 3 independent non-executive directors, of whom at least one has appropriate professional qualification and financial management expertise. The Company received the relevant independence confirmation letter from each of the independent non-executive directors in March 2010, and the Company considers that each of the independent non-executive directors has complied with the guidelines on independence set out in rule 5.09 of the GEM Listing Rules. The term of office of each independent non-executive director does not exceed 9 years.

There is no family or material relationship between the members of the Board.

The Board has held five meetings (including 4 regular meetings and 1 extra meeting) in 2009 to discuss and decide the Company's business strategies, key operational issues, financial matters and other matters set out in the articles of associations of the Company. Details of the present directors' attendance records at the Board's meetings held during the year are set out in the following table:

Directors	**Number of attendance/Number of meetings**
Executive directors	
Mr. Yin Jiaxu	5/5
Ms. Cui Xiaomei (Note)	3/3
Mr. Lu Xiaozhong	5/5
Mr. Shi Chaochun	5/5
Mr. James H McAdam	5/5

Non-executive directors	
Mr. Lu Guoji	5/5
Mr. Zhang Lungang (Note)	3/3
Mr. Joseph F Lee (Note)	3/3
Mr. Li Ming	5/5
Mr. Wu Xiaohua	5/5
Ms. Lau Man Yee, Vanessa	5/5
Independent non-executive directors	
Ms. Wang Xu	5/5
Mr. Peng Qifa	5/5
Mr. Chong Teck Sin	5/5

Note: For the period from 19 June 2009 to 31 December 2009 (both days included), the Company had held three board meetings.

Cessation of Directors

On 20 March 2009 the Company received the letters of resignation from Mr. Zhang Baoling, Mr. Huang Zhangyun, Mr. Daniel C Ryan and Mr. Hua Zhanbiao. Due to their job changes, Mr. Zhang Baoling, Mr. Huang Zhangyun, Mr. Daniel C Ryan and Mr. Hua Zhanbiao resigned as directors, supervisor and/or other positions in the Company. Please refer to the announcement of the Company dated 20 March 2009 for more details. Mr. Zhang Baoling, Mr. Huang Zhangyun and Mr. Daniel C Ryan attended two board meetings of the Company held for the period from 1 Janurary 2009 to 18 June 2009 (both days included) .

On 20 March 2009, the substantial shareholder of the Company, Chongqing Changan Industry Company (Group) Limited ("Changan Industry Company") nominated Ms. Cui Xiaomei to elect as an executive director of the Company, nominated Mr. Zhang Lungang to elect as a non-executive director of the Company and nominated Ms. Tang Dongmei to elect as a supervisor of the Company. On 20 March 2009, the substantial shareholder of the Company, APL Logistics Ltd. ("APL Logistics") nominated Mr. Joseph F Lee to elect as a non-executive director of the Company.

On 19 June 2009, Ms. Cui Xiaomei was elected as an executive director of the Company, Mr. Zhang Lungang and Mr. Joseph F Lee were elected as non-executive directors of the Company and Ms. Tang Dongmei was elected as a supervisor of the Company. Please refer to the announcement of the Company dated 19 June 2009 for more details.

On 19 March 2010, the Company received the resignation report from Mr. James H McAdam and Mr. Joseph F Lee. Due to their job changes, Mr. James H McAdam and Mr. Joseph F Lee resigned as directors and/or other positions in the Company. Please refer to the announcement of the Company dated 19 March 2010 for more details. On 19 March 2010, the substantial shareholder of the Company, APL Logistics nominated Mr. William K Villalon and Danny Goh Yan Nan to elect respectively as an executive director and a non-executive director of the Company.

Chairman and General Manager

The Company's chairman is Mr. Yin Jiaxu, and the general manager is Mr. Shi Chaochun. The chairman is responsible for setting the strategic direction of the Company and formulating the business strategies, while the general manager is responsible for overseeing the daily operations of the Company. The chairman is also responsible for ensuring the effective operation of the Board. The chairman encourages all the directors (including the independent non-executive directors) to be fully dedicated in carrying out their duties to members of the Board and its three committees.

Three Committees of the Board

The Company's audit committee, remuneration committee and nomination committee have laid down specific terms of reference, detailing the powers and responsibilities of these committees. All the committees shall report their decisions or submit their proposals to the Board within their authorities, and under certain circumstances, have to request for the Board's approval before taking any actions.

(1) 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" published 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 the requisite professional qualification and financial experience.

During the period from 1 January 2009 to the date of this report, the audit committee has held five meetings in 2009.

The audit committee has met on 6 March 2009 to review 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 views on the Company and approved the content of the report.

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

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

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

The audit committee met on 12 March 2010 to review the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2009, listened to the auditor's views on the Company and approved the content of the report.

Details of committee members' attendance records at the meeting during the period from 1 January 2009 to the date of this report are set out in the following table:

Committee Members	Number of attendance/ Number of meetings
Peng Qifa（Chairman）	5/5
Wang Xu	5/5
Chong Teck Sin	5/5

(2) Remuneration Committee

The remuneration committee currently comprises Mr. Yin Jiaxu (the chairman), Mr. James H McAdam, Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin. The majority of the members of the remuneration committee are independent non-executive directors of the Company.

The principal responsibilities of the remuneration committee include making proposals to the Board in respect of the overall remuneration policy and compositions of the directors and senior management.

During the period from 1 January 2009 to the date of this report, the remuneration committee held three meetings.

Details of committee members' attendance records at the meeting during the period from 1 January 2009 to the date of this report are set out in the following table:

Committee Members	Number of attendance/ Number of meetings
Yin Jiaxu (Chairman)	3/3
James H McAdam	3/3
Wang Xu	3/3
Peng Qifa	3/3
Chong Teck Sin	3/3

(3) Nomination Committee

The nomination committee currently has five members, Ms. Lau Man Yee, Vanessa (the chairman), Mr. Wu Xiaohua, Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin. The majority of the members of the nomination committee are independent non-executive directors of the Company.

The principal responsibilities of the nomination committee include reviewing the structure and composition of the Board, enhancing corporate governance within the Company and assessing the independence of the Company's independent non-executive directors. According to the laws and regulations including the Company Law of the PRC and GEM Listing Rules, the nomination committee discussed and reviewed the qualifications of the candidates of directors and supervisors of the Company and provided opinions to the Board.

During the period from 1 January 2009 to the date of this report, the nomination committee held three meetings.

Details of committee members' attendance records at the meeting during the period from 1 January 2009 to the date of this report are set out in the following table:

Committee Members	Number of attendance/ Number of meetings
Lau Man Yee, Vanessa (Chairman)	3/3
Wu Xiaohua	3/3
Wang Xu	3/3
Peng Qifa	3/3
Chong Teck Sin	3/3

Code for Securities Transactions by Directors

During the reporting period, the directors have strictly obeyed the required standards of dealings set out in Rule 5.48 to Rule 5.67 of the GEM Listing Rules (such standards was set out in the Manuual) and have taken it as the behavior standards for their dealings. After inquiry by the Company to all the directors, all the directors have confirmed that they have complied with the code of conduct.

Term of Office and Re-election

The term of office of each of the directors (including non-executive directors and independent non-executive directors) is three years. The term of all the existing directors will end upon the expiry of the second Board. The directors shall then retire, but shall be available for re-election.

Internal Control

The Board is responsible for maintaining a reliable and effective internal control system, so as to protect the Company's assets and shareholders' interests, and to review the efficiency of such system. The Board has conducted a review of its internal control system from time to time.

Relationship with Shareholders

The Board intends to encourage and maintain continued dialogues with shareholders through various channels. The Company's annual general meeting provides a good opportunity for directors to meet and communicate with shareholders. All directors shall make their best efforts to attend the annual general meeting so as to reply to enquiries of shareholders.

Investor Relations

During this reporting period, the Company met investors for many times. The Board would like to sincerely thank all investors for their interests in the Company. The investor relations management department of the Company is the office of the Board (Email: dongshihui@camsl.com).

Auditors and the Remuneration

PricewaterhouseCoopers was the Company's international auditor (PricewaterhouseCoopers Zhong Tian CPAs Limited Company was the Company's PRC auditor) for the year ended 31 December 2009. For the three years ended 31 December 2009, the Company didn't change auditor. The remuneration of the auditors for the year ended 31 December 2009 was set out in Note 23 of the consolidated financial statements of this report. The Company did not pay for the auditor's traveling, meals and lodging expenses and other incidental expenses during the period the audit services were provided. During the reporting period, PricewaterhouseCoopers Consulting (Shenzhen) Limited-Beijing Branch, which was a PricewaterhouseCoopers global network firm, has performed review of internal controls over financial reporting to the Company. The expenses are RMB365,000, without including lodging expenses and other reimbursed expenses.

The Board is pleased to present the annual report together with audited consolidated financial statements of the Group for the year ended 31 December 2009.

Principal Business

The Company is principally engaged in the provision of transportation of finished vehicles services, supply chain management services relating to car components and parts and transportation of non-vehicle commodities services.

Results

The results of the Group for the year ended 31 December 2009 are set out in the consolidated income statement of this report.

Dividend

The Board proposed to distribute final dividends of RMB0.09 per share (including tax) to the shareholders whose names appear on the register of members of the Company as at 29 June 2010.

Property, Plant and Equipment

Details of changes in the Company's property, plant and equipment during the year are set out in note 6 to the consolidated financial statements.

Financial Position

A summary which includes the Group's results and its assets and liabilities for the past five financial years are set out in the section headed "Financial Summary" of this report.

Subsidiaries

The registered capital of Bo Yu Transportation is RMB9,980,000 and the Company holds 100% of its equity interests. Bo Yu Transportation's main business includes commodities transportation, storage, and logistics planning and consultation services in the PRC. Details are set out in note 9 to the consolidated financial statements of this report.

Nanjing CMSC was incorporated by the Company, Sumitomo Corporation (“Sumitomo”) and Beijing Changjiu Logistics Company Limited (“Beijing Changjiu”) to provide logistics services to the customers such as Changan Ford Mazda Nanjing Plant and Changan Ford Mazda Engine Company Limited, and the Company holds 51% of its equity interests, Sumitomo and Beijing Changjiu respectively hold 25% and 24% of its equity interests. Details are set out in note 9 to the consolidated financial statement of this report.

Future Logistics, the wholely-owned subsidiary of the Company, was incorporated by the Company to provide bonded logistics services to the customers in Chongqing and the areas around. The incorporated capital is RMB30,000,000. Future Logistics mainly engages in storage, loading and unloading, handling, distribution, import & export of goods and international freight forwarding services. Details are set out in note 9 to the consolidated financial statement of this report.

Capitalized Initerests

For the year ended 31 December 2009, no interest had been capitalized.

Share Capital

For the year ended 31 December 2009, the share capital had not been changed. Details are set out in note 16 to the consolidated financial statements.

Preemptive Rights

There is no provision for preemptive rights in the Company's articles of association requiring the Company to offer new shares proportionately to the existing shareholders.

Reserves

Details of changes in the Company's reserves for the year are set out in the consolidated statement of changes in equity and in note 17 of the consolidated financial statements.

Directors and Supervisors

The directors of the second board of directors and supervisors of the second supervisory committee of the Company up to the date of this report were as follows:

Executive directors

Yin Jiaxu (Chairman)	(appointed on 20 June 2008)
Cui Xiaomei	(appointed on 19 June 2009)
Lu Xiaozhong	(appointed on 20 June 2008)
Shi Chaochun	(appointed on 20 June 2008)
James H McAdam	(appointed on 20 June 2008)

Non-executive directors

Lu Guoji (Vice Chairman)	(appointed on 20 June 2008)
Zhang Lungang	(appointed on 19 June 2009)
Joseph F Lee	(appointed on 19 June 2009)
Li Ming	(appointed on 20 June 2008)
Wu Xiaohua	(appointed on 20 June 2008)
Lau Man Yee, Vanessa	(appointed on 20 June 2008)

Independent non-executive directors

Wang Xu	(appointed on 20 June 2008)
Peng Qifa	(appointed on 20 June 2008)
Chong Teck Sin	(appointed on 20 June 2008)

Supervisors

Tang Dongmei	(appointed on 19 June 2009)
Tang Yizhong	(appointed on 20 June 2008)
Wu Jun	(appointed on 20 June 2008)
Ye Guangrong	(appointed on 20 June 2008)
Chen Haihong	(appointed on 20 June 2008)

Confirmation of Independence

The Company has received the annual confirmation of each independent non-executive director pursuant to Rule 5.09 of the GEM Listing Rules. The Company thinks that the existing independent non-executive directors of the Company are independent persons.

Service Contracts of Directors and Supervisors

Each of the directors and supervisors of the Company 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).

Directors' Interests in Contracts

There was no significant contract to which the Company was a party and in which a director had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

Remuneration of Directors and the Five Highest Paid Individuals

Details of the remuneration of directors and the 5 highest paid individuals are set out in note 31 to the consolidated financial statement of this report.

The remuneration provided to the directors is determined on the emoluments of, among other things, the relevant director's experience, responsibility and the time devoted to the Company.

