



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)



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This report includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (“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 six-month period ended 30 June 2007, the unaudited consolidated turnover of the Group was approximately RMB671,012,000, representing an increase of approximately 17.93% from the corresponding period in 2006.
- For the six-month period ended 30 June 2007, the unaudited profit attributable to equity holders of the Company was approximately RMB42,859,000, representing an increase of approximately 40.36% from the corresponding period in 2006.
- For the six-month period ended 30 June 2007, the unaudited basic earnings per share were RMB0.26 (corresponding period in 2006: RMB0.21).

INTERIM 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 six-month period ended 30 June 2007, together with the comparative figures for the corresponding period in 2006, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six-month period ended 30 June		For the three-month period ended 30 June	
		2007 (unaudited) RMB'000	2006 (unaudited) RMB'000	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Turnover	3	671,012	568,974	363,743	274,396
Cost of sales		(599,953)	(514,148)	(321,613)	(244,685)
Gross profit		71,059	54,826	42,130	29,711
Other gains		1,619	1,375	519	734
Distribution costs		(13,721)	(11,389)	(7,399)	(6,606)
Administrative expenses		(11,865)	(10,779)	(7,280)	(5,130)
Operating profit	4	47,092	34,033	27,970	18,709
Finance costs		(2,696)	(971)	(1,359)	(490)
Finance income		1,323	676	847	548
Share of profits of associates		725	-	492	-
Profit before tax	5	46,444	33,738	27,950	18,767
Income tax expense	6	(3,585)	(3,204)	(2,344)	(1,561)
Profit attributable to equity holders of the Company	7	42,859	30,534	25,606	17,206
Dividends		-	-	-	-
Earnings per share basic and diluted	8	RMB0.26	RMB0.21	RMB0.16	RMB0.11

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2007 (unaudited) RMB'000	As at 31 December 2006 (audited) RMB'000
Assets	Note		
Non-current assets			
Property, plant and equipment	9	134,203	123,899
Prepaid lease payments	10	64,405	63,926
Intangible assets		2,440	2,611
Investments in associates	12	8,049	7,324
Deferred income tax assets		<u>158</u>	<u>212</u>
Total non-current assets		<u>209,255</u>	<u>197,972</u>
Current assets			
Trade receivables	13	37,306	75,482
Prepayment and other receivables		28,325	11,495
Due from related parties	14	325,334	275,914
Restricted cash			20,000
Cash and cash equivalents		<u>154,209</u>	<u>96,842</u>
Total current assets		<u>545,174</u>	<u>479,733</u>
Total assets		<u>754,429</u>	<u>677,705</u>
Equity			
Capital and reserves attributable to shareholders of the Company			
Share capital	15	162,064	162,064
Reserves	16	96,510	96,510
Retained earnings			
-proposed dividend		-	12,965
-others		<u>109,471</u>	<u>66,612</u>
		368,045	338,151
Minority interest		<u>-</u>	<u>-</u>
Total equity		<u>368,045</u>	<u>338,151</u>
Liabilities			
Current liabilities			
Trade and other payables	17	246,525	239,191
Due to related parties	18	94,628	67,115
Dividends payable		12,965	-
Short term bank loan	19	30,000	30,000
Current income tax liabilities		<u>2,266</u>	<u>3,248</u>
Total current liabilities		<u>386,384</u>	<u>339,554</u>
Total liabilities		<u>386,384</u>	<u>339,554</u>
Total equity and liabilities		<u>754,429</u>	<u>677,705</u>
Net current assets		158,790	140,179
Total assets less current liabilities		<u>368,045</u>	<u>338,151</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				Total RMB'000
	Share Capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Minority interest RMB'000	
Balance at 1 January 2006	112,064	9,756	38,310	50	160,180
Fund raised from IPO	50,000	91,879	-	-	141,879
Share issue costs	-	(11,584)	-	-	(11,584)
Profit for the period	-	-	30,534	-	30,534
Dividends	-	-	(17,827)	-	(17,827)
Purchase of minority interest	-	-	-	(50)	(50)
Balance at 30 June 2006 (unaudited)	<u>162,064</u>	<u>90,051</u>	<u>51,017</u>	-	<u>303,132</u>
Balance at 1 January 2007	162,064	96,510	79,577	-	338,151
Profit for the period	-	-	42,859	-	42,859
Dividends	-	-	(12,965)	-	(12,965)
Balance at 30 June 2007 (unaudited)	<u>162,064</u>	<u>96,510</u>	<u>109,471</u>	-	<u>368,045</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six-month period
ended 30 June

