



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

HIGHLIGHTS

- For the six-month period ended 30 June 2008, the unaudited consolidated revenue of the Group was approximately RMB863,051,000, representing an increase of approximately 28.62% from the corresponding period in 2007.
- For the six-month period ended 30 June 2008, the unaudited profit attributable to equity holders of the Company was approximately RMB60,071,000, representing an increase of approximately 40.16% from the corresponding period in 2007.
- For the six-month period ended 30 June 2008, the unaudited basic earnings per share were RMB0.37 (corresponding period in 2007: RMB0.26).
- The Board does not propose the payment of an interim dividend for the six-month period ended 30 June 2008.

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 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six-month period ended 30 June		For the three-month period ended 30 June	
		2008 (unaudited) RMB'000	2007 (unaudited) RMB'000	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000
Revenue	3	863,051	671,012	422,768	363,743
Cost of sales		(750,070)	(599,953)	(360,907)	(321,613)
Gross profit		112,981	71,059	61,861	42,130
Other gains		2,426	1,619	1,672	519
Distribution costs		(21,301)	(13,721)	(12,523)	(7,399)
Administrative expenses		(21,734)	(11,865)	(12,874)	(7,280)
Operating profit		72,372	47,092	38,136	27,970
Finance income		930	1,323	393	847
Finance costs	4	(2,107)	(2,696)	(1,037)	(1,359)
Finance costs-net		(1,177)	(1,373)	(644)	(512)
Share of profits/lost of associates		(146)	725	(186)	492
Profit before income tax	5	71,049	46,444	37,306	27,950
Income tax expense	6	(10,743)	(3,585)	(5,623)	(2,344)
		60,306	42,859	31,683	25,606
Attributable to:					
Equity holders of the Company		60,071	42,859	31,534	25,606
Minority interest		235	-	149	-
Earnings per share for profit attributable to the equity holders of the Company during the period –basic and diluted	7	RMB 0.37	RMB 0.26	RMB 0.19	RMB 0.16
Dividends		-	-	-	-

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2008 (unaudited)	As at 31 December 2007 (audited)
	note	RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment	8	181,443	151,759
Prepaid lease payments	9	122,487	67,458
Intangible assets		2,922	2,629
Investments in associates	11	14,205	14,351
Deferred income tax assets		1,442	2,583
Total non-current assets		322,499	238,780
Current assets			
Trade receivables	12	127,642	76,934
Prepayment and other receivables		27,799	28,753
Due from related parties	13	317,263	227,458
Restricted cash		-	16,000
Cash and cash equivalents		116,912	264,705
Total current assets		589,616	613,850
Total assets		912,115	852,630
Equity			
Capital and reserves attributable to shareholders of the Company			
Share capital	14	162,064	162,064
Other reserves	15	106,487	106,487
Retained earnings			
-Proposed dividend		-	12,965
-Others		198,502	138,431
Minority interest in equity		23,645	23,410
Total equity		490,698	443,357

		As at 30 June 2008 (unaudited)	As at 31 December 2007 (audited)
	note	RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Deferred income		902	1,025
Total Non-current liabilities		902	1,025
Current liabilities			
Trade and other payables	16	258,098	284,552
Due to related parties	17	90,837	89,607
Dividends payable		12,965	-
Short term bank loan	20	50,000	30,000
Current income tax liabilities		8,615	4,089
Total current liabilities		420,515	408,248
Total liabilities		421,417	409,273
Total equity and liabilities		912,115	852,630
Net current assets		169,101	205,602
Total assets less current liabilities		491,600	444,382

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				
	Share Capital	Other reserves	Retained earnings	Minority interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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)	162,064	96,510	109,471	-	368,045
Balance at 1 January 2008	162,064	106,487	151,396	23,410	443,357
Profit for the period	-	-	60,071	235	60,306
Dividends	-	-	(12,965)	-	(12,965)
Balance at 30 June 2008 (unaudited)	162,064	106,487	198,502	23,645	490,698

