



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: 08217)



*For identification purpose only

2012 First Quarterly Report

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

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This report, for which the directors of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) collectively and individually accept full responsibility, 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 the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



HIGHLIGHTS

- For the three months ended 31 March, 2012, the unaudited revenue of the Group was approximately RMB747,262,000, representing a decrease of approximately 10.95% from the corresponding period in 2011.
- For the three months ended 31 March, 2012, the unaudited profit attributable to equity holders of the Company was approximately RMB40,939,000, representing a decrease of approximately 24.94% from the corresponding period in 2011.
- For the three months ended 31 March, 2012, the unaudited basic earnings per share were RMB0.25 (corresponding period in 2011: RMB0.34).
- The Board does not propose the declaration of an interim dividend for the three months ended 31 March, 2012.

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, 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended 31 March	
		2012 (unaudited)	2011 (unaudited)
		RMB'000	RMB'000
Revenue	5	747,262	839,145
Cost of sales		(651,828)	(729,633)
Gross profit		<u>95,434</u>	<u>109,512</u>
Other income		1,090	1,499
Distribution costs		(22,181)	(18,695)
Administrative expenses		(13,010)	(13,470)
Operating profit		<u>61,333</u>	<u>78,846</u>
Finance costs	6	(40)	(509)
Finance income		1,206	717
Share of profit of associates		(1,235)	498
Profit before income tax		<u>61,264</u>	<u>79,552</u>
Income tax expense	7	(13,032)	(19,572)
Profit and total comprehensive income for the period		<u><u>48,232</u></u>	<u><u>59,980</u></u>
Profit and total comprehensive income attributable to:			
Owners of the Company		40,939	54,544
Non- controlling interests		7,293	5,436
		<u><u>48,232</u></u>	<u><u>59,980</u></u>
Earnings per share for profit attributable to owners of the Company for the period			
- basic and diluted	8	<u><u>RMB0.25</u></u>	<u><u>RMB0.34</u></u>
Dividends		<u><u>-</u></u>	<u><u>-</u></u>



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.

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 GEM listing Rules 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 2011.

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 vehicle commodities, 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 2012 is as follows:

	Transportation and supply chain management for vehicle commodities RMB'000	Transportation of non-vehicle commodities RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	719,264	17,692	10,306	747,262
Inter-segment revenue	-	-	-	-
Revenue from external customers	719,264	17,692	10,306	747,262
Adjusted operating profit	77,968	3,401	2,461	83,830

The segment information for the three months ended 31 March 2011 is as follows:

	Transportation and supply chain management for vehicle commodities RMB'000	Transportation of non-vehicle commodities RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	790,622	41,974	6,549	839,145
Inter-segment revenue	-	-	-	-
Revenue from external customers	790,622	41,974	6,549	839,145
Adjusted operating profit	93,363	5,784	1,498	100,645

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

	For the three-month period ended 31 March	
	2012	2011
	RMB'000	RMB'000
Adjusted operating profit for reportable segments	81,369	99,147
Other segments adjusted operating profit	2,461	1,498
Total segments	83,830	100,645
Depreciation and amortisation included in cost of sales and distribution cost	(10,577)	(9,828)
Other income	1,090	1,499
Administrative expenses	(13,010)	(13,470)
Finance income – net	1,166	208
Share of profit of associates	(1,235)	498
Profit before income tax	61,264	79,552

5. Revenue

The main business of the Group include transportation of finished vehicles, supply chain management for automobile components and parts (including sales of package materials and processing of tyres), and transportation of non-vehicle commodities services. For the three months ended 31 March 2012, the confirmed revenue are as follows:

	For the three-month period ended 31 March	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Transportation of finished vehicles	520,046	526,536
Supply chain management for automobile components and parts	199,218	264,086
Transportation of non-vehicle commodities	17,692	41,974
Others	10,306	6,549
Total	747,262	839,145

6. Finance costs

	For the three-month period ended 31 March	
	2012	2011
	(unaudited) RMB'000	(unaudited) RMB'000
Interest expense	-	-
Exchange loss /(income)	25	328
Others	15	181
Total	<u>40</u>	<u>509</u>

7. Income tax expense

	For the three-month period ended 31 March	
	2012	2011
	(unaudited) RMB'000	(unaudited) RMB'000
Current PRC corporate income tax ("CIT")	13,032	24,542
Deferred tax	-	(4,970)
Total	<u>13,032</u>	<u>19,572</u>

The relevant applicable CIT rates of the Company and its subsidiaries are shown as follows:

	For the three-month period ended 31 March	
	2012	2011
	Income tax rate	Income tax rate
The Company	15.0%	25.0%
Chongqing CMAL Boyu Transportation Company Limited ("Chongqing Boyu")	15.0%	25.0%
Nanjing CMSC Logistics Company Limited ("Nanjing CMSC")	25.0%	25.0%
Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd("Chongqing MFBL")	25.0%	25.0%
Chongqing Changan Mingsheng Dingjie Logistics Co, Ltd ("Chongqing Dingjie")	25.0%	25.0%
Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. ("Chongqing Fuyong")	25.0%	N/A

Pursuant to the regulations in the No. 58 Document in 2011 issued by the PRC Finance Department, the Customs Head Office and the State Tax Bureau on 27 July 2011, as the encouraged industry enterprise in the west area of China, the applicable CIT rate of the Company and Chongqing Boyu is 15% from 2011 to 2020. The applicable CIT rate of the subsidiaries of the Company Nanjing CMSC, Chongqing MFBL, Chongqing Dingjie and Chongqing Fuyong are 25%.

