Changan Minsheng APLL Logistics Co., Ltd.*

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

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website, http://www.hkgem.com, in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 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.

FINANCIAL HIGHLIGHTS

- For the year ended 31 December, 2007, the audited consolidated revenue of the Group was approximately RMB 1,475,020,000 representing an increase of approximately 33.6% from the previous year.

- The increase in revenue generated an audited profit attributable to equity holders approximately RMB 94,761,000, which was a 43.7% improvement over the profit achieved in 2006.

- For the year ended 31 December, 2007, the audited basic earnings per share was RMB 0.58 (in 2006: RMB 0.43).

ANNUAL RESULTS

The board of directors (the "Board") of Changan Minsheng APLL Logistics Co., Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007 and the comparative figures for the corresponding period of 2006 as follows:

BALANCE SHEET
(All amounts in Renminbi ("RMB"))

		Group As at 31 December		Company As at 31 December	
		2007	**2006**	**2007**	**2006**
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	151,759	123,899	131,516	123,899
Prepaid lease payments		67,458	63,926	54,125	63,926
Intangible assets		2,629	2,611	2,629	2,611
Investments in subsidiaries		-	-	35,480	5,000
Investments in associates		14,351	7,324	12,100	7,600
Deferred income tax assets		2,583	212	1,566	212
Total non-current assets		238,780	197,972	237,416	203,248
Current assets					
Trade receivables	10	76,934	75,482	76,934	75,482
Prepayment and other receivables	11	28,753	11,495	27,527	11,495
Due from related parties	15	227,458	275,914	211,072	273,920
Restricted cash		16,000	20,000	16,000	20,000
Cash and cash equivalents		264,705	96,842	238,450	96,804
Total current assets		613,850	479,733	569,983	477,701
Total assets		852,630	677,705	807,399	680,949

BALANCE SHEET (continued)
(All amounts in RMB)

	Note	Group As at 31 December 2007 RMB'000	Group As at 31 December 2006 RMB'000	Company As at 31 December 2007 RMB'000	Company As at 31 December 2006 RMB'000
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		162,064	162,064	162,064	162,064
Other reserves	13	106,487	96,510	106,487	96,510
Retained earnings					
- Proposed final dividend		12,965	12,965	12,965	-
- Others		138,431	66,612	140,469	80,186
		419,947	338,151	421,985	338,760
Minority interest in equity		23,410	-	-	-
Total equity		443,357	338,151	421,985	338,760
LIABILITIES					
Non-current liabilities					
Deferred income		1,025	-	1,025	-
Total non-current liabilities		1,025	-	1,025	-
Current liabilities					
Trade and other payables	12	284,552	239,191	263,200	238,896
Due to related parties	15	89,607	67,115	87,100	70,045
Short-term bank loans		30,000	30,000	30,000	30,000
Current income tax liabilities		4,089	3,248	4,089	3,248
Total current liabilities		408,248	339,554	384,389	342,189
Total liabilities		409,273	339,554	385,414	342,189
Total equity and liabilities		852,630	677,705	807,399	680,949
Net current assets		208,952	140,179	188,944	135,512
Total assets less current liabilities		444,382	338,151	423,010	338,760

CONSOLIDATED INCOME STATEMENT
(All amounts in RMB)

	Note	Year ended 31 December 2007 RMB'000	2006 RMB'000
Revenue	3	1,475,020	1,104,477
Cost of sales	14	(1,316,180)	(986,228)
Gross profit		158,840	118,249
Other income		4,024	3,185
Distribution costs	14	(30,179)	(25,863)
Administrative expenses	14	(32,687)	(23,250)
Operating profit		99,998	72,321
Finance income		2,508	3,559
Finance costs	4	(5,381)	(3,715)
Finance costs - net		(2,873)	(156)
Share of profit/(loss) of associates		2,527	(276)
Profit before income tax		99,652	71,889
Income tax expense	5	(5,981)	(5,940)
Profit for the year		93,671	65,949
Attributable to:			
Equity holders of the Company	6	94,761	65,949
Minority interest		(1,090)	-
		93,671	65,949
Earnings per share for profit attributable to the equity holders of the Company during the year			
- basic and diluted	8	RMB0.58	RMB0.43
Dividends	7	12,965	12,965

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(All amounts in RMB)

	Attributable to shareholders of the Company			Minority interest	Total equity
	Share capital RMB'000	Other reserves RMB'000	Retained Earnings RMB'000	RMB'000	RMB'000
Balance at 1 January 2006	112,064	9,756	38,310	50	160,180
Proceeds from shares issued	50,000	91,879	-	-	141,879
Share issue costs	-	(11,980)	-	-	(11,980)
Profit for the year	-	-	65,949	-	65,949
Dividends	-	-	(17,827)	-	(17,827)
Appropriation	-	6,855	(6,855)	-	-
Purchase of minority interest	-	-	-	(50)	(50)
Balance at 31 December 2006	162,064	96,510	79,577	-	338,151
Profit for the year	-	-	94,761	(1,090)	93,671
Dividends	-	-	(12,965)	-	(12,965)
Appropriation	-	9,977	(9,977)	-	-
Capital injection by minority shareholders	-	-	-	24,500	24,500
Balance at 31 December 2007	162,064	106,487	151,399	23,410	443,357

CONSOLIDATED CASH FLOW STATEMENT
(All amounts in RMB)

	Year ended 31 December 2007 RMB'000	2006 RMB'000
Cash flows from operating activities		
Cash generated from operations	223,157	27,708
Interest paid	(2,065)	(520)
Income tax paid	(6,239)	(5,873)
Net cash generated from operating activities	214,853	21,315
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(47,303)	(47,745)
Increase in prepaid lease payments	(5,917)	(14,325)
Proceeds from disposal of property, plant and equipment	-	13
Payment for the purchase of minority interest	-	(50)
Investments in associates	(4,500)	(4,500)
Interest received	2,508	3,559
Net cash used in investing activities	(55,212)	(63,048)
Cash flows from financing activities		
New short-term bank loans	30,000	30,000
Repayment of short-term bank loans	(30,000)	-
Proceeds from issuance of shares	-	141,879
Capital contributions from minority shareholders	24,500	-
Share issue costs paid	-	(11,980)
Dividends paid	(12,965)	(58,554)
Net cash generated from financing activities	11,535	101,345
Net increase in cash and cash equivalents	171,176	59,612
Cash and cash equivalents at beginning of year	96,842	40,425
Exchange losses on cash	(3,313)	(3,195)
Cash and cash equivalents at end of year	264,705	96,842

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 of the consolidated financial statement of the Company's 2007 annual report.