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six-month period ended 30 June	
	2008 (unaudited)	2007 (unaudited)
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	(66,421)	83,846
Interest paid	(1,574)	(953)
Income tax paid	(5,076)	(4,513)
Net cash generated from operating activities	(73,071)	78,380
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(40,305)	(18,668)

Increase in prepaid lease payments	(54,909)	(1,967)
Proceeds from disposal of property, plant and equipment	95	-
Interest received	930	1,323
Net cash used in investing activities	(94,189)	(19,312)
Cash flows from financing activities		
New short-term bank loans	50,000	-
Repayment of short-term bank loans	(30,000)	-
Net cash generated from financing activities	20,000	-
Net increase in cash and cash equivalents	(147,260)	59,068
Cash and cash equivalents at beginning of the period	264,705	96,842
Exchange losses on cash	(533)	(1,701)
Cash and cash equivalents at end of the period	116,912	154,209

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 APPL 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 unaudited 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 2007.

3. Revenue

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 2008 are as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000
Transportation of finished vehicles	524,997	449,300	248,032	249,130
Supply chain management for automobile components and parts	279,843	188,842	139,807	103,863
Transportation of non-vehicle commodities	58,211	32,870	34,929	10,750
Total	863,051	671,012	422,768	363,743

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	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank loans	1,574	928	1,104	469
Exchange loss	533	1,701	(67)	831
Others	-	67	-	59
Total	<u>2,107</u>	<u>2,696</u>	<u>1,037</u>	<u>1,359</u>

5. Profit before income tax

For the six-month period ended 30 June 2008, the profit before income tax was determined after charging the following items:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation and amortization	15,207	9,281	10,665	4,459
Employee benefit expense	<u>51,761</u>	<u>34,750</u>	<u>27,268</u>	<u>22,089</u>

6. Income tax expense

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2008 (unaudited)	2007 (unaudited)	2008 (unaudited)	2007 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Current PRC enterprise income tax ("EIT")	9,602	3,530	4,190	2,253
Deferred tax	<u>1,141</u>	<u>55</u>	<u>1,433</u>	<u>91</u>
Total	<u>10,743</u>	<u>3,585</u>	<u>5,623</u>	<u>2,344</u>

The Company, its subsidiaries, 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

		2008		2007	
		Applicable	Actual	Applicable	Actual
		EIT rate	EIT rate	EIT rate	EIT rate
Company					
- Headquarter	Note (a)	15.0%	15.0%	15.0%	7.5%
- Nanjing branch	Note (a)	25.0%	25.0%	24.0%	12.0%
- Dingzhou branch	Note (a)	25.0%	25.0%	30.0%	15.0%
- Qingdao branch	Note (a)	25.0%	25.0%	30.0%	15.0%
- Wuhan branch	Note (a)	25.0%	25.0%	30.0%	15.0%
- Shanghai branch	Note (a)	18.0%	18.0%	15.0%	7.5%
Chongqing CMAL Gangcheng Logistics Company Limited ("Chongqing Gangcheng")	Note (b)	25.0%	25.0%	33.0%	33.0%
Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC")		25.0%	25.0%	N/A	N/A

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) Chongqing Gangcheng is applying for the Western Development tax preferential (i.e., the tax at the applicable EIT rate is 15%)

The PRC Income Tax Law (the new income tax law) was approved on 16 March 2007 by the NPC and the new income tax law will be taken effective on 1 January 2008. According to the regulation of the continuous implementation of the Western Development tax preferential policies pursuant to the Notice on the Implementation of Preferential Policies of the State Council on Transition of Enterprise Income Tax, Document No [2007] 39, the tax at the applicable rates of the Company remains 15% from 2008 to 2010. The tax at the applicable rates of the Company's affiliates, Chongqing Gangcheng and Nanjing CMSC was adjusted to 25% on 1 January 2008.

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, 2008 (corresponding period in 2007: 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	
	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000
Profit before tax	71,049	46,444	37,306	27,950
Tax at the applicable EIT rates	10,657	6,967	5,596	4,193
EIT exemption	(166)	(3,591)	156	(1,799)
Expenses not deductible for tax purposes	252	209	(129)	(50)
Tax charge	<u>10,743</u>	<u>3,585</u>	<u>5,623</u>	<u>2,344</u>

The effective tax rate for the six-month period ended 30 June 2008 was 15.12% (2007: 7.72%).

