



重慶長安民生物流股份有限公司 Changan Minsheng APLL Logistics Co., Ltd.*

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



2010 First Quarterly Report

*For identification purpose only

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This report includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to Changan Minsheng APLL Logistics Co., Ltd. (the “Company”). The directors of the Company collectively and individually accept full responsibility of this report. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- For the three-month period ended 31 March 2010, the unaudited revenue of the Group was approximately RMB 579,105,000, representing an increase of approximately 51.09% from the corresponding period in 2009.
- For the three-month period ended 31 March 2010, the unaudited profit attributable to equity holders of the Company was approximately RMB 37,024,000, representing an increase of approximately 37.84% from the corresponding period in 2009.
- For the three-month period ended 31 March 2010, the unaudited basic earnings per share were RMB 0.23 (corresponding period in 2009: RMB0.17).
- The Board does not propose the declaration of an interim dividend for the three-month period ended 31 March 2010.

QUARTERLY REPORT (UNAUDITED)

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three-month period ended 31 March 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three-month period ended 31 March	
		2010	2009
		(unaudited)	(unaudited)
	Note	RMB'000	RMB'000
Revenue	3	579,105	383,275
Cost of sales		<u>(508,627)</u>	<u>(331,773)</u>
Gross profit		70,478	51,502
Other income		159	362
Distribution costs		<u>(16,461)</u>	<u>(11,174)</u>
Administrative expenses		<u>(11,886)</u>	<u>(8,076)</u>
Operating profit		42,290	32,614
Finance income		646	337
Finance costs	4	<u>(170)</u>	<u>93</u>
Finance income-net		<u>476</u>	<u>430</u>
Share of post tax profit / (loss) of associates		<u>699</u>	<u>(825)</u>
Profit before income tax		43,465	32,219
Income tax expense	5	<u>(6,465)</u>	<u>(5,338)</u>
Profit for the period		<u>37,000</u>	<u>26,881</u>
Total comprehensive income for the period		<u>37,000</u>	<u>26,881</u>

Profit attributable to:

Equity holders of the Company	37,024	26,860
Minority interest	(24)	21
	37,000	26,881

Total comprehensive income attributable to :

Equity holders of the Company	37,024	26,860
Minority interest	(24)	21
	37,000	26,881

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

-basic and diluted	6	0.23	0.17
Dividends		-	-

NOTES:

1. GENERAL INFORMATION

The Company, formerly known as Chongqing Changan Minsheng Logistics Co., Ltd., was incorporated in the PRC on 27 August, 2001 as a limited liability company. In 2002, the Company was converted to a Sino-foreign equity joint venture. On 31 December, 2004, the Company was transformed into a joint stock limited liability company and was renamed CMA Logistics Co., Ltd.

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

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

The H Shares of the Company have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited since February, 2006.

This Condensed Consolidated Statement of Comprehensive Income is unaudited.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards. The accounting policies adopted are consistent with those followed in preparation of the Group's consolidated financial statements for the year ended 31 December, 2009.

3. REVENUE

The Group is principally engaged in rendering of transportation of finished vehicles, supply chain management for automobile components and parts (includes sales of packing material and tires assembly) and transportation of non-vehicle commodities services. Revenues recognized for the three-month period ended 31 March 2010 are as follows:

	For the three-month period ended 31 March	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Transportation of finished vehicles	405,382	232,703
Supply chain management for automobile components and parts	148,882	126,654
Transportation of non-vehicle commodities	23,394	22,887
Others	1,447	1,031
Total	<u>579,105</u>	<u>383,275</u>

From a geographic perspective, the General Management Meeting concluded that all assets of the Group are residing in PRC and the Revenue and Profit are derived within PRC, which is considered as one geographic location with similar risks and returns.

