



重慶長安民生物流股份有限公司 Changan Mingsheng APLL Logistics Co.,Ltd.*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 08217)*



2011 Interim Report

*For identification purposes only

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This report, for which the directors of Changan Minsheng APLL Logistics Co., Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



HIGHLIGHTS

- For the six-month period ended 30 June, 2011, the unaudited revenue of the Group was approximately Renminbi (“RMB”) 1,649,369,000, representing an increase of approximately 22.17% from the corresponding period in 2010.
- For the six-month period ended 30 June, 2011, the unaudited profit attributable to equity holders of the Company was approximately RMB149,206,000, representing an increase of approximately 68.82% from the corresponding period in 2010.
- For the six-month period ended 30 June, 2011, the unaudited basic earnings per share were RMB0.92(corresponding period in 2010: RMB0.55).
- The Board does not propose the payment of an interim dividend for the six-month period ended 30 June, 2011.

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, 2011 as follows:

Condensed consolidated balance sheet

		As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
	Note		
Assets			
Non-current assets			
Property, plant and equipment	5	250,051	243,100
Prepaid lease payments	6	145,594	146,164
Intangible assets		9,359	9,676
Investments in associates	7	20,758	19,692
Deferred income tax assets		14,021	13,093
Total non-current assets		439,783	431,725
Current assets			
Inventories		2,729	3,097
Trade receivables	8	212,998	114,777
Prepayment and other receivables		92,267	39,032
Due from related parties	9	641,136	389,405
Restricted cash		650	-
Cash		278,877	441,532
Total current assets		1,228,657	987,843
Total assets		1,668,440	1,419,568

		As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
Equity			
Equity attributable to owners of the Company			
Share capital	10	162,064	162,064
Other reserves	11	141,061	141,061
Retained earnings	11		
-Proposed final dividend		-	24,310
-Others		609,056	459,850
		<hr/>	<hr/>
Non-controlling interests		77,045	89,153
		<hr/>	<hr/>
Total equity		989,226	876,438
		<hr/>	<hr/>
Liabilities			
Non-current liabilities			
Deferred income tax liability		883	963
Deferred income		3,241	4,910
		<hr/>	<hr/>
Total Non-current liabilities		4,124	5,873
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	12	516,653	399,863
Due to related parties	13	87,206	111,499
Dividends payable		43,910	-
Current income tax liabilities		27,321	25,895
		<hr/>	<hr/>
Total current liabilities		675,090	537,257
		<hr/>	<hr/>
Total liabilities		679,214	543,130
		<hr/>	<hr/>
Total equity and liabilities		1,668,440	1,419,568
		<hr/> <hr/>	<hr/> <hr/>
Net current assets		553,567	450,586
		<hr/> <hr/>	<hr/> <hr/>
Total assets less current liabilities		993,350	882,311
		<hr/> <hr/>	<hr/> <hr/>

Condensed consolidated statement of comprehensive income

	Note	For the six-month period ended 30 June		For the three-month period ended 30 June	
		2011	2010	2011	2010
		(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
Revenue	14	1,649,369	1,350,046	810,224	770,941
Cost of sales		(1,362,046)	(1,165,786)	(632,413)	(657,159)
Gross profit		287,323	184,260	177,811	113,782
Other income		1,849	1,967	350	1,808
Distribution costs		(44,393)	(38,185)	(25,698)	(21,724)
Administrative expenses		(38,685)	(33,831)	(25,215)	(21,945)
Operating profit		206,094	114,211	127,248	71,921
Finance income		1,893	1,433	1,176	787
Finance costs	15	(678)	(398)	(169)	(228)
Finance income- net		1,215	1,035	1,007	559
Share of profit of associates		1,066	1,194	568	495
Profit before income tax	16	208,375	116,440	128,823	72,975
Income tax expense	17	(51,677)	(20,703)	(32,105)	(14,238)
Profit for the period		<u>156,698</u>	<u>95,737</u>	<u>96,718</u>	<u>58,737</u>
Profit and total comprehensive income attributable to:					
Equity holders of the Company		149,206	88,380	94,662	51,356
Non-controlling interests		7,492	7,357	2,056	7,381
		<u>156,698</u>	<u>95,737</u>	<u>96,718</u>	<u>58,737</u>
Earnings per share for profit attributable to owners of the Company during the period	18				
-basic and diluted		<u>RMB0.92</u>	<u>RMB 0.55</u>	<u>RMB 0.58</u>	<u>RMB 0.32</u>
Dividends		-	-	-	-

