



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)



2010 Interim Report

*For identification purpose only

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This report includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange of Hong Kong 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, 2010, the unaudited revenue of the Group was approximately Renminbi (“RMB”)1,350,046,000, representing an increase of approximately 48.87% from the corresponding period in 2009.
- For the six-month period ended 30 June, 2010, the unaudited profit attributable to equity holders of the Company was approximately RMB88,380,000, representing an increase of approximately 50.26% from the corresponding period in 2009.
- For the six-month period ended 30 June, 2010, the unaudited basic earnings per share were RMB0.55 (corresponding period in 2009: RMB0.36).
- The Board does not propose the payment of an interim dividend for the six-month period ended 30 June, 2010.

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, 2010 as follows:

CONDENSED consolidated BALANCE SHEET

		As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
	Note		
Assets			
Non-current assets			
Property, plant and equipment	4	231,957	174,542
Prepaid lease payments	5	152,107	129,653
Intangible assets		2,902	2,915
Investments in associates	6	17,875	16,811
Deferred income tax assets		8,492	6,866
Total non-current assets		413,333	330,787
Current assets			
Inventories		4,738	4,186
Trade receivables	7	95,790	177,498
Prepayment and other receivables		59,698	19,142
Due from related parties	8	342,425	369,527
Restricted cash		-	9,300
Cash and cash equivalents		436,700	314,362
Total current assets		939,351	894,015
Total assets		1,352,684	1,224,802

		As at 30 June 2010	As at 31 December 2009
		(unaudited)	(audited)
Note		RMB'000	RMB'000
Equity			
Equity attributable to owners of the parent			
	9	162,064	162,064
	10	127,016	127,016
	10		
			14,586
		407,640	319,260
		60,431	39,549
		757,151	662,475
Liabilities			
Non-current liabilities			
		7,176	7,707
		7,176	7,707
Current liabilities			
	11	387,613	424,731
	12	120,047	113,787
		14,586	-
		50,000	-
		16,111	16,102
		588,357	554,620
		595,533	562,327
		1,352,684	1,224,802
		350,994	339,395
		764,327	670,182

CONDENSED consolidated statement OF COMPREHENSIVE INCOME

	Note	For the six-month period ended 30 June		For the three-month period ended 30 June	
		2010	2009	2010	2009
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		RMB'000	RMB'000	RMB'000	RMB'000
Revenue	13	1,350,046	906,854	770,941	523,579
Cost of sales		(1,165,786)	(787,510)	(657,159)	(455,737)
Gross profit		184,260	119,344	113,782	67,842
Other income		1,967	535	1,808	173
Distribution costs		(38,185)	(27,130)	(21,724)	(15,956)
Administrative expenses		(33,831)	(21,088)	(21,945)	(13,012)
Operating profit		114,211	71,661	71,921	39,047
Finance income		1,433	714	787	284
Finance costs	14	(398)	-	(228)	-
Finance income- net		1,035	714	559	284
Share of profit of associates		1,194	242	495	1,067
Profit before income tax	15	116,440	72,617	72,975	40,398
Income tax expense	16	(20,703)	(11,936)	(14,238)	(6,598)
Profit for the period		95,737	60,681	58,737	33,800
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		95,737	60,681	58,737	33,800
Profit and total comprehensive income attributable to:					
Equity holders of the Company		88,380	58,817	51,356	31,957
Minority interest		7,357	1,864	7,381	1,843
		95,737	60,681	58,737	33,800
Earnings per share for profit attributable to the equity holders of the Company	17				
-basic and diluted		RMB 0.55	RMB 0.36	RMB 0.32	RMB 0.20
Dividends		-	-	-	-