Interests of Directors, Chief Executive and Supervisors in Shares of the Company and Associated Corporations

As at 31 December 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 is taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

As at 31 December 2009, 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 2008, 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 31 December 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 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:

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 Industry Company	Beneficial owner	39,029,088(L)	36.45%	-	24.08%
Changan Industry Company (Note 1)	Interest of a controlled corporation	796,512(L)	0.74%	-	0.49%
APL Logistics	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 2)	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 Ltd (Note 3)	Investment manager	12,000,000(L)	-	21.82%	7.41%
Liu Yang (Note 3)	Investment manager	12,000,000(L)	-	21.82%	7.41%
The Northern Trust Company (ALA)	Other	6,034,000(P)		10.97%	3.72%
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%
Mclntyre Steven (Note 4)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

Note 1: Chongqing Changan Industrial Company Limited ("Changan Industrial") , the subsidiary of Changan Industry Company, holds 0.49% of the share of the Company.

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

Note 3: Liu Yang is the controlling shareholder of Atlantis Investment Management Limited. This is the figure of 16 March 2010.

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

Note 5: (L) – long position, (S) – short position, (P) - Lending Pool.

As at 31 December 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, APL Logistics and Ming Sung (HK) are as disclosed above) hold interests in the shares and underlying shares of the Company as follows:

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non- H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Changan Industrial	Beneficial owner	796,512	0.74%	-	0.49%

Save as disclosed in this report, as at 31 December 2009, 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.

Share Appreciation Right Incentive Scheme

On 6 June 2005, in order to enhance the Company's incentive mechanism, the share appreciation right incentive scheme (the "Scheme") was approved by the shareholders of the Company at the second extraordinary general meeting of the Company. The principal terms and conditions of the Scheme are summarized in the section headed "Summary of terms of the Share Appreciation Right Incentive Scheme" in Appendix VII to the Prospectus of the Company issued by the Company on 16 February 2006 (“the Prospectus”). During the year, no such plan has been implemented.

Major Customers and Suppliers

During the reporting period, the Group's sales to its 5 largest customers in proportion to the Group's total sales are as follows:

	For the year ended 31 December	
	2009	2008
Changan Ford Mazda	43%	44%
Changan Automobile	25%	20%
Hebei Changan Commercial Vehicles Sales Co., Ltd.	11%	7%
Nanjing Changan	7%	4%
Hebei Changan	2%	6%
Total of 5 largest customers	88%	81%

All the 5 major customers mentioned above are the connected persons (as defined in the GEM Listing Rules) of the Company.

During the reporting period, the percentages of the Group's purchases from the 5 largest suppliers in proportion to the Group's total purchases are as follows:

	For the year ended 31 December	
	2009	2008
Minsheng Logistics Ltd. (Minsheng Logistics)	7%	7%
Chongqing Hailong Transporatation Co., Ltd.	5%	5%
Dingzhou Tieda Logistics Ltd.	4%	3%
Dingzhou Xintai Storage and Transportation Ltd.	3%	3%
Yingtan Taiyangsheng Logistics Ltd.	3%	2%
Total of 5 largest suppliers	22%	20%

Among the 5 largest suppliers, Minsheng Logistics is the connected person (as defined in the GEM Listing Rules) of the Company.

Save as above disclosed, none of the directors, their respective associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) had any actual interests in the share capital of the 5 largest customers and 5 largest suppliers mentioned above.

Competing Interests

The Company's shareholders APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Co. have all signed non-competition undertakings with the Company in favour of the Company. Please refer to the Prospectus for such undertakings.

In March 2010, the Company received the confirmation regarding the above-mentioned non-competition undertakings from each of APL Logistics, Minsheng Industrial, Ming Sung (HK) and Changan Industry Co.

Connected Transactions

Set out below is information in relation to the connected transactions of the Company which need to be reported pursuant to the GEM Listing Rules during the year:

Background of the Connected Transactions

Changan Industry Company is one of the promoters and a substantial shareholder of the Company. Changan Industry Company is a wholly owned subsidiary of China South Industries Group Corporation ("South Group"). China Changan Automobile Group Co., Ltd ("China Changan"), formerly named China South Industries Automobile Co., Ltd., a holding subsidiary of South Group, holds 45.55% shares of Changan Automobile; South Group holds 42.27% of Binqi Zhuangbei Group Financial Limited Liability Company ("Zhuangbei Finance"). Changan Industry Company directly and indirectly holds 100% of the share of Chongqing Changan Construction Company Limited ("Chongqing Changan Construction"). Accordingly, Changan Industry Company, Changan Automobile, Zhuangbei Finance, Chongqing Changan Construction and their respective associates are all the Company's connected persons according to the GEM Listing Rules. Minsheng Industrial and APL Logistics are one of the promoters and substantial shareholders of the Company. Accordingly, Minsheng Industrial and APL Logistics and their respective associates are also connected persons of the Company. The Company holds 51% of the share capital of Nanjing CMSC, Beijing Changjiu holds 24% of its share capital and Sumitomo holds 25% of its share capital. Accordingly, Beijing Changjiu and Sumitomo and their respective associates are also connected persons of the Company as they are the substantial shareholders of Nanjing CMSC according to the GEM Listing Rules. Sumitomo holds 49% of the share capital of Nanjing Baogang Zhushang Metal Products Company Limited ("Baogang Zhushang"), Baogang Zhushang is the associate of Sumitomo.

On 22 October 2008, the Company entered into a framework agreement with Changan Industry Company, Changan Automobile, Minsheng Industrial, APL Logistics, Beijing Changjiu and Chongqing Changan Construction, all of which have an effective period from 1 January 2009 to 31 December 2011. Please refer to the circular released on 13 November 2008 and the announcement released on 24 October 2008 for further details.

On 30 March 2009, the Company entered into a framework agreement with APL Logistics and Zhuangbei Finance and the subsidiary of the Company Nanjing CMSC entered into a framework agreement with Baogang Zhushang, all of which have an effective period from 1 January 2009 to 31 December 2011. Please refer to the circular released by the Company on 17 Apirl 2009 and the announcement released by the Company on 30 March 2009 for further details.

Reasons and Interests of Connected Transactions

The Company is of the view that the continuing connected transactions between the Group and Changan Industry Company, APL Logistics, Changan Automobile, Baogang Zhushang and their respective associates are in line with the Group's main business and development strategy. These connected transactions should be continued. For the provision of logistics services, the Company needs to purchase transportation services continuously. As the Company has built up long term partnership with Minsheng Industrial, APL Logistics, Beijing Changjiu and their respective associates, the Company is satisfied with the quality of their transportation service. Therefore the Company will continue to transact with them. In order to support the normal operation and investment activities, apart from the net in-flows of cash out of the operation activities, more funds will be needed as a supplement; following successive expansions in the asset scale of the Company, the in-flows and out-flows of cash out of the operating activities becomes more frequent and the amounts have also increased continuously, resulting in the increase in deposit amounts of the Company and the time for settlement needs to be shortened and finance costs needs to be decreased. In view of the relationship between the Company and Zhuangbei Finance, the Board is of the view that the settlements and gaining funds from Zhuangbei Finance is consistent with the Group's principal businesses and development strategies and can promote the business growth. The Company purchases engineering construction services from Chongqing Changan Construction. It is beneficial to save the construction costs. The Group needs to continuously purchase engineering construction services from Chongqing Changan Construction.

Pricing of Connected Transactions

The Company signed framework agreements with Changan Industry Company, Minsheng Industrial, APL Logsitics (the Group purchases transport services from APL Logistics), Beijing Changjiu and Chongqing Changan Construction on 22 October 2008. And on 30 March 2009, the Company signed the framework agreements with APL Logistics (the Group provides logistics services to APL Logistics); the Company's subsidiary, Nanjing CMSC, signed the framework agreements with Baogang Zhushang. The prices of the transactions under framework agreements are set in accordance with the following principles:

a. pricing relating to certain types of products and services fixed by the PRC government;
b. where there is no PRC government fixed price but a government guidance price exists, the government guidance price;
c. when there is neither a PRC government fixed price nor a government guidance price, the market price; or
d. where none of the above is applicable, the price to be agreed between the parties based on arm's length negotiations.

On 30 March 2009, the Company entered into a framework agreement with Zhuangbei Finance. The prices of the transactions under the framework agreements shall be based on the normal commercial terms.

The transactions between the Company and connected persons shall be on terms no less favorable to the Company than those available from independent third parties under current market conditions. Such terms are in the interest of the Company and shareholders as a whole.

Total Consideration of the Continuing Connected Transactions

During the reporting period, the Group did continuing connected transactions with Changan Industry Company, Changan Automobile, APL Logistics, Minsheng Industrial, Beijing Changjiu, Chongqing Changan Construction and their respective associates, which constitute accounting connected transactions during the period. The details are set out in the notes to the consolidated financial statements. During the reporting period, the Group strictly obeyed Chapater 20 of the GEM Listing Rules.

For the year ended 31 December 2009, the total consideration paid to the Group by the relevant connected persons for the logistics services is as follows:

	For the year ended 31 December 2009 Annual transaction volume RMB'000
Changan Industry Company and its associates:	
- Supply chain management services for car raw materials, components and parts and other logistics services, such as other product packaging and transportation services, etc	6,274
Changan Automobile and its associates:	
- Transportation for finished vehicle	1,573,887
- Supply chain management for car components and parts	504,027
APLL and its associates:	
- Supply chain management for car components and parts	28
Transactions between Nanjing CMSC and Baogang Zhushang	3,200

For the year ended 31 December 2009, the total consideration paid by the Group to the connected persons for the purchase of transportation services is as follows:

	For the year ended 31 December 2009 Annual transaction volume RMB'000
- Minsheng Industrial and its associates:	194,217
- APL Logistics and its associates:	-
- Beijing Changjiu and its associates:	59,655

For the year ended 31 December 2009, the transactions between the Group and Zhuangbei Finance:

	For the year ended 31 December 2009
	RMB'000
- The maximum amount of loan outstanding (including interests) on a daily basis	50,608
- The maximum amount of deposit (including interest) on a daily basis	98,856
- The aggregate amount of each note discounting transactions on an annual basis	-

For the year ended 31 December 2009, the total consideration paid by the Group to Chongqing Changan Construction for the purchase of engineering construction services is as follows:

	For the year ended 31 December 2009 Annual transaction volume
	RMB'000
-Chongqing Changan Construction	-

The independent non-executive directors of the Company have reviewed the continuing connected transactions conducted by the Group, and are of the view that they were entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are no comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company and the Company as a whole.

The Company's auditor has reviewed the continuing connected transactions and in the letter sent to the Company confirmed that the continuing connected transactions:

1. have received the approval from the Board and the general meeting;
2. are in accordance with the pricing policies of the Company;
3. have been entered into in accordance with the relevant agreement governing the transactions; and
4. have not exceeded the annual cap approved by the Stock Exchange.

Legal Proceedings

As at 31 December 2009, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company and its subsidiaries.

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 year ended 31 December 2009.

Public Float

Based on the information for public inspection and according to the directors' awareness, as at the date of this report, the Company has met the public float requirement as stipulated under the GEM Listing Rules throughout the reporting period.

Designated Deposits

As at 31 December 2009, the Company and its subsidiaries had no designated deposits in any financial institutions in the PRC or any overdue fixed deposit which could not be recovered.

Donations

During the years, the total amount of donation made by the Company and its subsidiaries was RMB33,590 (2008: RMB230,000).

Auditors

The attached consolidated financial statements of the Group have been audited by PricewaterhouseCoopers. The Company will propose a resolution in the annual general meeting to be held, for the re-appointment of PricewaterhouseCoopers as the international auditor for the year of 2010, and PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the PRC auditor for the year of 2010.

Compliance Adviser

The term of the compliance adviser appointed according to the GEM Listing Rules had been expired in March 2009. Please refer to the first quarterly report of the Company dated 5 May 2009 and the interim report of the Company dated 29 July 2009 for more details.

Disclosure under Chapter 17 of the GEM Listing Rules

The Directors are not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

By order of the Board
Yin Jiaxu
Chairman

Chongqing, the PRC
19 March 2010

REPORT OF THE SUPERVISORY COMMITTEE

Shareholders,

Pursuant to the Company Law of the People's Republic of China, the relevant laws and regulations and the articles of association of the Company, the Supervisory Committee of the Company (the "Supervisory Committee"), under its fiduciary duty, took up an active role to work reasonably and cautiously with diligence to protect the interests of the Company and its shareholders.

During the year, Supervisory Committee had reviewed cautiously the operation and development plans of the Company and provided reasonable suggestions and opinions to the Board. It also strictly and effectively monitored and supervised the Company's management in making significant policies and decisions to ensure that they are in compliance with the laws and regulations of the PRC and the articles of association of the Company, and in the interests of its shareholders.

The Supervisory Committee considers that in 2009, the members of the Board, the general manager and other senior management staff of the Company were able to strictly fulfil their fiduciary duties, to act diligently and to exercise their authority faithfully in the best interests of the Company. The transactions between the Company and connected parties are carried out on fair and reasonable terms and in the interests of the shareholders as a whole. Up till now, none of the directors, general manager and other senior management staff had been found to have abused their authority, damaging the interests of the Company and of its shareholders and employees. And none of them was found to be in breach of any laws and regulations or the articles of association of the Company.

The Supervisory Committee is satisfied with the achievement and efficient work of the Company in 2009, and has full confidence in the future development of the Company.

