



# 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

**2013** 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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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.

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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, 2013, the unaudited revenue of the Group was approximately RMB964,940,000, representing an increase of approximately 29.13% from the corresponding period in 2012.
- For the three months ended 31 March, 2013, the unaudited profit attributable to equity holders of the Company was approximately RMB51,104,000, representing an increase of approximately 24.83% from the corresponding period in 2012.
- For the three months ended 31 March, 2013, the unaudited basic earnings per share were RMB0.32 (corresponding period in 2012: RMB0.25).
- The Board does not propose the declaration of an interim dividend for the three months ended 31 March, 2013.

## 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, 2013 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the three months ended 31 March	
		2013 (unaudited)	2012 (unaudited)
		RMB'000	RMB'000
Revenue	5	964,940	747,262
Cost of sales		<u>(864,114)</u>	<u>(651,828)</u>
<b>Gross profit</b>		<b>100,826</b>	<b>95,434</b>
Other income		1,048	1,090
Distribution costs		(23,589)	(22,181)
Administrative expenses		<u>(13,363)</u>	<u>(13,010)</u>
<b>Operating profit</b>		<b>64,922</b>	<b>61,333</b>
Finance costs	6	(67)	(40)
Finance income		1,404	1,206
Share of profit of associates		<u>825</u>	<u>(1,235)</u>
<b>Profit before income tax</b>		<b>67,084</b>	<b>61,264</b>
Income tax expense	7	<u>(14,298)</u>	<u>(13,032)</u>
<b>Profit and total comprehensive income for the period</b>		<b><u>52,786</u></b>	<b><u>48,232</u></b>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		51,104	40,939
Non- controlling interests		<u>1,682</u>	<u>7,293</u>
		<b><u>52,786</u></b>	<b><u>48,232</u></b>
<b>Earnings per share for profit attributable to owners of the Company for the period</b>			
- basic and diluted	8	<u>0.32</u>	<u>0.25</u>
Dividends		<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 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 2012.

**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 2013 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	762,690	23,196	179,054	964,940
Inter-segment revenue	-	-	-	-
<b>Revenue from external customers</b>	<b>762,690</b>	<b>23,196</b>	<b>179,054</b>	<b>964,940</b>
<b>Adjusted operating profit</b>	<b>86,778</b>	<b>3,510</b>	<b>3,483</b>	<b>93,771</b>

The segment information 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	-	-	-	-
<b>Revenue from external customers</b>	<b>719,264</b>	<b>17,692</b>	<b>10,306</b>	<b>747,262</b>
<b>Adjusted operating profit</b>	<b>77,968</b>	<b>3,401</b>	<b>2,461</b>	<b>83,830</b>

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

	<b>For the three months ended ended 31 March</b>	
	<b>2013 RMB'000</b>	2012 RMB'000
Adjusted operating profit for reportable segments	90,288	81,369
Other segments adjusted operating profit	3,483	2,461
	<hr/>	<hr/>
Total segments	93,771	83,830
Depreciation and amortisation included in cost of sales and distribution cost	(16,534)	(10,577)
Other income	1,048	1,090
Administrative expenses	(13,363)	(13,010)
Finance income – net	1,337	1,166
Share of profit of associates	825	(1,235)
	<hr/>	<hr/>
<b>Profit before income tax</b>	<b>67,084</b>	<b>61,264</b>

## 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 2013, the confirmed revenue are as follows:

	<b>For the three months ended ended 31 March</b>	
	<b>2013 (unaudited) RMB'000</b>	2012 (unaudited) RMB'000
Transportation of finished vehicles	532,790	520,046
Supply chain management for automobile components and parts	229,900	199,218
Transportation of non-vehicle commodities	23,196	17,692
Others	179,054	10,306
	<hr/>	<hr/>
Total	<b>964,940</b>	<b>747,262</b>

## 6. Finance costs

	For the three months ended ended 31 March	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Exchange loss	50	25
Others	17	15
Total	<u>67</u>	<u>40</u>

## 7. Income tax expense

	For the three months ended ended 31 March	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current PRC corporate income tax ("CIT")	14,298	13,032
Deferred tax	-	-
Total	<u>14,298</u>	<u>13,032</u>

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

	<b>For the three-month period ended 31 March</b>	
	<b>2013</b>	2012
	<b>Income tax rate</b>	Income tax rate
The Company	<b>15.0%</b>	15.0%
Chongqing CMAL Boyu Transportation Company Limited ("Chongqing Boyu")	<b>15.0%</b>	15.0%
Nanjing CMSC Logistics Company Limited ("Nanjing CMSC")	<b>25.0%</b>	25.0%
Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd ("Chongqing MFBL")	<b>25.0%</b>	25.0%
Chongqing Changan Mingsheng Dingjie Logistics Co, Ltd ("Chongqing Dingjie")	<b>25.0%</b>	25.0%
Chongqing Changan Minsheng Fuyong Logistics Co., Ltd. ("Chongqing Fuyong")	<b>25.0%</b>	25.0%

According to Caishui (2011) No. 58 issued jointly by Ministry of Finance, General Administration of Customs and State Administration of Taxation (SAT) on 27 July 2011, the enterprises in encouraged industries in Western China are eligible for a reduced CIT rate of 15% for the period from 1 January 2011 to 31 December 2020. Pursuant to the Public Notice [2012] No.12 issued by SAT on 6 April 2012, the Company and Chongqing Boyu satisfy the conditions of tax incentive, and the applicable CIT rate of both of them is 15%.