Condensed consolidated statement of changes in equity

	Unaudited				Total equity RMB'000
	Attributable to owners of the Company			Non-controlling interests RMB'000	
	Share Capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000		
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					
Cash dividends	-	-	(14,586)	(13,475)	(28,061)
Capital injection by non-controlling 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>
Balance at 1 January 2011	162,064	141,061	484,160	89,153	876,438
Comprehensive income					
Profit for the period	-	-	149,206	7,492	156,698
Transactions with owners					
Cash dividends	-	-	(24,310)	(19,600)	(43,910)
Balance at 30 June 2011	<u>162,064</u>	<u>141,061</u>	<u>609,056</u>	<u>77,045</u>	<u>989,226</u>

Condensed consolidated cash flow statement

	For the six-month period ended 30 June	
	2011	2010
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Cash flows from operating activities		
Cash (used in) / generated from operations	(78,878)	176,249
Interest paid	-	(128)
Income tax paid	(51,260)	(26,097)
Net Cash (used in) / generated from operating activities	(130,138)	150,024
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(33,771)	(68,503)
Increase in prepaid lease payments	(701)	(24,319)
Proceeds from disposal of property, plant and equipment	183	176
Interest received	1,893	1,435
Net Cash used in investing activities	(32,396)	(91,211)
Cash flows from financing activities		
New short-term loans	-	50,000
Capital contributions from non-controlling shareholder	-	27,000
Dividends paid to equity holders and non-controlling interests	-	(13,475)
Net Cash generated from financing activities	-	63,525
Net increase (decrease)/ in cash and cash equivalents	(162,534)	122,338
Cash and cash equivalents at beginning of the period	441,532	314,362
Exchange losses on cash	(121)	-
Cash and cash equivalents at end of the period	278,877	436,700

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 2011 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 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Principle accounting policies

The financial information has been prepared on the historical cost basis.

The accounting policies adopted in the interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2010.

The Group has adopted the new or amended HKFRS, amendments of standards and interpretations effective for the accounting periods beginning on or after 1 January 2011. Adoption of such new and amended standards, amendments of standards and interpretations has no material effects on the condensed consolidated interim financial information, and has caused no material change to the accounting policies of the Group.

4. Segment information

Management has determined the operating segments based on the reports reviewed by the general manager meeting of the Company on monthly basis that are used to make strategic decisions.

The general manager meeting considers the business from a service perspective only, as geographically all the services are provided in PRC, which is considered as one geographic location with similar risks and returns.

The reportable operating segments derive their revenue primarily from the rendering of transportation and supply chain management for automobile components and parts, and transportation of non-vehicle commodities services.

Other services include the sales of package materials and processing of tyres, and the results of these operations are included in the "all other segments" column.

The general manager meeting assesses the performance of the operating segments based on a measure of adjusted operating profit. This measurement basis excludes other income and administrative expenses. The measure also excludes the effects of the depreciation of property, plant and equipment, 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 2011 is as follows:

	Transportation and supply chain management for vehicle commodities RMB'000	Transportation of non-vehicle commodities RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	1,535,326	76,528	37,515	1,649,369
Inter-segment revenue	-	-	-	-
Revenue from external customers	1,535,326	76,528	37,515	1,649,369
Adjusted operating profit	242,674	14,928	7,571	265,173
Total assets	595,717	40,827	5,183	641,727

The segment information for the six-month period ended 30 June 2010 is as follows:

	Transportation and supply chain management for vehicle commodities RMB'000	Transportation of non-vehicle commodities RMB'000	All other segments RMB'000	Total RMB'000
Segment revenue	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

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	
	2011	2010
	RMB'000	RMB'000
Adjusted operating profit for reportable segments	257,602	133,669
Other segments adjusted operating profit	7,571	4,034
	<hr/>	<hr/>
Total segments	265,173	137,703
Depreciation and amortisation included in cost of sales and distribution cost	(22,443)	(12,331)
Other income	1,849	1,967
Administrative expenses	(38,685)	(33,831)
Finance income – net	1,415	1,035
Share of profit of associates	1,066	1,194
	<hr/>	<hr/>
Profit before income tax	208,375	95,737

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

	June 30th	December 31 st
	2011	2010
	RMB'000	RMB'000
Segment assets for reportable segments	636,544	431,473
Other segments assets	5,183	8,749
Unallocated:		
Property, plant and equipment	250,051	243,100
Prepaid lease payments	145,594	146,164
Intangible assets	9,359	9,676
Investments in associates	20,758	19,692
Deferred income tax assets	14,021	13,093
Other current assets	586,930	547,621
	<hr/>	<hr/>
Total assets per balance sheet	1,668,440	1,419,568

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 RMB536.056 million, RMB492.827 million and RMB159.482 million (for the six months ended 30 June 2010: RMB483 million, RMB387 million and RMB201 million) are derived from three external customers, respectively. These revenues are attributable to transportation and supply chain management for vehicle commodities segment.