(a) Standards, amendment and interpretations effective in 2007

HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK(IFRIC) - Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC) - Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

(b) Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HK(IFRIC) - Int 7, 'Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies'; and
- HK(IFRIC) - Int 9, 'Re-assessment of embedded derivatives'.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), “Presentation of Financial Statements” (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.

- HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

- HKFRS 8, 'Operating segments ' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to Groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

- HK(IFRIC) - Int 11, 'HKFRS 2 – Group and treasury share transactions'. (effective from 1 March 2007). HK(IFRIC) - Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. The Group will apply HK(IFRIC) - Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

- HK(IFRIC) - Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). HK(IFRIC) - Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) - Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

(d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) - Int 12, 'Service concession arrangements' (effective from 1 January 2008). HK(IFRIC) - Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) - Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.

- HK(IFRIC) - Int 13, 'Customer loyalty programmes' (effective from 1 July 2008). HK(IRFIC) - Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) - Int 13 is not relevant to the Group's operations because none of the Group's companies operate any customer loyalty programmes.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Income taxes and deferred tax

The Group is subject to various taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the periods in which such estimate is changed.

As at 31 December 2007, the Group has deferred tax assets of approximately RMB2,583,000. To the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised, deferred tax assets are recognised for temporary differences arising from impairment provision on receivables and tax losses.

2.2 Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group recognises its revenue upon completion of rendering services for transportation of finished vehicles, supply chain management for automobile components and parts and transportation of non-vehicle commodities, where the amount of revenue and costs can be measured reliably and the economic benefits associated with the transaction will probably flow to the Group when such service is completed. In making its judgement in applying this recognition method, the Group made reference to various factors which include, among others, master contracts signed with certain customers, actual sales amounts of similar historical transactions, as well as confirmations received from customers.

3. Revenue and segment information

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 recognised for the year ended 31 December 2007 are as follows:

	2007 RMB'000	2006 RMB'000
Revenue		
Related party transactions		
Transportation of finished vehicles	943,656	681,088
Supply chain management for automobile components and parts	414,951	330,675
Subtotal	1,358,607	1,011,763
Transactions with unrelated parties		
Transportation of finished vehicles	9,863	1,155
Supply chain management for automobile components and parts	51,211	44,781
Transportation of non-vehicle commodities	55,339	46,778
Subtotal	116,413	92,714
Total	1,475,020	1,104,477

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 revenue 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

	2007 RMB'000	2006 RMB'000
Interest expense on bank loans due within one year	2,065	418
Exchange losses	3,313	3,195
Others	3	102
	5,381	3,715

5. Income tax expense

	2007 RMB'000	2006 RMB'000
Current PRC enterprise income tax ("EIT")	8,352	5,651
Deferred tax	(2,371)	289
	5,981	5,940

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

		2007		2006	
	Note	Applicable tax rate	Actual tax rate	Applicable tax rate	Actual tax rate
Company					
- Headquarter	(a)	15.0%	7.5%	15.0%	7.5%
- Nanjing branch	(a)	24.0%	12.0%	24.0%	12.0%
- Dingzhou branch	(a)	30.0%	15.0%	30.0%	15.0%
- Qingdao branch	(a)	30.0%	15.0%	30.0%	15.0%
- Wuhan branch	(a)	30.0%	15.0%	30.0%	15.0%
- Shanghai branch	(a)	15.0%	7.5%	15.0%	7.5%
Chongqing CMAL Gangcheng Logistics Company Limited ("Chongqing Gangcheng")	(b)	24.0%	24.0%	24.0%	24.0%
Nanjing Changan Minsheng Zhu Jiu Logistics Company Limited ("Nanjing Zhujiu")	(b)	30.0%	30.0%	Not applicable	Not applicable

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

(b) As Chongqing Gangcheng incurred losses during 2007 and 2006, and Nanjing Zhujiu was incorporated in July 2007 and incurred losses during 2007, no current EIT expense was incurred for these two companies.

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 will be effective from 1 January 2008. Pursuant to detailed measures of the new CIT Law in respect of West China Development Champion, the applicable EIT rate of the Company will be 15% from 2008 to 2010, and the applicable EIT rate of both Chongqing Gangcheng and Nanjing Zhujiu will be 25% from 1 January 2008 onwards.

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:

	2007 RMB'000	2006 RMB'000
Profit before tax and share of profit/(loss) of associates	97,125	72,165
Tax calculated at actual tax rates applicable to each group entities	6,343	5,665
Expenses not deductible for tax purposes	26	275
Others	(388)	-
Tax charge	5,981	5,940

The effective tax rate for the year ended 31 December 2007 was 6.0% (2006: 8.3%).

6. Profit attributable to equity holders of the Company

For the year ended 31 December 2007, profit attributable to shareholders of the Company dealt with in the financial statements of the Company amounted to approximately RMB96,190,000 (2006: RMB66,554,000).

7. Dividends

During the Board of Directors' meeting on 24 March 2006, the directors of the Company proposed to declare final dividend of RMB0.11 per share, totalling RMB17,827,000, which was approved during the annual general meeting of shareholders on 25 May 2006. This dividend was accounted for as an appropriation of retained earnings for the year ended 31 December 2006. The allocation basis of the dividends being distributed to the shareholders was based on the number of shares in issue of 162,064,000 as at 28 February 2006.

During the Board of Directors' meeting on 28 March 2007, the directors of the Company proposed to declare final dividend of RMB0.08 per share, totalling RMB12,965,000, which was approved during the annual general meeting of shareholders on 31 May 2007. This dividend was accounted for as an appropriation of retained earnings for the year ended 31 December 2007. The allocation basis of the dividends being distributed to the shareholders was based on the number of shares in issue of 162,064,000 as at 31 December 2006.

Pursuant to the resolution of the Board of Directors dated 21 March 2008, the directors of the Company proposed to declare final dividend of RMB0.08 per share, totalling RMB12,965,000. The proposal dividend is subject to approval at the annual general meeting of shareholders in May 2008 and will be accounted for as an appropriation of retained earnings for the year ending 31 December 2008.

Based on the Notice [1995] 31 issued by the Ministry of Finance in PRC on 24 August 1995, the dividend appropriation of the Company after the listing of its H Shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited is determined based on the lower of retained earnings in the financial statements prepared in accordance with (i) PRC accounting standards, and (ii) HKFRS.

8. Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of shares in issue for the years ended 31 December 2007 and 2006, respectively.