The Supervisory Committee has seriously reviewed and agreed with the report of the directors, the audited consolidated financial statements, which need to be submitted by the Board to the 2009 annual general meeting.

By order of the Supervisory Committee
Tang Dongmei
Chairman

Chongqing, the PRC
19 March 2010

DIRECTORS, SUPERVISORS, GENERAL MANAGER AND DEPUTY GENERAL MANAGERS

Executive Directors

Mr. Yin Jiaxu

Mr. Yin Jiaxu (尹家緒), chairman of the second session of the Board of the Company and chairman of Nanjing CMSC, was born in 1956, with a master's degree of engineering and is a research leveled senior engineer. Mr. Yin joined the Company in 2001 and is mainly responsible for formulating developing strategies. In addition, Mr. Yin plays a key role in establishing relationships with major customers and overseeing expansion plans of the Company. Mr. Yin also carries out such duties prescribed by the articles of association of the Company. Mr. Yin was previously factory director of Yuzhou Gear Factory, office director and deputy director-general of southwest ordnance industry bureau, chairman and president of the former Changan Automobime Company (Group) Limited, president of China Changan. Mr. Yin now serves as deputy general manager and deputy secretary, Party Leadership Group of South Group, vice chairman of China Changan.

Ms. Cui Xiaomei

Ms. Cui Xiaomei (崔小玫) was born in 1955, holding dual bachelor’s degrees and is a senior economist. Ms. Cui joined the Company in June 2009. Ms. Cui previously worked for Chongqing Changan Automobile Sales Co., Ltd. as administrative vice general manager and the chief inspector of operating department, for Changan Automobile as deputy general manager, for Changan Automobile as supervisor, for Chongqing Changan Suzuki Automobile Co., Ltd. as deputy general manager, for the former Changan Automobime Company (Group) Limited, as vice secretary of party and so on. Ms. Cui is now the deputy general manager and vice secretary of party of Changan Industry Co., chairman of Chongqing Anbo Automobile Sales Company Limited.

Mr. Lu Xiaozhong

Mr. Lu Xiaozhong (盧曉鍾) was born in 1948, holding a bachelor's degree, joined the Company in 2001. Mr. Lu was the Company's general manager from October 2001 to February 2004. Mr. Lu had been the deputy director of Chongqing Foreign Trade & Economic Relations Commission, the director, deputy president, managing deputy president of Minsheng Industrial, the director of Ming Sung (HK), and the general manager of Minsheng Shipping Co., Ltd. He was a committee member of the Chongqing Chinese People's Political Consultative Conference ("CPPCC”) and the deputy chairman of Chongqing General Chamber of Commerce (industrial and commercial association) from 1997 to 2002. He was a committee member of the Chongqing China National Democratic Construction Association (CNDCA). In February 2007, Mr. Lu won the prize of “Model of Great Contribution for Developing Chongqing in 2006”. Mr. Lu is now the director and president of Minsheng Industrial, the chairperson of CNDCA and the deputy director of Chongqing Standing Committee, member of the standing committee of National Committee of the CPPCC.

Mr. Shi Chaochun

Mr. Shi Chaochun (施朝春) was born in 1965, holding a master's degree in Industrial Engineering, joined the Company as deputy general manager in 2001. Mr. Shi worked for the former Changan Automobime Company (Group) Limited as secretary to the vice president and the deputy director of the planning and development department. Mr. Shi has been the executive director of the Company since February 2005. Mr. Shi is mainly responsible for the Company's daily operation. In 2007, Mr. Shi won the prizes of "Outstanding Contribution Entrepreneur of Automotive Logistics Industry", "Top Ten Logistics Persons of the Year for 2007 in China", "Excellent Entrepreneur for Chongqing City", and "Best of Top 10 Entrepreneurs for 2007 for Chongqing Economic & Development Zone".

Mr. James H McAdam

Mr. James H McAdam was born in 1954, M.A, joined the Company as an executive director in June 2005. In 1977, Mr. McAdam, graduated from Michigan State University, obtained bachelor's degree in arts and master's degree in arts from University of San Francisco in 1998. Mr. McAdam has more than 20 years of experience in various capacities in the transportation and logistics industry and has spent over 10 years in Asia holding senior management positions in Thailand, Japan and Singapore, etc. Mr. McAdam currently holds the position of President of APLL. As a senior management staff of NOL Group, Mr. McAdam has assumed, and may from time to time assume, other executive positions and, or directorships in any one or more NOL Group entities globally.

Non-executive Directors

Mr. Lu Guoji

Mr. Lu Guoji (盧國紀), vice chairman of the second session of the Board of the Company, was born in 1923, joined the Company in 2001. Mr. Lu graduated from Chongqing Central University in 1948, obtained a bachelor's degree in Civil Engineering. Since 1984, Mr. Lu served as the managing director and deputy chairman of Minsheng Industrial and now serves as chairman of Minsheng Industrial and chairman of Ming Sung (HK). The State Council has been granting him a special allowance in recognition of his contribution to the country as an expert in engineering, since 1993. From 1982 to 1997, Mr. Lu was the committee member and member of the Standing Committee of the former Chongqing city, Sichuan Province CPPCC for the seventh, eighth, ninth and tenth session. He had been the committee member of the Standing Committee of the CPPCC of Chongqing Municipality for the first session. From 1988 to 2003, Mr. Lu was the committee member of CPPCC for the seventh, eighth and ninth session at the national level.

Mr. Zhang Lungang

Mr. Zhang Lungang (張倫剛) was born in 1967, holding a bachelor's degree. Mr. Zhang joined the Company in June 2009. Mr. Zhang has participated in many financial training organizations including Hong Kong international financial training course, Germany senior financial experts training course, Japanese Altos financial training course and Canadian senior financial experts training course for professional financial knowledge. And he also participated in the state-owned large and medium sized enterprises' general accountants' professional training held by the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zhang worked as the director of the finance division and assets management division of Southwest Military Bureau, the deputy general manger and general accountant of Chongqing Dajiang Industrial Group and the financial manger of Chongqing Wanyou Conifer Hotel with working experiences in joint venture companies. Mr. Zhang is proficient in financial management, financial budget and final accounts and assets and capital verification and so on. Mr. Zhang is now the general accountant of Changan Industry Co.

Mr. Joseph F. Lee

Mr. Joseph F. Lee was born in 1963, holding a bachelor degree of Economics and Political science. Mr. Lee joined the Company in June 2009. Over the past more than 20 years Mr. Joseph F. Lee has held management positions in various business units and departments and in several different countries. Mr. Lee's most recent role was Regional Sales Director of APL Hong Kong and South China based in Hong Kong. Prior to that, Mr. Lee was APLL Director for Central and North China based in Shanghai, Managing Director of the Malaysia RAC based in Kuala Lumpur and Director of Inbound Documentation at Atlanta in the US. Mr. Joseph F. Lee was appointed as Managing Director, APLL Greater China. He is responsible for all APLL activities across mainland China, Hong Kong, Macau and Taiwan.

Mr. Li Ming

Mr. Li Ming (李鳴) was born in 1957, holds a bachelor's degree and joined the former Changan Automobime Company (Group) Limited in August 1978. Mr. Li joined the Company in June 2008. He is the head of the finance department of Changan Industry Co.. Mr. Li was the deputy director and the director of the former Changan Automobime Company (Group) Limited, the vice general manager and the director of finance department of Chongqing Changan Automobile Sales Co., Ltd., the finance controller of Changan Ford Mazda and the deputy head of finance department of the former Changan Automobime Company (Group) Limited.

Mr. Wu Xiaohua

Mr. Wu Xiaohua (吳小華) was born in 1955. Mr. Wu joined the Company in 2001. Mr. Wu graduated from the Sichuan Cadre Institute in 1988, majoring in Financial Accounting. From 1976 to 1989, he was the deputy head of the finance department of Chuanjiang Shipping Factory of Changjiang Marine Transportation Company. From 1989 till November 2009, Mr. Wu had taken up the posts as the department head in the planning financial department of Minsheng Industry, the director and general accountant of Minsheng Industry. Mr. Wu serves as the director, deputy general manager and CFO of Minsheng Shipping Co., Ltd.

Ms. Lau Man Yee, Vanessa

Ms. Lau Man Yee, Vanessa (劉敏儀) was born in 1967, MBA, joined the Company as a non-executive director in June 2005. She is a fellow member of the Chartered Association of Certified Accountants and a graduate member of the Institute of Chartered Secretaries and Administrators. Ms. Lau joined APL's Asia Area Headquarters in Hong Kong in 1991. From 1995 to 1997, Ms. Lau worked for APL's Singapore office as the regional controller. In 1998, Ms. Lau joined NOL Group and she has been working in the NOL Group on financial accounting functions since 1999. She is now NOL's vice president, Group Financial Accounting & Reporting. As a senior management staff of NOL Group, Ms. Lau has assumed, and may from time to time assume, other executive positions and/or directorships in any one or more NOL Group entities globally.

Independent Non-executive Directors

Ms. Wang Xu

Ms. Wang Xu (王旭) was born in 1963, joined the Company as an independent non-executive director in December 2004. Ms. Wang received her PhD from Chongqing University in 2001. She is a professor at Chongqing University and a member of the decision-making consultative committee of the Chongqing government in China.

Mr. Peng Qifa

Mr. Peng Qifa (彭啟發) was born in 1964, joined the Company as an independent non-executive director in December 2004. In 1998, he obtained a master's degree in Economics from the faculty of Business Administration as Sichuan University. Mr. Peng has been approved to be a professor of Economics in Chongqing University of Technology and was qualified in 1996 to teach in tertiary institution in China. Mr. Peng is a Certified Public Accountant in the PRC.

Mr. Chong Teck Sin

Mr. Chong Teck Sin (張鐵沁) was born in 1955, joined the Company as an independent non-executive director in July 2005. Mr. Chong was the group managing director (commercial) of Seksun Corporation Limited ("Seksun"), which was listed on Singapore Stock Exchanges, until May 2004. Prior to his appointment at Seksun, he was the strategic development director for China of Glaxo Wellcome Asia Pacific Pte Ltd. and before that, the senior general manager of China-Singapore Suzhou Industrial Park Development Co., Ltd., the Singapore Suzhou Industrial Park developer. He was with the Singapore Economic Development Board from 1986 to 1989. Since April 2004, Mr. Chong sits on the Board of the Accounting and Corporate Regulatory Authority (ACRA) of Singapore. He is also the independent non-executive director of British-American Tobacco (Singapore) Pte Ltd. In addition, Mr. Chong is also the independent non-executive director of the companies following-mentioned which were listed on Singapore Stock Exchanges: Beyonics Technology Ltd., Wanxiang International Pte Ltd., Sihuan Pharmaceutical Holdings Group Ltd. and JES International Holdings Ltd. Since October 2008, Mr. Chong is also the director of Singapore's largest folk charitable organization National Kidney Foundation Singapore. He obtained the bachelor of engineering at the University of Tokyo in 1981, and subsequently obtained a Master of Business Administration degree from the National University of Singapore.

Supervisors

Ms. Tang Dongmei

Ms. Tang Dongmei (唐冬梅), chairman of the second session of the Supervisory Committee of the Company, was born in 1976. Ms. Tang joined the Company in June 2009. Ms. Tang graduated from Chongqing Architecture College in 1997. Ms. Tang participated in the training courses held by China internal auditing institute and Chongqing Construction Committee and other organizations. Ms. Tang is good at financial and construction pricing and so on. Ms. Tang has abundant experience in enterprise auditing work as she has been involved in such field for over ten years. Ms. Tang is now the deputy director general of audit department of ministry of audit and supervision of Changan Industry Co.

Mr. Tang Yizhong

Mr. Tang Yizhong (唐宜中) was born in 1963, joined the Company as a supervisor in December 2004. Mr. Tang graduated from the Chongqing Science and Technology University in (重慶科技進修大學) in 1986. He obtained a bachelor's degree in Accounting from the Shanghai University of Finance & Economics in 1995. From 1987 to 1993, he worked in Minsheng Shipping Co., Ltd. From 1993 till November 2009, Mr. Tang has worked as the deputy manager, manager, and assistant to the department head, deputy department head and department head of the finance department of Minsheng Industrial. Mr. Tang serves as the department head of the finance and planning department of Minsheng Shipping Co., Ltd.

Mr. Wu Jun

Mr. Wu Jun (吳雋) was born in 1974. Mr. Wu joined the Company in June 2008. Mr. Wu has been Regional Financial Officer, North Asia Region of NOL/APL/APLL since Oct 2007. Mr. Wu joined NOL in February 2006 and was in charge of financial reporting and investment analysis. Mr. Wu got the Chinese CPA certificate in 1998. He has taken leadership positions in financial management in several multinational companies including Arthur Andersen, Delphi, LVMH. Throughout these years, he has gained rich experience in financial management, investment, audit and internal control areas. Mr. Wu obtained the Bachelor of Economics degree from Shanghai International Studies University in 1995.

Mr. Ye Guangrong

Mr. Ye Guangrong (葉光榮) was born in 1951, was elected by the labour union of the Company as a Supervisor of the second session of the Supervisory Committee of the Company in June 2008. Mr. Ye graduated from the Distance Learning Institute of the China Communist Party Sichuan Provincial Committee School in 1998. From 1988 to November 2004, he worked in the former Changan Automobime Company (Group) Limited as deputy officer of the secretariat division and director of the secretariat reception division. From November 2004 to March 2010, Mr. Ye has been the chairman of the labor union of the Company.

