



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

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



\*For identification purposes only

**2011** First Quarterly Report

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*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.*



## HIGHLIGHTS

- For the three months ended 31 March, 2011, the unaudited revenue of the Group was approximately RMB839,145,000, representing an increase of approximately 44.90% from the corresponding period in 2010.
- For the three months ended 31 March, 2011, the unaudited profit attributable to equity holders of the Company was approximately RMB54,544,000, representing an increase of approximately 47.32% from the corresponding period in 2010.
- For the three months ended 31 March, 2011, the unaudited basic earnings per share were RMB0.34 (corresponding period in 2010: RMB0.23).
- The Board does not propose the declaration of an interim dividend for the three months ended 31 March, 2011.

## 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 months ended 31 March, 2011 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 31 March	
		2011	2010
		(unaudited)	(unaudited)
		RMB'000	RMB'000
	Note		
Revenue	5	839,145	579,105
Cost of sales		(729,633)	(508,627)
<b>Gross profit</b>		<b>109,512</b>	<b>70,478</b>
Other income		1,499	159
Distribution costs		(18,695)	(16,461)
Administrative expenses		(13,470)	(11,886)
<b>Operating profit</b>		<b>78,846</b>	<b>42,290</b>
Finance income		717	646
Finance costs	6	(509)	(170)
Share of profit of associates		498	699
<b>Profit before income tax</b>		<b>79,552</b>	<b>43,465</b>
Income tax expense	7	(19,572)	(6,465)
<b>Profit and total comprehensive income for the period</b>		<b>59,980</b>	<b>37,000</b>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		54,544	37,024
Non- controlling interests		5,436	(24)
		<b>59,980</b>	<b>37,000</b>
<b>Earnings per share for profit attributable to owners of the Company for the period</b>			
- basic and diluted	8	<b>0.34</b>	<b>0.23</b>
Dividends		-	-

## Notes:

### 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 CMA Logistics Co., Ltd.

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

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

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

This condensed consolidated statement of comprehensive income has not been audited.

### 2. Basis of preparation

The financial information has been prepared in accordance with the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The amounts included in this financial information have been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

### 3. Principle accounting policies

The financial information has been prepared on the historical cost basis.

The accounting policies adopted in the interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2010.

The Group has adopted the new or amended HKFRS, amendments of standards and interpretations effective for the accounting periods beginning on or after 1 January 2011. Adoption of such new and amended standards, amendments of standards and interpretations has no material effects on the condensed consolidated quarterly financial information, and has caused no material change to the accounting policies of the Group.

### 4. 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 property, plant and equipment, amortization of prepaid lease payments and intangible assets, which are not allocated to segments, as these types of assets are driven by the central investment function, which manages the long-term assets investments of the Group.

The segment information provided to the general manager meeting for the reportable segments for the three months ended 31 March 2011 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	790,622	41,974	6,549	839,145
Inter-segment revenue	-	-	-	-
<b>Revenue from external customers</b>	<b>790,622</b>	<b>41,974</b>	<b>6,549</b>	<b>839,145</b>
<b>Adjusted operating profit</b>	<b>93,363</b>	<b>5,784</b>	<b>1,498</b>	<b>100,645</b>

The segment information for the three months ended 31 March 2010 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	554,264	23,394	1,447	579,105
Inter-segment revenue	-	-	-	-
<b>Revenue from external customers</b>	<b>554,264</b>	<b>23,394</b>	<b>1,447</b>	<b>579,105</b>
<b>Adjusted operating profit</b>	<b>58,224</b>	<b>2,938</b>	<b>287</b>	<b>61,449</b>

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

	<b>For the three-months ended 31 March</b>	
	<b>2011 RMB'000</b>	2010 RMB'000
Adjusted operating profit for reportable segments	99,147	61,162
Other segments adjusted operating profit	<u>1,498</u>	<u>287</u>
Total segments	<b>100,645</b>	61,449
Depreciation and amortisation included in cost of sales and distribution cost	<b>(9,828)</b>	(7,432)
Other income	<b>1,499</b>	159
Administrative expenses	<b>(13,470)</b>	(11,886)
Finance income – net	<b>208</b>	476
Share of profit of associates	<u>498</u>	<u>699</u>
<b>Profit before income tax</b>	<u><u>79,552</u></u>	<u><u>43,465</u></u>