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited				Total equity
	Attributable to shareholders of the Company			Minority interest	
	Share Capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000		
Balance at 1 January 2009	162,064	115,632	229,581	26,854	534,131
Comprehensive income					
Profit for the period	-	-	58,817	1,864	60,681
Transactions with owners					
Dividends	-	-	(14,586)	-	(14,586)
Balance at 30 June 2009	<u>162,064</u>	<u>115,632</u>	<u>273,812</u>	<u>28,718</u>	<u>580,226</u>
Balance at 1 January 2010	162,064	127,016	333,846	39,549	662,475
Comprehensive income					
Profit for the period	-	-	88,380	7,357	95,737
Transactions with owners					
Dividends	-	-	(14,586)	(13,475)	(28,061)
Capital injection by minority shareholders	-	-	-	27,000	27,000
Balance at 30 June 2010	<u>162,064</u>	<u>127,016</u>	<u>407,640</u>	<u>60,431</u>	<u>757,151</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six-month period ended 30 June	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Cash flows from operating activities		
Cash generated from operations	176,249	30,564
Interest paid	(128)	-
Income tax paid	(26,097)	(11,456)
Net Cash generated from operating activities	150,024	19,108
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(68,503)	(10,503)
Increase in prepaid lease payments	(24,319)	(11,470)
Proceeds from disposal of property, plant and equipment	176	77
Interest received	1,435	571
Net Cash used in investing activities	(91,211)	(21,325)
Cash flows from financing activities		
New short-term loans	50,000	50,000
Capital contributions from minority shareholder	27,000	-
Dividends paid	(13,475)	-
Net Cash used in financing activities	63,525	50,000
Net increase in cash and cash equivalents	122,338	47,783
Cash and cash equivalents at beginning of the period	314,362	133,239
Exchange gains on cash	-	5
Cash and cash equivalents at end of the period	436,700	181,027

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 Liang Jing Cun, Yuan Yang Town, Yu Bei District, Chongqing, the PRC.

The H Shares of the Company have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited in February 2006.

This consolidated interim financial information has not been audited.

2. Basis Of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. 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, amortisation 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 six-month period ended 30 June 2010 is as follows:

	Transportation and supply chain management for vehicle commodities	Transportation of non-vehicle commodities	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	1,253,107	65,905	31,034	1,350,046
Inter-segment revenue	-	-	-	-
Revenue from external customers	1,253,107	65,905	31,034	1,350,046
Adjusted operating profit	120,925	12,744	4,034	137,703
Total assets	355,936	25,739	2,284	383,959

The segment information for the six-month period ended 30 June 2009 is as follows:

	Transportation and supply chain management for vehicle commodities	Transportation of non-vehicle commodities	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	847,859	49,627	9,368	906,854
Inter-segment revenue	-	-	-	-
Revenue from external customers	847,859	49,627	9,368	906,854
Adjusted operating profit	82,342	8,648	1,084	92,074
Total assets	353,643	25,573	2,269	381,485

Sales between segments are carried out without profit making. The revenue from external parties reported to the general manager meeting is measured in a manner consistent with that in the consolidated statement of comprehensive income.

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

	For the six-month period ended 30 June	
	2010 RMB'000	2009 RMB'000
Adjusted operating profit for reportable segments	133,669	90,990
Other segments adjusted operating profit	4,034	1,084
Total segments	137,703	92,074
Depreciation and amortisation included in cost of sales and distribution cost	(12,331)	(11,796)
Other income	1,967	535
Administrative expenses	(33,831)	(21,088)
Finance income – net	1,035	714
Share of profit of associates	1,194	242
Profit before income tax	95,737	60,681

Reportable segments' assets are reconciled to total assets as follows:

	June 30th 2010 RMB'000	December 31 st 2009 RMB'000
Segment assets for reportable segments	381,675	400,106
Other segments assets	2,284	2,394
Unallocated:		
Property, plant and equipment	231,957	174,542
Prepaid lease payments	152,107	129,653
Intangible assets	2,902	2,915
Investments in associates	17,875	16,811
Deferred income tax assets	8,492	6,866
Other current assets	555,392	491,515
Total assets per balance sheet	1,352,684	1,224,802

The entity is domiciled in China. All its revenue from external customers are derived from PRC, and all the non-current assets (there are no financial instrument, employment benefit assets and rights arising under insurance contracts) are located in PRC.