Ms. Chen Haihong

Ms. Chen Haihong (陳海紅) was born in 1968, was elected by the labour union of the Company as a supervisor of the second session of the Supervisory Committee of the Company in June 2008. Ms. Chen graduated from the Laborer University of Weapon Industry (兵器工業職工大學), majoring in Water Supply and Drainage. She obtained a master's degree in Business Administration at the Asia International Open University, Macau in April 2005. Ms. Chen worked for the former Changan Automobime Company (Group) Limited from 1984 to 2001. She joined the Company in 2001 and she has held various posts such as senior secretary, deputy manager and she is now the administration deputy supervisor of the Company.

General Manager and Deputy General Manager

Mr. Shi Chaochun, is the general manager of the Company. See the introductions for executive directors above for details.

Mr. Li Xiwen (李習文), was borned in 1973, joined the Company in 2005. Mr. Li is the deputy general manager and responsible for managing the regional distribution centres and information technology department of the Company as well as overseeing the implementation and development of various management systems and company policies. Mr. Li graduated from Beijing Foreign Studies University in 1996 and obtained bachelor's degree in Arts. He obtained a master's degree in Business Administration from the Michigan State University in the United States in 2002. From August 2004 to October 2005, he was the deputy general manager of GEFCODTW Logistics Co., Ltd.

Mr. Huang Yong (黃勇), was born in 1956, joined the Company in 2003. Mr. Huang graduated from the Distance Learning Institute of the Central Party School of the China Communist Party (中共中央黨校函授學院) in 2003. Mr. Huang is the deputy general manager of the Company and is mainly responsible for managing multi-mode transportation department and international freight forwarding department

Mr. Huang Ming (黃明), was born in 1962, joined the Company in 2001. Mr. Huang graduated from the Distance Learning Institute of the Central Party School of the China Communist Party in 2000. Mr. Huang is the deputy general manager of the Company and mainly responsible for the business development and planning of the Company, as well as the finished vehicle logistics business. Mr. Huang worked as a manager of the general affairs department and multi-modal transportation department of Shanghai North Transportation Co., Ltd. (上海北方航運有限公司) from 2000 to 2001.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central, Hong Kong

Independent Auditor's Report
To the shareholders of Changan Minsheng APLL Logistics Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Changan Minsheng APLL Logistics Co., Ltd. ("the Company") and its subsidiaries (together, the "Group") set out on pages 41 to 110, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2010

		Group		Company	
		As at 31 December		As at 31 December	
		2009	2008	2009	2008
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	174,542	185,316	139,766	150,965
Prepaid lease payments	7	129,653	120,901	105,215	107,841
Intangible assets	8	2,915	3,100	2,653	2,879
Investments in subsidiaries	9	-	-	65,480	35,480
Investments in associates	10	16,811	14,827	12,100	12,100
Deferred income tax assets	11	6,866	5,226	6,795	5,188
Total non-current assets		330,787	329,370	332,009	314,453
Current assets					
Inventories	12	4,186	-	4,186	-
Trade receivables	13	177,498	110,531	171,258	101,720
Prepayment and other receivables	14	19,142	26,390	19,353	32,896
Due from related parties	35	369,527	279,896	256,586	225,757
Restricted cash	15	9,300	10,000	9,300	10,000
Cash and cash equivalents	15	314,362	133,239	265,358	121,123
Total current assets		894,015	560,056	726,041	491,496
Total assets		1,224,802	889,426	1,058,050	805,949

The notes on pages 46 to 110 are an integral part of these consolidated financial statements.

BALANCE SHEET (continued)

(All amounts in RMB)

		Group		Company	
		As at 31 December		As at 31 December	
		2009	**2008**	**2009**	**2008**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Equity attributable to owners of the parent					
Share capital	16	162,064	162,064	162,064	162,064
Other reserves	17	127,016	115,632	127,016	115,632
Retained earnings					
- Proposed final dividend	30	14,586	14,586	14,586	14,586
- Others		319,260	214,995	293,305	206,886
		622,926	507,277	596,971	499,168
Minority interest		39,549	26,854	-	-
Total equity		662,475	534,131	596,971	499,168
LIABILITIES					
Non-current liabilities					
Deferred income	18	7,707	10,315	7,504	10,044
Total non-current liabilities		7,707	10,315	7,504	10,044
Current liabilities					
Trade and other payables	19	424,731	258,671	312,397	212,984
Due to related parties	35	113,787	75,525	127,205	74,948
Current income tax liabilities		16,102	10,784	13,973	8,805
Total current liabilities		554,620	344,980	453,575	296,737
Total liabilities		562,327	355,295	461,079	306,781
Total equity and liabilities		1,224,802	889,426	1,058,050	805,949
Net current assets		339,395	215,076	272,466	194,759
Total assets less current liabilities		670,182	544,446	604,475	509,212

The notes on pages 46 to 110 are an integral part of these consolidated financial statements.

The financial statements on pages 41 to 45 were approved by the Board of Directors on 19 March 2010 and were signed on its behalf.

Director　　　　　　　　　　Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB)

	Note	2009 RMB'000	2008 RMB'000
Revenue	21	2,284,723	1,565,237
Cost of sales	23	(2,016,652)	(1,352,971)
Gross profit		268,071	212,266
Other income	22	1,756	4,330
Distribution costs	23	(61,889)	(47,443)
Administrative expenses	23	(41,654)	(44,880)
Operating profit		166,284	124,273
Finance income	25	1,526	1,963
Finance costs	26	(1,130)	(3,563)
Finance income/(costs) - net		396	(1,600)
Share of profit of associates	10	1,984	476
Profit before income tax		168,664	123,149
Income tax expense	27	(25,734)	(19,410)
Profit and total comprehensive income for the year	28	142,930	103,739
Profit and total comprehensive income attributable to:			
Equity holders of the Company		130,235	100,295
Minority interest		12,695	3,444
		142,930	103,739
Earnings per share for profit attributable to the equity holders of the Company during the year			
- basic and diluted	29	RMB0.80	RMB0.62

The notes on pages 46 to 110 are an integral part of these consolidated financial statements.

	Note	2009 RMB'000	2008 RMB'000
Dividends	30	14,586	14,586

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB)

		Attributable to shareholders of the Company			Minority interest	Total equity
		Share capital	Other reserves	Retained earnings		
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2008		162,064	106,487	151,396	23,410	443,357
Comprehensive income						
Profit for the year	17	-	-	100,295	3,444	103,739
Transactions with owners						
Dividends	17	-	-	(12,965)	-	(12,965)
Appropriation	17	-	9,145	(9,145)	-	-
Balance at 31 December 2008		162,064	115,632	229,581	26,854	534,131
Comprehensive income						
Profit for the year	17	-	-	130,235	12,695	142,930
Transactions with owners						
Dividends	17	-	-	(14,586)	-	(14,586)
Appropriation	17	-	11,384	(11,384)	-	-
Balance at 31 December 2009		162,064	127,016	333,846	39,549	662,475

The notes on pages 46 to 110 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB)

		Year ended 31 December	
		2009	**2008**
	Note	RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations	34	251,726	35,649
Interest paid		(1,235)	(3,045)
Income tax paid		(22,056)	(13,613)
Net cash generated from operating activities		228,435	18,991
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(22,749)	(53,705)
Increase in prepaid lease payments		(11,823)	(56,073)
Proceeds from disposal of property, plant and equipment	34	215	655
Interest received		1,526	1,963
Net cash used in investing activities		(32,831)	(107,160)
Cash flows from financing activities			
New short-term loans		50,000	100,000
Repayment of short-term loans		(50,000)	(130,000)
Dividends paid		(14,586)	(12,965)
Net cash used in financing activities		(14,586)	(42,965)
Net increase /(decrease) in cash and cash equivalents		181,018	(131,134)
Cash and cash equivalents at beginning of year		133,239	264,705
Exchange gains/(losses) on cash		105	(332)
Cash and cash equivalents at end of year		314,362	133,239

The notes on pages 46 to 110 are an integral part of these consolidated financial statements.

1 General information

The Company, formerly known as Chongqing Changan Minsheng Logistics Co., Ltd., was incorporated in the People's Republic of China (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.

According to the resolution of the Company's extraordinary general meeting held on 30 December 2006, the Company changed its English name to "Changan Minsheng APLL Logistics Co., Ltd".

The address of the Company's registered office is Liang Jing Cun, Yuan Yang Zhen, Yu Bei 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 ("GEM") since February 2006.

The principal activities of the Company and its subsidiaries (together the "Group") are the rendering of transportation of finished vehicles, supply chain management for automobile components and parts, transportation of non-vehicle commodities services, sales of packages materials and processing of tyres.

These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2010.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended HKFRSs as of 1 January 2009:

- HKFRS 7 'Financial Instruments – Disclosures' (amendment) (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKAS 1 (revised). 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKAS 23 (revised), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. This revision does not have any impact on the Group's financial statements, as the Group has no qualifying assets.

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New and amended standards adopted by the Group (continued)

- HKICPA's improvements to HKFRS published in October 2008

  - HKAS 1 (amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. This amendment does not have any impact on the Group's financial statements.

  - HKAS 23 (amendment), 'Borrowing costs' (effective from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. This amendment does not have any impact on the Group's financial statements.

  - HKAS 28 (amendment), 'Investments in associates' (and consequential amendments to HKAS 32, 'Financial Instruments: Presentation' and HKFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. This amendment does not have any impact on the Group's financial statements.

  - HKAS 36 (amendment), 'Impairment of assets' (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment does not have any impact on the Group's financial statements.

  - HKAS 38 (amendment), 'Intangible assets' (effective from 1 January 2009). A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment does not have any impact on the Group's financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Amendments to existing standards that are not yet effective and have been early adopted by the Group

- HKFRS 8 (amendment), 'Operating segments' (effective from 1 July 2010). Minor textual amendment to the standard, and amendment to the basis for conclusions, to clarify that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision-maker.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods and are relevant to the Group's operations, but the Group has not early adopted them:

- HKAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

- HKFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- HKAS 38 (amendment), 'Intangible Assets' (effective from 1 July 2009). The amendment is part of the HKICPA's annual improvements project published in May 2009 and the Group and Company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or Company's financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- HKFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and Company will apply HKFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- HKAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

2 Summary of significant accounting policies (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss (Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between group and companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2 Summary of significant accounting policies (continued)

2.2 Consolidation (continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, and net of any accumulated impairment loss. See Note 2.8 for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in investments in associates are recognised in profit or loss.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses (Note 2.8). The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the general manager meeting presided by the general manger and presented by all the vice general managers of the Company that makes strategic decisions.

2 Summary of significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to bank deposits and due from/to related parties are presented in profit or loss within "finance costs".

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful life, as follows:

- Buildings	10 - 30 years
- Machinery	3 - 5 years
- Office equipment	5 years
- Motor vehicles	4-5 years

Construction-in-progress represents buildings, plant and machinery under construction or pending installation and is stated at cost. Cost includes the costs of construction of buildings and costs of plant and machinery. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "Administrative expenses" in profit or loss.

2 Summary of significant accounting policies (continued)

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

2 Summary of significant accounting policies (continued)

2.7 Prepaid lease payments

Prepaid lease payments represent the Group's interests in land use right and are amortised over the lease period (ranging from 30 to 50 years) on a straight-line basis.

2.8 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Financial assets

(a) Classification

The only financial assets of the Group fall within the category of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group has no other financial assets except cash and cash equivalents (Note 2.13), and loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables", and "due from related parties" in the balance sheet (Note 2.12).

2 Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group assesses at the end of each reporting period whether there is objective evidence that trade and other receivables are impaired. Trade and other receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the trade and other receivables that can be reliably estimated.

2 Summary of significant accounting policies (continued)

2.12 Trade and other receivables (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider; and
- It becomes probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.14 Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the PRC where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies (continued)

2.18 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.19 Employee benefits

In accordance with the rules and regulations in the PRC, the Group's employees participate in various defined contribution pension, medical insurance, housing fund and unemployment fund plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised in profit or loss as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of service

Revenue from rendering of transportation of finished vehicles, supply chain management for automobile components and parts or transportation of non-vehicle commodities services is recognised upon the completion of services, which generally coincides with the date of receipt of the finished vehicle, automobile components and parts or non-vehicle commodities by the receiver.

2 Summary of significant accounting policies (continued)

2.20 Revenue recognition (continued)

(b) Sales of goods

Revenue from the sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer, and the customer has accepted the goods and collectability of the related receivables is reasonably assured.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.21 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department under policies approved by the Board of Directors. The finance department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides guidance for overall risk management, as well as specific areas, such as foreign exchange risk, interest-rate risk and credit risk.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with all of the transactions settled in RMB, except for certain international freight forward services and corresponding purchases which are settled in United States Dollars ("USD"). The Group's assets and liabilities that are subject to foreign exchange rate risk include bank deposits and amounts due from/to related parties that are denominated in Hong Kong Dollars ("HKD") and USD. As at 31 December 2009, the Group had HKD and USD denominated bank deposits amounting to approximately RMB7 million (2008: RMB3 million), and USD denominated amounts due to related parties of approximately RMB3 million (2008: RMB3 million).