	2007 RMB'000	2006 RMB'000
Group's profit attributable to shareholders of the Company	94,761	65,949
Weighted average number of ordinary shares in issue (in thousands)	162,064	153,731
Basic earnings per share (RMB per share)	0.58	0.43

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

9. Property, plant and equipment

Group

	Buildings RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2006						
Cost	66,036	3,092	6,902	17,416	9,874	103,320
Accumulated depreciation	(11,827)	(1,017)	(2,671)	(3,250)	-	(18,765)
Net book amount	54,209	2,075	4,231	14,166	9,874	84,555
Year ended 31 December 2006						
Opening net book amount	54,209	2,075	4,231	14,166	9,874	84,555
Additions	2,898	1,311	997	4,573	41,855	51,634
Transfers	49,413	-	-	-	(49,413)	-
Disposals	-	-	(7)	(19)	-	(26)
Depreciation	(7,808)	(760)	(1,311)	(2,385)	-	(12,264)
Closing net book amount	98,712	2,626	3,910	16,335	2,316	123,899
At 31 December 2006						
Cost	118,347	4,403	7,869	21,920	2,316	154,855
Accumulated depreciation	(19,635)	(1,777)	(3,959)	(5,585)	-	(30,956)
Net book amount	98,712	2,626	3,910	16,335	2,316	123,899
Year ended 31 December 2007						
Opening net book amount	98,712	2,626	3,910	16,335	2,316	123,899
Additions	-	2,857	2,538	7,170	30,854	43,419
Transfers	29,010	-	-	-	(29,010)	-
Disposals	-	-	(2)	(15)	-	(17)
Depreciation	(9,993)	(1,103)	(1,577)	(2,869)	-	(15,542)
Closing net book amount	117,729	4,380	4,869	20,621	4,160	151,759
At 31 December 2007						
Cost	147,357	7,260	10,396	29,041	4,160	198,214
Accumulated depreciation	(29,628)	(2,880)	(5,527)	(8,420)	-	(46,455)
Net book amount	117,729	4,380	4,869	20,621	4,160	151,759

Company

	Buildings RMB'000	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2006						
Cost	66,036	3,092	6,902	17,416	9,874	103,320
Accumulated depreciation	(11,827)	(1,017)	(2,671)	(3,250)	-	(18,765)
Net book amount	54,209	2,075	4,231	14,166	9,874	84,555
Year ended 31 December 2006						
Opening net book amount	54,209	2,075	4,231	14,166	9,874	84,555
Additions	2,898	1,311	997	4,573	41,855	51,634
Transfers	49,413	-	-	-	(49,413)	-
Disposals	-	-	(7)	(19)	-	(26)
Depreciation	(7,808)	(760)	(1,311)	(2,385)	-	(12,264)
Closing net book amount	98,712	2,626	3,910	16,335	2,316	123,899
At 31 December 2006						
Cost	118,347	4,403	7,869	21,920	2,316	154,855
Accumulated depreciation	(19,635)	(1,777)	(3,959)	(5,585)	-	(30,956)
Net book amount	98,712	2,626	3,910	16,335	2,316	123,899
Year ended 31 December 2007						
Opening net book amount	98,712	2,626	3,910	16,335	2,316	123,899
Additions	-	2,043	1,489	4,508	28,158	36,198
Transfers	26,314	-	-	-	(26,314)	-
Transfer to subsidiaries	(13,322)	-	-	-	-	(13,322)
Disposals	-	-	(2)	(15)	-	(17)
Depreciation	(9,993)	(1,006)	(1,514)	(2,729)	-	(15,242)
Closing net book amount	101,711	3,663	3,883	18,099	4,160	131,516
At 31 December 2007						
Cost	131,339	6,446	9,356	26,413	4,160	177,714
Accumulated depreciation	(29,628)	(2,783)	(5,473)	(8,314)	-	(46,198)
Net book amount	101,711	3,663	3,883	18,099	4,160	131,516

In accordance with an agreement in relation to the assistance of business expansion signed between the Company and Changan Automobile (Group) Company Limited ("Changan Co.") on 10 January 2004, Changan Co. provided a land use right to the Company for the construction of a distribution centre and the Company paid for the construction costs of the distribution centre. In return, the Company is entitled to use the distribution centre at no additional cost for 10 years from 28 December 2003 to 28 December 2013. As the land use right of the parcel of land on which the distribution centre locates belongs to Changan Co., the legal title of the distribution centre also belongs to Changan Co. The Company recorded the construction costs of the distribution centre as buildings under property, plant and equipment, and depreciation is calculated using the straight-line method to allocate the cost over the useful life of 10 years. As at 31 December 2007, the carrying amount of the distribution centre was approximately RMB3,057,000 (2006: approximately RMB3,576,000).

As at 31 December 2007, buildings with an aggregate carrying amount of approximately RMB31,999,000 (2006: RMB13,408,000) was pledged as security for the Company's bank loans of RMB30,000,000.

As at 31 December 2007, buildings with an aggregate carrying amount of approximately RMB21,613,000 (2006: nil) was pledged as security for the undrawn banking facilities amounting to RMB50,000,000.

As at 31 December 2007, the Company was in the process of the obtaining the legal title of buildings with carrying amount of approximately RMB18,917,000 (2006: RMB5,362,000).

Depreciation expense charged to "cost of sales", "distribution costs" and "administrative expenses" respectively was shown as follows:

	2007 RMB'000	2006 RMB'000
Cost of sales	12,676	10,185
Distribution costs	1,035	1,189
Administrative expenses	1,831	890
	15,542	12,264

10. Trade receivables

	Company and Group 2007 RMB'000	Company and Group 2006 RMB'000
Accounts receivable (Note (a))	23,568	25,019
Bills receivable (Note (b))	53,366	50,463
	76,934	75,482

(a)The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of accounts receivable at 31 December 2007 and 2006 were as follows:

	Company and Group 2007 RMB'000	Company and Group 2006 RMB'000
0 to 90 days	12,485	14,809
91 to 180 days	6,814	4,199
181 to 365 days	5,022	2,516
Over 1 year	4,376	4,916
	28,697	26,440
Less: provision for impairment of receivables	(5,129)	(1,421)
	23,568	25,019

Trade receivables that are less than three months past due are not considered impaired. As at 31 December 2007 and 2006, trade receivables of approximately RMB6,814,000 and RMB4,199,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Company and Group 2007 RMB'000	Company and Group 2006 RMB'000
91 to 180 days	6,814	4,199

As at 31 December 2007 and 2006, trade receivables of RMB9,398,000 and RMB7,432,000 were impaired. The amount of the provision was RMB5,129,000 and RMB1,421,000 as at 31 December 2007 and 2006. The individually impaired receivables mainly relate to certain customers, which are in difficult financial situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	Company and Group 2007 RMB'000	Company and Group 2006 RMB'000
181 to 365 days	5,022	2,516
Over 1 year	4,376	4,916
	9,398	7,432

(b) Ageing analysis of bills receivable at 31 December 2007 and 2006 were as follows:

	Company and Group 2007 RMB'000	Company and Group 2006 RMB'000
0 to 180 days	53,366	50,463

As at 31 December 2007, bills receivable amounted to RMB20,000,000 (2006: RMB34,500,000) were pledged for bills payable.

