TIANJIN Binhai TEDA LOGISTICS (Group) Corporation Limited*

天津濱海泰達物流集團股份有限公司

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

Interim Report 2009

Stock Code 股份代號: 8348

* For identification purposes only

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This report, for which the Directors (the "Directors") of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make the contents of this report misleading; and (3) 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.

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HIGHLIGHTS

The following are the major events occurring during the six months ended 30 June 2009:

- Total income amounted to approximately RMB869,441,000 (corresponding period in 2008: RMB761,672,000), representing an increase of approximately 14.2% as compared with the corresponding period last year.

- Gross profit was approximately RMB23,112,000 (corresponding period in 2008: RMB75,705,000), representing a decrease of approximately 69.5% as compared with the corresponding period last year.

- Gross profit margin was approximately 2.7%, representing a decrease of approximately 7.2% as compared with 9.9% achieved in the corresponding period last year.

- Profit attributable to shareholders amounted to approximately RMB8,452,000 (corresponding period in 2008: RMB26,879,000), representing a decrease of approximately 68.6% as compared with the corresponding period last year.

- Earnings per share was RMB2.4 cents.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The turnover of the Company and its subsidiaries (collectively referred to as the "Group") increased by RMB107,769,000 or 14.2% from RMB761,672,000 for the corresponding period last year to RMB869,441,000 for the six months ended 30 June 2009. The increase was mainly attributable to the substantial expansion of the steel procurement and related logistics services. During the reporting period, turnover of steel procurement and related logistics services was RMB479,648,000, representing an increase of RMB242,064,000 or 101.9% as compared with RMB237,584,000 for the corresponding period last year.

The overall gross profit margin of the Group decreased by 7.2% from 9.9% for the corresponding period last year to 2.7% for the six months ended 30 June 2009. The significant drop in gross profit margin of the Group was mainly due to, firstly, the turnover of our logistics and supply chain services for transportation of finished automobiles, automobile components and electronic components, and bonded warehouse services had all decreased by different extent, which resulted in corresponding drops in gross profit; and secondly, the steel procurement and related logistics business commenced in the reporting period was characterized by its huge turnover but low gross profit margin, which has further diluted the overall gross profit margin of the Group.

The administrative expenses of the Group decreased by RMB6,964,000 from RMB27,946,000 for the corresponding period last year to RMB20,982,000 for the six months ended 30 June 2009. The decrease in the administrative expenses was mainly due to the administrative expenses of the corresponding period last year included part of the one-off listing expense that was not incurred this year and the reduction in certain controllable costs by the Group.

The finance costs of the Group decreased by RMB342,000 from RMB1,090,000 for the corresponding period last year to RMB748,000 for the six months ended 30 June 2009. The decrease in finance cost was mainly due to the repayment by the Group of certain bank borrowings when they fell due.

Net profit attributable to the equity holders of the Group dropped by RMB18,427,000 or 68.6% from RMB26,879,000 for the corresponding period last year to RMB8,452,000 for the six months ended 30 June 2009. The significant drop in profit of the Group was mainly due to the turnover from our logistics and supply chain services for transportation of finished automobiles, automobile components and electronic components, and bonded warehouse services had all decreased by different extent.

During the period under review, the Company did not purchase any derivative instrument for investment or other purpose.

Business Review

The Group is principally engaged in the provision of logistics and supply chain services for transportation of finished automobiles, automobile components and electronic components, and bonded warehouse services and steel procurement and related logistic services. Under the global financial crisis and the economic downturn of the PRC, the Group's logistics and supply chain services for transportation of finished automobiles, automobile components and electronic components, and bonded warehouse services had all decreased by different extent, which resulted in significant drop in the operating results of the Group for the first half of 2009 as compared with the corresponding period last year. During the period under review, the Group's logistics and supply chain services for transportation of finished automobiles, automobile components and electronic components have shown noticeable rebound in the second quarter as compared with the first quarter.