Management has set up policies for non-RMB denominated bank deposits to manage the Group's foreign exchange risk against its functional currency, including term deposits to earn higher interest income to offset the loss due to appreciation of RMB, and matching the settlement dates of receivables and payables relating to above mentioned international freight forward services.

As at 31 December 2009, if RMB had strengthened/weakened by 10% against USD with all other variables held constant, post-tax profit for the year would have been approximately RMB348,000 (2008: approximately RMB30,000) lower/higher, mainly as a result of foreign exchange losses/gains on the translation of USD denominated bank deposits and amounts due to related parties.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets other than cash and cash equivalents, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-rate risk arises from short-term bank loans. Loans borrowed at variable rates expose the Group to cash flow interest-rate risk. Loans borrowed at fixed rates expose the Group to fair value interest-rate risk. During 2009 and 2008, the Group's short-term bank loans were all borrowed at fixed rates.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used. The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on post tax profit is insignificant.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

As at 31 December 2009, substantially all the Group's deposits are deposited in major banks and a non-bank financial institution which is state-owned entities incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's deposits as at 31 December 2009 and 2008 were as follows:

	As at 31 December	
	2009	**2008**
	RMB'000	RMB'000
Big four commercial banks (i)	206,484	92,634
Other listed banks	37,247	31,171
Non-bank financial institution	79,770	19,284
	323,501	143,089

(i) Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

As at 31 December 2009, approximately 64% (2008: approximately 63%) of the total amount of trade receivables and due from related parties of the Group was due from the five largest customers. The carrying amount of trade receivables and due from related parties included in the balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has put in place policies to ensure that provision of logistics related services and sales of goods are made to customers with an appropriate credit history. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit limit and terms are reviewed on periodic basis over individual customer, and the financial department is responsible for such monitoring procedures. In determining whether provision for impairment is required, the Group takes into consideration the future cash flows, aging status and the likelihood of collection.

In this regards, the directors of the Company are satisfied that adequate provision for impairment on trade and other receivables and due from related parties has been made in the financial statements after assessing the collectability of individual debts. Further quantitative disclosures in respect of the impairment of trade and other receivables and due from related parties are set out in Note 13 and 35.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

To manage the liquidity risk, the Group performs cash flow forecasting and monitors rolling forecasts of the Group's liquidity requirements to ensure it maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations, borrowings from financial institutions, as well as equity financing through shareholders. As at 31 December 2009, the Group had undrawn borrowing facilities of RMB150,000,000 (2008: nil). The facilities are annual facilities, subject to review during 2009, and will expire within one year.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group		Company	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
	RMB '000	RMB '000	RMB '000	RMB '000
Trade and other payables				
- less than 1 year	423,684	258,671	311,351	212,984
Due to related parties				
- less than 1 year	114,834	75,525	128,251	74,948

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as "bank loans" as shown in the balance sheet divided by the "total equity" as also shown in the balance sheet.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain a gearing ratio below 20%. The gearing ratios at 31 December 2009 and 2008 were as follows:

Group	31 December 2009 RMB'000	31 December 2008 RMB'000
Bank loans	-	-
Total equity	662,475	534,131
Gearing ratio	0%	0%

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As the Group has no financial instruments that are measured in the balance sheet at fair value, no such disclosure was made.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The carrying amounts of the Group's financial assets including cash and cash equivalents, deposits in approved financial institutions, trade and other receivables, and due from related parties; and financial liabilities including trade and other payables, short-term borrowings, and due to related parties, approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

The Group is subject to various taxes in PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the periods in which such estimate is changed.

As at 31 December 2009, the Group has deferred tax assets of approximately RMB6,866,000 (2008: approximately RMB5,226,000). To the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred tax assets are recognised for temporary differences arising from impairment provision on receivables, tax losses, amortisation of deferred income, and useful lives used in calculating depreciation of property, plant and equipment are different from tax rules.

4 Critical accounting estimates and judgements (continued)

4.2 Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group recognises its revenue upon completion of rendering services for transportation of finished vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities, where the amount of revenue and costs can be measured reliably and the economic benefits associated with the transaction will probably flow to the Group when such service is completed. In making its judgement in applying this recognition method, the Group made reference to various factors which include, among others, master contracts signed with certain customers, actual sales amounts of similar historical transactions, as well as confirmations received from customers.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the general manager meeting of the Company on monthly basis that are used to make strategic decisions.

The general manager meeting considers the business from a service perspective only, as geographically all the services are provided in PRC, which is considered as one geographic location with similar risks and returns.

The reportable operating segments derive their revenue primarily from the rendering of transportation and supply chain management for automobile components and parts, and transportation of non-vehicle commodities services.

Other services include the sales of package materials and processing of tyres, and the results of these operations are included in the "all other segments" column.

The general manager meeting assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes other income and administrative expenses. The measure also excludes the effects of the depreciation of propery, plant and equipment, amortisation of prepaid lease payments and intangible assets, which are not allocated to segments, as these types of assets are driven by the central investment functions, which manages the long-term assets investments of the Group.

5 Segment information (continued)

The segment information provided to the general manager meeting for the reportable segments for the year ended 31 December 2009 is as follows:

	Transportation and supply chain management for vehicle commodities	Transportation of non-vehicle commodities	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	2,132,391	106,402	45,930	2,284,723
Inter-segment revenue	-	-	-	-
Revenue from external customers	**2,132,391**	**106,402**	**45,930**	**2,284,723**
Adjusted operating profit	**214,650**	**9,640**	**6,888**	**231,178**
Total assets	**373,124**	**26,982**	**2,394**	**402,500**

The segment information for the year ended 31 December 2008 is as follows:

	Transportation and supply chain management for vehicle commodities	Transportation of non-vehicle commodities	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	1,459,661	102,542	3,034	1,565,237
Inter-segment revenue	-	-	-	-
Revenue from external customers	**1,459,661**	**102,542**	**3,034**	**1,565,237**
Adjusted operating profit	**175,126**	**15,661**	**3,034**	**193,821**
Total assets	**287,797**	**14,573**	**602**	**302,972**

Sales between segments are carried out without profit making. The revenue from external parties reported to the general manager meeting is measured in a manner consistent with that in the consolidated statement of comprehensive income. The details are included in Note 21.

5 Segment information (continued)

A reconciliation of adjusted operating profit to profit before tax is provided as follows:

	2009 RMB'000	2008 RMB'000
Adjusted operating profit for reportable segments	224,290	190,787
Other segments adjusted operating profit	6,888	3,034
Total segments	231,178	193,821
Depreciation and amortisation included in cost of sales and distribution cost	(24,996)	(28,998)
Other income	1,756	4,330
Administrative expenses	(41,654)	(44,880)
Finance income/(costs) – net	396	(1,600)
Share of profit of associates	1,984	476
Profit before income tax	168,664	123,149

5 Segment information (continued)

Reportable segments' assets are reconciled to total assets as follows:

	2009 RMB'000	2008 RMB'000
Segment assets for reportable segments	400,106	302,370
Other segments assets	2,394	602
Unallocated:		
Property, plant and equipment	174,542	185,316
Prepaid lease payments	129,653	120,901
Intangible assets	2,915	3,100
Investment in associates	16,811	14,827
Deferred income tax assets	6,866	5,226
Other current assets	491,515	257,084
Total assets per balance sheet	1,224,802	889,426

The entity is domiciled in China. All its revenue from external customers are derived from China, and all the non-current assets (there are no financial instrument, employment benefit assets and rights arising under insurance contracts) are located in PRC.

Revenue of approximately RMB 951 million, RMB 568 million and RMB 249 million (2008: RMB 695 million, RMB 309 million and RMB 102 million) are derived from three external customers, respectively. These revenues are attributable to transportation and supply chain management for vehicle commodities segment.

6 Property, plant and equipment

Group

	Buildings	Machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008						
Cost	147,357	7,260	10,396	29,041	4,160	198,214
Accumulated depreciation	(29,628)	(2,880)	(5,527)	(8,420)	-	(46,455)
Net book amount	117,729	4,380	4,869	20,621	4,160	151,759
Year ended 31 December 2008						
Opening net book amount	117,729	4,380	4,869	20,621	4,160	151,759
Additions	-	1,185	2,897	8,050	51,988	64,120
Transfers	56,148	-	-	-	(56,148)	-
Disposals (Note 34)	-	(321)	(37)	(1,322)	-	(1,680)
Depreciation (Note 23)	(13,728)	(1,116)	(2,695)	(11,344)	-	(28,883)
Closing net book amount	160,149	4,128	5,034	16,005	-	185,316
At 31 December 2008						
Cost	203,505	7,877	12,699	33,676	-	257,757
Accumulated depreciation	(43,356)	(3,749)	(7,665)	(17,671)	-	(72,441)
Net book amount	160,149	4,128	5,034	16,005	-	185,316
Year ended 31 December 2009						
Opening net book amount	160,149	4,128	5,034	16,005	-	185,316
(Adjustment)/additions	(2,352)	2,850	2,104	7,015	4,604	14,221
Disposals (Note 34)	(851)	(65)	(55)	(244)	-	(1,215)
Depreciation (Note 23)	(14,074)	(1,424)	(1,980)	(6,302)	-	(23,780)
Closing net book amount	142,872	5,489	5,103	16,474	4,604	174,542
At 31 December 2009						
Cost	199,527	10,539	14,025	37,847	4,604	266,542
Accumulated depreciation	(56,655)	(5,050)	(8,922)	(21,373)	-	(92,000)
Net book amount	142,872	5,489	5,103	16,474	4,604	174,542

6 Property, plant and equipment (continued)

Company

	Buildings	Machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008						
Cost	131,339	6,446	9,356	26,413	4,160	177,714
Accumulated depreciation	(29,628)	(2,783)	(5,473)	(8,314)	-	(46,198)
Net book amount	101,711	3,663	3,883	18,099	4,160	131,516
Year ended 31 December 2008						
Opening net book amount	101,711	3,663	3,883	18,099	4,160	131,516
Additions	-	1,183	2,187	6,216	38,481	48,067
Transfers	42,641	-	-	-	(42,641)	-
Disposals	-	(321)	(27)	(1,293)	-	(1,641)
Depreciation	(13,138)	(1,092)	(2,243)	(10,504)	-	(26,977)
Closing net book amount	131,214	3,433	3,800	12,518	-	150,965
At 31 December 2008						
Cost	173,980	7,061	10,965	29,250	-	221,256
Accumulated depreciation	(42,766)	(3,628)	(7,165)	(16,732)	-	(70,291)
Net book amount	131,214	3,433	3,800	12,518	-	150,965
Year ended 31 December 2009						
Opening net book amount	131,214	3,433	3,800	12,518	-	150,965
(Adjustment)/additions	(1,813)	2,708	1,748	6,603	2,033	11,279
Disposals	(851)	(65)	(47)	(244)	-	(1,207)
Depreciation	(13,119)	(1,276)	(1,586)	(5,290)	-	(21,271)
Closing net book amount	115,431	4,800	3,915	13,587	2,033	139,766
At 31 December 2009						
Cost	170,542	9,581	11,955	33,010	2,033	227,121
Accumulated depreciation	(55,111)	(4,781)	(8,040)	(19,423)	-	(87,355)
Net book amount	115,431	4,800	3,915	13,587	2,033	139,766

6 Property, plant and equipment (continued)

In 2008, the Group revised the estimated useful lives of certain property, plant and equipment, and such change reduced the Group's profit attributable to equity holders of the Company for the year ended 2008 by approximately RMB6,267,000.

As at 31 December 2009, the Company was in the process of obtaining the legal title of buildings with carrying amount of approximately RMB36,688,000 (2008: RMB42,023,000).

Depreciation expense charged to "cost of sales", "distribution costs" and "administrative expenses" respectively was shown as follows:

	Group	
	2009 RMB'000	2008 RMB'000
Cost of sales	16,335	22,001
Distribution costs	6,113	4,592
Administrative expenses	1,332	2,290
	23,780	28,883

Operating lease rentals for properties amounting to approximately RMB5,666,000 (2008: RMB3,630,000) are included in profit or loss (Note 23).

7 Prepaid lease payments

	Group	Company
	Land use rights	Land use rights
	RMB'000	RMB'000
At 1 January 2008	67,458	54,125
Additions	56,073	56,073
Amortisation (Note 23)	(2,630)	(2,357)
At 31 December 2008	120,901	107,841
Additions	11,823	-
Amortisation (Note 23)	(3,071)	(2,626)
At 31 December 2009	129,653	105,215

Amortisation of RMB2,548,000 (2008: RMB2,405,000) and RMB523,000 (2008: RMB225,000) are included in the "cost of sales" and "administrative expenses" in profit or loss, respectively.

As at 31 December 2009, the Group was in the process of obtaining the legal title of a piece of land use right with carrying amount of approximately RMB11,651,000 (2008: nil).

The Group's interests in land use rights are all outside Hong Kong.