Movement on the provision for impairment of trade receivables are as follows:

	Company and Group 2007 RMB'000	Company and Group 2006 RMB'000
At 1 January	1,421	56
Provision for impairment of trade receivables	3,869	1,365
Write-off of impaired trade receivables	(161)	-
At 31 December	5,129	1,421

The Group has recognised the provision for impairment of trade receivables in administrative expenses in the consolidated income statement.

The carrying amounts of trade receivables represent their fair values.

As at 31 December 2007, approximately 67% (2006: approximately 75%) of the total amount of trade receivables and due from related parties was due from the four largest customers. The carrying amount of trade receivables and due from related parties represents the Group's maximum exposure to credit risk in relation to its financial assets.

11. Prepayment and other receivables

	Group 2007 RMB'000	Company 2007 RMB'000	Company and Group 2006 RMB'000
Prepayment	23,427	22,314	6,709
Other receivables	5,326	5,213	4,786
	28,753	27,527	11,495

The carrying amounts of prepayment and other receivables represent their fair values.

12. Trade and other payables

	Group		Company	
	2007 RMB'000	2006 RMB'000	2007 RMB'000	2006 RMB'000
Accounts payable	169,894	141,313	154,408	141,313
Bills payable (a)	30,600	46,000	30,600	46,000
Other payables	77,342	46,984	71,844	46,823
Other taxes	6,716	4,894	6,348	4,760
	284,552	239,191	263,200	238,896

(a) Ageing analysis of accounts payable was as follows:

	Group 2007 RMB'000	Company 2007 RMB'000	Company and Group 2006 RMB'000
0 to 90 days	164,568	149,082	139,605
91 to 180 days	3,911	3,911	756
181 to 365 days	731	731	604
Over 1 year	684	684	348
	169,894	154,408	141,313

(b) As at 31 December 2007, all the bills payable were due within 6 months, and secured by bank deposits of RMB16,000,000 (2006: RMB20,000,000) and bills receivable of RMB20,000,000 (2006: RMB34,500,000).

13. Reserves

Company

	Capital surplus	Statutory surplus reserve fund	Statutory public welfare fund	Discretionary surplus reserve fund	Share issue costs	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)	Note (b)	Note (b)	Note (c)			
At 1 January 2006	-	9,670	4,835	-	(4,749)	38,314	48,070
Net profit for the year	-	-	-	-	-	66,554	66,554
Share issue costs	-	-	-	-	(11,980)	-	(11,980)
Proceeds from shares issued (Note (a))	91,879	-	-	-	-	-	91,879
Transfer of share issuance costs to share premium	(16,729)	-	-	-	16,729	-	-
Dividends (Note 7)	-	-	-	-	-	(17,827)	(17,827)
Appropriation (Note (b))	-	6,855	-	-	-	(6,855)	-
Transferring statutory public welfare fund to surplus reserve (Note (c))	-	-	(4,835)	4,835	-	-	-
At 31 December 2006	75,150	16,525	-	4,835	-	80,186	176,696
Net profit for the year	-	-	-	-	-	96,190	96,190
Dividends (Note 7)	-	-	-	-	-	(12,965)	(12,965)
Appropriation (Note (b))	-	9,977	-	-	-	(9,977)	-
At 31 December 2007	75,150	26,502	-	4,835	-	153,434	259,921

Group

	Capital surplus	Statutory surplus reserve fund	Statutory public welfare fund	Discretionary surplus reserve fund	Share issue costs	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)	Note (b)	Note (b)	Note (c)			
At 1 January 2006	-	9,670	4,835	-	(4,749)	38,310	48,066
Net profit for the year	-	-	-	-	-	65,949	65,949
Share issue costs	-	-	-	-	(11,980)	-	(11,980)
Proceeds from shares issued (Note (a))	91,879	-	-	-	-	-	91,879
Transfer of share issuance costs to share premium	(16,729)	-	-	-	16,729	-	-
Dividends (Note 7)	-	-	-	-	-	(17,827)	(17,827)
Appropriation (Note (b))	-	6,855	-	-	-	(6,855)	-
Transferring statutory public welfare fund to surplus reserve (Note (c))	-	-	(4,835)	4,835	-	-	-
At 31 December 2006	75,150	16,525	-	4,835	-	79,577	176,087
Net profit for the year	-	-	-	-	-	94,761	94,761
Dividends (Note 7)	-	-	-	-	-	(12,965)	(12,965)
Appropriation (Note (b))	-	9,977	-	-	-	(9,977)	-
At 31 December 2007	75,150	26,502	-	4,835	-	151,396	257,883

(a) Capital surplus

Capital surplus represented the share premium of the issuance of 50,000,000 H Shares.

(b) Statutory reserves

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the Company, it is required to appropriate 10% and 5% of its annual statutory net profit, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund and statutory public welfare fund respectively before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the Company's share capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory surplus reserve fund after such issue is not less than 25% of share capital. The statutory public welfare fund can only be utilised on capital expenditure for the collective benefit of the Company's employees such as the construction of dormitories, canteen and other staff welfare facilities, with the title of these capital items remaining with the Company. This fund is non-distributable except for liquidation situation.

For the year ended 31 December 2007, approximately RMB9,977,000 (2006: RMB6,855,000) was appropriated to the statutory surplus reserve fund from the net profit.

In accordance with the Company Law of PRC amended on 27 October 2005 and effective from 1 January 2006, the Company does not require to appropriate any public welfare fund from 1 January 2006.

(c) Discretionary surplus reserve

Pursuant to the Articles of Association of the Company, the Company has the discretion to appropriate its annual statutory net profit to the discretionary surplus reserve fund after the appropriation of statutory surplus reserve fund and statutory public welfare fund upon the approval by shareholders. The discretionary surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital.

In accordance with the " Circular on Accounting Treatment Following the Implementation of Company Law" issued by Ministry of Finance in PRC on 15 March 2006, the Company transferred the balance of public welfare fund as at 31 December 2005 to discretionary surplus reserve fund in 2006.