7. 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 or for the three-month period ended 30 June 2008.

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000	2008 (unaudited) RMB'000	2007 (unaudited) RMB'000
Group's profit attributable to shareholders of the Company	<u>60,071</u>	<u>42,859</u>	<u>31,534</u>	<u>25,606</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>
Basic earnings per share (RMB per share)	<u>0.37</u>	<u>0.26</u>	<u>0.19</u>	<u>0.16</u>

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

8. Additions of property, plant and equipment

At 30 June 2008, the Group's original value of property, plant and equipment was approximately RMB241,497,000, and the net value was approximately RMB181,443,000.

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

	At 30 June 2008 (unaudited) RMB'000	At 31 December 2007 (audited) RMB'000	Changes during the reporting period RMB'000
Property, plant and equipment			
1. Buildings	183,412	147,357	36,055
2. Machinery	7,716	7,260	456
3. Office facilities	11,811	10,396	1,415
4. Transportation vehicle	34,229	29,041	5,188
5. Construction in progress	4,329	4,160	169
	<hr/> 241,497 <hr/>	<hr/> 198,214 <hr/>	<hr/> 43,283 <hr/>
Total	241,497	198,214	43,283

9. Prepaid lease payments

During the reporting period, the Group used approximately RMB54,909,000 (corresponding period in 2007: RMB1,967,000) for lease payment of land use right. At 30 June 2008, the net value of the Group's lease payment was approximately RMB122,487,000 (as at 31 December 2007: RMB67,458,000).

10. Investments in subsidiaries

As at 30 June 2008, the Company had direct interest in the following subsidiary:

Name of subsidiary	Place of incorporation and kind of legal entity	Registered capital RMB'000	Principal activities and place of operation	Investment amount RMB'000	Interest held	
					30 June 2008	31 December 2007
Chongqing Gangcheng	Chongqing, PRC, Limited liability company	9,980	Logistics service in PRC	9,980	100%	100%
Nanjing CMSC	Nanjing, PRC, Limited liability company	100,000	Logistics service in PRC	25,500 Note (a)	51%	51%

Note (a): As at 30 June 2008, 50% of the accumulated registered capital of Nanjing CMSC has been paid up and the Company held 51% equity interests in Nanjing CMSC. Beijing Changjiu Logistics Co., Ltd. and Sumitomo Corporation, the other two shareholders of Nanjing CMSC, held respectively 24% and 25% equity interests in Nanjing CMSC as at 30 June 2008.

11. Investments in associates

As at 30 June 2008, the Group's interest in its principal associates, all of which are unlisted, were as follows:

Name	Registered capital RMB'000	Location	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Profit/(loss) RMB'000	Interest held
Wuhan Chang'an Minfutong Logistics Company Limited ("Wuhan Minfutong")	10,000	Wuhan, PRC	7,743	2,546	1,619	490	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	20,000	Chongqing, PRC	13,949	4,941	8,161	(636)	45%

12. Trade receivables

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
Accounts receivable (Note (a))	38,527	23,568
Bills receivable (Note (b))	89,115	53,366
	<u>127,642</u>	<u>76,934</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 2008 was as follows:

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
0 to 90 days	27,779	12,485
91 to 180 days	6,515	6,814
181 to 365 days	5,598	5,022
Over 1 year	<u>5,299</u>	<u>4,376</u>
	45,191	28,697
Less: provision for impairment of receivable	<u>(6,664)</u>	<u>(5,129)</u>
Total	<u><u>38,527</u></u>	<u><u>23,568</u></u>

(b) Ageing analysis of bills receivable as at 30 June 2008 was as follows:

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
0 to 180 days	<u><u>89,115</u></u>	<u><u>53,366</u></u>

13. Due from related parties

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
Balance from rendering of services (Note a)	311,267	217,806
Balance of deposits for service quality guarantee	<u>5,996</u>	<u>9,652</u>
Total	<u><u>317,263</u></u>	<u><u>227,458</u></u>