8 Intangible assets

Group

	Goodwill	Computer software	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2008			
Cost	2,222	2,201	4,423
Accumulated amortisation	-	(1,794)	(1,794)
Net book amount	2,222	407	2,629
Year ended 31 December 2008			
Opening net book amount	2,222	407	2,629
Additions	-	810	810
Amortisation charge (Note 23)	-	(339)	(339)
Closing net book amount	2,222	878	3,100
At 31 December 2008			
Cost	2,222	1,579	3,801
Accumulated amortisation	-	(701)	(701)
Net book amount	2,222	878	3,100
Year ended 31 December 2009			
Opening net book amount	2,222	878	3,100
Additions	-	209	209
Amortisation charge (Note 23)	-	(394)	(394)
Closing net book amount	2,222	693	2,915
At 31 December 2009			
Cost	2,222	1,788	4,010
Accumulated amortisation	-	(1,095)	(1,095)
Net book amount	2,222	693	2,915

8 Intangible assets (continued)

Company

	Goodwill	Computer software	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2008			
Cost	2,222	2,201	4,423
Accumulated amortisation	-	(1,794)	(1,794)
Net book amount	2,222	407	2,629
Year ended 31 December 2008			
Opening net book amount	2,222	407	2,629
Additions	-	580	580
Amortisation charge	-	(330)	(330)
Closing net book amount	2,222	657	2,879
At 31 December 2008			
Cost	2,222	1,349	3,571
Accumulated amortisation	-	(692)	(692)
Net book amount	2,222	657	2,879
Year ended 31 December 2009			
Opening net book amount	2,222	657	2,879
Additions	-	107	107
Amortisation charge	-	(333)	(333)
Closing net book amount	2,222	431	2,653
At 31 December 2009			
Cost	2,222	1,456	3,678
Accumulated amortisation	-	(1,025)	(1,025)
Net book amount	2,222	431	2,653

Amortisation of approximately RMB394,000 (2008: approximately RMB339,000) is included in "administrative expenses" of profit or loss for the year ended 31 December 2009.

Impairment tests for goodwill –

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the business acquired.

8 Intangible assets (continued)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the rendering of transportation of finished vehicles services business by referring to the industry report in which the CGU operates.

Key assumptions used for value-in-use calculations in 2009 are as follows:

Gross margin as budgeted:	4.35%
Growth rate:	5.8%
Pre tax discount rate:	17.9%

These assumptions have been used for the analysis of the CGU within the business. Management determined budgeted gross margin and the growth rate based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

9 Investments in subsidiaries

	Company	
	2009 RMB'000	2008 RMB'000
Unlisted investments at cost:		
Chongqing Changan Minsheng Boyu Transportation Co. Ltd (“Chongqing Boyu”, formerly named as “Chongqing CMAL Gangcheng Logistics Co. Ltd”)	9,980	9,980
Nanjing CMSC Logistics Co. Ltd (“Nanjing CMSC”)	25,500	25,500
Chongqing Changan Minsheng Future Bonded Logistics Co. Ltd (“Chongqing Future”)	30,000	-
	65,480	35,480

9 Investments in subsidiaries (continued)

The Company had direct interest in the following subsidiaries:

Name	Place of incorporation and kind of legal entity	Registered capital	Principal activities and place of operation	Investment amount	Interest held 31 December 2009	31 December 2008
		RMB'000		RMB'000		
Chongqing Boyu	Chongqing, PRC, Limited liability company	9,980	Providing logistics services in PRC	9,980	100%	100%
Nanjing CMSC	Nanjing, PRC, Limited liability company	100,000	Providing logistics services in PRC	25,500	51%	51%
Chongqing Future	Chongqing, PRC, Limited liability company	30,000	Providing logistics services in PRC	30,000	100%	N/A

10 Investments in associates

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	14,827	14,351	12,100	7,600
Additions	-	-	-	4,500
Share of profit	1,984	476	-	-
At 31 December	16,811	14,827	12,100	12,100

10 Investments in associates (continued)

The Group's share of the results of the associates, all of which are unlisted, and its aggregated assets and liabilities are as follows:

Name	Registered capital	Place of incorporation	Assets	Liabilities	Revenue	Profit/ (loss)	Interest held
	RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	
2009							
Wuhan Changan Minfutong Logistics Company Limited ("Wuhan Minfutong")	10,000	Wuhan, PRC	9,089	3,111	3,060	233	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	20,000	Chongqing, PRC	12,672	1,839	20,608	1,751	45%
			21,761	4,950	23,668	1,984	
2008							
Wuhan Minfutong	10,000	Wuhan, PRC	6,966	1,222	2,657	1,205	31%
Chongqing Terui	20,000	Chongqing, PRC	10,429	1,346	17,483	(729)	45%
			17,395	2,568	20,140	476	

The principal activities of Wuhan Minfutong are the rendering of finished vehicle warehousing, cargo agency and logistics planning and consultation services, and that of Chongqing Terui are the rendering of domestic transportation, cargo agency and logistics planning and consultation services.

11 Deferred income tax

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	5,964	4,896	5,893	4,858
- Deferred tax asset to be recovered within 12 months	902	330	902	330
	6,866	5,226	6,795	5,188

The movement on deferred tax assets during the year is as follows:

Group

	Provision for impairment of receivables	Tax losses	Depreciation	Deferred income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	770	1,017	796	-	2,583
Credited/(charged) to profit or loss (Note 27)	496	(1,017)	1,943	1,221	2,643
At 31 December 2008	1,266	-	2,739	1,221	5,226
Credited to profit or loss (Note 27)	79	64	1,453	44	1,640
At 31 December 2009	1,345	64	4,192	1,265	6,866

Company

	Provision for impairment of receivables	Depreciation	Deferred income	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	770	796	-	1,566
Credited to profit or loss	458	1,943	1,221	3,622
At 31 December 2008	1,228	2,739	1,221	5,188
Credited to profit or loss	110	1,453	44	1,607
At 31 December 2009	1,338	4,192	1,265	6,795

12 Inventories

	Company and Group
	2009
	RMB'000
Raw materials	2,282
Work in progress	90
Finished goods	1,814
	4,186

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB32,971,000 (2008: nil).

13 Trade receivables

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivable (Note (a))	49,046	45,743	42,950	37,414
Less: provision for impairment of receivables	(6,338)	(8,122)	(6,166)	(7,906)
Accounts receivable - net	42,708	37,621	36,784	29,508
Bills receivable (Note (b))	134,790	72,910	134,474	72,212
	177,498	110,531	171,258	101,720

The carrying amounts of trade receivables represent their fair values.

13 Trade receivables (continued)

(a) The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of accounts receivable at 31 December 2009 and 2008 were as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	34,196	24,800	28,388	16,743
91 to 180 days	5,223	6,396	4,935	6,358
181 to 365 days	4,066	7,559	4,066	7,325
Over 1 year	5,561	6,988	5,561	6,988
	49,046	45,743	42,950	37,414

As at 31 December 2009 and 2008, trade receivables of approximately RMB34,196,000 and RMB28,388,000 were fully performing.

As at 31 December 2009 and 2008, trade receivables of approximately RMB5,223,000 and RMB6,396,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	5,223	6,396	4,935	6,358

As at 31 December 2009 and 2008, trade receivables of RMB9,627,000 and RMB14,547,000 were impaired and provided for. The amount of the provision was RMB6,338,000 and RMB8,122,000 as at 31 December 2009 and 2008. The individually impaired receivables mainly relate to certain customers, which are in difficult financial situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
181 to 365 days	4,066	7,559	4,066	7,325
Over 1 year	5,561	6,988	5,561	6,988
	9,627	14,547	9,627	14,313

13 Trade receivables (continued)

(b) Ageing analysis of bills receivable at 31 December 2009 and 2008 were as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 180 days	134,790	72,910	134,474	72,212

Bills receivable do not contain impaired balances.

As at 31 December 2009, bills receivable amounted to RMB8,000,000 (2008: RMB9,000,000) were pledged for bills payable (Note 19).

Movement on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	8,122	5,129	7,906	5,129
(Reversal)/provision for impairment of accounts receivables	(1,695)	3,001	(1,651)	2,785
Accounts receivables written off during the year as uncollectible	(89)	(8)	(89)	(8)
At 31 December	6,338	8,122	6,166	7,906

The Group has recognised the reversal for impairment of trade receivables in "administrative expenses" in profit or loss (Note 23). This is mainly due to collection of some impaired receivables in 2009, as a result of the improved financial status of certain customers along with the recovery of economy. Amounts charged to allowance account are generally written off, when there is no expectation of recovering additional cash.

As at 31 December 2009, approximately 64% (2008: approximately 63%) of the total amount of trade receivables and due from related parties was due from the five largest customers. The carrying amount of trade receivables and due from related parties represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group does not hold any collateral as security.

14 Prepayment and other receivables

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for transportation services	11,693	19,135	12,713	25,955
Prepayment for purchasing materials	2,985	-	2,985	-
Other receivables	4,464	7,255	3,655	6,941
	19,142	26,390	19,353	32,896

The carrying amounts of other receivables represent their fair values.

15 Cash and cash equivalents and restricted cash

(a) Restricted cash

As at 31 December 2009, the Group's bank balance of RMB9,300,000 (2008: RMB10,000,000) was pledged as security for the Group and the Company's bills payable (Note 19).

(b) Cash and cash equivalents

The cash and cash equivalents in foreign currencies are as follows:

	Group	Company	Company and Group
	2009	2009	2008
	RMB'000	RMB'000	RMB'000
HKD	59	59	59
USD	6,636	5,117	2,734
	6,695	5,176	2,793

The remaining cash and cash equivalents are denominated in RMB.

The conversion of the RMB denominated balances into foreign currencies and the remittance of these funds out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

16 Share capital

	Number of shares ('000)	Domestic shares RMB'000	Non-H foreign shares RMB'000	H shares RMB'000	Total RMB'000
At 31 December 2008 and 2009	162,064	65,600	41,464	55,000	162,064

The total registered, issued and fully paid number of shares is 162,064,000 shares (2008: 162,064,000 shares) with a par value of RMB1 per share (2008: RMB1 per share). All issued shares are rank pari passu in all aspects.

17 Reserves

Group

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)	Note (b)	Note (c)		
At 1 January 2008	75,150	26,502	4,835	151,396	257,883
Net profit for the year	-	-	-	100,295	100,295
Dividends (Note 30)	-	-	-	(12,965)	(12,965)
Appropriation (Note (b))	-	9,145	-	(9,145)	-
At 31 December 2008	75,150	35,647	4,835	229,581	345,213
Net profit for the year	-	-	-	130,235	130,235
Dividends (Note 30)	-	-	-	(14,586)	(14,586)
Appropriation (Note (b))	-	11,384	-	(11,384)	-
At 31 December 2009	75,150	47,031	4,835	333,846	460,862

Company

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)	Note (b)	Note (c)		
At 1 January 2008	75,150	26,502	4,835	153,434	259,921
Net profit for the year	-	-	-	90,148	90,148
Dividends (Note 30)	-	-	-	(12,965)	(12,965)
Appropriation (Note (b))	-	9,145	-	(9,145)	-
At 31 December 2008	75,150	35,647	4,835	221,472	337,104
Net profit for the year	-	-	-	112,389	112,389
Dividends (Note 30)	-	-	-	(14,586)	(14,586)
Appropriation (Note (b))	-	11,384	-	(11,384)	-
At 31 December 2009	75,150	47,031	4,835	307,891	434,907

17 Reserves (continued)

(a) Capital surplus

Capital surplus represented the share premium of the issuance of 50,000,000 H shares.

(b) Statutory reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the Company, it is required to appropriate 10% of its annual statutory net profit, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the Company's share capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory surplus reserve fund after such issue is not less than 25% of share capital.

For the year ended 31 December 2009, approximately RMB11,384,000 (2008: RMB9,145,000) was appropriated to the statutory surplus reserve fund from net profit.

(c) Discretionary surplus reserve

Pursuant to the Articles of Association of the Company, the Company has the discretion to appropriate its annual statutory net profit to the discretionary surplus reserve fund after the appropriation of statutory surplus reserve fund upon the approval by shareholders. The discretionary surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital.

18 Deferred income

The movement of deferred income is as follows:

Group	2009 RMB'000	2008 RMB'000
At 1 January	10,315	1,025
Additions	187	12,745
Credited to the income statement	(2,795)	(3,455)
At 31 December	7,707	10,315

Company	2009 RMB'000	2008 RMB'000
At 1 January	10,044	1,025
Additions	187	12,407
Credited to the income statement	(2,727)	(3,388)
At 31 December	7,504	10,044

In accordance with Cai Shui Zi [2000] No. 49 "The Notice concerning the Reduction in Corporate Income Tax for Purchase of Domestic Manufactured Equipment by Enterprises with Foreign Investment and Foreign Enterprises" issued by the Ministry of Finance and State Tax Bureau, part of the purchase costs of the domestic manufactured equipment could be utilised to reduce the Company's enterprise income tax.

In accordance with the approvals issued by the tax bureau of Chongqing Technological Economic Development Zone and Nanjing Jiangling Economic Development Zone, with respect to the Group's application for income tax reduction relating to the purchase of domestic manufactured equipment, the Group is entitled to tax reductions of RMB1,272,000 and RMB1,745,000, which were all utilised to offset the Group's income tax liability for 2007 and 2008, respectively. Such reductions of the Group's income tax liability were recorded as deferred income and are recognised as deduction to cost of sales on a straight-line basis over the estimated useful lives of the equipment. During the year ended 31 December 2009, approximately RMB595,000 (2008: RMB595,0000) of such deferred income was amortised and credited to cost of sales.