## 5. Revenue

The main business of the Group include transportation of finished vehicles, supply chain management for automobile components and parts , and transportation of non-vehicle commodities services. For the three months ended 31 March 2011, the confirmed revenue are as follows:

	<b>For the three-months ended 31 March</b>	
	<b>2011 (unaudited) RMB'000</b>	2010 (unaudited) RMB'000
Transportation of finished vehicles	526,536	405,382
Supply chain management for automobile components and parts	264,086	148,882
Transportation of non-vehicle commodities	41,974	23,394
Others	<u>6,549</u>	<u>1,447</u>
Total	<u><u>839,145</u></u>	<u><u>579,105</u></u>

From a geographic perspective, the working meeting presided by the general manager of the Company concludes that all of the Group's revenue and profit are derived within the PRC and all assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

#### 6. Finance costs

	For the three-month period ended 31 March	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Exchange loss	(328)	(3)
Others	(181)	(167)
Total	<u>(509)</u>	<u>(170)</u>

#### 7. Income tax expense

	For the three-month period ended 31 March	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Current PRC corporate income tax ("CIT")	24,542	6,603
Deferred tax	(4,970)	(138)
Total	<u>19,572</u>	<u>6,465</u>

The Company and its subsidiaries are subject to same CIT rates since 2011. The applicable and actual CIT rates are shown as follows:

	<b>For the three-month period ended 31 March</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Applicable CIT rate</b>	<b>Actual CIT rate</b>	<b>Applicable CIT rate</b>	<b>Actual CIT rate</b>
The Company	<b>25.0%</b>	<b>25.0%</b>	15.0%	15.0%
Chongqing CMAL Boyu Transportation Company Limited("Chongqing Boyu")	<b>25.0%</b>	<b>25.0%</b>	15.0%	15.0%
Nanjing CMSC Logistics Company Limited ("Nanjing CMSC")	<b>25.0%</b>	<b>25.0%</b>	25.0%	25.0%
Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd("Chongqing MFBL")	<b>25.0%</b>	<b>25.0%</b>	25.0%	25.0%
Chongqing Changan Mingsheng Dingjie Logistics Co, Ltd("Chongqing Dingjie")	<b>25.0%</b>	<b>25.0%</b>	N/A	N/A

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law was effective from 1 January 2008. Pursuant to the detailed measures of the new CIT Law in respect of West China Development Champion, the applicable CIT rate of each of the Company and Chongqing Boyu is 15% from 2008 to 2010 and 25% from 2011. 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 and the applicable CIT rate of Chongqing Dingjie is 25% from its establishment date on 30 April 2010.

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 2011 (corresponding period in 2010: 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:

	<b>For the three-month period ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit before tax	<b>79,552</b>	43,465
Tax calculated at actual tax rates applicable to each group entities	<b>19,696</b>	6,506
Expenses not deductible for tax purposes	-	63
Share of profit of associates	<b>(124)</b>	(105)
Others	-	1
<b>Tax charge</b>	<b>19,572</b>	<b>6,465</b>

The effective tax rate for the three-month period ended 31 March 2011 was 24.60% (2010: 14.87%).

## 8. 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 2011.

	For the three-month period ended 31 March	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Group's profit attributable to owners of the Company	54,544	37,024
Weighted average number of shares in issue (in thousands)	162,064	162,064
Basic earnings per share (RMB per share) #	0.34	0.23

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

## 9. 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 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
At 1 January 2011 (audited)	75,150	61,076	4,835	573,313	714,374
Total comprehensive income for the period (unaudited)	-	-	-	59,980	59,980
At 31 March 2011 (unaudited)	75,150	61,076	4,835	633,293	774,354



## **INTERIM DIVIDENDS**

The Board does not propose to declare any interim dividend for the three-month period ended 31 March 2011 (corresponding period in 2010: nil).