5. Property, plant and equipment

At 30 June 2011, the Group's original value of property, plant and equipment was approximately RMB394,014,000, and the net value was approximately RMB250,051,000.

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

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000	Changes during the reporting period RMB'000
Buildings	222,989	222,401	588
Machinery	16,830	14,985	1,845
Office facilities	18,575	16,799	1,776
Transportation vehicle	111,211	101,854	9,357
Construction in progress	24,409	9,229	15,180
Total	<u>394,014</u>	<u>365,268</u>	<u>28,746</u>

6. Prepaid lease payments

During the reporting period, the Group used cash of approximately RMB701,000 (corresponding period in 2010: RMB24,319,000) for lease payment of land use right. As at 30 June 2011, the net value of the Group's lease payment was approximately RMB145,594,000 (as at 31 December 2010: RMB146,164,000).

7. Investments in associates

As at 30 June 2011, 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	8,671	1,917	4,405	878	31%
Chongqing Terui Transportation Service Company Limited ("Chongqing Terui")	20,000	Chongqing, PRC	22,854	8,850	47,420	1,764	45%

8. Trade receivables

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
Accounts receivable (Note (a))	94,882	74,492
Less: provision for impairment of receivables	(11,618)	(8,742)
Accounts receivable net	83,264	65,750
Bills receivable (Note (b))	129,734	49,027
	<u>212,998</u>	<u>114,777</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 2011 was as follows:

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
0 to 90 days	64,178	52,559
91 to 180 days	15,534	8,279
181 to 365 days	6,920	9,355
Over 1 year	8,250	4,299
	<u>94,882</u>	<u>74,492</u>

Note (b) :

Ageing analysis of bills receivable as at 30 June 2011 was as follows:

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
0 to 180 days	<u>129,734</u>	<u>49,027</u>

9. Due from related parties

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
Balance from rendering of services (Note a)	632,015	383,458
Less: provision for impairment of due from related parties	(1,804)	(999)
Subtotal	<u>630,211</u>	<u>382,459</u>
Balance of deposits for service quality guarantee	7,381	5,106
Prepayments for transportation services	1,918	562
Other receivables	<u>1,626</u>	<u>1,278</u>
Total	<u><u>641,136</u></u>	<u><u>389,405</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 2011 was as follows:

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
0 to 90 days	560,530	372,194
91 to 180 days	59,923	7,704
181 to 365 days	11,538	947
Over 1 year	24	2,613
Total	<u><u>632,015</u></u>	<u><u>383,458</u></u>

10. Share capital

	As at 30 June 2011 (unaudited)		As at 31 December 2010 (audited)	
	Number of shares	Nominal value RMB	Number of shares	Nominal value RMB
Registered capital	<u>162,064,000</u>	<u>162,064,000</u>	<u>162,064,000</u>	<u>162,064,000</u>
Issued and fully paid				
- domestic shares, par value RMB1.00	<u>65,600,320</u>	<u>65,600,320</u>	65,600,320	65,600,320
- non-H foreign shares, par value RMB1.00	<u>41,463,680</u>	<u>41,463,680</u>	41,463,680	41,463,680
- H shares, par value RMB1.00	<u>55,000,000</u>	<u>55,000,000</u>	55,000,000	55,000,000

11. Other reserves and retained earnings

	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 2010 (audited)	75,150	47,031	4,835	333,846	460,862
Profit for the year (audited)	-	-	-	178,945	178,945
Cash dividends	-	-	-	(14,586)	(14,586)
Appropriation	-	14,045	-	(14,045)	-
At 31 December 2010 (audited)	75,150	61,076	4,835	484,160	625,221
Profit for the period (unaudited)	-	-	-	54,544	54,544
At 31 March 2011 (unaudited)	75,150	61,076	4,835	538,704	679,765
Profit for the period (unaudited)	-	-	-	94,662	94,662
Cash dividends	-	-	-	(24,310)	(24,310)
At 30 June 2011 (unaudited)	75,150	61,076	4,835	609,056	750,117