As for infrastructures, the construction works of the container stacking yard and warehousing facilities of the Company located in Tianjin Port (the "Bei Gang Depot") are on schedule, and certain portions of which have commenced operation. The warehousing facilities constructed/renovated by Fengtian Logistics and Tianjin Alps Teda Logistics Company Limited have commenced operation in April 2009 and June 2009 respectively. The storage and warehouse facilities of Tianjin Yuan Da Xian Dai Logistics located in TEDA have commenced operation in the second quarter of 2009 after reconstruction. The Company expects that the commencement of operation of the abovementioned logistics infrastructures will secure its future business growth. The Company will also continue to explore opportunities to acquire prime logistics assets.

Logistics and supply chain services for transportation of finished automobiles and automobile components

During the period under review, the throughput of the logistics services for domestic finished automobiles reached 140,673 sets, decreased by 52,201 sets or 27% compared with corresponding period last year. During the reporting period, the throughput of logistics services of the imported automobile was 4,826 sets, decreased by 13,594 sets or 74% compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB296,352,000, representing a decrease of RMB92,123,000 or 23.7% as compared with that of RMB388,475,000 for the corresponding period last year.

Logistics and supply chain services for electronic components business

Turnover recorded for the reporting period amounted to RMB75,959,000, representing a decrease of RMB47,166,000 or 38.3% as compared with that of RMB123,125,000 for the corresponding period last year.

Steel procurement and related logistics business

Turnover recorded for the reporting period amounted to RMB479,648,000, representing an increase of RMB242,064,000 or 101.9% as compared with that of RMB237,584,000 for the corresponding period last year.

Bonded warehouse services business
Turnover recorded for the reporting period amounted to RMB3,825,000, representing a decrease of RMB5,178,000 or 57.5% as compared with that of RMB9,003,000 for the corresponding period last year.

Transportation and loading services
Turnover recorded for the reporting period amounted to RMB13,657,000, representing an increase of RMB10,172,000 or 291.9% compared with that of RMB3,485,000 for the corresponding period last year.

Prospects
According to the report of the China Federation of Logistics and Purchasing, the PRC logistics industry will be growing at a stable and accelerated pace in the second half of the year, due to the rebound of the national economy, expansion of domestic consumption, the macroeconomic policies to stimulate consumption as well as the stabilization of global economy, in particular, the gradual recovery of the U.S. economy. The overall situation will be better as compared to the first half of the year. We anticipate that the gradual recovery of the PRC domestic economy, the increasing in domestic demand as well as the improvement in export will generate positive momentum and influence on every business segment of the Group in the second half of 2009.

Due to the production of new automobile models and the adjustment of domestic policies towards automobile industry, the logistics business regarding transportation of finished automobile and automobile components will continue to grow. We will continue to implement electronic logistics by focusing on providing services to its existing main customers. The operating strategy of expanding external sales will further optimize our operating income structure. As for the financial logistics, our steel procurement business will fully and effectively utilize banking facilities to steadily improve its results under controllable risks. Meanwhile, the Group will develop financial logistics services for the new category of large-scale trading commodities, and further expand its developed import and export business. As for the traditional storage and transportation business, TEDA General Bonded Warehouse Co., Ltd. ("TEDA Warehouse"), a wholly-owned subsidiary of the Group, made adjustments to its business development structure by enhancing corporate management and proactively introducing high-ended storage customers, while actively expanding supply chain management services to provide its customers with comprehensive total logistics solutions. Yuan Da Logistics has also fully utilized its existing logistics infrastructure to proactively explore overall logistics solutions for storage transportation of large-scale trading commodities.

During the reporting period, TEDA Warehouse has been designated by the Shanghai Futures Exchange as a qualified steel futures clearing house. Meanwhile, Bonded Warehouse Co., Ltd. and Tianjin Port International Automobile Logistics Co., Ltd. were both recognized as hi-tech enterprises of Tianjin, benefitting from the preferential income tax policy. Moreover, the Group was accredited as a 5A comprehensive logistics enterprise by the China Federation of Logistics and Purchasing, ranking one of the first class domestic logistics enterprises. The accomplishment of these accreditations and honors further demonstrates the combined competitive strengths and the overall logistics operation standard of the Group, which establishes a strong foundation for further expansion of its logistics services and the exploration of cooperation in business in the future.