4. FINANCE COSTS

	For the three-month period ended 31 March	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Exchange loss	(3)	(92)
Others	(167)	(1)
Total	<u>(170)</u>	<u>(93)</u>

5. INCOME TAX EXPENSE

	For the three-month period ended 31 March	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Current PRC corporate income tax ("CIT")	6,603	5,691
Deferred tax	(138)	(353)
Total	<u>6,465</u>	<u>5,338</u>

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

	For the three-month period ended 31 March			
	2010		2009	
	Applicable CIT rate	Actual CIT rate	Applicable CIT rate	Actual CIT rate
The Company	15.0%	15.0%	15.0%	15.0%
Chongqing CMAL Boyu Transportation Company Limited("Chongqing Boyu")	15.0%	15.0%	15.0%	15.0%
Nanjing CMSC Logistics Company Limited ("Nanjing CMSC")	25.0%	25.0%	25.0%	25.0%
Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd("Chongqing MFBL")	25.0%	25.0%	25.0%	25.0%

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

No provision for Hong Kong profits tax was made as the Group had no assessable profit arising in or derived from Hong Kong for the three-month period ended 31 March 2010 (corresponding period in 2009: nil).

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	For the three-month period ended 31 March	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Profit before tax	<u>43,465</u>	<u>32,219</u>
Tax calculated at actual tax rates applicable to each group entities	6,506	5,175
Expenses not deductible for tax purposes	63	124
Share of profit of associates	(105)	50
Others	<u>1</u>	<u>(11)</u>
Tax charge	<u>6,465</u>	<u>5,338</u>

The effective tax rate for the three-month period ended 31 March 2010 was 14.87% (2009: 16.57%).

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of share in issue for the three-month period ended 31 March 2010.

	For the three-month period ended 31 March	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Group's profit attributable to equity holders of the Company	37,024	26,860
Weighted average number of ordinary shares in issue (in thousands)	162,064	162,064
Basic earnings per share (RMB per share) #	0.23	0.17

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

7. RESERVES

	Capital surplus	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009 (audited)	75,150	35,647	4,835	229,581	345,213
Total comprehensive income for the period	-	-	-	26,860	26,860
At 31 March 2009 (unaudited)	75,150	35,647	4,835	256,441	372,073
At 1 January 2010 (audited)	75,150	47,031	4,835	333,846	460,862
Total comprehensive income for the period (unaudited)	-	-	-	37,000	37,000
At 31 March 2010 (unaudited)	75,150	47,031	4,835	370,846	497,862



INTERIM DIVIDENDS

The Board does not propose to declare any interim dividend for the three-month period ended 31 March 2010 (corresponding period in 2009: nil).

BUSINESS REVIEW

OVERVIEW

In order to encourage stable and fast development of automobile industry and to stimulate the economic growth in China, the PRC government issued two policy notices in January 2010, namely, the Notice on Continuously Implementation on the Policy of Automobile Go to Countryside, which decided to prolong the implementation of the policy for another year to the end of 31 December 2010; the Notice on Permission of Enjoying the Preferential Policies of Both the Automobile Replacement Subsidy and Reduced Vehicle Purchase Tax, 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). With the implementation of the above mentioned policies, the production and sales volume of automobiles in the PRC in the first quarter of 2010 were approximately 4,554,500 vehicles and 4,610,600 vehicles respectively, both representing an increase of over 70% from the same period in 2009, maintaining a rapid increasing momentum. For the three-month period ended 31 March 2010, both of the total production and sales volume of the Group's customers all exceeded 500,000 vehicles. For the three-month period ended 31 March 2010, with the efforts of all staff of the Group, the Group recorded a total revenue of approximately RMB 579,105,000 representing an increase of approximately 51.09% over the same period of last year. The turnover generated from transportation of finished vehicles and supply chain management of car components and parts for the three-month period ended 31 March 2010 represented respectively 70.00% and 25.71% of the Group's total revenue (for the three-month period ended 31 March 2009: 60.71% and 33.05% respectively). The detailed breakdown of revenue is set out in Note 3 to the section headed "Condensed consolidated statement of comprehensive income" of this report.

For the three-month period ended 31 March 2010, the domestic automobile market revealed a rapid growth momentum. Although facing the adverse factors such as the tension transport capacity, the Group had continuously strengthened its control over the cost arising from logistics and internal management with the Group's gross profit margin and the net profit margin were 12.17% (for the same period in 2009: 13.44%) and 6.39% (for the same period in 2009: 7.01%) respectively. The Group's profit attributable to the shareholders of the Company for the three-month period ended 31 March 2010 increased approximately by 37.84% to RMB37,024,000 from RMB26,860,000 in the corresponding period in 2009.