12. Trade and other payables

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
Accounts payable (Note (a))	399,483	250,693
Other payables	100,311	127,223
Advance from customers	3,001	5,394
Other taxes	13,858	16,553
Total	516,653	399,863

Note (a):

Ageing analysis of accounts payable as at 30 June 2011 was as follows:

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
0 to 90 days	392,336	250,011
91 to 180 days	5,453	181
181 to 365 days	619	133
Over 1 year	1,075	368
Total	399,483	250,693

13. Due to related parties

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
Balance from transportation services provided by related parties	78,807	85,348
Balance from construction services provided by related parties	2,056	2,267
Advances for rendering of services	48	20,820
Other payables	6,295	3,064
Total	<u>87,206</u>	<u>111,499</u>

Ageing analysis of due to related parties as at 30 June 2011 was as follows:

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
0 to 90 days	77,826	106,470
91 to 180 days	788	878
181 to 365 days	-	1,037
Over 1 year	193	3,114
Total	<u>78,807</u>	<u>111,499</u>

14. 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 2011 are as follows:

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Transportation of finished vehicles	1,139,465	890,533	612,929	485,151
Supply chain management for automobile components and parts	395,861	384,324	131,775	235,442
Transportation of non-vehicle commodities	76,528	65,905	34,554	42,511
Others	37,515	9,284	30,966	7,837
Total	<u>1,649,369</u>	<u>1,350,046</u>	<u>810,224</u>	<u>770,941</u>

15. Finance costs

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Interest expense	-	128	-	128
Exchange losses	477	70	149	67
Others	201	200	20	33
Total	<u>678</u>	<u>398</u>	<u>169</u>	<u>228</u>

16. Profit before income tax

For the six-month period ended 30 June 2011, 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	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Depreciation and amortization	24,304	14,902	14,272	7,758
Employee benefit expense	<u>146,397</u>	<u>97,895</u>	<u>74,011</u>	<u>49,579</u>

17. Income tax expense

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Current PRC corporate income tax ("CIT")	52,685	22,329	28,143	15,727
Deferred tax	<u>(1,008)</u>	<u>(1,626)</u>	<u>3,962</u>	<u>(1,489)</u>
Total	<u>51,677</u>	<u>20,703</u>	<u>32,105</u>	<u>14,238</u>

The applicable CIT rate and the actual CIT rate of the Company and its subsidiaries is shown as follows:

	For the six-month period ended 30 June	
	2011 CIT rate	2010 CIT rate
The Company	25.0%	15.0%
Chongqing CMAL Boyu Logistics Company Limited (“Chongqing Boyu”)	25.0%	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%	25.0%
Chongqing Changan Mingsheng Fuyong Logistics Co, Ltd (“Chongqing Fuyong”)	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 the 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 and 25% from 2011. 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 and the applicable CIT rate of Chongqing Fuyong is 25% from its establishment date on 28 April 2011.

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, 2011 (corresponding period in 2010: 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	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Profit before tax	208,375	116,440	128,823	72,975
Tax calculated at actual tax rates applicable to each group entities	52,130	21,296	32,434	14,790
Expenses not deductible for tax purposes	4	131	4	68
Share of profit of associates	(266)	(179)	(142)	(74)
Others	(191)	(545)	(191)	(546)
Tax charge	51,677	20,703	32,105	14,238

The effective tax rate for the six-month period ended 30 June 2011 was 24.80% (2010: 17.78%).

18. 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 2011.

	For the six-month period ended 30 June		For the three-month period ended 30 June	
	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000	2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Group's profit attributable to equity holders of the Company	149,206	88,380	94,662	51,356
Weighted average number of ordinary shares in issue (in thousands)	162,064	162,064	162,064	162,064
Basic earnings per share (RMB per share) #	<u>0.92</u>	<u>0.55</u>	<u>0.58</u>	<u>0.32</u>

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

19. Commitments of the Group

(a) Capital expenditure commitments

As at 30 June 2011, the capital expenditure commitments not provided for are as follows:

	As at 30 June 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
Property, plant and equipment <i>- Contracted but not provided for</i>	<u>5,700</u>	<u>13,192</u>
Total	<u>5,700</u>	<u>13,192</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 2011 (unaudited) RMB'000	As at 31 December 2010 (audited) RMB'000
Not more than one year	3,775	7,241
More than one year and less than five years	<u>852</u>	<u>5,427</u>
Total	<u>4,627</u>	<u>12,668</u>

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 2011 (corresponding period in 2010: nil).