As for corporate management, the management firmly believes that sound internal management is the basis for the steady growth of the Company. The Group has initiated the ISO9001 certification process. Bonded Warehouse Co., Ltd. has also commenced the ISO9001 and OHSAS18000 certification processes. Fengtian Logistics has accredited with the ISO14000 environmental certification and will complete the ISO9001 certification process in October this year. Tianjin Alps Teda Logistics Company Limited has accredited with the ISO9001 certification and will complete the OHSAS18000 and ISO14000 certification processes in September this year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's working capital was generally financed by internally generated net cash inflow and bank borrowings. As at 30 June 2009, total assets of the Group amounted to RMB1,810,273,000. Amongst which, current assets amounted to RMB1,399,294,000, and non-current assets were RMB410,979,000. The Group's total liabilities were RMB1,231,235,000, of which current liabilities amounted to RMB1,222,082,000, and non-current liabilities amounted to RMB9,153,000. Total equity amounted to RMB579,038,000, of which equity interest attributable to the Group amounted to RMB506,527,000 and non-controlling interests amounted to RMB72,511,000.

CHARGE ON ASSETS OF THE GROUP

During the period under review, there has been no charge on assets of the Group.

GEARING RATIO

As at 30 June 2009, the Group's gearing ratio was approximately 68% (31 December 2008: approximately 61%), which was measured by the total liabilities over the total assets.

FOREIGN CURRENCY RISK

All the operating revenues and expenses of the Group are principally denominated in Renminbi.

The Group has no significant investments except those in the PRC. The Group, however, may be exposed to certain extent of foreign currency risks as the proceeds from the issue of H shares by the Group was denominated in Hong Kong dollars and was placed in a Hong Kong Dollars account with commercial banks in the PRC pursuant to the regulations of the relevant foreign exchange administrative authority of the PRC and will be used by batches based on its stated use. For the six months ended 30 June 2009, the Group had an exchange loss of RMB125,000 due to the appreciation of Renminbi.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

During the reporting period, there was no substantial acquisition and disposal by the Group.

CONTINGENT LIABILITIES

As at 30 June 2009, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2009, the Group employed 1,638 employees. During the reporting period, staff costs, including directors' and supervisors' remunerations, amounted to approximately RMB36,984,000 (corresponding period in 2008: approximately RMB35,184,000). The Group's remuneration and bonus of employees are basically determined by the provisions under the Group's remuneration policy and performance assessment of individual employee.

FINANCIAL RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the consolidated results of the Group for the six months ended 30 June 2009 together with the comparative figures for the corresponding period of 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Three months ended 30 June		Six months ended 30 June	
		2009	2008	2009	2008
		RMB'000	RMB'000	RMB'000	RMB'000
	Notes	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover	4	578,526	422,799	869,441	761,672
Cost of sales		(558,479)	(387,209)	(846,329)	(685,967)
Gross profit		20,047	35,590	23,112	75,705
Other income	5	1,953	850	4,039	1,369
Administrative expenses		(10,911)	(17,599)	(20,982)	(27,946)
Share of results of associates		3,121	2,036	5,823	2,369
Finance costs	6	(700)	(647)	(748)	(1,090)
Profit before tax	7	13,510	20,230	11,244	50,407
Taxation	8	(2,284)	(4,809)	(3,228)	(10,568)
Profit for the period		11,226	15,421	8,016	39,839
Attributable to					
Owners of the Company		8,200	10,215	8,452	26,879
Non-controlling interests		3,026	5,206	(436)	12,960
		11,226	15,421	8,016	39,839
Earnings per share (RMB)	10	0.02	0.03	0.02	0.09

CONDENSED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 June 2009

	Notes	30 June 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	269,550	238,749
Land use rights		116,187	111,879
Interests in associates		25,137	19,314
Goodwill		105	105
		410,979	370,047
Current assets			
Inventories		177,789	13,350
Trade and other receivables	12	884,224	766,096
Land use rights		2,726	2,578
Amounts due from related parties		502	–
Tax recoverable		220	220
Pledged bank deposits		87,137	57,856
Bank balances and cash		246,696	247,859
		1,399,294	1,087,959
Current liabilities			
Trade and other payables	13	1,147,205	822,201
Amounts due to related parties		434	5
Dividend payable		7,436	17,036
Taxation payable		7,590	11,172
Bank borrowings	14	59,417	27,417
		1,222,082	877,831
Net current assets		177,212	210,128
Total assets less current liabilities		588,191	580,175
Capital and reserves			
Share capital	15	354,312	354,312
Reserves		152,215	143,763
Equity attributable to owners of the Company		506,527	498,075
Non-controlling interests		72,511	72,947
Total equity		579,038	571,022
Non-current liabilities			
Deferred tax liabilities		3,413	3,413
Deferred income		5,740	5,740
		9,153	9,153
		588,191	580,175