	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Cash flows from operating activities		
Cash generated from operations	83,846	58,879
Interest paid	(953)	(971)
Income tax paid	<u>(4,513)</u>	<u>(3,043)</u>
Net cash generated from operating activities	<u>78,380</u>	<u>54,865</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(18,668)	(21,289)
Increase in prepaid lease payments	(1,967)	(8,673)
Proceeds from disposal of property, plant and equipment	-	7
Payment for the minority interests purchase	-	(50)
Interest received	1,323	2,051
Net cash used in investing activities	<u>(19,312)</u>	<u>(27,954)</u>
Cash flows from financing activities		
Proceeds from the issue of new shares	-	153,950
Share issue costs paid	-	(11,584)
Dividends paid	<u>-</u>	<u>(28,016)</u>
Net cash generated from financing activities	<u>-</u>	<u>114,350</u>
Net increase in cash and cash equivalents	<u>59,068</u>	<u>141,261</u>
Cash and cash equivalents at beginning of the period	<u>96,842</u>	<u>40,425</u>
Exchange losses on cash	(1,701)	-
Cash and cash equivalents at end of the period	<u>154,209</u>	<u>181,686</u>

Notes:

1. Basis of presentation

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 H Shares of the Company have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 23 February 2006. The condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

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 2006.

3. Turnover

The Group is principally engaged in rendering of transportation of finished vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities services. Revenues recognized for the six-month period ended 30 June 2007 are as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Transportation of finished vehicles	449,300	357,703	249,130	168,180
Supply chain management for automobile components and parts	188,842	203,505	103,863	101,950
Transportation of non-vehicle commodities	<u>32,870</u>	<u>7,766</u>	<u>10,750</u>	<u>4,266</u>
Total	<u>671,012</u>	<u>568,974</u>	<u>363,743</u>	<u>274,396</u>

The Group has only one business segment, which is the rendering of transportation of finished vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities services. The directors of the Company consider that its primary reporting format of its segment information is its business segment.

No geographical segment information is presented as all of the Group's turnover 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.

4. Finance costs

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Interest on bank loans	928	-	469	-
Exchange loss	1,701	924	831	461
Others	<u>67</u>	<u>47</u>	<u>59</u>	<u>29</u>
Total	<u>2,696</u>	<u>971</u>	<u>1,359</u>	<u>490</u>

5. Profit before tax

For the six-month period ended 30 June 2007, the profit tax was determined after charging the following items:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Depreciation and amortization	9,281	6,322	4,459	3,391
Employee benefit expense	<u>34,750</u>	<u>26,641</u>	<u>22,089</u>	<u>16,610</u>

6. Income tax expense

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Current PRC enterprise income tax ("EIT")	3,530	3,003	2,253	1,722
Deferred tax	<u>55</u>	<u>201</u>	<u>91</u>	<u>(161)</u>
Total	<u>3,585</u>	<u>3,204</u>	<u>2,344</u>	<u>1,561</u>

The company, its subsidiary, and its branches are subject to different EIT rates. The applicable and actual EIT rates are shown as follows:

		For the six-month period ended 30 June			
		2007		2006	
Company		Applicable EIT rate	Actual EIT rate	Applicable EIT rate	Actual EIT rate
- Headquarter	Note (a)	15.0%	7.5%	15.0%	7.5%
- Nanjing branch	Note (a)	24.0%	12.0%	24.0%	12.0%
- Dingzhou branch	Note (a)	30.0%	15.0%	30.0%	15.0%
- Qingdao branch	Note (a)	30.0%	15.0%	30.0%	15.0%
- Wuhan branch	Note (a)	30.0%	15.0%	30.0%	15.0%
- Shanghai branch	Note (a)	15.0%	7.5%	15.0%	7.5%
Chongqing CMAL Gangcheng Logistics Company Limited ("Chongqing Gangcheng")	Note (b)	33.0%	33.0%	33.0%	33.0%

Note:

(A) In accordance with an Approval of Enjoying Favourable EIT Policy (YYSJH[2003]No. 27) issued by the national tax bureau of Chongqing Technological Economic Development Zone on 27 May 2003, the Company is entitled to exemption from EIT in 2003 and 2004 followed by a 50% tax reduction from 2005 to 2007.

(b) As Chongqing Gangcheng, the Company's subsidiary, incurred losses for both the six-month period ended 30 June 2006 and the six-month period ended 30 June 2007, no EIT expense was incurred.

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 six-month period ended 30 June 2007 (corresponding period in 2006: nil).