PROSPECTS

In the second quarter of 2010, although the competition in the automobile logistics market is fierce, the Group will fully make use of its strength, actively implement professional development strategy; actively expand automobile logistics service fields, explore income growth space; keep exploring market, improve the logistics networks construction and seek growth opportunity.

OTHER INFORMATION

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

As at 31 March 2010, none of the directors, chief executive and the supervisors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and the supervisors are taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

As at 31 March 2010, the directors, chief executive and the supervisors were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did they have any interest, either direct or indirect, in any assets which have been, since 31 December 2009 were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

SUBSTANTIAL SHAREHOLDERS AND PARTIES HOLDING INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2010, so far as is known to the directors, chief executive and the supervisors of the Company, the following persons, other than a director, supervisor, or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (-non- H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Chongqing Changan Industry Company (Group) Limited ("Changan Industry Co.") (Note 2)	Beneficial owner	39,029,088(L)	36.45%	-	24.08%
Changan Industry Co. (Note 2)	Interest of a controlled corporation	796,512(L)	0.74%	-	0.49%
Chongqing Changan Industrial Company Limited ("Changan Industrial") (Note 2)	Beneficial owner	796,512(L)	0.74%	-	0.49%
APL Logistics Ltd. ("APLL")	Beneficial owner	33,619,200(L)	31.40%	-	20.74%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Beneficial owner	25,774,720(L)	24.07%	-	15.90%
Minsheng Industrial (Note 3)	Interest of a controlled corporation	7,844,480(L)	7.33%	-	4.84%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)")	Beneficial owner	7,844,480(L)	7.33%	-	4.84%
Atlantis Investment Management Limited	Investment manager	10,403,000(L)	-	18.91%	6.42%
Liu Yang (Note 4)	Investment manager	10,403,000(L)	-	18.91%	6.42%
The Northern Trust Company(ALA)(Note 5)	Others	5,403,000(P)	-	9.82%	3.33%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments, LLC (Note 6)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (Note 6)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (Note 6)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

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

Note 2: Changan Industrial is Changan Industry Co.'s wholly owned subsidiary.

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

Note 4: Liu Yang is the controlling shareholder of Atlantis Investment Management Limited. The figures were as at 27 April 2010.

Note 5: The figures were as at 27 April 2010.

Note 6: McIntyre Steven is the controller of Braeside Investments, LLC and Braeside Investments, LLC is the controller of Braeside Management, LP.

Save as disclosed in this report, as at 31 March 2010, so far as is known to the directors and chief executive of the Company, there is no other person (other than the directors, supervisors, or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interest amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiaries of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules and “A Guide For The Formation of An Audit Committee” compiled by the Hong Kong Society of Accountants, the Company has set up an audit committee. In compliance with Rule of 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee have been properly laid down. The primary duties of the audit committee are to review and monitor the Company’s financial reporting process and internal control system.

The audit committee comprises Mr. Peng Qifa (the chairman of the committee), Ms. Wang Xu and Mr. Chong Teck Sin. Mr. Peng Qifa is the independent non-executive director with appropriate professional qualifications and financial experience.

Up to the date of this report, the audit committee held two meetings in 2010.

The audit committee met on 12 March 2010 to review and discuss 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 suggestions for the Company and approved the 2009 Annual Report.

The audit committee met on 5 May 2010 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2010, and approved such report.

COMPETING INTERESTS

The Company has entered into a non-competition undertaking in favor of the Company with each of APLL, Minsheng Industrial, Ming Sung (HK) and Changan Industry Co., respectively. For details of the non-competition undertakings, please refer to the prospectus of the Company published on 16 February 2006 and the 2009 Annual Report of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the three-month period ended 31 March 2010, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company’s listed securities.

PUBLIC FLOAT

The Company has maintained the public float requirement as stipulated by GEM Listing Rules throughout the reporting period.

By the Order of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Yin Jiaxu
Chairman

Chongqing, the PRC
7 May 2010

As at the date of this report the Board comprises

EXECUTIVE DIRECTORS:

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

NON-EXECUTIVE DIRECTORS:

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

INDEPENDENT NON-EXECUTIVE DIRECTORS:

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