Revenue of approximately RMB483 million, RMB387 million and RMB201 million (for the six months ended 30 June 2009: RMB342 million, RMB219 million and RMB87 million) are derived from three external customers, respectively. These revenues are attributable to transportation and supply chain management for vehicle commodities segment.

4. Property, Plant And Equipment

At 30 June 2010, the Group's original value of property, plant and equipment was approximately RMB337,059,000, and the net value was approximately RMB231,957,000.

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

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000	Changes during the reporting period RMB'000
Buildings	202,414	199,527	2,887
Machinery	13,313	10,539	2,774
Office facilities	15,236	14,025	1,211
Transportation vehicle	90,975	37,847	53,128
Construction in progress	15,121	4,604	10,517
Total	337,059	266,542	70,517

5. Prepaid Lease Payments

During the reporting period, the Group used approximately RMB24,319,000 (corresponding period in 2009: RMB11,470,000) for lease payment of land use right. As at 30 June 2010, the net value of the Group's lease payment was approximately RMB152,107,000 (as at 31 December 2009: RMB129,653,000).

6. Investments In Associates

As at 30 June 2010, the Company had interest in the following main associates (non-listed):

Name	Registered capital RMB'000	Location	Assets RMB'000	liabilities RMB'000	Revenue RMB'000	Profit RMB'000	Interest held
Wuhan Chang'an Minfutong Logistics Company Limited ("Wuhan Minfutong")	10,000	Wuhan, PRC	25,597	5,394	4,122	1,341	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	20,000	Chongqing, PRC	32,651	6,847	24,976	1,730	45%

7. Trade Receivables

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
Accounts receivable <i>(Note (a))</i>	61,971	49,046
Less: provision for impairment of receivables	(7,460)	(6,338)
Accounts receivable net	54,511	42,708
Bills receivable <i>(Note (b))</i>	41,279	134,790
	95,790	177,498

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 2010 was as follows:

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
0 to 90 days	37,979	34,196
91 to 180 days	9,498	5,223
181 to 365 days	8,308	4,066
Over 1 year	6,186	5,561
	61,971	49,046

(b) Ageing analysis of bills receivable as at 30 June 2010 was as follows:

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
0 to 180 days	41,279	134,790

8. Due From Related Parties

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
Balance from rendering of services (Note a)	336,099	362,680
Less: provision for impairment of due from related parties	<u>(526)</u>	<u>(523)</u>
Subtotal	335,573	362,157
Balance of deposits for service quality guarantee	990	4,983
Prepayments for transportation services	288	1,300
Other receivables	<u>5,574</u>	<u>1,087</u>
Total	<u><u>342,425</u></u>	<u><u>369,527</u></u>

Note:

(a) The Group offers credit terms to its related parties ranging from cash on delivery to 90 days. Ageing analysis of trading balance from rendering of services as at 30 June 2010 was as follows:

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
0 to 90 days	318,569	356,856
91 to 180 days	13,792	2,446
181 to 365 days	2,556	1,449
Over 1 year	<u>1,182</u>	<u>1,929</u>
Total	<u><u>336,099</u></u>	<u><u>362,680</u></u>

9.Share Capital

	As at 30 June 2010(unaudited)		As at 31 December 2009(audited)	
	Number of shares	Nominal value RMB	Number of shares	Nominal value RMB
Registered capital	162,064,000	162,064,000	162,064,000	162,064,000
Issued and fully paid				
-domestic shares, par value RMB1.00	65,600,320	65,600,320	65,600,320	65,600,320
- non-H foreign shares, par value RMB1.00	41,463,680	41,463,680	41,463,680	41,463,680
- H shares, par value RMB1.00	55,000,000	55,000,000	55,000,000	55,000,000