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to equity holders of the Group							
	Share capital RMB'000	**Share premium** RMB'000	**Other reserves** RMB'000	**Statutory provident funds** RMB'000	**Retained profits** RMB'000	**Attributable to equity holders of parent** RMB'000	**Total non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2008 (audited)	265,000	–	(73,258)	30,569	82,775	305,086	83,537	388,623
Profit for the period and total recognised income and expenses for the period	–	–	–	–	26,879	26,879	12,960	39,839
Transfer	–	–	–	16,618	(16,618)	–	–	–
Dividend	–	–	–	–	–	–	(27,455)	(27,455)
Issue of H shares	89,312	69,530	–	–	–	158,842	–	158,842
Share issue expenses	–	(14,286)	–	–	–	(14,286)	–	(14,286)
At 30 June 2008 (unaudited)	354,312	55,244	(73,258)	47,187	93,036	476,521	69,042	545,563
At 1 January 2009 (audited)	354,312	55,244	(73,258)	47,255	114,522	498,075	72,947	571,022
Profit for the period and total recognised income and expenses for the period	–	–	–	–	8,452	8,452	(436)	8,016
Transfer	–	–	–	5,654	(5,654)	–	–	–
At 30 June 2009 (unaudited)	354,312	55,244	(73,258)	52,909	117,320	506,527	72,511	579,038

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	56,771	118,458
Net cash used in investing activities		
Purchase of property, plant and equipment	(44,708)	(26,282)
Purchase of land use rights	(5,597)	(38,644)
Increase in pledged bank deposits	(29,281)	(58,310)
	(79,586)	(123,236)
Net cash generated from (used in) financing activities		
New bank and other borrowings	56,000	28,142
Repayment of bank borrowings	(24,000)	(10,825)
Repayment to related parties	–	(40,000)
Dividends paid to shareholders	–	(14,947)
Dividends paid to minority shareholders	(9,600)	(13,172)
Proceeds from issue of H Shares	–	158,842
Payment of share issue expense	–	(14,286)
Other financing cash flows	(748)	(3,584)
	21,652	90,170
Net increase in cash and cash equivalents	(1,163)	85,392
Cash and cash equivalents at 1 January	247,859	179,671
Cash and cash equivalents at 30 June represented by bank balances and cash	246,696	265,063

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. General

The Company was established as an investment holding company in the People's Republic of China (the "PRC") by its promoters, Tianjin Teda Investment Holding Co., Ltd. ("Teda Holding") and Tianjin Economic and Technological Development Area State Asset Operation Company ("TEDA Asset Company"), as a joint stock limited company on 26 June 2006. Both TEDA Holding and TEDA Asset Company are controlled by Tianjin Economic and Technological Development Area Administrative Commission ("TEDA Administrative Commission").

Pursuant to the group reorganisation (the "Reorganisation") in preparation for the listing of the Company's overseas listed foreign shares ("H shares") on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, the Company became the holding company of the Group in June 2006. The Company's H shares were listed on the GEM of the Stock Exchange on 30 April 2008.

The Group is engaged in the provision of logistics and supply chain solutions services and steel trading and related logistics services.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with International Accounting Standard 34: "Interim Financial Reporting".

3. Principal Accounting Policies

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

The accounting policies used in the interim financial information are consistent with those followed in the preparation of the Group's consolidated financial statements for the three years ended 31 December 2008 included in the Prospectus of the Company dated 24 April 2008.

In the current interim period, the Group has applied, for the first time, the following new International Financial Reporting Interpretations Committee (the "IFRIC") issued by International Accountants Standards Board ("IASB"), which are effective for the Group's financial year beginning on 1 January 2008.

IFRIC 11	IFRS 2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

3. Principal Accounting Policies (Continued)

The adoption of these new IFRICs had no material effect on the results or financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective at the date of this report.