The tax amount on the Group's profit before tax differs from the theoretical amount that would arise using the applicable EIT rates was as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Profit before tax	46,444	33,738	27,950	18,767
Tax at the applicable EIT rates	6,967	5,061	4,193	2,815
EIT exemption	(3,591)	(2,258)	(1,799)	(1,318)
Expenses not deductible for tax purposes	<u>209</u>	<u>401</u>	<u>(50)</u>	<u>64</u>
Tax charge	<u>3,585</u>	<u>3,204</u>	<u>2,344</u>	<u>1,561</u>

The effective tax rate for the six-month period ended 30 June 2007 was 7.72% (corresponding period in 2006: 9.50%).

7. Profit attributable to equity holders of the Company

As at 30 June 2007, the profit attributable to shareholders of the Company which counted in the financial statements is approximately RMB44,082,000 (2006: 30,616,000).

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 six-month period ended 30 June 2007.

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000	2007 (unaudited) RMB'000	2006 (unaudited) RMB'000
Group's profit attributable to shareholders of the Company	<u>42,859</u>	<u>30,534</u>	<u>25,606</u>	<u>17,206</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>145,397</u>	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share)	<u>0.26</u>	<u>0.21</u>	<u>0.16</u>	<u>0.11</u>

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

9. Additions of property, plant and equipment

At 30 June 2007, the Group's original cost of property, plant and equipment was RMB172,202,000, and the net value was RMB134,203,000.

During the reporting period, the detailed changes of the property, plant and equipment were as follows:

	At 30 June 2007 (unaudited) RMB'000	At 31 December 2006 (audited) RMB'000	Change during the reporting period RMB'000
Property, plant and equipment			
1. Buildings	125,259	118,347	6,912
2. Equipment	5,479	4,403	1,076
3. Office facilities	8,810	7,869	941
4. Transportation vehicles	24,641	21,920	2,721
5. Projects under construction	<u>8,013</u>	<u>2,316</u>	<u>5,697</u>
Total	<u>172,202</u>	<u>154,855</u>	<u>17,347</u>

10. Prepaid lease payments

During the reporting period, the Group used approximately RMB1,967,000 (corresponding period in 2006: RMB8,673,000) for lease payments of land use right. At 30 June 2007, the net value of the Group's lease payment was approximately RMB64,405,000.

11. Investment in a subsidiary

As at 30 June 2007, the Company had direct interest in the following subsidiary:

Name of subsidiary	Place of incorporation and kind of legal entity	Registered capital	Principal activities and place of operation	Investment amount	Interest held	
					RMB'000	RMB'000
Chongqing Gangcheng	Chongqing, PRC, Limited liability company	5,000	Logistics service in PRC	5,000	100%	100%

12. Investments in associates

As at 30 June 2007, the Group's interest in its principal associates, all of which are unlisted, were as follows:

Name	Registered capital	Location	Assets	Liabilities	Revenues	Profit/(loss)	Interest held
Wuhan Chang'an Minfutong Logistics Company Limited ("Wuhan Minfutong")	10,000	Wuhan PRC	3,994	801	3,481	123	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	10,000	Chongqing, PRC	11,708	6,716	14,038	602	45%

13. Trade receivables

	As at 30 June 2007 (unaudited)	As at 31 December 2006 (audited)
	RMB'000	RMB'000
Accounts receivable (Note (a))	33,477	25,019
Bills receivable (Note (b))	3,829	50,463
	<u>37,306</u>	<u>75,482</u>

Notes:

(a) The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of accounts receivable as at 30 June 2007 was as follows:

	As at 30 June 2007 (unaudited)	As at 31 December 2006 (audited)
	RMB'000	RMB'000
0 to 90 days	22,463	14,809
91 to 180 days	3,482	4,199
181 to 365 days	5,055	2,516
Over 1 year	<u>3,895</u>	<u>4,916</u>
	34,895	26,440
Less: provision for impairment of receivables	<u>(1,418)</u>	<u>(1,421)</u>
Total	<u>33,477</u>	<u>25,019</u>

(b) Ageing analysis of bills receivable as at 30 June 2007 was as follows:

	As at 30 June 2007 (unaudited) RMB'000	As at 31 December 2006 (audited) RMB'000
0 to 180 days	<u>3,829</u>	<u>50,463</u>

14. Due from related parties

	As at 30 June 2007 (unaudited) RMB'000	As at 31 December 2006 (audited) RMB'000
Balance from rendering of services (Note a)	323,999	270,992
Balance of deposits for service quality guarantee	<u>1,335</u>	<u>4,922</u>
Total	<u>325,334</u>	<u>275,914</u>

Note:

(a) The Group offers credit terms to related parties ranging from cash on delivery to 90 days. Ageing analysis of trading balance from rendering of services as at 30 June 2007 was as follows:

	As at 30 June 2007 (unaudited) RMB'000	As at 31 December 2006 (audited) RMB'000
0 to 90 days	269,942	268,042
91 to 180 days	48,843	3,742
181 to 365 days	5,915	9
Over 1 year	<u>100</u>	<u>-</u>
	324,800	271,793
Less: provision for impairment of due from related parties	<u>(801)</u>	<u>(801)</u>
Total	<u>323,999</u>	<u>270,992</u>

15. Share capital

	As at 30 June 2007 (unaudited)		As at 31 December 2006 (audited)	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Registered capital	<u>162,064,000</u>	<u>162,064</u>	<u>162,064,000</u>	<u>162,064</u>
Issued and fully paid				
- domestic shares, par value RMB1.00	<u>65,600,000</u>	<u>65,600</u>	<u>65,600,000</u>	<u>65,600</u>
- non h foreign shares, , par value rmb1.00	<u>41,464,000</u>	<u>41,464</u>	<u>41,464,000</u>	<u>41,464</u>
- H shares, par value RMB1.00	<u>55,000,000</u>	<u>55,000</u>	<u>55,000,000</u>	<u>55,000</u>

16. Reserves (The Group)

	Capital surplus RMB'000	Statutory surplus reserve fund RMB'000	Statutory public welfare fund RMB'000	Discretionary surplus reserve fund RMB'000	Share issue costs RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2006	-	9,670	4,835	-	(4,749)	38,310	48,066
Net profit for the period	-	-	-	-	-	65,949	65,949
Share issue costs	-	-	-	-	(11,980)	-	(11,980)
Fund raised from IPO	91,879	-	-	-	-	-	91,879
Transfer of share issuance costs of share premium	(16,729)	-	-	-	16,729	-	-
Dividend	-	-	-	-	-	(17,827)	(17,827)
Appropriation	-	6,855	-	-	-	(6,855)	-
Transferring statutory public welfare fund to surplus reserve fund	-	-	(4,835)	4,835	-	-	-
At 31 December 2006 (audited)	<u>75,150</u>	<u>16,525</u>	<u>-</u>	<u>4,835</u>	<u>-</u>	<u>79,577</u>	<u>176,087</u>
Net profit for the period	-	-	-	-	-	17,253	17,253
At 31 March 2007 (unaudited)	<u>75,150</u>	<u>16,525</u>	<u>-</u>	<u>4,835</u>	<u>-</u>	<u>96,830</u>	<u>193,340</u>
Net profit for the period	-	-	-	-	-	25,606	25,606
Dividend	-	-	-	-	-	(12,965)	(12,965)
At 30 June 2007 (unaudited)	<u>75,150</u>	<u>16,525</u>	<u>-</u>	<u>4,835</u>	<u>-</u>	<u>109,471</u>	<u>205,981</u>

17. Trade and other payables

	As at 30 June 2007 (unaudited) RMB'000	As at 31 December 2006 (audited) RMB'000
Accounts payable (Note (a))	148,223	141,313
Advance from customers	5,818	-
Bills payable	31,500	46,000
Other payables	57,320	46,984
Other taxes	3,664	4,894
Accrual	-	-
Total	<u>246,525</u>	<u>239,191</u>

Note:

(a) Ageing analysis of accounts payable as at 30 June 2007 was as follows:

	As at 30 June 2007 (unaudited)	As at 31 December 2006(audited)
	RMB'000	RMB'000
0 to 90 days	146,117	139,605
91 to 180 days	1,296	756
181 to 365 days	555	604
Over 1 year	255	348
Total	<u>148,223</u>	<u>141,313</u>

18. Due to related parties

	As at 30 June 2007 (unaudited)	As at 31 December 2006(audited)
	RMB'000	RMB'000
0 to 90 days	86,313	62,421
91 to 180 days	5,468	4,269
181 to 365 days	204	425
Over 1 year	<u>2,643</u>	-
Total	<u>94,628</u>	<u>67,115</u>

19. Commitments

(a) Capital expenditure commitments for property, plant and equipment

As at 30 June 2007, the Group and the Company had no capital expenditures for property, plant and equipment contracted for but not recognized in the financial statements (As at 31 December 2006: nil).

(b) Operating lease commitments

The future aggregate minimum lease payments due under non-cancellable operating leases for office premises and distribution center are as follows:

	As at 30 June 2007 (unaudited)	As at 31 December 2006(audited)
	RMB'000	RMB'000
Not later than one year	4,683	3,697
Later than one year and not later than five years	<u>3,003</u>	<u>3,593</u>
Total	<u>7,686</u>	<u>7,290</u>

(c) Investment commitments

According to an agreement signed with two independent third parties on 1 November 2006, the Company is committed to investing by cash, buildings or land use right amounting to RMB51,000,000 to establish Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC"). The Company will hold 51% interest in Nanjing CMSC. As at 30 June 2007, Nanjing CMSC was not yet established and the investment has not been paid.