10.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 2009 (audited)	75,150	35,647	4,835	229,581	345,213
Profit for the year (audited)	-	-	-	130,235	130,235
Dividends	-	-	-	(14,586)	(14,586)
Appropriation	-	11,384	-	(11,384)	-
At 31December 2009 (audited)	75,150	47,031	4,835	333,846	460,862
Profit for the period (unaudited)	-	-	-	37,024	37,024
At 31 March 2010 (unaudited)	75,150	47,031	4,835	370,870	497,886
Profit for the period (unaudited)	-	-	-	51,356	51,356
Dividends	-	-	-	(14,586)	(14,586)
At 30 June 2010(unaudited)	75,150	47,031	4,835	407,610	534,656

11.Trade And Other Payables

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
Accounts payable (Note (a))	304,013	325,769
Bills payable	-	14,400
Other payables	81,973	82,298
Other taxes	1,627	2,264
Total	387,613	424,731

Note (a):

Ageing analysis of accounts payable as at 30 June 2010 was as follows:

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
0 to 90 days	297,298	324,049
91 to 180 days	6,128	1,178
181 to 365 days	231	70
Over 1 year	356	472
Total	<u>304,013</u>	<u>325,769</u>

12. Due To Related Parties

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
Balance from transportation services provided by related parties	65,838	82,383
Balance from construction services provided by related parties	2,583	7
Advances for rendering of services	49,218	25,949
Other payables	2,408	5,448
Total	<u>120,047</u>	<u>113,787</u>

Ageing analysis of due to related parties as at 30 June 2010 was as follows:

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
0 to 90 days	116,029	109,893
91 to 180 days	1,283	1,365
181 to 365 days	587	469
Over 1 year	2,148	2,060
Total	<u>120,047</u>	<u>113,787</u>

13.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 2010 are as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Transportation of finished vehicles	890,533	608,576	485,151	375,873
Supply chain management for automobile components and parts	384,324	240,312	235,442	113,658
Transportation of non-vehicle commodities	65,905	49,627	42,511	26,740
Others	9,284	8,339	7,837	7,308
Total	<u>1,350,046</u>	<u>906,854</u>	<u>770,941</u>	<u>523,579</u>

14.Finance Costs

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Interest expense	128	-	128	-
Exchange losses	70	-	67	-
Others	200	-	33	-
Total	<u>398</u>	<u>-</u>	<u>228</u>	<u>-</u>

15.Profit Before Income Tax

For the six-month period ended 30 June 2010, 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	
	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000	2010 (unaudited) RMB'000	2009 (unaudited) RMB'000
Depreciation and amortization	14,902	14,433	7,758	6,929
Employee benefit expense	97,895	63,369	49,579	38,335

16. Income Tax Expense

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2010	2009	2010	2009
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
Current PRC corporate income tax ("CIT")	22,329	11,425	15,727	5,734
Deferred tax	(1,626)	511	(1,489)	864
Total	20,703	11,936	14,238	6,598

The Company and its subsidiaries are subject to different CIT rates, which are shown as follows:

	For the six-month period ended 30 June	
	2010 CIT rate	2009 CIT rate
The Company	15.0%	15.0%
Chongqing CMAL Boyu Logistics Company Limited ("Chongqing Boyu")	15.0%	15.0%
Nanjing CMSC Logistics Company Limited ("Nanjing CMSC")	25.0%	25.0%
Chongqing Changan Mingsheng Future Bonded Logistics Co, Ltd ("Chongqing MFBL")	25.0%	25.0%
Chongqing Changan Mingsheng Dingjie Logistics Co, Ltd ("Chongqing Dingjie")	25.0%	N/A

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law was effective from 1 January 2008. Pursuant to detailed measures of the new CIT Law in respect of West China Development Champion, the applicable CIT rate of each of the Company and Chongqing Boyu is 15% from 2008 to 2010. The applicable CIT rate of Nanjing CMSC is 25% from 1 January 2008 onwards. The applicable CIT rate of Chongqing MFBL is 25% from its establishment date on 18 March 2009. The applicable CIT rate of Chongqing Dingjie is 25% from its establishment date on 30 April 2010.

No provision for Hong Kong profits tax was made as the Group had no assessable profit arising in or derived from Hong Kong for the six-month period ended 30 June, 2010 (corresponding period in 2009: nil).