Note:

- (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 2008 was as follows:

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
0 to 90 days	299,091	167,311
91 to 180 days	2,575	47,656
181 to 365 days	6,856	2,826
Over 1 year	2,745	13
	<hr/> 311,267 <hr/>	<hr/> 217,806 <hr/>
Total	311,267	217,806

14. Share capital

	As at 30 June 2008 (unaudited)		As at 31 December 2007 (audited)	
	Number of shares ('000)	Nominal value RMB'000	Number of shares ('000)	Nominal value RMB'000
Registered capital	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>	<u>162,064</u>
Issued and fully paid				
- domestic shares, par value RMB1.00	<u>107,064</u>	<u>107,064</u>	<u>107,064</u>	<u>107,064</u>
- H shares, par value RMB1.00	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>

15. Reserves

	Capital surplus RMB'000	Statutory surplus reserve fund RMB'000	Discretionary surplus reserve fund RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2007 (audited)	75,150	16,525	4,835	79,577	176,087
Net profit for the period	-	-	-	94,761	94,761
Dividend	-	-	-	(12,965)	(12,965)
Appropriation	-	9,977	-	(9,977)	-
At 31 December 2007 (audited)	75,150	26,502	4,835	151,396	257,883
Net profit for the period	-	-	-	28,537	28,537
At 31 March 2008 (unaudited)	75,150	26,502	4,835	179,933	286,420
Net profit for the period	-	-	-	31,534	31,534
Dividend	-	-	-	(12,965)	(12,965)
At 30 June 2008 (unaudited)	75,150	26,502	4,835	198,502	304,989

16. Trade and other payables

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
Accounts payable (Note (a))	180,213	169,894
Advance from customers	2,715	695
Bills payable	-	30,600
Other payable	72,111	76,647
Other tax	3,059	6,716
Total	258,098	284,552

Note:

(a) Ageing analysis of accounts payable as at 30 June 2008 was as follows:

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
0 to 90 days	177,526	164,568
91 to 180 days	1,378	3,911
181 to 365 days	557	731
Over 1 year	752	684
Total	<u>180,213</u>	<u>169,894</u>

17. Due to related parties

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
0 to 90 days	82,845	84,981
91 to 180 days	1,892	3,809
181 to 365 days	5,283	229
Over 1 year	817	588
Total	<u>90,837</u>	<u>89,607</u>

18. Commitments
 (a) Capital expenditure commitments

As at 30 June 2008, the capital expenditure commitments not provided for are as follows:

	As at 30 June 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
property, plant and equipment		
Contracted but not provided for	19,023	24,283
Authorized but not contracted for	124,540	56,297
Land lease		
Contracted but not provided for	-	13,501
	<hr/>	<hr/>
Total	143,563	94,081
	<hr/> <hr/>	<hr/> <hr/>

(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 2008 (unaudited) RMB'000	As at 31 December 2007 (audited) RMB'000
Not later than one year	5,267	2,869
Later than one year and not later than five years	3,047	1,571
	<hr/>	<hr/>
Total	8,314	4,440
	<hr/> <hr/>	<hr/> <hr/>

(c) Investment commitments

As at 30 June 2008, a total investment of RMB25,500,000 has been made in Nanjing CMSC by the Company, accounting for 51% of the total registered capital of Nanjing CMSC contributed by all its shareholders up to 30 June 2008. The board of directors of Nanjing CMSC will determine the timing of further capital injection in respect of the remaining balance of the registered capital of Nanjing CMSC in light of the operating condition of Nanjing CMSC. Upon the board approval of Nanjing CMSC on capital injection, the Company will contribute additional capital in accordance with its 51% equity holding in Nanjing CMSC.

19. Contingent liabilities

As at 30 June 2008, the Group did not have any significant contingent liabilities.

20. Pledge of assets and short term bank loan

As at 30 June 2008, buildings and property with a net value of approximately RMB38,261,000 and land use right of RMB29,105,000 belonging to the Group were utilized to secure a short term loan of RMB50,000,000 from the bank.