20. Contingent liabilities

As at 30 June 2007, the Group did not have any significant contingent liabilities.

21. Pledge of assets and short-term bank loan

As at 30 June 2007 (2006: nil), buildings and property with a net value of approximately RMB12,958,000 and land use right of RMB7,842,000 belonging to the Group were utilized to secure a short term loan of RMB30,000,000.

22. Foreign currency

The Group faces foreign currency risk as the proceeds from the issuance of the H shares are denominated in HK\$ and were deposited in banks according to the requirements of State Administration of Foreign Exchange of PRC. As the transactions of the Group denominated in foreign currency were limited, the foreign currency risk has no material impact on the Group's operations.

INTERIM DIVIDENDS

The Board does not propose the payment of an interim dividend for the six-month period ended 30 June 2007 (2006: nil).

The final dividend of 2006 of RMB0.08 per share, including tax, has been approved by the shareholders of the Company in Annual General Meeting held on 31 May 2007 ("AGM") and will be paid at or before 31 August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

For the six-month period ended 30 June 2007, the Group recorded a turnover of approximately RMB671,012,000, representing an increase of approximately 17.93% over the same period of last year. The increase in turnover was due to the increasing demand for vehicle logistics services from our existing clients, which increased their car manufacturing and selling activities during this period. The income from transportation of finished vehicles and supply chain management of car components and parts for the six-month period ended 30 June 2007 represented respectively 66.96% and 28.14% of the Group's total turnover (2006: 62.87% and 35.77%, respectively). The detailed breakdown of turnover is set out in Note 3 to the section headed "Condensed Consolidated Income Statement" of this report.

For the six-month period ended 30 June 2007, the domestic automobile industry remained highly competitive. The Group's gross profit margin increased to 10.59% from 9.64% in the corresponding period of last year and the net profit margin increased to 6.39% from 5.37% in the corresponding period of last year, due to the significant increases in the production and sales volumes of the Company's major customers and our effective logistics cost control. At the same time, the Group's profit attributable to the shareholders of the Company for the six-month period ended 30 June 2007 was approximately RMB42,859,000 (2006: RMB30,534,000), representing an increase of approximately 40.36%.

Sales and marketing

Our Group is mainly engaged in the provision of vehicle logistics services to car manufacturers. For the six-month period ended 30 June 2007, we have provided services to more than 264 new customers and the Group's total number of customers increased to over 837. We will continue to strengthen the relationships with our customers and consolidate the existing customers base.

Financial Review

Working capital and financial resources

During the reporting period, the Group maintained a balanced financial position. Our sources of funds were generally the income arising from our daily operations and the proceeds from the issue of our H shares.

As at 30 June 2007, the cash and bank balance was approximately RMB154,209,000 (31 December 2006: RMB116,842,000), and the total assets of the Group amounted to approximately RMB754,429,000 (31 December 2006: RMB677,705,000). The Group had

current liabilities of approximately RMB386,384,000 (31 December 2006: RMB339,554,000) and shareholders' equity of approximately RMB368,045,000 (31 December 2006: RMB338,151,000).

Capital structure

For the six-month period ended 30 June 2007, there was no change to the Company's capital structure.

Gearing and liquidity ratio

As at 30 June 2007, the gearing ratio of the Group, defined as the ratio between the total liabilities and the total shareholder's equity, was 1.05:1 (As at 31 December 2006: 1.004:1). The liquidity ratio of the Group, represented by a ratio between current assets and current liabilities, was 1.41 (As at 31 December 2006: 1.41), which reflects the sufficiency of the Group's liquidity.

Foreign currency risk

As part of the proceeds from the issue of the Company's H shares in February 2006 was deposited in banks in Hong Kong dollars, the appreciation of the RMB will lead to an exchange loss. For the six-month period ended 30 June 2007, the exchange loss incurred by the appreciation of RMB was RMB1,701,000.

EMPLOYEE AND REMUNERATION POLICY

The Group had 2,539 employees as at 30 June 2007 (31 December 2006: 2,285). The salaries of the employees are based on the remuneration policy approved by the Board and the remuneration committee of the Company in accordance with PRC laws and regulations. The salary level is in line with the financial performance of the Company. The benefits of the employees comprise endowment insurance, medical insurance, unemployment insurance, personal injury insurance and housing funds.