IFRSs (Amendments)	Improvements to IFRSs May 2008[1]
IFRSs (Amendments)	Improvements to IFRSs April 2009[2]
IAS 1 (Revised)	Presentation of Financial Statements[3]
IAS 23 (Revised)	Borrowing Costs[3]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
IAS 39 (Amendment)	Eligible Hedged Item[4]
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
IFRS 2 (Amendment)	Vesting Conditions and Cancellation[3]
IFRS 3 (Revised)	Business Combinations[4]
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
IFRS 8	Operating Segments[3]
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives[5]
IFRIC 13	Customer Loyalty Programmes[6]
IFRIC 15	Agreements for the Construction of Real Estate[3]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation[7]
IFRIC 17	Distributions of Non-cash Assets to Owners[4]
IFRIC 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to IFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2009.
4 Effective for annual periods beginning on or after 1 July 2009.
5 Effective for annual periods ending on or after 30 June 2009.
6 Effective for annual periods beginning on or after 1 July 2008.
7 Effective for annual periods beginning on or after 1 October 2008.
8 Effective for transfers on or after 1 July 2009.

The Directors anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of IFRS 3 (Revised) Business Combinations and IAS 27 (Revised) Consolidated and Separate Financial Statements. IFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in loss of control, which will be accounted for as equity transactions.

4. Segment information

During the six months ended 30 June 2008 and the six months ended 30 June 2009, for management purposes, the Group is currently organised into two main operating divisions – (i) logistics and supply chain solutions and (ii) steel procurement services.

Principal activities of the two segments are as follows:

Logistics and supply chain solutions – Render logistics services and supply chain management, i.e. planning, storage and transportation management for automobile components, electronic production materials and finished goods and materials procurement logistics services, i.e. purchase and sale of resins and electronic components, as a value-added service to the Group's existing customers of logistics and supply chain management at the pre-production stage.

Steel procurement services – Sales of steel materials to customers comprising principally trading companies and provision of related services of transportation management, storage, warehouse supervising and management.

Segment information about the two segments for the three months ended 30 June 2009 and the six months ended 30 June 2009 is as follows:

	Six months ended 30 June 2009		
	Logistics and supply chain solutions RMB'000 (unaudited)	Steel procurement services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	389,793	479,648	869,441
Segment results	2,440	5,877	8,317
Unallocated other income			2,993
Unallocated corporate expenses			(5,141)
Share of results of associates			5,823
Finance costs			(748)
Profit before taxation			11,244
Taxation			(3,228)
Profit for the period			8,016

4. **Segment information (Continued)**

	Three months ended 30 June 2009		
	Logistics and supply chain solutions RMB'000 (unaudited)	Steel procurement services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	**234,512**	**344,014**	**578,526**
Segment results	**11,733**	**1,553**	**13,286**
Unallocated other income			**986**
Unallocated corporate expenses			**(3,183)**
Share of results of associates			**3,121**
Finance costs			**(700)**
Profit before taxation			**13,510**
Taxation			**(2,284)**
Profit for the period			**11,226**

Segment information about the two segments for the three months ended 30 June 2008 and six months ended 30 June 2008 is as follows:

	Six months ended 30 June 2008		
	Logistics and supply chain solutions RMB'000 (unaudited)	Steel procurement services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	524,088	237,584	761,672
Segment results	51,303	4,583	55,886
Unallocated other income			1,247
Unallocated corporate expenses			(8,005)
Share of results of associates			2,369
Finance costs			(1,090)
Profit before tax			50,407
Taxation			(10,568)
Profit for the period			39,839

4. Segment information (Continued)

	Three months ended 30 June 2008		
	Logistics and supply chain solutions RMB'000 (unaudited)	Steel procurement services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	263,209	159,590	422,799
Segment results	22,095	2,077	24,172
Unallocated other income			744
Unallocated corporate expenses			(6,075)
Share of results of associates			2,036
Finance costs			(647)
Profit before tax			20,230
Taxation			(4,809)
Profit for the period			15,421

5. Other income

	Three months ended 30 June		Six months ended 30 June	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Interest Income	**807**	744	**1,822**	1,247
Others	**1,146**	106	**2,217**	122
	1,953	850	**4,039**	1,369

6. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Interest on borrowings wholly repayable within five years	700	647	748	1,090