14. Expense by nature

	2007 RMB'000	2006 RMB'000
Transportation fee	1,210,814	906,274
Business tax	10,921	9,352
Employee benefit expense	87,045	65,119
Auditors' remuneration	958	988
Provision for impairment of receivables	3,869	1,365
(Reversal)/provision of impairment of due from related parties	(801)	70
Depreciation of property, plant and equipment	15,542	12,264
Amortisation of prepaid lease payments	2,385	1,072
Amortisation of intangible assets	182	616
Operating lease rentals for office premises and distribution centers	4,909	4,032
Loss on disposal of property, plant and equipment	17	13
Entertainment expense	3,089	2,576
Travelling expense	2,662	2,366
Other expenses	37,454	29,234
Total cost of sales, distribution costs and administrative expenses	1,379,046	1,035,341

15. Due from and due to related party

(a) For the year ended 31 December 2007, related parties, other than the subsidiaries, and their relationship with the Group are as follows:

Name of related party	Relationship
Changan Co.	Shareholder
APLL	Shareholder
Minsheng Industrial (Group) Company Limited (“Minsheng Industrial”)	Shareholder
APL Logistics (China) Co., Ltd. (“APLLC”)	Subsidiary of APLL
China South Industries Group Corporation (“CSI Group”)	Parent company of Changan Co.
China South Automobile Company Limited (“CS Automobile”)	Subsidiary of CSI Group
Chongqing Changan Automobile Company Limited (“Changan Automobile”)	Subsidiary of CS Automobile
Chongqing Changan Jinling Automobile Parts Liability Company Limited (“Changan Jinling”)	Subsidiary of CS Automobile
Chongqing Changan Property Management Company Limited (“Changan Property Management”)	Subsidiary of Changan Co.
Chongqing Changan Construction Company Limited (“Changan Construction”)	Subsidiary of Changan Co.
Chongqing Changan Lingyun Automobile Parts Company Limited (“Changan Lingyun”)	Associate of Changan Jinling
Minsheng International Freight Company Limited (“Minsheng International Freight”)	Subsidiary of Minsheng Industrial
Minsheng Logistics Company Limited (“Minsheng Logistics”)	Subsidiary of Minsheng Industrial
Minsheng Shipping Company Limited (“Minsheng Shipping”)	Subsidiary of Minsheng Industrial
Chongqing Changan International Sales and Services Company Limited (“Changan International Sales”, formerly named as Chongqing Changan Import and Export Company Limited)	Subsidairy of Changan Automobile
Hebei Changan Automobile Company Limited (“Changan Hebei”)	Subsidairy of Changan Automobile
Nanjing Changan Automobile Company Limited (“Changan Nanjing”)	Subsidairy of Changan Automobile
Chongqing Changan Suzuki Automobile Company Limited (“Changan Suzuki”)	Subsidairy of Changan Automobile
Jiangxi Jiangling Holding Company Limited (“Jiangling Holding”)	Subsidiary of Changan Automobile
Chongqing Changan Ford Mazda Automobile Company Limited (“Changan Ford”)	Jointly controlled entity of Changan Automobile
Changan Ford Mazda Engine Company Limited (“Changan Ford Engine”)	Jointly controlled entity of Changan Automobile
Chonqing Ante Import and Export Trading Company Limited (“Chongqing Ante”)	Subsidiary of Changan Ford
Chongqing Tsingshan Industries Company Limited (“Chongqing Tsingshan”)	Subsidiary of CS Automobile
Wuhan Minfutong	Associate
Chongqing Terui	Associate
Beijing Changjiu Logistics Company Limited (“Beijing Changjiu”)	Minority shareholder of a subsidiary
Sumitomo Corporation (“Sumitomo”)	Minority shareholder of a subsidiary

(b) As at 31 December 2007, the related party balances were shown as follows:

Due from related parties	Group		Company	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
Balance from rendering of services				
Changan Automobile	64,572	77,860	31,356	75,860
Changan Ford	60,003	103,839	56,092	103,839
Changan Ford Engine	2,128	7,022	448	7,022
Changan Hebei	49,297	64,197	49,297	64,197
Changan Nanjing	30,159	12,953	30,159	12,953
Chongqing Tsingshan	126	137	126	137
Changan Lingyun	49	299	49	299
Changan Suzuki	1,893	902	1,893	902
Changan International Sales	1,346	1,824	1,346	1,824
Changan Co.	563	177	563	177
Jiangling Holding	4,759	5	4,759	5
Changan Jinling	2,911	2,578	2,911	2,578
Nanjing Zhujiu	-	-	7,637	-
	217,806	271,793	186,636	269,793
Less: provision for impairment of due from related parties (Note (i))	-	(801)	-	(795)
Subtotal	217,806	270,992	186,636	268,998
Balance of deposits for service quality guarantee (Note (ii))				
Changan Ford	2,970	711	985	711
Changan Automobile	4,902	3,592	4,902	3,592
Changan Hebei	798	600	828	600
Changan Nanjing	828	-	798	-
Changan Suzuki	154	19	154	19
Subtotal	9,652	4,922	7,667	4,922
Balance from subsidiaries				
Chongqing Gangcheng	-	-	9,155	-
Nanjing Zhujiu	-	-	7,614	-
Subtotal	-	-	16,769	-
Total	227,458	275,914	211,072	273,920

Note

(i) For the year ended 31 December 2007, the Group has reversed the provision for the impairment of balances due from related parties, and credited to the consolidated income statement in administrative expenses of approximately RMB801,000.

(ii) Deposits for service quality guarantee represents the deposits paid by the Group to its customers for the purpose of guaranteeing the quality of its logistics service provided. If the service quality does not meet the customers' requirements, the deposits will be deducted by the customers as compensation.

As at 31 December 2007, approximately 67% (2006: approximately 75%) of the total amount of trade receivables and due from related parties was due from the four largest customers. The carrying amount of trade receivables and due from related parties represents the Group's maximum exposure to credit risk in relation to its financial assets.

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 at 31 December 2007 and 2006 were as follows:

	Group		Company	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	167,311	268,042	136,141	266,042
91 to 180 days	47,656	3,742	47,656	3,742
181 to 365 days	2,826	9	2,826	9
Over 1 year	13	-	13	-
Total	217,806	271,793	186,636	269,793

Movement of the provision for impairment of due from related parities are as follows:

	Group		Company	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	801	731	795	731
(Reversal)/provision of impairment of balances due from related parties	(801)	70	(795)	64
At 31 December	-	801	-	795