21. Foreign currency

The Group is exposed 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 during the reporting period. Save for this, as the transactions of the Group denominated in foreign currency were limited, the foreign currency risk has no material impact on the Group.



INTERIM DIVIDENDS

The Board does not propose the payment of an interim dividend for the six-month period ended 30 June 2008 (2007: nil).

The final dividend of 2007 of RMB0.08 per share, including tax, has been approved by the shareholders of the Company in the annual general meeting of the Company held on 20 June 2008 and will be paid on or before 31 August 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six-month period ended 30 June 2008, the Group recorded a turnover of approximately RMB863,051,000, representing an increase of approximately 28.62% over the same period of last year. The increase in turnover was due to the steady increase of the vehicle production volume and stronger sales of our existing customers as well as the more active market exploration activities of the Company. Compared with the corresponding period of last year, the income from supply chain management of automobile materials and components & parts increased approximately 48% whilst the income from transportation of non-vehicle commodities increased approximately 77%. The income from transportation of finished vehicles and supply chain management of car components and parts for the six-month period ended 30 June 2008 represented respectively 60.83% and 32.42% of the Group's total turnover (2007: 66.96% and 28.14%, 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 2008, despite the impact of the snow storm in the PRC and the earthquake in Sichuan on 12 May 2008 on the PRC's macro economy as well as the domestic automobile industry remained highly competitive, the Group's gross profit margin increased to 13.09% during the reporting period from 10.59% in the corresponding period of last year and the net profit margin increased to 6.96% during the reporting period from 6.39% in the corresponding period of last year, due to the continuously steady increase in the production & sales volume of the Company's major customers and the rapid increase in income and portion of the supply chain management of auto materials and components & parts and the transportation of non-vehicle commodities. At the same time, the Group's profit attributable to the shareholders of the Company for the six-month period ended 30 June 2008 was approximately RMB60,071,000 (2007: RMB42,859,000), representing an increase of approximately 40.16%.

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 2008, the cash and bank balance was approximately RMB 116,912,000, representing a decrease of over RMB100,000,000 than RMB264,705,000 which was the balance ended 31 December 2007. The decrease was due to the fact that one of the major customers of the Company had made the advance sales payment of approximately RMB110,000,000 to us at the end of 2007 in respect of the logistics services to be provided by us in 2008. This had led to the significant decrease in cash flow from operating activities during the reporting period.

As at 30 June 2008, the total assets of the Group amounted to approximately RMB912,115,000 (31 December 2007: RMB852,630,000). The Group had current liabilities of approximately RMB420,515,000 (31 December 2007: RMB408,248,000), non-current liabilities of approximately RMB902,000 (31 December 2007: RMB1,025,000) and shareholders' equity excluding minority interest of approximately RMB467,053,000 (31 December 2007: RMB419,947,000).

Capital structure

For the six-month period ended 30 June 2008, there was no change to the Company's capital structure.

Gearing and liquidity ratio

As at 30 June 2008, the ratio between the total liabilities and the total assets of the Group was 46.20% (31 December 2007: 48.00%). The gearing ratio of the Group (the ratio of bank loans to total equity) was 10.19% (31 December 2007: 6.77%).

Foreign currency risk

As a 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 has led to an exchange loss. For the six-month period ended 30 June 2008, the exchange loss incurred by the Company due to the appreciation of RMB was RMB533,000.

EMPLOYEE AND REMUNERATION POLICY

The Company had 2,965 employees as at 30 June 2008 (31 December 2007: 2,750). 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 2008, the Group's revenue rose significantly due to the expansion of the sales of the PRC automobile market and the continuing increase of car production and sales volume of the Group's customers. We will continue to make use of our competitive advantages and strong customer base to increase our market share, improve our logistics network construction and actively explore other areas of the automobile logistics market so as to keep the growth momentum of the Group. The Company is fully confident about the future development of the Company in the second half of 2008 and will try its best to maximize the return to the shareholders of the Company.