PROSPECTS

For the six-month period ended 30 June 2007, the Group's achieved a notable increase in sales because of the expansion of the domestic automobile market and production volume of the Group's customers. We will continue to strengthen the strategic relationships with our existing customers, utilize our information network technology and actively explore other areas of the automobile logistics market. We will also continue to develop the Company through professional management and promote practical and innovative ideas. We will strive to achieve sustainable growth of the Group by taking advantages of our professional and technical knowledge and skills in the vehicle logistics industry.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL PROGRESS

Business objectives disclosed in the Company's Prospectus dated 16 February 2006 (the "Prospectus") as at 30 June in respect of the six months ended 2007

The actual progress for the six months ended 30 June 2007

Business development

1. Secure further business from Jiangling Automobile Company Limited's project in respect of transportation of finished vehicles and supply chain management services and transportation of car components and parts

As the return of project was less satisfactory than expected, the Company did not proceed with this project.

2. Expand logistics business for non-vehicle commodities.

During the reporting period, the Company achieved significant growth in business relating to transportation of steel, household appliances, large equipment and other commodities.

3. Expand business volume from the existing customers, especially car manufacturers.

The Company expanded the logistics services for existing customers. The turnover is on the rise.

4. Consolidate and expand business volume from existing customers, especially car manufacturers.

The Company strengthened its relationships with existing customers, and the sales to them are increasing steadily.

Service facilities

1. Construct phase II of car parts distribution center for Changan Automobile at Changan Industrial Park, about 10,000 sq.m

Facilities covering an area of approximately 21,600 sq. meters were built and put into use.

2. Construct phase II of car parts distribution center for Changan Ford in Nanjing, about 15,000 sq.m

Due to the delay in the implementation of the Changan Ford Mazda Nanjing Project, the construction of phase II construction of the regional distribution center for Changan Ford Mazda in Nanjing has not commenced. As at the reporting date, the land use right of 84 mu for the regional distribution center has been purchased and phase I of the center is under construction and expected to be completed before the end of 2007.

Customers 650

837

Human resources 2,615

2,539. During the reporting period, the Company put more emphasis on training the existing staff. Accordingly, the growth in staff number was slower than expected.

USE OF PROCEEDS FROM THE LISTING OF THE COMPANY'S H SHARES

The H shares of the Company were listed on the Growth Enterprise Market of Stock Exchange of Hong Kong Limited on 23 February 2006. The proceeds from the listing are used pursuant to the disclosure in the Prospectus and the usage approved by the AGM.

Up to 31 December 2006, the Company used all the proceeds required for the purpose of upgrading phase III and the construction of phase IV of the distribution centre to Changan Ford in Chongqing. These projects have been completed and put into use. For detailed information please refer to the page 16 of the Annual Report of 2006 of the Company.

Up to 31 December 2006, the Company used all the proceeds required for the purpose of sub-contracting transportation services through the use of external transportation companies. For detailed information please refer to the page 16 of the Annual Report of 2006 of the Company.

Up to 30 June 2007, the additional proceeds raised from the placing of the Company's H shares at the highest placing price of HK\$2.70 per share has been fully used in expanding the Company's existing regional distribution centers and construction of facilities. Please refer to the page 16 of the Company's 2006 Annual Report.

Up to 31 December 2006, the Company used HK\$12,776,000 for the purpose of the construction of phase I and phase II of the regional distribution center for Changan Ford Mazda in Nanjing ("CFM Nanjing Project"). A total of HK\$51,224,000 was not used compared with the proposed usage disclosed in the Prospectus. Considering the progress of construction of the logistics facilities in Chongqing to cope with the production expansion plan of Changan Ford Mazda ("CFM Chongqing Expanding Project") and the increased budget involved, the AGM was held to approve the reduction of the use of proceeds allocated to the CFM Nanjing Project by HK\$40,000,000 to HK\$24,000,000, and the reallocation of the HK\$40,000,000 to CFM Chongqing Expanding Project.

For the six-month period ended 30 June 2007, the Company has invested HK\$2,956,000 in the CFM Nanjing Project. Up to 30 June 2007, the total investment in CFM Nanjing Project was HK\$15,732,000. The Company will continue to apply the remaining HK\$8,268,000 to the CFM Nanjing Project or the project in Nanjing CMSC as a part of the capital injection.

Since the AGM to date, the land purchasing negotiation of CFM Chongqing Expanding Project is still in progress. It is expected that proceeds allocated to this project will be put into use in 2007.

CORPORATE GOVERNANCE

During the reporting period, the Company has complied with the code provisions set out in Code Corporate Governance Practices in Appendix 15 of the GEM Listing Rules.

SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted a code of conduct for securities transactions by directors (the "Code"), which is no less exacting than the required terms for dealings of shares by directors and set out in rule 5.48 to 5.67 of the GEM Listing Rules. After making specific enquiries of all directors, the Company is not aware of any non-compliance with the Code

Board of Directors

The Company's first Board contain 14 directors, among which are 5 executive directors, 6 non-executive directors and 3 independent non-executive directors. The Board considers the composition the executive directors and non-executive directors in the Board represents a reasonable balance and is in the interests of the Company and its shareholders. The non-executive directors and independent non-executive directors provide constructive advice regarding the making of the Company's policies.

The Company has 3 independent non-executive directors, at least one of the independent non-executive directors has the appropriate professional qualifications or accounting or related financial management expertise.

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

Board Chairman and General Manager

The Company's Chairman of the Board is Mr. Yin Jiaxu and our General Manager is Mr. Shi Chaochun. The Chairman is in charge of setting the development and business strategies whereas the General Manager is in charge of the daily operations of the Company. The Chairman is responsible for ensuring that the Board operates efficiently and encourage all directors, including independent non-executive directors, to devote to the Board and the 3 committees.

AUDIT COMMITTEE

Pursuant to the Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee according to "A Guide For The Formation of An Audit Committee" compiled by the Hong Kong Institute of Certified Public Accountants. 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 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.

During the reporting period, the audit committee has met for three times.

The audit committee has met on 8 March 2007 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit items, listened to the auditor's suggestions for the Company and approved such report.

The audit committee has met on 27 April 2007 to review the unaudited quarterly report of the Group for the three months ended 31 March 2006, and approved such report.

The audit committee has met on 26 July 2007 to review the unaudited interim report of the Group for the six months ended 30 June 2006, and approved this report.

REMUNERATION COMMITTEE

The Company has established a remuneration committee pursuant to the requirement under the GEM listing rules and its duties and responsibilities have been properly laid down. The principal responsibilities of the remuneration committee are to make proposals to the Board in respect of the overall remuneration policy and the composition of the directors and senior management.

The Remuneration Committee has 4 members. Mr. Yin Jiaxu is the chairman and the other members are Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin. The majority of the members of the remuneration committee are independent non-executive directors of the Company.

NOMINATION COMMITTEE

The Company has established a nomination committee pursuant to the requirement under the GEM listing rules and its duties and responsibilities have been properly laid down. The principal responsibilities of the nomination Committee is to continually review the structure and composition of the Board, enhance corporate governance within the Company and assess the independence of the Company's independent directors.

The Nomination Committee has 5 members. Ms. Lau Man Yee, Vanessa is the chairman and the other members are Mr. Wu Xiaohua, Ms. Wang Xu, Mr. Peng Qifa and Mr. Chong Teck Sin. The majority of the members of the nomination committee are independent non-executive directors of the Company.

OTHER INFORMATION

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

As at 30 June 2007, the Directors and chief executives of the Company hold no 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")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules").

SUBSTANTIAL SHAREHOLDER AND MANAGEMENT SHAREHOLDER

As at 30 June 2007, the following persons (other than the Directors and chief executives of the Company) had interests in the shares and underlying shares of the Company as

recorded in the register required to be kept under Section 336 of the SFO:

Long position in shares

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non- H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Changan Automobile Company (Group) Limited ("Changan Co.")	Beneficial owner	39,029,088	36.45%	—	24.08%
Changan Co. (Note 1)	Interest of a controlled corporation	796,512	0.74%	—	0.49%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Beneficial owner	25,774,720	24.07%	—	15.90%
Minsheng Industrial (Note 2)	Interest of a controlled corporation	7,844,480	7.33%	—	4.84%
APL Logistics Ltd. ("APLL")	Beneficial owner	33,619,200	31.40%	—	20.74%
Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)")	Beneficial owner	7,844,480	7.33%	—	4.84%
Atlantis Investment Management Ltd	Investment manager	12,000,000	—	21.82%	7.40%
First State Investments(Hong Kong) Limited	Investment manager	5,673,000	—	10.31%	3.50%
First State (Hong Kong)LLC (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
First State Investments (Bermuda) Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
First State Investment Managers (Asia) Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial First State Group Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
The Colonial Mutual Life Assurance Society Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Commonwealth Insurance Holdings Limited (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial Holding Company (No.2) Pty Limited (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial Holding Company Pty Limited (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Colonial Ltd (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Commonwealth Bank of Australia (Note 3)	Interest of a controlled corporation	5,673,000	—	10.31%	3.50%
Acru China+Absolute Return Fund Limited (Note 4)	Person having a security interest in shares	4,000,000	—	7.27%	2.47%
Acru Asset Management International Limited (Note 4)	Investment manager	4,000,000	—	7.27%	2.47%
Acru Asset Management Limited (Note 5)	Investment manager	4,000,000	—	7.27%	2.47%
Chan Lee Wang (Note 5)	Investment manager	4,000,000	—	7.27%	2.47%
Lau Hing Sang (Note 5)	Investment manager	4,000,000	—	7.27%	2.47%

Note 1: Changan Industrial Company Limited ("Changan Industrial"), Changan Co.'s subsidiary, holds 0.49% of the Company.