The final dividend of 2010 of RMB0.15 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 2011 and will be paid on or before 30 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The year of 2011 is the first year of China's Twelfth Five Years Plan. In the first half year of 2011, the economic operation was out of common. The CPI was soaring, the macro-economic control was tightening and the natural diseases occurred frequently. All of these led to a decrease of the growth rate of China's economy. Due to the impact of China's macro-economy, and with the termination of the policies on Reduced Vehicle Purchase Tax, Automobile Going to Countryside and Subsidiary for Old-for-New Cars, several rises in fuel prices and the implementation of reducing purchasing vehicles in some cities, the growth rate in China's automobile market production and sales volume dropped a little from January to June 2011. According to the statistics made by China Association of Automobile Manufacturers, for the first half year of 2011, the production and sales volume of automobiles in the PRC were respectively approximately 9,156,000 vehicles and 9,325,200 vehicles, representing an increase of 2.48% and 3.35% from the same period in 2010. For the six-month period ended 30 June 2011, the production and sales volume of the Group's major customer, i.e. Chongqing Changan Automobile Co., Ltd. ("Changan Automobile"), was respectively approximately 907,200 vehicles and 925,200 vehicles. During the six-month period ended 30 June 2011, through actively exploring the after-sales logistics services from Changan Ford Mazda Co., Ltd. and Changan Automobile and the milk-run services from their components and parts suppliers by the Group and the benefits from Chongqing Dingjie and Harbin Branch, the Group recorded total revenue of approximately RMB1,649,369,000, representing an increase of approximately 22.17% 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 2011, representing respectively 69.08% and 24.00% of the Group's total revenue (for the six-month period ended 30 June 2010: 65.96% and 28.47% respectively). The detailed breakdown of revenue is set out in Note 14 to the section headed "Condensed Consolidated Statement of Comprehensive Income" of this report.

For the six-month period ended 30 June 2011, the growth rate in domestic automobile market dropped. in spite of the impact of unfavorable factors such as the dropping growth rate in domestic automobile market, the Group had strengthened its logistics cost and internal management cost control, especially the volume of the strong profit-earning logistics business, which provides logistics services to the high-level vehicle commodities, increased a little, the after-sales service center had been constructed and put into use in early of the year and the Company gained a large increase in car components and parts after-sale logistics business, besides, the Company also got good results in self-owned finished vehicles transportation link. The Group's gross profit margin and the net profit margin reached respectively 17.42% (for the same period in 2010: 13.65%) and 9.50% (for the same period in 2010: 7.09%). The Group's profit attributable to the equity holders of the Company for the six-month period ended 30 June 2011 increased approximately 68.82% to approximately RMB 149,206,000 from RMB88,380,000 in the corresponding period in 2010.

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.

As at 30 June 2011, the cash and bank balance was approximately RMB278,877,000 (31 December 2010: RMB441,532,000). As at 30 June 2011, the total assets of the Group amounted to approximately RMB1,668,440,000 (31 December 2010: RMB1,419,568,000). The Group had current liabilities of approximately RMB675,090,000 (31 December 2010: RMB537,257,000), non-current liabilities of approximately RMB4,124,000 (31 December 2010: RMB5,873,000), shareholders' equity excluding non-controlling interest of approximately RMB912,181,000 (31 December 2010: RMB787,285,000) and non-controlling interest of approximately RMB77,045,000 (31 December 2010: RMB89,153,000).

Capital structure

For the six-month period ended 30 June 2011, there was no change to the Company's capital structure.

Gearing and liquidity ratio

As at 30 June 2011, the asset-liability ratio (that is the ratio between the total liabilities and the total assets) of the Group was 40.71% (31 December 2010: 38.26%). The gearing ratio between the total liabilities and the total equity of the Group was 0.69:1 (31 December 2010: 0.62:1).

Foreign currency risk

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

EMPLOYEE AND REMUNERATION POLICY

The Company had 4,157 employees as at 30 June 2011 (31 December 2010: 3,816). 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

For the next half year of 2011, the development of the domestic automobile market will encounter uncertainty and the unfavorable factors which impacted the development for the first half year will still exist and so the comprehensive developing environment cannot change largely; with further opening of China's economy 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 2011, although facing the slowing down of the automobile industry development and fierce competition in the automobile logistics market, the Group will continue to leverage on our competitive advantages, to keep actively implementing professional development strategies; actively to explore the service area of the automobile logistics market, to explore for the increasing income space; to capture more market share, to improve logistics network construction and to 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 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 now has 12 directors, including 4 executive directors, 5 non-executive directors and 3 independent non-executive directors. The Board considers that the Board's composition has maintained a reasonable balance between the number of non-executive and independent non-executive directors and the number of executive directors. 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 three 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 nine years.