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

The H shares of the Company were listed on GEM of the Stock Exchange on 23 February 2006. The proceeds from the listing are used pursuant to the disclosure in the prospectus of the Company dated 16 February 2006 (the "Prospectus") and the usage approved by the annual general meeting of the Company held on 31 May 2007.

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 for Changan Ford in Chongqing. These projects have been completed and put into use. For detailed information please refer to the 2006 Annual Report and 2007 Annual Report 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 2006 Annual Report and 2007 Annual Report of the Company.

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



Having regard to the progress of construction of the logistics facilities in Chongqing used to cope with the production expansion plan of Changan Ford Mazda (“CFM Chongqing Expanding Project”) and the increased budget involved, the annual general meeting of the company which was held on 31 May 2007 approved the reduction of the originally planned proceeds invested in the construction of phase 1 and phase 2 of Changan Ford’s regional distribution center in Nanjing (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. Up to 31 December 2007, the Company used the HK\$24,000,000 in full for the purpose of the CFM Nanjing Project. Please refer to the 2007 Annual Report of the Company for further details.

During the six-month period ended 30 June 2008, the Company has invested HK\$17,660,000 in the CFM Chongqing Expanding Project. Up to 30 June 2008, the HK\$40,000,000 listing proceeds reallocated from the CFM Nanjing Project to the CFM Chongqing Expanding Project was used in full. Please refer to the 2007 Annual Report of the Company.

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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings (the “Code”) and set out in rules 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 new session of the Board was elected on the annual general meeting of the Company held on 20 June 2008. Please refer to the Company's announcement dated 15 April 2008 and circular dated 5 May 2008 for more details.

The Company's second Board contains 14 directors, in which 5 are executive directors, 6 are non-executive directors and 3 are independent non-executive directors. The Board considers that the executive directors and non-executive directors in the Board represent a reasonable balance and such composition is in the interests of the Company and its shareholders. The non-executive directors and independent non-executive directors provide constructive advice in relation to 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.

CESSATION OF DIRECTOR

The new session of the Board was elected by the shareholders of the Company on the annual general meeting of the Company held on 20 June 2008. Since Ms. Cao Dongping (a former non-executive director) retired by rotation and did not offer herself for re-election, Ms. Cao Dongping ceased to be a director of the Company on 20 June 2008. Please refer to the announcement of the Company dated 24 June 2008 for more details.

BOARD CHAIRMAN AND GENERAL MANAGER

The 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 encourages all directors, including independent non-executive directors, to contribute to the Board and the 3 committees.

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.



During the reporting period, the audit committee held three meetings.

The audit committee met on 5 March 2008 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2007, listened to the auditor's suggestions for the Company and approved the 2007 annual report.

The audit committee met on 28 April 2008 to review the unaudited quarterly report of the Group for the three months ended 31 March 2008, and approved such report.

The audit committee met on 28 July 2008 to review the unaudited interim report of the Group for the six months ended 30 June 2008, and approved such report.

REMUNERATION COMMITTEE

The Company has established a remuneration committee, pursuant to the requirements under the GEM Listing Rules and its duties and responsibilities have been properly laid down. The principal responsibilities of the remuneration committee include making proposals to the Board in respect of the overall remuneration policy and structures of the directors and senior management.

The Remuneration Committee has 5 members. Mr. Yin Jiaxu is the chairman and the other members are Mr. James H McAdam, 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 requirements under the GEM Listing Rules and its duties and responsibilities have been properly laid down. The principal responsibilities of the nomination Committee are to continually review the structure and composition of the Board, enhance the corporate governance of 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 HELD BY THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at the date of this interim report, 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 is 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 the date of this interim report, the directors, chief executive and the supervisors of the Company 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 it have any interest, either direct or indirect, in any assets which have been, since 31 December 2007, 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 the date of this interim report, so far as is known to the directors and chief executive of the Company, the following person, 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 provision 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 shares capital carrying rights to vote in all circumstances, at general meetings of the Company; or are required, pursuant to Sections 336 of the SFO, to be entered in the register referred to therein:

Long positions 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%
	Interest of a controlled corporation	796,512	0.74%	-	0.49%
Changan Co. (Note 1)					
APL Logistics Ltd. (“APLL”)	Beneficial owner	33,619,200	31.40%	-	20.74%
Minsheng Industrial (Group) Co., Ltd. (“Minsheng Industrial”)	Beneficial owner	25,774,720	24.07%	-	15.91%
	Interest of a controlled corporation	7,844,480	7.33%	-	4.84%
Minsheng Industrial (Note 2)					
Ming Sung Industrial Co., (HK) Limited (“Ming Sung (HK)”) (Note 2)	Beneficial owner	7,844,480	7.33%	-	4.84%
Atlantis Investment Management Ltd	Investment manager	15,287,000	-	27.79%	9.43%
	Investment manager	4,000,000	-	7.27%	2.47%
788 China Fund Ltd.					
	Holding guarantee interest of the share	3,500,000	-	6.36%	2.16%
Acru China+Absolute Return Fund Limited (Note 3)					
	Investment manager	3,500,000	-	6.36%	2.16%
Acru Asset Investment Limited (Notes 3 & 4)					
	Investment manager	3,500,000	-	6.36%	2.16%
Acru Asset Management Limited (Note 4)					
	Investment manager	3,500,000	-	6.36%	2.16%
Chan Lee Wang (Note 4)					
	Investment manager	3,500,000	-	6.36%	2.16%
Lau Hing Sang (Note 4)					
	Investment manager	3,500,000	-	6.36%	2.16%
Ajia Partners Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner	3,315,000	-	6.03%	2.05%

Note 1: Changan Industrial Company Limited, Changan Co.’s subsidiary, holds 0.49% of the Company.

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

Note 3: Acru China+Absolute Return Fund Limited or its directors used to follow the directions of Acru Asset Investment Limited

Note 4: Chan Lee Wang and Lau Hing Sang are both the controllers of Acru Asset Investment Limited and Acru Asset Management Limited.

As at the date of this interim report, the management shareholders (interests in the shares and underlying shares of the Company held by the management shareholders such as Changan Co., Minsheng Industrial, APL Logistics and Ming Sung (HK) are as disclosed above) hold interests in the shares and underlying shares of the Company as follows:

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 Industrial Company Limited	Beneficial owner	796,512	0.74%	-	0.49%

Save as disclosed in this interim report, as at the date of this interim report, so far as is known to the directors and chief executive of the Company, there is no other person (other than the director, supervisors, or chief executive of the Company) who had interests or short positions in the provisions of Divisions 2 and 3 of Part XV of the SFO; or had a direct or indirect interests 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.

COMPETING INTERESTS

The Company has entered into a non-competition undertaking in favor of the Company with each of its management 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 2007 annual report of the Company.

CONTINUING CONNECTED TRANSACTION

For the six-month period ended 30 June 2008, the turnover generated from the continuing connected transaction between the Group and the connected persons (as defined in the GEM Listing Rules) was approximately RMB773,409,000, which accounted for approximately 89.61% of our total turnover during the reporting period.

For the six-month period ended 30 June 2008, the cost of purchasing transportation services from connected persons (as defined in the GEM Listing Rules) was approximately RMB152,438,000, which accounted for approximately 20.32% of our total cost of sales during the reporting period.

For the six-month period ended 30 June 2008, the cost of purchasing engineering construction services from connected persons (as defined in the GEM Listing Rules) was approximately RMB23,155,000.

INTEREST OF COMPLIANCE ADVISOR

As at the date of 30 June 2008, 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 2008, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

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

By the Order of the Board
Changan Minsheng APPL Logistics Co.,Ltd.

Yin Jiayu
Chairman

Chongqing, the PRC
5 August 2008

As at the date of this report the Board comprises

Executive directors:

Mr. Yin Jiayu
Mr. Zhang Baolin
Mr. Lu Xiaozhong
Mr. Shi Chaochun
Mr. James H McAdam

Non-executive directors:

Mr. Lu Guoji
Mr. Huang Zhangyun
Mr. Daniel C Ryan
Mr. Li Ming
Mr. Wu Xiaohua
Ms. Lau Man Yee, Vanessa

Independent non-executive directors:

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