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 2012 (corresponding period in 2011: 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	
	2012	2011
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Profit before tax	61,264	79,552
Tax calculated at actual tax rates applicable to each group entities	12,847	19,696
Expenses not deductible for tax purposes	-	-
Share of profit of associates	185	(124)
Others	-	-
Tax charge	13,032	19,572

The effective tax rate for the three-month period ended 31 March 2012 was 21.27% (2011: 24.60%).

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 2012.

	For the three-month period ended 31 March	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Group's profit attributable to owners of the Company	40,939	54,544
Weighted average number of shares in issue (in thousands)	162,064	162,064
Basic earnings per share (RMB per share) #	0.25	0.34

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 2011 (audited)	75,150	61,076	4,835	484,160	625,221
Total comprehensive income for the period (unaudited)	-	-	-	54,544	54,544
At 31 March 2011 (unaudited)	75,150	61,076	4,835	538,704	679,765
At 1 January 2012 (audited)	75,150	81,032	4,835	690,022	851,039
Total comprehensive income for the period (unaudited)	-	-	-	40,939	40,939
At 31 March 2012 (unaudited)	75,150	81,032	4,835	730,961	891,978



INTERIM DIVIDENDS

The Board does not propose to declare any interim dividend for the three-month period ended 31 March 2012 (corresponding period in 2011: nil).



BUSINESS REVIEW

OVERVIEW

Affected by the slowing down growth rate of the macro economy of the PRC, the production and sales volume of the Chinese automobile industry decreased in the first quarter of 2012. The production and sales volume of automobiles in the PRC in the first quarter of 2012 were approximately 4,784,300 vehicles and 4,792,700 vehicles respectively, representing a decrease of approximately 1.83% and 3.40% from the same period in 2011. For the three-month period ended 31 March 2012, the automobile production and sales volume of the major customers were in aggregate approximately 420,200 vehicles and 446,100 vehicles respectively, both representing a decrease of over 15% from the same period in 2011. The Group recorded a total revenue of approximately RMB747,262,000, representing a decrease of approximately 10.95% over the same period of last year, as a result of being affected by the above mentioned factors. 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 2012 represented respectively 69.59% and 26.66% of the Group's total revenue (for the three-month period ended 31 March 2011: 62.75% and 31.47% 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 2012, the domestic automobile market revealed a decreasing trend, but the fuel price and the human resources cost showed an increasing position therefore, both the Group's gross profit margin and the net profit margin indicated a downward trend, were 12.77% (for the same period in 2011: 13.05%) and 6.45% (for the same period in 2011: 7.15%) respectively. The Group's profit attributable to the shareholders of the Company for the three-month period ended 31 March 2012 decreased approximately by 24.94% to RMB40,939,000 from RMB54,544,000 in the corresponding period in 2011.

PROSPECTS

In the second quarter of 2012, the Group will face the adverse factors such as the growth of automobile industry will be slowing down or even cease to grow and the keen competition in the automobile logistics market is fierce which will bring adverse influence to the Group. The Company will through the three quality enhancement that is "management, operation and service" to strengthen the core competition; proactively expand logistics market through creative logistics service modes and professional logistics service technology; implement cost plan and explore room for income growth.



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 2012, 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 2012, 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 2011 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 2012, 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.")	Beneficial owner	41,225,600(L)	38.51%	-	25.44%
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 1)	Interest of a controlled corporation	6,444,480(L)	6.02%	-	3.98%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)")	Beneficial owner	6,444,480(L)	6.02%	-	3.98%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments, LLC (Note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (Note 2)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven Note 2)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%
Pemberton Asian Opportunities Fund	Beneficial owner	3,300,000(L)	-	6.00%	2.04%

Note 1 Ming Sung (HK) is the subsidiary of Minsheng Industrial.

Note 2 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.

Note 3 (L) – long position, (S) – short position, (P) – Lending Pool.

Save as disclosed above, as at 31 March 2012 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 the independent non-executive directors Mr. Peng Qifa, Mr. Chong Teck Sin and Mr. Poon Chiu Kwok. Mr. Peng Qifa (the chairman of the committee) is with appropriate professional qualifications and financial experience.

Up to the date of this report, the audit committee held three meetings in 2012.

The audit committee met on 13 March 2012 to review and discuss the Group’s annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2011, listened to the auditor’s suggestions for the Company and approved the 2011 Annual Report.

The meeting of the audit committee held on 10 April 2012 to review and discuss the appointment of auditors and approved the proposal.

The audit committee met on 3 May 2012 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2012, 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 2011 Annual Report of the Company.

During the reporting period, since the equity interest of the Company collectively held by Minsheng Industrial and Ming Sung (HK) are less than 20%, the non-competition undertaking signed by the Company and Minsheng Industrial and Ming Sung (HK) ceased to be effective.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the three-month period ended 31 March 2012, 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 2012

As at the date of this report the Board comprises

Executive directors:

Mr. Zhang Lungang
Mr. Gao Peizheng
Mr. Lu Xiaozhong
Mr. Zhu Minghui
Mr. William K Villalon

Non-executive directors:

Mr. Lu Guoji
Ms. Lau Man Yee, Vanessa
Mr. Li Ming
Mr. Wu Xiaohua
Mr. Zhou Zhengli
Mr. Danny Goh Yan Nan

Independent non-executive directors:

Mr. Peng Qifa
Mr. Chong Teck Sin
Mr. Poon Chiu Kwok