Due to related parties

	Group 2007 RMB'000	Company 2007 RMB'000	Group 2006 RMB'000	Company 2006 RMB'000
Balance from transportation services provided by related parties				
Minsheng Logistics	14,588	13,202	33,341	33,341
Minsheng International Freight	31,528	31,219	27,659	27,659
Minsheng Shipping	25,253	24,907	6	6
Chongqing Changan Transportation Company Limited ("Changan Transportation")	-	-	2,783	2,783
Wuhan Minfutong	4,018	4,018	-	-
Chongqing Terui	9	9	2,230	2,230
Beijing Changjiu	13,350	12,652	-	-
Subtotal	88,746	86,007	66,019	66,019
Balance from office premises lease services provided by related party				
Chongqing Changan Yuanda Transportation Company Limited ("Changan Yuanda")	-	-	942	942
Balance from timely settlement compensation fee payable to related party				
Changan Automobile	596	596	154	154
Balance from construction services provided by related party				
Changan Construction	265	265	-	-
Balance due to subsidiaries				
Chongqing Gangcheng	-	131	-	2,930
Nanjing Zhujiu	-	101	-	-
Subtotal	-	232	-	2,930
Total	89,607	87,100	67,115	70,045

In 2007, due to the change of shareholders' structure, Changan Co. sold all its equity interests of Changan Transportation and Changan Yuanda. The directors of the Company are of the opinion that Changan Transportation and Changan Yuanda was not a related party of the Group, and the transactions with Changan Transportation and Changan Yuanda was not disclosed as related party transactions after Changan Co. sold its equity.

Ageing analysis of due to related parties at 31 December 2007 and 2006 were as follows:

	Group 2007 RMB'000	Company 2007 RMB'000	Group 2006 RMB'000	Company 2006 RMB'000
0 to 90 days	84,981	82,474	62,421	65,351
91 to 180 days	3,809	3,809	4,269	4,269
181 to 365 days	229	229	425	425
Over 1 year	588	588	-	-
	89,607	87,100	67,115	70,045

As at 31 December 2007 and 2006, all the related party balances were interest-free and unsecured.

The carrying value of due from and due to related parties approximates their fair value due to the short-term maturity.

CHAIRMAN'S STATEMENT

On behalf of the board of directors of the Company, I am pleased to present the audited consolidated financial results of the Group for the year ended 31 December 2007 to all shareholders.

ANNUAL RESULTS

The rapid growth of China's economy gives the momentum to the sustainable development of China's logistics industry. As one of the leading professional third party logistics services providers in China, the Group is able to benefit from the strong economic growth of China by its advanced logistics services ideas, extensive logistics plans and operating experience, high quality customers base and services network that covers a significant part of China, and advanced information and technology systems. In 2007, new products were rolled out by the customers of the Group such as Changan Ford Mazda Automobile Corporation Ltd. ("Changan Ford Mazda"), Chongqing Changan Automobile Co., Ltd. ("Changan Automobile"). The sales of the new products grew rapidly. The business of the Group performed well and kept a steady growth during last year.

For the year ended 31 December 2007, the Group's revenue was RMB1,475,020,000, up approximately 33.55 % from the same period in 2006. Profits attributable to shareholders were RMB94,761,000, up approximately 43.69% from the same period in 2006. Earnings per share were RMB0.58 for the year ended 31 December 2007 (2006: RMB0.43).

ANNUAL REVIEW

Market Expansion

During the reporting period, Nanjing CMSC Logistics Co., Ltd. ("Nanjing CMSC") was incorporated by the Company, Sumitomo Corporation ("Sumitomo") and Beijing Changjiu Logistics Company ("Beijing Changjiu"). The registered capital was RMB100,000,000, and the Company, Sumitomo and Beijing Changjiu respectively hold 51%, 25% and 24% of the JV company's share capital. Nanjing CMSC was incorporated on 26 July 2007. As at 31 December 2007, the accumulated capital of Nanjing CMSC contributed by its shareholders accounted for 50% of its registered capital. Nanjing CMSC provides comprehensive and customized logistics services to Changan Ford Mazda Nanjing Plant and Changan Ford Mazda Engine Company (Changan Ford Mazda Engine).

In order to improve the Group's logistics services in Shandong, the Company has established a branch in Shandong during the reporting period.

During the reporting period, the Company contributed capital of RMB4,980,000 and RMB4,500,000 to CMAL Gang Cheng Co., Ltd. ("Chongqing Gangcheng") and

Chongqing Terui Transportation Service Co., Ltd. ("Chongqing Terui") respectively with a view to enhancing the Group's transportation capacity.

Leveraging on our existing customer base, the Company extended its scope of logistics services and explored growth opportunities actively. During the reporting period, the Group fully participated in Changan Automobile's after-sale car parts logistics services, the milk-run project of the Company developed with a faster speed and the Company actively explored the logistics business for exporting Changan Ford Mazda's car parts.

As at 31 December 2007, Bosch Automotive Products Co., Ltd. , Chongqing Importing Machinery Equipment Company and Northern Benz Heavy Truck Penglai Branch became the Company's customers. The Group had 989 customers. During the reporting period, we strengthened the relationship with our existing customers, as a result of which the Group developed a more solid customer base.

Awards

Operating results of the Company were recognized by the community. The Company was awarded the Top Fifty Logistics Enterprises in China in 2007 by National Development and Reform Commission, National Bureau of Statistics of China and China Federation of Logistics & Purchasing on 11 January 2008. During the year, the Company was accredited as one of the advanced enterprises in the PRC industry by Ministry of Personnel of the State Council of PRC and China Federation of Logistics & Purchasing on the first Model Workers Commendation Conference of the PRC Logistics Industry. On the National Automotive Logistics Industry 1st Annual Meeting & the Fourth Delegate Meeting of the First Council of Automotive Logistics Branch of China Federation of Logistics & Purchasing, the Company won the prizes for its contribution and innovation in the automotive logistics industry in 2007 granted by the Automotive Logistics Branch of China Federation of Logistics & Purchasing. The Company was also named one of the Top Ten Enterprises in 2007 by Chongqing Economic & Technological Development Zone on 11 January 2008.

OUTLOOK AND PROSPECTS

In order to prevent the economy from growing too fast and to control rising prices that may lead to nationwide inflation problems, the PRC government is expected to introduce a tight monetary policy in 2008. However, the Company believes that as China is hosting the 2008 Olympic Games and with the expected increase in internal demand in China, the domestic economy will sustain a stable growth. The development of the domestic logistics industry in 2008 is also expected to be satisfactory.

In 2008, the Group will seek to continue to strengthen its relationship with existing customers， take advantage of every opportunity with a view to stable development, expand our logistics services scope for the existing customers and identify more growth opportunities; continue to strengthen and enhance its handling capacity for its finished vehicles transportation services and enhance communication with famous enterprises in the industry to explore more cooperation opportunities.

The Board and I are very optimistic about the future development of the Group. In future, the Group will work together with various parties to establish a stronger and professional logistics services team and a more extensive logistics services network and more flexible logistics services system. We are striving to become the China first-class logistics enterprise.