In 2007, the Company had obtained grants from local government of RMB11,000,000, in relation to upgrading certain logistics information systems. It was recorded as advance received from government in other payables. In 2008, such amount has been transferred from other payables to deferred income as a result of completion of the upgrading activities. The deferred income is amortised on a straight-line basis over the estimated useful lives of related assets. During the year ended 31 December 2009, approximately RMB2,200,000 (2008: RMB2,860,000) of such deferred income was amortised and credited to cost of sales.

19 Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts payable (Note(a))	325,769	165,803	221,077	130,468
Bills payable (Note(b))	14,400	14,900	14,400	14,900
Other payables	82,298	72,427	75,276	62,932
Other taxes	2,264	5,541	1,644	4,684
	424,731	258,671	312,397	212,984

(a) Ageing analysis of accounts payable was as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	324,049	161,775	220,004	126,598
91 to 180 days	1,178	1,525	591	1,522
181 to 365 days	70	431	45	276
Over 1 year	472	2,072	437	2,072
	325,769	165,803	221,077	130,468

(b) As at 31 December 2009, all the bills payable were due within 6 months, and secured by bank deposits of RMB9,300,000 (2008: RMB10,000,000) (Note 15(a)) and bills receivable of RMB8,000,000 (2008: RMB9,000,000) (Note 13(b)).

20 Retirement benefit schemes and housing benefits

The retirement benefits of full time employees of the Group are covered by the government-sponsored pension plans under which the employees are entitled to a monthly pension contribution based on 15% (2008: 20%) of the employees' basic salary for the year.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed in Note 24 and Note 31.

Full time employees are also entitled to participate in the government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on 12% of the salaries of the employees. The Group's liability in respect of these funds is limited to the annual contributions payable.

21 Revenue

Revenues recognised for the year ended 31 December 2009 and 2008 are as follows:

	2009 RMB'000	2008 RMB'000
Revenue		
Related party transactions (Note 35)		
Transportation of finished vehicles	1,573,887	924,846
Supply chain management for automobile components and parts		
- sales of package materials and processing of tyres	34,988	-
- other supply chain management	469,110	457,792
Others	6,203	-
Subtotal	2,084,188	1,382,638
Transactions with unrelated parties		
Transportation of finished vehicles	32,732	11,836
Supply chain management for automobile components and parts	56,662	68,221
Transportation of non-vehicle commodities	106,402	102,542
Sales of packages of vehicle spare parts	4,739	-
Subtotal	200,535	182,599
Total	2,284,723	1,565,237

22 Other income

	2009 RMB'000	2008 RMB'000
Sales of recycled packages of vehicle spare parts	-	3,034
Fines on transporters for violation of processing rules	1,298	1,001
Others	458	295
	1,756	4,330

23 Expenses by nature

	2009 RMB'000	2008 RMB'000
Transportation fee	1,814,321	1,219,049
Changes in inventories of finished goods and work in progress (Note 12)	(1,904)	-
Raw materials and consumables used	34,875	-
Employee benefit expense (Note 24)	155,180	118,715
Depreciation of property, plant and equipment (Note 6)	23,780	28,883
Amortisation of prepaid lease payments (Note 7)	3,071	2,630
Amortisation of intangible assets (Note 8)	394	339
(Reversal)/provision for impairment of receivables (Note 13)	(1,695)	3,001
Provision of impairment of due from related parties (Note 35)	242	281
Amortisation of deferred income (Note 18)	(2,795)	(3,455)
Operating lease rentals for office premises and distribution centres(Note 6)	5,666	3,630
Loss on disposal of property, plant and equipment (Note 34)	1,000	1,025
Business tax	19,787	16,238
Auditors' remuneration	1,150	1,048
Entertainment expense	4,013	3,715
Travelling expense	3,261	2,836
Other expenses	59,849	47,359
Total cost of sales, distribution costs and administrative expenses	2,120,195	1,445,294

24 Employee benefit expense

Employee benefit expense includes emoluments of the directors and supervisors.

	2009 RMB'000	2008 RMB'000
Wages and salaries	125,298	91,434
Pension costs - defined contribution plans	9,610	9,635
Social security benefits costs	12,686	11,899
Others	7,586	5,747
	155,180	118,715

25 Finance income

	2009 RMB'000	2008 RMB'000
Interest income on bank deposits	1,526	1,963

26 Finance costs

	2009 RMB'000	2008 RMB'000
Interest expense	1,235	3,045
Exchange (gains)/losses	(105)	518
	1,130	3,563

27 Income tax expense

	2009 RMB'000	2008 RMB'000
Current tax:		
Current PRC corporate income tax ("CIT") on profits for the year	28,389	22,053
Adjustments in respect of prior year	(1,015)	-
Total current tax	27,374	22,053
Deferred tax (Note 11):		
Origination and reversal of temporary differences	745	(2,643)
Re-measurement of deferred tax	(2,385)	-
Total deferred tax	(1,640)	(2,643)
Income tax expense	25,734	19,410

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

	2009		2008	
	Applicable tax rate	Actual tax rate	Applicable tax rate	Actual tax rate
Company	15.0%	15.0%	15.0%	15.0%
Chongqing Boyu	15.0%	15.0%	15.0%	15.0%
Nanjing CMSC	25.0%	25.0%	25.0%	25.0%
Chongqing Future	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 detailed measures of the new CIT Law in respect of West China Development Champion, the applicable CIT rates of the Company and Chongqing Boyu are 15% from 2008 to 2010. The applicable CIT rates of Nanjing CMSC and Chongqing Future are 25% .

27 Income tax expenses (continued)

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:

	2009 RMB'000	2008 RMB'000
Profit before tax	168,664	123,149
Tax calculated at actual tax rates applicable to each group entities	28,215	19,167
Expenses not deductible for tax purposes	1,283	359
Share of profit of associates	(298)	(72)
Re-measurement of deferred tax (Note (a))	(2,385)	-
Over provision in prior years	(1,015)	-
Others	(66)	(44)
Tax charge	25,734	19,410

(a) Re-measurement of deferred tax

As at the date of this report, as no specific regulation has been promulgated to substitute the detailed measures of the new CIT Law in respect of West China Development Champion, the Group changed to adopt the statutory tax rate of 25%, which will be effective from 2011 onwards, in measuring deferred tax that is expected to reverse after 2010. Such change resulted in an income tax expenses of approximately RMB2,385,000 being credited to profit or loss.

The weighted average applicable tax rate was 16.7% (2008: 15.6%). The increase is caused by a change in the profitability of Nanjing CMSC.

28 Profit attributable to equity holders of the Company

For the year ended 31 December 2009, profit attributable to shareholders of the Company dealt with in the financial statements of the Company to the extent of approximately RMB112,389,000 (2008: RMB90,148,000).

29 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 years ended 31 December 2009 and 2008, respectively.

	2009 RMB'000	2008 RMB'000
Group's profit attributable to equity holders of the Company	130,235	100,295
Weighted average number of shares in issue (in thousands)	162,064	162,064
Basic earnings per share (RMB per share)	0.80	0.62

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

30 Dividends

Based on the Notice [1995] 31 issued by the Ministry of Finance in PRC on 24 August 1995, the dividend appropriation of the Company after the listing of its H Shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited is determined based on the lower of retained earnings in the financial statements prepared in accordance with (i) PRC accounting standards, and (ii) HKFRS.

During the Board of Directors' meeting on 21 March 2008, the directors of the Company proposed to declare final dividend of RMB0.08 per share, totalling RMB12,965,000, which was approved during the annual general meeting of shareholders on 20 June 2008. This dividend was accounted for as an appropriation of retained earnings for the year ended 31 December 2008. The allocation basis of the dividends being distributed to the shareholders was based on the number of shares in issue of 162,064,000 as at 31 December 2007.

During the Board of Directors' meeting on 20 March 2009, the directors of the Company proposed to declare final dividend of RMB0.09 per share, totalling RMB14,586,000, which was approved during the annual general meeting of shareholders on 19 June 2009. This dividend was accounted for as an appropriation of retained earnings for the year ended 31 December 2009. The allocation basis of the dividends being distributed to the shareholders was based on the number of shares in issue of 162,064,000 as at 31 December 2008.

Pursuant to the resolution of the Board of Directors dated 19 March 2010, the directors of the Company proposed to declare final dividend of RMB 0.09 per share, totalling RMB14,586,000. The proposed dividend is subject to approval at the annual general meeting of shareholders on 30 June 2010 and will be accounted for as an appropriation of retained earnings for the year ending 31 December 2010.

In accordance with the Circular Guoshuihan [2008] No. 897 issued by State Taxation Administration in November 2008, the dividends paid by Chinese listed companies to H-share foreign corporate shareholders is subject to withholding income tax at a rate of 10% on dividend paid in 2008 and subsequent years.

The aggregate amounts of the dividends paid and proposed during 2009 and 2008 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

31 Directors' and senior management's emoluments

(a) Directors' emoluments

The aggregate amounts of emoluments payable to the directors of the Company for the years ended 31 December 2009 and 2008 are as follows:

	2009 RMB'000	2008 RMB'000
Basic salaries and allowances	486	355
Discretionary bonuses	139	127
Retirement benefit contributions	14	14
	639	496

The emoluments of the directors of the Company for the years ended 31 December 2009 and 2008 are analysed as follows:

	2009 RMB'000	2008 RMB'000
Shi Chaochun	339	307
Yin Jiaxu	-	-
Cui Xiaomei	-	-
Lu Xiaozhong	-	-
James H McAdam	-	-
Lu Guoji	-	-
Zhang Lungang	-	-
Joseph F.Lee	-	-
Wu Xiaohua	-	-
Lau Man Yee	-	-
Li Ming	-	-
Wang Xu	100	63
Peng Qifa	100	63
Chong Teck Sin	100	63
	639	496

Those directors without payment from the Company received emoluments from the major shareholders, part of which are in relation to his/her services to the Company. No apportionment has been made as the directors consider that it is impractical to apportion the amount between his/her services to the Company and his/her services to the major shareholders, and the amount is immaterial.

No director waived or agreed to waive any remuneration for the years ended 31 December 2009 and 2008.

31 Directors' and senior management's emoluments (continued)

(b) Supervisors' emoluments

The aggregate amounts of emoluments payable to the supervisors for the years ended 31 December 2009 and 2008 are as follows:

	2009 RMB'000	2008 RMB'000
Basic salaries and allowances	196	176
Discretionary bonuses	132	110
Retirement benefit contributions	28	28
	356	314

The emoluments of the supervisors for the years ended 31 December 2009 and 2008 are analysed as follows:

	2009 RMB'000	2008 RMB'000
Ye Guangrong	203	186
Chen Haihong	153	128
Wu Juan	-	-
Hua Zhanbiao	-	-
Tang Yizhong	-	-
	356	314

Those supervisors without payment from the Company received emoluments from the major shareholders, part of which are in relation to his/her services to the Company. No apportionment has been made as the supervisors consider that it is impractical to apportion the amount between his/her services to the Company and his/her services to the major shareholders, and the amount is immaterial.

No supervisor waived or agreed to waive any remuneration for the years ended 31 December 2009 and 2008.

31 Directors' and senior management's emoluments (continued)

(c) Five highest paid individuals

One of the five highest paid individuals of the Company for the years ended 31 December 2009 and 2008 was also a director of the Company and the emolument was reflected in the analysis presented in Note (a) above. The emoluments payable to the remaining four individuals for the years ended 31 December 2009 and 2008 are as follows:

	2009 RMB'000	2008 RMB'000
Basic salaries and allowances	517	492
Discretionary bonuses	356	330
Retirement benefit contributions	55	55
	928	877

The emoluments of the four highest paid individuals for the years ended 31 December 2009 and 2008 are analysed as follows:

	2009 RMB'000	2008 RMB'000
Individual A	249	231
Individual B	243	229
Individual C	233	228
Individual D	203	189
	928	877

The emoluments of the four highest paid individuals fell within the following band:

	Number of individuals	
	2009	2008
Nil to HKD1,000,000 (equivalent to RMB880,500)	4	4

For the years ended 31 December 2009 and 2008, no emoluments were paid by the Group and the Company to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

32 Commitments

(a) Capital commitments

The Group's capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2009 RMB'000	2008 RMB'000
Property, plant and equipment	18,006	29,332

(b) Operating lease commitments – group company as lessee

The Group leases various warehouses and office premise under non-cancellable operating lease agreements. The lease terms are between 6 months and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group are as follows:

	2009 RMB'000	2008 RMB'000
Not later than one year	6,588	4,205
Later than one year and no later than five years	289	1,556
	6,877	5,761

33 Contingent liabilities

As at 31 December 2009, the Group did not have any significant contingent liabilities.