The applicable CIT rate of Nanjing CMSC (As at 31 March 2013, the Company held 67% equity interest of Nanjing CMSC, Sumitomo Corporation held 33% equity interest of Nanjing CMSC), Chongqing Future, Chongqing Dingjie and Chongqing Fuyong is 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 2013 (corresponding period in 2012: 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>2013</b>	2012
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	RMB'000
Profit before tax	<u>67,084</u>	61,264
Tax calculated at actual tax rates applicable to each group entities	<b>14,256</b>	12,847
Share of profit of associates	42	185
Tax charge	<u><b>14,298</b></u>	<u>13,032</u>

The effective tax rate for the three-month period ended 31 March 2013 was 21.31% (2012: 21.27%).

## 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 2013.

	<b>For the three-month period ended 31 March</b>	
	<b>2013</b>	2012
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	RMB'000
Group's profit attributable to owners of the Company	<b>51,104</b>	40,939
Weighted average number of shares in issue (in thousands)	<u>162,064</u>	162,064
Basic earnings per share (RMB per share) #	<u><b>0.32</b></u>	<u>0.25</u>

# 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 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)	<u>75,150</u>	<u>81,032</u>	<u>4,835</u>	<u>730,961</u>	<u>891,978</u>
At 1 January 2013 (audited)	66,907	81,032	4,835	868,369	1,021,143
Total comprehensive income for the period (unaudited)	-	-	-	51,104	51,104
At 31 March 2013 (unaudited)	<u>66,907</u>	<u>81,032</u>	<u>4,835</u>	<u>919,473</u>	<u>1,072,247</u>



## **INTERIM DIVIDENDS**

The Board does not propose to declare any interim dividend for the three-month period ended 31 March 2013 (corresponding period in 2012: nil).



## BUSINESS REVIEW

### OVERVIEW

After a slow growth in the last year, the production and sales volume of the Chinese automobile industry represented a relatively faster increase in the first quarter of 2013. The production and sales volume of automobiles in the PRC in the first quarter of 2013 were approximately 5,397,100 vehicles and 5,424,500 vehicles respectively, representing an increase of approximately 12.8% and 13.2% from the same period in 2012. For the three-month period ended 31 March 2013, the automobile production and sales volume to major customers were in aggregate approximately 536,900 vehicles and 552,000 vehicles respectively, representing an increase of 27.77% and 23.75% respectively from the same period in 2012. As affected by the above mentioned factors, the Group recorded a total revenue of approximately RMB964,940,000, representing an increase of approximately 29.13% 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 2013 represented respectively 55.21% and 23.83% of the Group's total revenue (for the three-month period ended 31 March 2012: 69.59% and 26.66% 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 2013, the domestic automobile market revealed an increasing trend. Although the production volume and sales volume of the Group's customers represented a relatively faster growth, the decreasing logistics service prices, the revenue for tyre sub-assembly which has a low profit margin increased fast and the increasing labor operating costs as well as Nanjing CMSC, the subsidiary of the Company recorded a decrease in both revenue and profit due to the influence of China-Japan relationship, all of the above mentioned factors attributed to the downward trend of both the Group's gross profit margin and the net profit margin, which was 10.45% (for the same period in 2012: 12.77%) and 5.47% (for the same period in 2012: 6.45%) respectively. The Group's profit attributable to the shareholders of the Company for the three-month period ended 31 March 2013 increased approximately by 24.83% to RMB51,104,000 from RMB40,939,000 in the corresponding period in 2012.

### PROSPECTS

In the second quarter of 2013, notwithstanding the competition in the automobile logistics market is fierce, and adverse factors such as the pressure from the rising operating costs and the slowing down of logistics service prices, the Group will through the three quality enhancement that is "management, operation and service" to continuously strengthen the core competition, and promote Comprehensive Cost Saving Work and Comprehensive Risk Control Work to enhance profit-earning capacity. The Group will proactively expand logistics market through creative logistics service modes and professional logistics service technology, 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 2013, 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 2013, 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 2012 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 2013, 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%
Pemberton Asian Opportunities Fund (Note 2)	Beneficial owner	4,400,000(L)	-	8.00%	2.71%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments, LLC (Note 3)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (Note 3)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (Note 3)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%

*Note 1 Ming Sung (HK) is the subsidiary of Minsheng Industrial, Minsheng Industrial holds 98.95% shareholdings of Ming Sung (HK). The directors of the Board of the Company Mr. Lu Guoji and Mr. Lu Xiaozhong holds respectively 24% and 6% shareholdings of Minsheng Industrial.*

*Note 2 Figure as at 11th April 2013.*

*Note 3 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 4 (L) – long position, (S) – short position, (P) - Lending Pool.*

Save as disclosed above, as at 31 March 2013 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 two meetings in 2013.

The audit committee met on 18 March 2013 to review and discuss the Group’s annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2012, listened to the auditor’s suggestions for the Company and approved the 2012 Annual Report.

The audit committee met on 6 May 2013 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2013, 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 2012 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 2013, 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 2013



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  
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  
Mr. Jie Jing  
Ms. Zhang Yun  
Mr. Goh Chan Peng