I would like to take this opportunity to express my heartfelt thanks to the members of the Board and all our staff for their highly effective work and unremitting efforts. As in the past, the Company will reward all shareholders for their great support.

Chairman
Yin Jiaxu

Chongqing, the PRC
21 March 2008

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal businesses of the Group are finished vehicle transportation and related logistics services, car components and parts supply chain management services and non-vehicle commodities transportation services. The Group's major customers include Changan Automobile, Changan Ford Mazda, Hebei Changan Automobile Co., Ltd. ("Changan Hebei"), Nanjing Changan Automobile Produce Company Limited ("Changan Nanjing"), Webasto Roof Systems (Shanghai) Ltd., Shanghai Delphi International Battery Company Ltd., Yanfeng Visteon Automotive Electronics Co.,Ltd., and Chengdu Baogang West Trade Company Limited. As at 31 December 2007, the Group had 989 customers.

During the reporting period, the PRC economy maintained a stable and fast development, and the GDP increased over 11%, as compared with the corresponding period last year. The production and sales of products in the automotive industry to which important customers of the Group belong increased approximately 22%. Accordingly, the sale of the customers of the Group presented an upward trend, thus creating a strong demand for logistics services. For the year ended 31 December 2007, revenue of the Group was approximately RMB1,475,020,000, up approximately 33.55% from RMB1,104,477,000 of last year.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2007, the Group's revenue was RMB1,475,020,000 (2006: RMB1,104,477,000), up approximately 33.55% from the previous financial year. The increase of the revenue was mainly attributable to strong growth in production and sales of the Group's customers and hence the corresponding growth in their demand for logistics services from us.

Cost of sales and gross profit margin

For the year ended 31 December 2007, the Group's cost of sales was RMB1,316,180,000 (2006: RMB986,228,000), up approximately 33.46% from the previous financial year.

For the year ended 31 December 2007, the Group's gross profit margin was approximately 10.77% (2006: 10.71%).

Distribution Costs

The Group's distribution costs were RMB30,179,000 for the year ended 31 December 2007 and represented approximately 2.05% of the Group's revenue during the year (2006: 2.34%).

The distribution costs included salaries and other employee benefits, travelling, business and communication expenses, and marketing and promotion expenses incurred by the Group's sales and marketing department. Such expenses rose approximately 16.69% from 2006. This was due to the increase of the Group's headcount to support its business development and strengthen its market expansion activities.

Administrative Expenses

Due to the Group's business expansion, especially in Nanjing and Hebei regions, administrative expenses increased from RMB23,250,000 in 2006 to RMB32,687,000 in 2007. Such expenses included salaries and other employee benefits, travelling, business and communication expenses.

Finance Costs

The Group's finance costs for the year ended 31 December 2007 amounted to RMB5,381,000 (2006: RMB3,715,000) which included interests on bank loans borrowed to provide more liquid funds and the exchange loss on foreign currency deposits. As at 31 December 2007, the Group had short term bank loans of RMB30,000,000 within a term of one year. We had no long term bank loan with a term of more than one year.

Taxation

The Company was entitled to a 50% tax reduction for the year ended 31 December 2007. The effective tax rate was approximately 6.0% （2006: 8.3%）and the provision for income tax for the year ended 31 December 2007 amounted to RMB5,981,000 (2006: RMB5,940,000).

Profit Attributable to Equity Holders

During the year ended 31 December 2007, profits attributable to equity holders of the Company were RMB94,761,000, up approximately 43.69% from the previous financial year.

Dividends

The board of directors ("the Board") recommended the payment of a final dividend of RMB0.08 (including tax) (2006: RMB0.08 (including tax)) per share for the year ended 31 December 2007 to shareholders registered in the register of members of the Company on 19 June 2008. The final dividend is expected to be payable on or about 31 August 2008 upon approval of the Board's proposal by shareholders at the annual general meeting.

Liquidity and Financial Resources

The Group maintained a sound liquidity position in the year ended 31 December 2007. As at 31 December 2007, the balance of the Group's cash and bank deposit was RMB264,705,000 (31 December 2006: RMB96,842,000). As at 31 December 2007, total assets of the Group amounted to RMB852,630,000 (31 December 2006: RMB677,705,000). Capital resources were current liabilities of RMB408,248,000 (31 December 2006: RMB339,554,000), non-current liabilities of RMB1,025,000 (31 December 2006: nil), shareholders' interests (excluding minority interests) of RMB419,947,000 (31 December 2006: RMB338,151,000) and minority interests of RMB23,410,000 (31 December 2006: nil).

Capital Structure

For the year ended 31 December 2007, there was no change in the Company's share capital.

Loans and Borrowings

As at 31 December 2007, the balance of the Group's bank loans and borrowings was RMB30,000,000 (31 December 2006: RMB30,000,000).

Gearing Ratio

As at 31 December 2007, the ratio of the total liabilities to the total assets of the Group was 48.00% (31 December 2006: 50.10%). The gearing ratio of the Group (the ratio of bank loans to total equity) was 6.77% (31 December 2006: 8.87%).

Pledge of Assets

As at 31 December 2007, buildings and property with an evaluated value of approximately RMB3,422,600 and land use right of RMB45,129,700 belonging to the Group were used to secure a loan of RMB30,000,000 from the bank.

Exchange Rate Risks

The proceeds of H shares offered by the Company were denominated in Hong Kong Dollar ("HKD") and deposited in the commercial banks of China as HKD in accordance with the rules of China State Administration of Foreign Exchange. Accordingly, the Group may face certain exchange rate risks. However, as the Group had limited transactions denominated in foreign currencies, there is no significant effect on the Group's operations.

Contingent Liabilities

As at 31 December 2007, the Group did not have any significant contingent liabilities.

Capital Commitment

As at 31 December 2007, the Group has the following capital commitment.

	2007
	RMB’000
Property, plant and equipment	
Contracted but not provided for	24,283
Authorised but not contracted for	56,297
Prepaid lease payments	
Contracted but not provided for	13,501
	94,081

Significant Purchase or Sale of Affiliates and Associates

During the reporting period, the Group had not made any significant purchase or sale of affiliates and associates.

USE OF PROCEEDS FROM SHARE OFFER

The Company placed and issued H shares in Hong Kong in February, 2006. The Company utilized the proceeds in accordance with the proposed uses set out in the prospectus of the Company issued by the Company on 16 February 2006 (the “Prospectus”) and according to the approval by the AGM of the Company held in 2007.

As at 31 December 2006, the Company had used all the proceeds allocated to the improvement of Phase Ⅲ and construction of Phase Ⅳ of the distribution centre Project of Changan Ford. The construction of the distribution centre has been completed and put into use. The relevant details are disclosed in the 2006 annual report of the Company.