7. Profit before taxation

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	5,426	4,536	10,420	9,310
Amortisation of prepaid lease payments	1,031	503	1,291	865
Exchange loss	(58)	3,681	125	4,287

8. Taxation

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
The charge comprises the PRC Enterprise income tax ("EIT")				
Current taxation				
– the Company and its subsidiaries	1,410	3,344	2,317	7,525
– jointly controlled entities	874	1,465	911	3,043
Total	2,284	4,809	3,228	10,568

8. Taxation (Continued)

Name of subsidiaries/jointly controlled entities	Six months and three months ended 30 June 2009 EIT rate	2008 EIT rate
Tianjin Fengtian Logistics Co., Ltd. ("Tianjin Fengtian")	20%	18%
Tianjin Alps Teda Logistics Company Limited * ("Tianjin Alps Teda")	20%	18%
TEDA General Bonded Warehouse Co., Ltd	15%	25%

* *Tianjin Alps Teda is a jointly controlled entity*

Pursuant to the relevant approval by the tax authorities, both Tianjin Fengtian and Tianjin Alps Teda are recognized as foreign-invested manufacturing enterprises, and have been entitled to a preferential tax rate of 15% starting from 2005. Upon the implementation of the new PRC tax law, a five-year transitional period has been granted to the entity that previously enjoys the preferential tax rate of 15%. The applicable tax rate before 2008 for both enterprises has changed to 18%, and will change to 20% for 2009.

Pursuant to the approvals by Tianjin Municipal Science and Technology Commission, Tianjin Municipal Financial Bureau, Tianjin State and Local Taxation Bureau, TEDA General Bonded Warehouse Co., Ltd is recognized as high and new technology enterprises, and has been entitled to a preferential tax rate of 15% starting from 2009. The applicable income tax rate for such entity in 2008 was 25%.

For the Company, other subsidiaries and jointly controlled entities, their applicable tax rates have been adjusted to 25% starting from 2008.

9. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

10. Earnings per share – basic

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit for the period attributable to equity owners of the Company and earnings for the purpose of basic earnings per share	**8,200**	10,215	**8,452**	26,879

	Number of shares Three months ended 30 June		Number of shares Six months ended 30 June	
	2009	2008	**2009**	2008
	'000	'000	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**354,312**	324,657	**354,312**	294,829

11. Property, plant and equipment

During the period, the Group spent approximately RMB44,708,000 (six months ended 30 June 2008: RMB26,282,000) on acquisition of property, plant and equipment.

12. Trade and other receivables

	30 June 2009	31 December 2008
	RMB'000	RMB'000
Trade receivables	**115,863**	188,363
Less: impairment loss recognised	**(502)**	(537)
	115,361	187,826
Bills receivables (note)	**337,635**	349,134
	452,996	536,960
Prepayments to suppliers	**404,245**	205,363
Other receivables	**27,498**	24,288
Less: impairment loss recognised	**(515)**	(515)
Total trade and other receivables	**884,224**	766,096

Notes: The bills are non-interest bearing bank acceptance bills with a maximum maturity period of six months.

12. Trade and other receivables (Continued)

Bills receivable outstanding at the balance sheet date amounted to RMB293,535,000 (30 June 2008: approximately RMB172,593,000) have been endorsed to certain creditors. The Group continues to present the endorsed bills as bills receivable until maturity; accordingly, such bills have not been applied to reduce the amounts of trade and other payables.

The following is an aged analysis of trade and bills receivables at the balance sheet date:

	30 June 2009 RMB'000	31 December 2008 RMB'000
0 – 90 days	442,093	515,493
91 – 180 days	8,556	20,720
181 – 365 days	1,855	732
1 – 2 years	482	15
Over 2 years	10	–
	452,996	536,960

13. Trade and other payables

	30 June 2009 RMB'000	31 December 2008 RMB'000
Trade payables (note i)	364,659	426,915
Bills payables (note ii)	456,339	272,000
	820,998	698,915
Deposits from customers	210,294	54,698
Other payables	115,913	68,588
Total trade and other payables	1,147,205	822,201

Notes:

(i) At the balance sheet date, the Group has endorsed bank acceptance bills to certain creditors amounted to RMB293,535,000 (30 June 2008: approximately RMB172,593,000). The settlement of trade and other payables by such bills will only be recognised when the relevant bills have been matured.