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2010	2009	2010	2009
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
Profit before tax	<u>116,440</u>	<u>72,617</u>	<u>72,975</u>	<u>40,398</u>
Tax calculated at actual tax rates applicable to each group entities	21,296	11,381	14,790	6,206
Expenses not deductible for tax purposes	131	591	68	478
Share of profit of associates	(179)	(36)	(74)	(86)
Others	<u>(545)</u>	<u>-</u>	<u>(546)</u>	<u>-</u>
Tax charge	<u>20,703</u>	<u>11,936</u>	<u>14,238</u>	<u>6,598</u>

The effective tax rate for the six-month period ended 30 June 2010 was 17.78% (2009: 16.44%).

17. 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 2010.

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2010	2009	2010	2009
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
Group's profit attributable to equity holders of the Company	<u>88,380</u>	<u>58,817</u>	<u>51,356</u>	<u>31,957</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>0.55</u>	<u>0.36</u>	<u>0.32</u>	<u>0.20</u>

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

18. Commitments Of The Group

(a) Capital expenditure commitments

As at 30 June 2010, the capital expenditure commitments not provided for are as follows:

	As at 30 June 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
Property, plant and equipment <i>- Contracted but not provided for</i>	<u>790</u>	<u>18,006</u>
Total	<u><u>790</u></u>	<u><u>18,006</u></u>

(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 2010 (unaudited) RMB'000	As at 31 December 2009 (audited) RMB'000
Not more than one year	4,676	6,588
More than one year and less than five years	<u>1,888</u>	<u>289</u>
Total	<u><u>6,564</u></u>	<u><u>6,877</u></u>

19. Contingent Liabilities

On 18 May 2010, a fire broke out in a warehouse which is used by Penglai Branch of the Company. In this regard, certain car components and parts owned by the customers of the Company were damaged. All such car components and parts and so on in the warehouse were insured under an all-risk insurance policy from the Peoples Insurance Company of China. As at 30 June 2010, discussion with relevant parties regarding indemnification and compensation is still in process.

20. Foreign Currency

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 2010 (corresponding period in 2009: nil).

The final dividend of 2009 of RMB0.09 per share, including tax, has been approved by the shareholders of the Company in the annual general meeting of the Company held on 30 June 2010 and will be paid on or before 30 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half year of 2010, although the world still hasn't shaken off the shadow of the financial crisis, PRC government had made the stimulating domestic demand as the fundamental standing point to boost China's economic growth and had implemented package plans to promote the economic which caused China's economy keeping a fast increasing momentum. From January to June 2010, China's automobile market still kept rapid growth benefitted from China's rapid economic growth. According to the statistics made by China Association of Automobile Manufacturers, for the first half year of 2010, the production and sales volume of automobiles in the PRC was respectively approximately 8,927,300 vehicles and 9,016,100 vehicles, representing an increase of 48.84% and 47.67% from the same period in 2009, which keeping a rapid developing momentum. For the six-month period ended 30 June 2010, both the production and sales volume of the Group's customers exceeded 900,000 vehicles. During the six-month period ended 30 June 2010, with the efforts of all staff of the Group, the Group recorded total revenue of approximately RMB1,350,046,000, representing an increase of approximately 48.87% from the same period of last year. The income from transportation of finished vehicles and supply chain management of car components and parts for the six-month period ended 30 June 2010, representing respectively 65.96% and 28.47% of the Group's total revenue (for the six-month period ended 30 June 2009: 67.11% and 26.50% respectively). The detailed breakdown of revenue is set out in Note 13 to the section headed "Condensed Consolidated Statement of Comprehensive Income" of this report.

For the six-month period ended 30 June 2010, the domestic automobile market saw a rapid increasing momentum. Although facing the impact of unfavorable factors such as rise of oil prices, the Group had strengthened its logistics cost and internal management cost control. The Group's gross profit margin and the net profit margin almost maintained stably, reaching respectively 13.65% (for the same period in 2009: 13.16%) and 7.09% (for the same period in 2009: 6.96%). The Group's profit attributable to the equity holders of the Company for the six-month period ended 30 June 2010 increased approximately 50.26% to approximately RMB 88,380,000 (from RMB58,817,000 in the corresponding period in 2009).