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

Resignation of Directors

On 25 November 2010, the Company received the letter of resignation from Ms. Cui Xiaomei. Due to her retirement from Chongqing Changan Industry (Group) Co., Ltd. ("Changan Industry Co."), Ms. Cui Xiaomei resigned as the executive director and other positions in the Company. Please refer to the announcement of the Company published on 25 November 2010 for more details. In the extraordinary general meeting held on 25 January 2011, Mr. Gao Peizheng was elected as an executive director of the Company. Please refer to the announcement of the Company published on 25 January 2011 for more details.

On 25 April 2011, the Company received the letters of resignation from Mr. Shi Yubao and Mr. Shi Chaochun. Due to the job changes, Mr. Shi Yubao left Changan Industry Co. and so resigned as the executive director, chairman of the board of directors and other positions in the Company. Due to health reason, Mr. Shi Chaochun resigned as the executive director and other positions in the Company. Please refer to the announcement of the Company published on 25 April 2011 for more details. Since 30 June 2011, Mr. Zhang Lungang was re-designated from a non-executive director to an executive director of the Company. Please refer to the announcement of the Company published on 30 June 2011 for more details.

Board Chairman and General Manager

The Chairman of the Board is Mr. Zhang Lungang and our General Manager is Mr. Zhu Minghui. 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 four meetings in 2011:

1. On 12 January 2011, the audit committee reviewed the remuneration of appointed auditor and approved the proposal.
2. The audit committee met on 14 March 2011 to review and discuss the Group’s annual results, financial statements, principal accounting policies and internal audit matters for the year ended 31 December 2010, listened to the auditor’s suggestions for the Company and approved the 2010 Annual Report.
3. The audit committee met on 5 May 2011 to review the unaudited first quarterly report of the Group for the three months ended 31 March 2011, and approved such report.
4. The audit committee met on 25 July 2011 to review the unaudited interim report of the Group for the six months ended 30 June 2011, 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 5 members. Mr. Zhang Lungang is the chairman and the other members are Mr. William K Villalon, 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 2011, 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 2011, 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 2010 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 2011, 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
Changan Industry Co.	Beneficial owner	39,825,600(L)	37.19%	-	24.57%
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 2)	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%
788 China Fund Ltd.	Investment manager	4,000,000(L)	-	7.27%	2.47%
Braeside Investments, LLC (Note 3)	Investment manager	3,423,000(L)	-	6.22%	2.11%
Braeside Management, LP (Note 3)	Investment manager	3,423,000(L)	-	6.22%	2.11%
McIntyre Steven (Note 3)	Interest of a controlled corporation	3,423,000(L)	-	6.22%	2.11%
Pemberton Asian Opportunities Fund	Beneficial owner	2,833,000(L)	-	5.15%	1.75%

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

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

Note 3: According to the disclosure of interests notice filed, Braeside Management, LP is a wholly-owned subsidiary of Braeside Investments, LLC. McIntyre Steven is the controlling shareholder of Braeside Investments, LLC.

Save as disclosed above, as at 30 June 2011, 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 2010 Annual Report of the Company.

CONTINUING CONNECTED TRANSACTIONS

For the six-month period ended 30 June 2011, the turnover generated from the continuing connected transactions between the Group and the connected persons (as defined in the GEM Listing Rules) was approximately RMB1,338,430,000, which accounted for approximately 81.15% of the total revenue during the reporting period.

For the six-month period ended 30 June 2011, the cost of purchasing transportation services from connected persons (as defined in the GEM Listing Rules) was approximately RMB128,305,000, which accounted for approximately 9.42% of the cost of sales during the reporting period.

For the six-month period ended 30 June 2011, the cost of purchasing engineering construction services from connected persons (as defined in the GEM Listing Rules) was approximately RMB8,165,000.

For the six-month period ended 30 June 2011, 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 RMB0, the balance of the maximum amount of deposit (including interests) on a daily basis with connected persons was approximately RMB81,336,000, the accumulated amount of note discounting at connected persons was RMB0.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

For the six-month period ended 30 June 2011, 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.
Zhang Lungang
Chairman

Chongqing, the PRC
29 July 2011

As at the date of this report, the Board comprises

Executive directors:

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

Non-executive directors:

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

Independent non-executive directors:

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