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

Note 3: Commonwealth Bank of Australia holds 100% interest of Colonial Ltd, Colonial Ltd holds 100% interest of Colonial Holding Company Pty Ltd, Colonial Holding Company Pty

Ltd holds 100% interest of Colonial Holding Company (No.2) Pty Limited, Colonial Holding Company (No.2) Pty Limited holds 100% interest of Commonwealth Insurance Holdings Limited, Commonwealth Insurance Holdings Limited holds 100% interest of The Colonial Mutual Life Assurance Society Ltd, The Colonial Mutual Life Assurance Society Ltd holds 100% interest of Colonial First State Group Ltd, Colonial First State Group Ltd holds 100% interest of First State Investment Managers (Asia) Ltd, First State Investment Managers (Asia) Ltd holds 100% interest of First State Investments (Bermuda) Ltd, First State Investments (Bermuda) Ltd holds 100% interest of First State (Hong Kong) LLC, First State (Hong Kong) LLC holds 100% interest of First State Investments (Hong Kong)Limited. As the result, pursuant to the Part XV of the SFO, Commonwealth Bank of Australia, Colonial Ltd, Colonial Holding Company Pty Ltd, Colonial Holding Company (No.2) Pty Limited, Commonwealth Insurance Holdings Limited, The Colonial Mutual Life Assurance Society Ltd, Colonial First State Group Ltd, First State Investment Managers (Asia) Ltd, First State Investments (Bermuda) Ltd. And First State (Hong Kong) LLC are deemed to be interested in the 5,673,000 shares held by the First State Investments (Hong Kong) Limited.

Note 4: Acru China+Absolute Return Fund Limited or its directors follow the direction of Acru Asset Management International Limited, Chan Lee Wang and Lau Hing Sang are the Acru Asset Management International Limited's controllers.

Note 5: Chan Lee Wang and Lau Hing Sang are all Acru Asset Management Limited's controllers.

As at 30 June 2007, the management shareholders (interests in the shares and underlying shares of the Company held by the management shareholders such as Changan Co., Minsheng industrial, APLL and Ming Sung (HK)) are as disclosed above hold interests in the shares and underlying shares of the Company as follows:

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

Save as disclosed above, as at 30 June 2007, the directors were not aware of any other person (other than the directors and chief executives of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

COMPETING INTERESTS

The Company has entered into a non-competition undertaking in favor of the Company with each of its shareholders, namely APLL, Minsheng Industrial, Ming Sung (HK) and Changan Co., Respectively. For details of the non-competition undertakings, please refer to the Prospectus and the annual report of 2006.

CONNECTED TRANSACTION

For the six-month period ended 30 June 2007, the turnover generated from the continuing connected transaction between the Group and connected persons (as defined under the GEM Listing Rules) was approximately RMB610,680,000, which accounted for

approximately 91% of our total turnover during the reporting period.

For the six-month period ended 30 June 2007, the cost of purchasing transportation labor from connected persons (as defined under the GEM Listing Rules) was approximately RMB70,999,000, which accounted for approximately 11.83% of our total cost of sales during the reporting period.

INTEREST OF COMPLIANCE ADVISOR

As at the date of 30 June 2007, none of Anglo Chinese Corporate Finance, Limited, the compliance advisor of the Company, its directors or its employees has any interest in the Company's securities, including share options and the other rights to the Company's securities.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six-month period ended 30 June 2007, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

The Company has complied with the public float requirement under 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
13 August 2007

As at the date of this report the Board comprises

Executive directors:

Mr. Yin Jiaxu
Mr. Huang Zhangyun
Mr. Lu Xiaozhong
Mr. Shi Chaochun
Mr. James H McAdam.

Non-executive directors:

Mr. Lu Guoji
Mr. Daniel C Ryan
Mr. Zhang Baolin
Ms. Cao Dongping
Mr. Wu Xiaohua
Ms. Lau Man Yee, Vanessa

Independent non-executive directors:

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

*For identification purposes only