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 bank loans.

As at 30 June 2010, the cash and bank balance was approximately RMB436,700,000 (31 December 2009: RMB323,662,000). As at 30 June 2010, the total assets of the Group amounted to approximately RMB1,352,684,000 (31 December 2009: RMB1,224,802,000). The Group had current liabilities of approximately RMB588,357,000 (31 December 2009: RMB554,620,000), non-current liabilities of approximately RMB7,176,000 (31 December 2009: RMB7,707,000), shareholders' equity excluding minority interest of approximately RMB696,720,000 (31 December 2009: RMB622,926,000) and minority interest of approximately RMB60,431,000 (31 December 2009: RMB39,549,000).

Capital structure

For the six-month period ended 30 June 2010, there was no change to the Company's capital structure.

Gearing and liquidity ratio

As at 30 June 2010, the assets-liabilities ratio (that is the ratio between the total liabilities and the total assets) of the Group was 44.03% (31 December 2009: 45.91%). The gearing ratio between the total liabilities and the total equity of the Group was 0.79:1 (31 December 2009: 0.85:1).

Foreign currency risk

As the transactions of the Group denominated in foreign currency were limited, the foreign currency risk does not have material impact on the Group.

EMPLOYEE AND REMUNERATION POLICY

The Company had 4,201 employees as at 30 June 2010 (31 December 2009: 3,650). The salaries of the employees are determined 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

With China's economy further opening to the outside of the world and the continuing development of logistics industry, the Company expects that the future Chinese automobile logistics market would be full of challenges and keen competition. For the next half year of 2010, although facing the fierce competition in the automobile logistics market, the Group will continue to leverage on our competitive advantages, keep actively implementing professional development strategies; actively explore the service area of the automobile logistics market, explore for the increasing income space; capture more market share, improve logistics network construction and seek for more growing chances.

CORPORATE GOVERNANCE

During the reporting period, the Company has complied with the code provisions set out in Code on 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 set out in rules 5.48 to 5.67 of the GEM Listing Rules (the “Code”). After making specific enquiries to all directors, the Company is not aware of any non-compliance with the Code.

Board of Directors

The Board comprises 14 directors, including 5 executive directors, 6 non-executive directors and 3 independent non-executive directors. The Board considers that the Board’s composition has maintained a reasonable balance between a total of 9 non-executive and independent non-executive directors and 5 executive directors. The 9 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, of whom at least one has appropriate professional qualification and financial management expertise. The Company considers that each of the independent non-executive directors has complied with the guidelines on independence set out in rule 5.09 of the GEM Listing Rules. The term of office of each independent non-executive director does not exceed 9 years.

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

Cessation and Appointment of Directors

On 19 March 2010, the Company received the letters of resignation from Mr. James H McAdam and Mr. Joseph F Lee. Due to the changes in job responsibilities, Mr. James H McAdam and Mr. Joseph F Lee resigned as directors and other positions in the Company. Please refer to the announcement of the Company published on 19 March 2010 for more details.

In the annual general meeting held on 30 June 2010, Mr. William K Villalon was elected as an executive director of the Company and Mr. Danny Goh Yan Nan was elected as a non-executive director of the Company. Please refer to the announcement of the Company published on 30 June 2010 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.

Up to the date of this report, the audit committee held three meetings in 2010.

The audit committee met on 12 March 2010 to review and discuss the Group's annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2009, listened to the auditor's suggestions for the Company and approved the 2009 Annual Report.

The audit committee met on 5 May 2010 to review the unaudited quarterly report of the Group for the three months ended 31 March 2010, and approved such report.