As at 31 December 2006, the Company had used all the proceeds allocated to the outsource of transportation services to third party Companies. The relevant details are disclosed in the 2006 annual report of the Company.

As at 30 June 2007, the additional funds raised by the Company whose H shares were placed at the maximum placing price of HK$2.7 per H share were used for the purpose of expanding and constructing facilities in its existing regional distribution centers (more details are disclosed in the 2006 annual report and the Interim Report of 2007).

In view of the construction of the logistics facilities required by Changan Ford Mazda Chongqing plant to cope with its production expansion, the Company made some adjustments to reduce the originally planned proceeds invested in the construction of phase I and phase II of Changan Ford’s regional distribution centre in Nanjing by HK$40,000,000 to HK$24,000,000. The HK$40,000,000 was reallocated to the construction of the logistics facilities required by Changan Ford Mazda Chongqing plant to cope with its production expansion. Such adjustments to the use of proceeds were approved by shareholders at the annual general meeting on 31 May 2007. For the year ended 31 December 2007, the Company had used all the revised proceeds of HKD24,000,000 allocated to Changan Ford Mazda for the purpose of the construction of phase I and phase II of Changan Ford's regional distribution centre in Nanjing by directly investing and injecting the registered capital into Nanjing CMSC.

For the year ended 31 December 2007, the proceeds allocated to Changan Ford Mazda Chongqing plant for its production expanding project by the Company was HK$22,340,000. As at 31 December 2007, the accumulated fund put into Changan Ford Mazda Chongqing plant for its production expansion project by the Company was HK$22,340,000. The unused amount was HK$17,660,000 and was deposited with the commercial banks of China.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL PROGRESS

Business objectives disclosed in the Prospectus for the six months ended 31 December 2007	The actual progress for the six months ended 31 December 2007
Business development	
1. To expand business volume for the existing customers, especially car manufacturers	The vehicles production and sales volume of the Group's customers increased rapidly and the Group's turnover achieved an increasing growth.
2. To expand logistics business for non-vehicle commodities	The Group continued to expand the logistics business of non-vehicle products, and our turnover of logistics services for the non-vehicle products increased approximately 18.30%.
Customers 700	989
Human resources 2,715	2,750, the number of staff increased faster than expectation because of the Company's rapid business development.

The comparison of business objectives with the actual progress for the six months ended 30 June 2006 is set out in the Company's interim report of 2006.

The comparison of business objectives with the actual progress for the six months ended 31 December 2006 is set out in the Company's annual report of 2006.

The comparison of business objectives with the actual progress for the six months ended 30 June 2007 is set out in the Company's interim report of 2007.

OTHER CORPORATE INFORMATION

Competing Interest

The Company's shareholders APLL, Minsheng Industrial, Ming Sung (HK) and Changan Co. have all signed non-competition undertakings with the Company in favor of the Company. Please refer to the Prospectus for details for such undertakings.

In February 2008, the Company had received the non-competition undertakings between the Company and APLL, Minsheng Industrial, Ming Sung (HK) and Changan Co. from the shareholders mentioned above.

Continuing Connected Transactions

For the year ended 31 December 2007, the total consideration paid to the Group by the relevant connected persons for our logistics services is as follows:

	For the year ended 31 December 2007 Annual transaction volume **RMB'000**
Changan Co. (including Changan Jinling and Changan Co.'s subsidiaries):	
Supply chain management for car components and parts	8,907
Changan Automobile and its subsidiaries:	
Transportation for finished vehicle	943,656
Supply chain management for car components and parts	405,270

For the year ended 31 December 2007, the total consideration paid by the Group to the relevant connected persons for the purchase of transportation services is as follows:

	Transaction amount for the year ended 31 December 2007 **RMB'000**
Minsheng Industrial and its subsidiaries	265,705
Changan Industrial and its subsidiaries	-

	Transaction amount for the period from 26 July 2007 to 31 December 2007 **RMB'000**
Beijing Changjiu and its affiliates	67,533

For the period from 20 September 2007 to 31 December 2007, the total consideration paid by the Group to Changan Construction for the purchase of engineering construction services is as follows:

Transaction amount for the period from 20 September 2007 to 31 December 2007

	RMB'000
Chongqing Changan Construction	8,184

The continuing connected transactions of the Company also constitute accounting related party transactions entered into by the Group during the year which are set out in the notes to the consolidated financial statements of this report. During the reporting period, the Group has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

The independent non-executive directors of the Company have reviewed the continuing connected transactions conducted by the Group, and are of the view that they were entered into:

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or, if there are no comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

3. in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of our Company and the Company as a whole.

Corporate Governance Report

During the year, the Company has prepared the compliance manual of the Board (the "Manual") with a view to compliance with the GEM Listing Rules. During the reporting year, the Company complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

Audit Committee

The Company has set up an audit committee pursuant to the requirements under Rule 5.28 of the GEM Listing Rules and the "Guidelines for the establishment of Audit Committees" prepared by Hong Kong Institute of Certified Public Accountants, with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules. The responsibilities of the audit committee are principally to review and supervise the Company's financial reporting procedure and internal control system.

The audit committee currently comprises Mr. Peng Qifa, Ms. Wang Xu and Mr. Chong Teck Sin, who are all independent non-executive directors. Chairman Peng Qifa has proper professional qualification and financial experience.

The audit committee has met on 5 March 2008 to review 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 views and approved these reports.

Code for Securities Transactions by 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 Rule 5.48 to Rule 5.67 of the GEM Listing Rules. After inquiry by the Company to all the directors, all the directors have confirmed that they have complied with the code of conduct.

Purchase, Sale and Redemption of the Company's Limited Securities

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the year ended 31 December 2007.

By order of the Board
Changan Minsheng APLL Logistics Co., Ltd.
Yin Jia Xu
Chairman

Chongqing, the PRC, 21 March 2008

As at the date of this announcement, the executive directors of the Company are Mr. Yin Jia Xu, Mr. Huang Zhang Yun, Mr. Lu Xiao Zhong, Mr. Shi Chao Chun and Mr. James H McAdam; the non-executive directors of the Company are Mr. Lu Guo Ji, Mr. Zhang Bao Lin, Mr. Daniel C. Ryan, Ms. Cao Dong Ping, Mr. Wu Xiao Hua and Ms. Lau Man Yee, Vanessa; and the independent non-executive directors of the Company are Ms. Wang Xu, Mr. PEng Qi Fa and Mr. Chong Teck Sin.

This announcement, for which the directors of Changan Minsheng APLL Logistics Co., Ltd. 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 for the purpose of giving information with regard to Changan Minsheng APLL Logistics Co., Ltd. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: - (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting.

** For identification only*