## BUSINESS REVIEW

### OVERVIEW

With the non-implementation of the policies of Preferential Policy on Purchasing Tax, Automobile Going to the Countryside and the Old-for-New, the various rises of fuel price, and implementation of the policy on restriction of purchase of cars, the growth rate of the production and sales volume of the Chinese automobile industry began falling back in the first quarterly of 2011. The production and sales volume of automobiles in the PRC in the first quarter of 2011 were approximately 4,895,800 vehicles and 4,983,800 vehicles respectively, representing an increase of approximately 7.48% and 8.08% from the same period in 2010. For the three-month period ended 31 March 2011, the automobile production and sales volume from the major customers respectively achieved over 500,000 vehicles. The Group recorded a total revenue of approximately RMB839,145,000, representing an increase of approximately 44.90% over the same period of last year, as a result of actively exploring the market of heavy duty automobile logistics, after sales logistics and milk-run service for car components and parts, the revenue of the subsidiary company of the Company, Nanjing CMSC, increased largely comparing with that of last year and Chongqing Dingjie began gaining revenue. 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 2011 represented respectively 62.75% and 31.47% of the Group's total revenue (for the three-month period ended 31 March 2010: 70.00% and 25.71% respectively). The detailed breakdown of revenue is set out in Note 5 to the section headed "Condensed consolidated statement of comprehensive income" of this report.

For the three-month period ended 31 March 2011, the growth of the domestic automobile market began to slow down. Although facing the adverse factors such as the increasing fuel price, 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 13.05% (for the same period in 2010: 12.17%) and 7.15% (for the same period in 2010: 6.39%) respectively. The Group's profit attributable to the shareholders of the Company for the three-month period ended 31 March 2011 increased approximately by 47.32% to RMB54,544,000 from RMB37,024,000 in the corresponding period in 2010.

### PROSPECTS

In the second quarter of 2011, notwithstanding the fact that the growth of automobile industry will be slowing down and the keen competition in the automobile logistics market is fierce, the Group will proactively expand logistics market, explore room for income growth and seek more development opportunity through continuously creative logistics service modes and professional logistics service technology.



## **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 2011, 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 2011, 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 2010 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 2011, 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 Fund Management (Guernsey) Limited	Investment manager	4,392,000(L)	-	7.99%	2.71%
Atlantis Investment Management (Hong Kong) Limited	Investment manager	4,392,000(L)	-	7.99%	2.71%
Liu Yang (Note 4)	Investment manager	4,392,000(L)	-	7.99%	2.71%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments, LLC (Note 5)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (Note 5)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (Note 5)	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: According to the disclosure of interests notice filed, Yang Liu is deemed to be in control of Atlantis Investment Management (Hong Kong) Limited and Atlantis Fund Management (Guernsey) Limited.

Note 5: According to the disclosure of interests notice filed, Braeside Management, LP is a wholly-owned subsidiary of Braeside Investments, LLC. McIntyre Steven is the controlling shareholder of Braeside Investments, LLC.

Save as disclosed above, as at 31 March 2011, 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 three meetings in 2011.

The meeting of the audit committee held on 12 January 2011 reviewed and discussed the remuneration of appointed auditor and approved the proposal.

The audit committee met on 14 March 2011 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2010, listened to the auditor's suggestions for the Company and approved the 2010 Annual Report.

The audit committee met on 5 May 2011 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2011, 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 2010 Annual Report of the Company.

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

For the three-month period ended 31 March 2011, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.



## **PUBLIC FLOAT**

Based on the public information as per enquired made by the Company, 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.**  
**Zhang Lungang**  
*Chairman*

Chongqing, the PRC  
9 May 2011

As at the date of this report the Board comprises

### **Executive directors:**

Mr. Gao Peizheng  
Mr. Lu Xiaozhong  
Mr. William K Villalon  
Mr. Shi Chaochun

### **Non-executive directors:**

Mr. Zhang Lungang (Chairman of the Board)  
Mr. Lu Guoji (Vice Chairman of the Board)  
Ms. Lau Man Yee, Vanessa  
Mr. Li Ming  
Mr. Wu Xiaohua  
Mr. Danny Goh Yan Nan

### **Independent non-executive directors:**

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