34 Cash generated from operations

	2009 RMB'000	2008 RMB'000
Profit before income tax	168,664	123,149
Finance costs	1,130	3,563
Finance income	(1,526)	(1,963)
Provision for impairment of receivables and due from related parties	(1,453)	3,282
Loss on disposal of property, plant and equipment	1,000	1,025
Depreciation of property, plant and equipment	23,780	28,883
Amortisation of prepaid lease payments	3,071	2,630
Amortisation of intangible assets	394	339
Share of profit of associates	(1,984)	(476)
Amortisation of deferred income	(2,795)	(3,455)
Changes in working capital:		
Inventories	(4,186)	-
Trade and other receivables	(55,040)	(34,421)
Due from related parties	(89,873)	(52,719)
Restricted cash pledged for bills payable	700	6,000
Trade and other payables	170,163	(26,106)
Due to related parties	39,681	(14,082)
Cash generated from operations	251,726	35,649

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2009 RMB'000	2008 RMB'000
Net book amount (Note 6)	1,215	1,680
Loss on disposal of property, plant and equipment	(1,000)	(1,025)
Proceeds from disposal of property, plant and equipment	215	655

35 Related party transactions

(a) For the year ended 31 December 2009, related parties, other than the subsidiaries, and their relationship with the Group are as follows:

Name of related party	Relationship
Changan Industry Group ("Changan Industry", formerly named as "Changan Automobile (Group) Company Limited")	Shareholder
APLL	Shareholder
Minsheng Industrial (Group) Company Limited ("Minsheng Industrial")	Shareholder
APL Logistics (China) Co., Ltd. ("APLLC")	Subsidiary of APLL
China South Industries Group Corporation ("CSI Group")	Parent company of Changan Industry
China Changan Automobile Group ("Changan Group", formerly named as "China South Automobile Company Limited")	Subsidiary of CSI Group
Chongqing Changan Automobile Company Limited ("Changan Automobile")	Subsidiary of Changan Group
Chongqing Changan Jinling Automobile Parts Liability Company Limited ("Changan Jinling")	Subsidiary of Changan Group
Chongqing Changan Construction Company Limited ("Changan Construction")	Subsidiary of Changan Industry
Chongqing Changan Lingyun Automobile Parts Company Limited ("Changan Lingyun")	Associate of Changan Jinling
Minsheng International Freight Company Limited ("Minsheng International Freight")	Subsidiary of Minsheng Industrial
Minsheng Logistics Company Limited ("Minsheng Logistics")	Subsidiary of Minsheng Industrial
Minsheng Shipping Company Limited ("Minsheng Shipping")	Subsidiary of Minsheng Industrial
Chongqing Changan International Sales and Services Company Limited ("Changan International Sales")	Subsidiary of Changan Automobile
Hebei Changan Automobile Company Limited ("Changan Hebei")	Subsidiary of Changan Automobile
Hebei Changan Commercial Vehicle Company Limited ("Changan Hebei Commercial")	Subsidiary of Changan Automobile
Nanjing Changan Automobile Company Limited ("Changan Nanjing")	Subsidiary of Changan Automobile
Chongqing Changan Suzuki Automobile Company Limited ("Changan Suzuki")	Subsidiary of Changan Automobile
Chongqing Changan Automobile Supporting Service Co., Ltd. ("Changan Service")	Subsidiary of Changan Automobile
Jiangling Motor Holding Company Limited ("Jiangling Holding")	Jointly controlled entity of Changan Automobile
Chongqing Changan Ford Mazda Automobile Company Limited ("Changan Ford")	Jointly controlled entity of Changan Automobile
Changan Ford Mazda Engine Company Limited ("Changan Ford Engine")	Jointly controlled entity of Changan Automobile
Chongqing Ante Import and Export Trading Company Limited ("Chongqing Ante")	Subsidiary of Changan Ford
Chongqing Tsingshan Industries Company Limited ("Chongqing Tsingshan")	Subsidiary of Changan Group
Wuhan Minfutong	Associate
Chongqing Terui	Associate
Beijing Changjiu Logistics Company Limited ("Beijing Changjiu")	Minority shareholder of Nanjing CMSC

35 Related party transactions (continued)

(b) For the year ended 31 December 2009, the directors of the Company were of the view that the following related party transactions were carried out in the normal course of business of the Group. The pricing policy of each related party is based on the negotiation between each related party and the Company.

Transaction with associates:

(i) Transportation services provided by related parties

	2009 RMB'000	2008 RMB'000
Chongqing Terui	20,715	30,853
Wuhan Minfutong	8,127	4,367
	28,842	35,220

(ii) Purchase of equipment from related parties

	2009 RMB'000	2008 RMB'000
Chongqing Changan Terui	-	878

Transaction with other related parties:

(i) Revenue from rendering of transportation of finished vehicles services

	2009 RMB'000	2008 RMB'000
Changan Ford	651,747	434,829
Changan Automobile	523,631	280,937
Changan Hebei	-	57,394
Changan Hebei Commercial	246,125	101,863
Changan Nanjing	134,972	41,643
Changan Suzuki	17,412	8,180
	1,573,887	924,846

35 Related party transactions (continued)

(ii) Revenue from rendering of supply chain management for automobile components and parts services

	2009 RMB'000	2008 RMB'000
Changan Ford	299,129	260,221
Changan Ford Engine	5,067	22,747
Chongqing Ante	10,957	12,098
Changan Hebei	47,182	34,396
Changan Automobile	44,813	27,644
Changan International Sales	7,760	66,481
Changan Suzuki	2,865	4,819
Changan Nanjing	34,987	13,335
Changan Jinling	1,262	3,507
Jiangling Holding	623	2,680
Changan Industry	71	2,015
Chongqing Tsingshan	1,147	832
Changan Lingyun	15	7
Changan Service	13,232	7,010
	469,110	457,792

(iii) Revenue from sales of packages and processing of tyres

	2009 RMB'000	2008 RMB'000
Changan Ford	31,301	-
Changan Industry	6,203	-
Changan International Sales	2,376	-
Jiangling Holding	760	-
Changan Automobile	205	-
Changan Service	346	-
	41,191	-

35 Related party transactions (continued)

(iv) Transportation services provided by related parties

	2009 RMB'000	2008 RMB'000
Minsheng Logistics	142,815	93,421
Minsheng International Freight	-	10,455
Minsheng Shipping	51,403	45,568
Beijing Changjiu	38,941	33,363
	233,159	182,807

(v) Construction services provided by related parties

	2009 RMB'000	2008 RMB'000
Changan Construction	-	23,155

(vi) Consultant services provided by related parties

	2009 RMB'000	2008 RMB'000
APLLC	438	876

35 Related party transactions (continued)

(c) As at 31 December 2009, the related party balances were shown as follows:

Due from related parties	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Balance from rendering of services				
Subsidiaries				
-Nanjing CMSC	-	-	4,522	1,560
-Chongqing Boyu	-	-	-	7,100
Other related parties				
-Changan Automobile	150,514	127,008	65,203	40,248
-Changan Ford	34,077	19,346	-	-
-Changan Ford Engine	3,202	6,241	20	207
-Changan Hebei	11,630	14,333	11,630	14,333
-Changan Hebei Commercial	100,803	60,854	100,803	60,854
-Changan Nanjing	45,642	23,900	45,642	23,900
-Chongqing Tsingshan	159	159	159	159
-Changan Lingyun	40	56	40	56
-Changan Suzuki	3,707	2,459	3,707	2,459
-Changan Industry	4,430	1,815	4,430	1,815
-Jiangling Holding	331	2,015	331	2,015
-Changan Jinling	2,642	2,271	2,642	2,271
-Changan Service	5,503	5,585	5,503	5,585
Subtotal	362,680	266,042	244,632	162,562
Less: provision for impairment of due from related parties	(523)	(281)	(523)	(281)
Subtotal	362,157	265,761	244,109	162,281

35 Related party transactions (continued)

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Balance of deposits for service quality guarantee (Note (a))				
Other related parties				
-Changan Ford	2,372	2,840	1,295	777
-Changan Automobile	748	812	748	815
-Changan Hebei	625	745	625	745
-Changan Nanjing	730	828	730	828
-Changan Suzuki	508	142	508	142
Subtotal	4,983	5,367	3,906	3,307
Prepayment for transportation services				
Other related parties				
-Minsheng Logistics	-	8,215	-	13,480
-Minsheng International Freight	1,300	133	1,296	-
Subtotal	1,300	8,348	1,296	13,480
Balances from subsidiaries				
-Chongqing Boyu	-	-	-	38,401
-Nanjing CMSC	-	-	3,843	7,868
-Chongqing Future	-	-	2,345	-
Subtotal	-	-	6,188	46,269
Other receivables				
Associates				
-Wuhan Minfutong	52	100	52	100
-Chongqing Terui	167	150	167	150
Other related parties				
-Changan Industry	759	-	759	-
-Minsheng Industrial	109	170	109	170
Subtotal	1,087	420	1,087	420
Total	369,527	279,896	256,586	225,757

35 Related party transactions (continued)

Note:

(a) Deposits for service quality guarantee represents the deposits paid by the Group to its customers for the purpose of guaranteeing the quality of its logistics service provided. If the service quality does not meet the customers' requirements, the deposits will be deducted by the customers as compensation.

As at 31 December 2009, approximately 64% (2008: approximately 63%) of the total amount of trade receivables and due from related parties was due from the five largest customers. The carrying amount of trade receivables and due from related parties represents the Group's maximum exposure to credit risk in relation to its financial assets.

The Group offers credit terms to its related parties ranging from cash on delivery to 90 days. Ageing analysis of trading balance from rendering of services at 31 December 2009 and 2008 were as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	356,856	232,097	239,181	146,368
91 to 180 days	2,446	28,177	2,073	10,426
181 to 365 days	1,449	3,872	1,449	3,872
Over 1 year	1,929	1,896	1,929	1,896
	362,680	266,042	244,632	162,562

As at 31 December 2009 and 2008, due from related parties of approximately RMB5,301,000 and RMB32,101,000 were past due but not impaired. These relate to certain related parties for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
91 to 180 days	2,446	28,177	2,073	10,426
181 to 365 days	1,449	2,034	1,449	2,034
Over 1 year	1,406	1,890	1,406	1,890
	5,301	32,101	4,928	14,350

35 Related party transactions (continued)

As at 31 December 2009 and 2008, due from related parties of RMB523,000 and RMB1,844,000 were impaired and provided for. The amount of the provision was RMB523,000 and RMB281,000 as at 31 December 2009 and 2008. The individually impaired receivables mainly relate to certain related parties, which are in difficult financial situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
181 to 365 days	-	1,838	-	1,838
Over 1 year	523	6	523	6
	523	1,844	523	1,844

Movement of the provision for impairment of due from related parities are as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	281	-	281	-
Provision of impairment of balances due from related parties	242	281	242	281
At 31 December	523	281	523	281

The Group has recognised the provision for impairment of due from related parties in "administrative expenses" in profit or loss (Note 23).

35 Related party transactions (continued)

Due to related parties

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Balance from transportation services provided by related parties				
Subsidiary:				
-Nanjing CMSC	-	-	-	4,241
Associate:				
-Wuhan Minfutong	12,368	4,715	12,368	4,715
-Chongqing Terui	4,293	6,046	4,281	5,967
Other related parties:				
-Minsheng Logistics	37,463	2,000	33,916	2,000
-Minsheng International Freight	-	14,063	-	14,063
-Minsheng Shipping	20,241	10,269	18,998	7,467
-Beijing Changjiu	8,018	4,351	6,178	3,580
Subtotal	82,383	41,444	75,741	42,033
Balance from timely settlement compensation fee payable to related party				
Other related party				
-Changan Automobile	-	1,400	-	1,399
Balance from construction services provided by related party				
Other related party				
-Changan Construction	7	7	7	7
Advances for rendering of services				
Other related parties				
-Changan Ford	24,220	25,671	24,220	25,671
-Changan International Sales	1,680	535	1,680	535
-Chongqing Ante	49	944	49	944
Subtotal	25,949	27,150	25,949	27,150

35 Related party transactions (continued)

Due to related parties

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables				
Subsidiary				
-Chongqing Boyu	-	-	22,664	-
Associate				
-Chongqing Terui	-	878	-	878
Other related parties				
-Minsheng Logistics	405	405	405	405
-Changan Automobile	1,086	413	1,086	413
-Minsheng Shipping	4	1,092	4	1,092
-APLLC	200	200	200	200
-Changan Ford	-	272	-	272
-Changan Industry	-	367	-	367
-Changan Nanjing	217	-	217	-
-Minsheng Industrial	559	311	531	311
-Changan Construction	2,576	1,165	-	-
-Beijing Changjiu	401	421	401	421
Subtotal	5,448	4,359	25,508	4,359
Total	113,787	75,525	127,205	74,948

35 Related party transactions (continued)

Ageing analysis of due to related parties at 31 December 2009 and 2008 were as follows:

	Group		Company	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	109,893	69,869	124,311	70,470
91 to 180 days	1,365	1,457	1,365	1,453
181 to 365 days	469	1,926	469	752
Over 1 year	2,060	2,273	1,060	2,273
	113,787	75,525	127,205	74,948

As at 31 December 2009 and 2008 all the related party balances were interest-free and unsecured.

The carrying value of due from and due to related parties approximates their fair value due to the short-term maturity.

36 Share-based payment

On 6 June 2005, the Company established a Share Appreciation Right Incentive Scheme ("SARIS"). Pursuant to a resolution of the Board of Directors dated 29 December 2005, the SARIS is effective on the date when the H Shares of the Company are listed on the GEM.

As at 31 December 2009, no share appreciation rights have been granted under the SARIS.

36 Events after the reporting period

As at 31 December 2009, except those disclosed in other notes of the financial statements, the Company had no material events after the reporting period.