The audit committee met on 26 July 2010 to review the unaudited interim report of the Group for the six months ended 30 June 2010, 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 currently 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 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 currently 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 30 June 2010, 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 30 June 2010, 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 2009 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 30 June 2010, so far as is known to the directors and chief executive of the Company, the following persons, other than a director, supervisor, or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company; or are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Capacity	Number of shares	Percentage of domestic shares (non-H foreign shares included)	Percentage of H shares	Percentage of total registered share capital
Chongqing Changan Industry Company (Group) Limited ("Changan Industry Co.") (Note 2)	Beneficial owner	39,029,088 (L)	36.45%	—	24.08%
Changan Industry Co. (Note 2)	Interest of a controlled corporation	796,512 (L)	0.74%	—	0.49%
Chongqing Changan Industrial Company Limited (Changan Industrial) (Note 2)	Beneficial owner	796,512(L)	0.74%	—	0.49%
APL Logistics Ltd. ("APLL")	Beneficial owner	33,619,200(L)	31.40%	—	20.74%
Minsheng Industrial (Group) Co., Ltd. ("Minsheng Industrial")	Beneficial owner	25,774,720 (L)	24.07%	—	15.90%
Minsheng Industrial (Note 3)	Interest of a controlled corporation	7,844,480 (L)	7.33%	—	4.84%

Ming Sung Industrial Co., (HK) Limited ("Ming Sung (HK)")	Beneficial owner	7,844,480 (L)	7.33%	—	4.84%
Atlantis Investment Management Ltd	Investment manager	10,403,000(L)	—	18.91%	6.42%
Liu Yang (Note 4)	Investment manager	10,403,000(L)	—	18.91%	6.42%
The Northern Trust Company(ALA)	Others	5,403,000(P)	—	9.82%	3.33%
788 China Fund Ltd.	Investment manager	4,000,000 (L)	—	7.27%	2.47%
Braeside Investments,LLC (Note 5)	Investment manager	3,423,000 (L)	—	6.22%	2.11%
Braeside Management,LP (Note 5)	Investment manager	3,423,000 (L)	—	6.22%	2.11%
McIntyre Steven (Note 5)	Interest of a controlled corporation	3,423,00 (L)	—	6.22%	2.11%

Note 1: (L) – long position, (S) – short position, (P) - Lending Pool.

Note 2: Changan Industrial is the wholly owned subsidiary of Changan Industry Co.

Note 3: Ming Sung (HK) is the subsidiary of Minsheng Industrial.

Note 4: Liu Yang is the controlling shareholder of Atlantis Investment Management Limited.

Note 5: McIntyre Steven is the controller of Braeside Investments, LLC and Braeside Investments, LLC is the controller of Braeside Management, LP.

Save as disclosed above, as at 30 June 2010, 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.

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 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 2009 Annual Report of the Company.

CONTINUING CONNECTED TRANSACTIONS

For the six-month period ended 30 June 2010, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the GEM Listing Rules) was approximately RMB1,195,259,000, which accounted for approximately 88.53% of the total revenue during the reporting period.

For the six-month period ended 30 June 2010, the cost of purchasing transportation services from connected persons (as defined in the GEM Listing Rules) was approximately RMB107,082,000, which accounted for approximately 9.19% of the cost of sales during the reporting period.

For the six-month period ended 30 June 2010, the cost of purchasing engineering construction services from connected persons (as defined in the GEM Listing Rules) was approximately RMB4,657,000.

For the six-month period ended 30 June 2010, the balance of the maximum amount of loan outstanding (including interests) on a daily basis taken from connected persons (as defined in the GEM Listing Rules) was approximately RMB50,128,000, the balance of the maximum amount of deposit (including interests) on a daily basis with connected persons was approximately RMB99,547,000, the accumulated amount of note discounting at connected persons was approximately RMB0.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six-month period ended 30 June 2010, 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 APLL Logistics Co., Ltd.
Yin Jiaxu
Chairman

Chongqing, the PRC
29 July, 2010

As at the date of this report the Board comprises

Executive directors:

Mr. Yin Jiaxu
Ms. Cui Xiaomei
Mr. Lu Xiaozhong
Mr. Shi Chaochun
Mr. William K Villalon

Non-executive directors:

Mr. Lu Guoji
Mr. Zhang Lungang
Mr. Danny Goh Yan Nan
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