(ii) The bills are non-interest bearing and have a maximum maturity of six months.

13. Trade and other payables (Continued)

The following is an aged analysis of trade and bills payables at the balance sheet date:

	30 June 2009 RMB'000	31 December 2008 RMB'000
0 – 90 days	590,528	694,447
91 – 180 days	228,743	1,361
181 – 365 days	900	1,194
1 – 2 years	499	1,855
Over 2 years	328	58
	820,998	698,915

14. Bank borrowings

	30 June 2009 RMB'000	31 December 2008 RMB'000
Short-term bank borrowings repayable within one year	33,417	3,417
Bank acceptance bills discounted with recourse	26,000	24,000
	59,417	27,417

During the period, the Group obtained new bank loans amounting to RMB30,000,000 (six months ended 30 June 2008: RMB28,142,000). The loans carry interest at 5.0445% per annum and will be matured within one year.

15. Share capital

	Number of shares		
	Domestic shares	H shares	Amount RMB'000
At 30 June 2009	256,068,800	98,243,200	354,312

16. Capital commitments

	30 June 2009 RMB'000	31 December 2008 RMB'000
The Company and subsidiaries	39,140	75,010
Jointly controlled entities	–	3,692
	39,140	78,702

17. Related party disclosures

a. *Continuing connected transaction*

On 9 February 2009, the Gorup entered into a service agreement with Toyota Tsusho, pursuant to which Tianjin Fengtian Logistics engages Toyota Tsusho to provide logistics services and warehousing facilities for automobiles and car components subject to the terms and conditions therein. For each of the three years ended 31 December 2011, the proposed annual caps of the service fee payable by Tianjin Fengtian Logistics to Toyota Tsusho for logistics services and warehousing facilities shall not exceed RMB30,000,000.

b. *Connected transaction*

On 21 April 2009, Tianjin Yuan Da Xian Dai Logistics Co., Ltd. ("Yuan Da"), a wholly owned subsidiary of the Company, entered into a capital injection agreement with Mr. Xiao Hua Kang and other equity interest holders of Tianjin Binhai Yuan Sheng Steel Market Operation and Management Co., Ltd. ("Yuan Sheng"), an indirect non-wholly owned subsidiary of the Company, whereby the registered capital of Yuan Sheng will be increased from RMB10,000,000 (approximately HK$11,345,000) to RMB15,000,000 (approximately HK$17,017,500). The amount to be injected by Yuan Da into Yuan Sheng will be RMB500,000 (approximately HK$567,250) and the remaining RMB4,500,000 (approximately HK$5,105,250) will be contributed by Mr. Xiao Hua Kang and other shareholders of Yuan Sheng. Upon completion of the capital injection, Yuan Da will hold 40% equity interest in Yuan Sheng, which will cease to be an indirect non-wholly owned subsidiary of the Company.

c. According to the Agreement for Assignment of the Land Use Right and the buildings thereon in respect of the Industrial Land entered into between the Company and Tianjin Teda Construction Group Co., Ltd., a subsidiary of the controlling shareholder Teda Holding, on 29 July 2008, the Company has paid RMB15,000,000 during the reporting period for the acquisition of the above land use right and the buildings thereon. The Group has obtained the title certificate of the asset on 24 June 2009.

d. *Transactions with other state-controlled entities in the PRC*

Material balances

	30 June 2009 RMB'000	31 December 2008 RMB'000
Bank balances	170,495	185,110
Trade and other receivables	226,686	99,300
Trade and other payables	40,108	687
Bank loans	30,000	4,600

17. Related party disclosures (Continued)

d. Transactions with other state-controlled entities in the PRC (Continued)

Apart from the aforesaid, the Group has entered into various fuel and utilities transactions with other state-controlled entities in the PRC in its ordinary course of business. In view of the nature of those transactions, the Directors are of the opinion that separate disclosure would not be meaningful.

e. Compensation of key management personnel

The short-term benefits paid or payable by the Group to directors and other members of key management of the Company during the six months ended 30 June 2009 amounted to approximately RMB1,207,000 (six months ended 30 June 2008: RMB937,000).

f. Transaction with a jointly controlled entity

At the balance sheet date, the Group has outstanding guarantee provided to Tianjin Alps Teda Logistics, a jointly controlled entity, for its liabilities arising on airfreight logistic operation for the period from 18 October 2007 to 18 October 2010.

g. Transaction with associates

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Rental fee paid to associates	**2,100**	1,946	**4,200**	3,892

COMPARISON BETWEEN THE BUSINESS OBJECTIVES AND THE ACTUAL OPERATION PROGRESS

The following is the comparison of the actual operation progress as at 30 June 2009 with the business objectives as stated in the Company's prospectus dated 30 April 2008 (the "Prospectus").

The business objectives stated in the Prospectus	Actual operation progress for the Period ended 30 June 2009
Business development	
To enlarge the customer base of the logistics and procurement services by TBW	Substantial efforts have been devoted to the operations during the reporting period and has achieved considerable progress.
To develop the integrated roll-on/roll-off logistics services for containers and container cargoes at Tianjin Port	The construction work of the stacking yard is on schedule, which is expected to be completed and commence operation by the end of August 2009.
Service sales and marketing	
To secure and improve existing services of provision of logistics and supply chain solutions and procurement services	The steel procurement and ancillary services operation has obtained remarkable development during the reporting period, recording an income of approximately RMB479,648,000 (income generated from this operation for the corresponding period last year was RMB237,584,000), and gross profit of approximately RMB5,877,000 (gross profit generated from this operation for the corresponding period last year was RMB4,583,000)
To develop the customer base of the roll-on/roll-off logistics services for containers and container cargoes at Tianjin Port	The development of customer base for this operation is well under progress. Currently, we have signed a contract with a major customer.
Logistics infrastructure	
To strengthen existing logistics infrastructure (including road and sea freight forwarding facilities and operational equipment) of Binhai Logistics Group at Binhai New Area	The warehousing facilities of Tianjin Fengtian Logistics Co., Ltd., a subsidiary of the Company, has completed and commenced operation.
	The construction of the warehousing storage facilities for Tianjin Alps Teda Logistics Co., Ltd., a subsidiary of the Company, has completed and commenced operation.
	The acquisition of a land located at the Sixth Avenue, TEDA (site area was approximately 13,969.1 sq.m.) and the structures thereon has completed.

Use of proceeds generated from listing on GEM

The Group raised a total net proceeds of approximately HK$152,300,000 through the placing on 30 April 2008 and the exercise of over-allotment option on 28 May 2008. From the date of listing on GEM to 30 June 2009, RMB118,082,000 has been applied according to the purposes set out in the Prospectus with details as follows:

- Approximately RMB20,000,000 was used to repay the bank facilities which were applied to finance the development of storage and warehousing facilities on a land situated at TEDA.

- Approximately RMB94,082,000 was used to acquire the land situated at Tianjin Port for the development of the container stacking yard and construction of warehousing facilities thereon.

- Approximately RMB2,000,000 was used for the development of information technology systems.

- Approximately RMB2,000,000 was used for the general working capital of the Group.

The Company will use the remaining net proceeds in accordance with the planned uses as set out in the Prospectus. The Company will review its business plans regularly to ensure they are in the interest of the shareholders.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATES

As at 30 June 2009, none of the directors, supervisors and chief executive of the Company or their respective associates (within the meaning of the GEM Listing Rules) held interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of Chapter 571 of the SFO (including interests or short positions which they have been taken or deemed to have under the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were otherwise required to be notified to the Company and Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, supervisors and chief executives of the Company, as at 30 June 2009, the following person (other than a director or a supervisor or chief executive of the Company) held or deemed to hold interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or were directly or indirectly interested in 10% or more of any class of share capital carrying rights to vote in any circumstances at general meetings of any members of the Group:

Name	Capacity	Number and class of shares	Approximate percentage of shareholding in the same class of shares (Note 1)	Approximate percentage of shareholding in the Company's total issued share capital
Tianjin Teda Investment Holding Company Limited	Beneficial owner	178,765,011 (L) Domestic shares	69.81%	50.45%
Tianjin Economic and Technological Development Area State Asset Operation Company	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Tianjin Port Development Holdings Limited	Beneficial owner	20,000,000 (L) H shares	20.36%	5.64%
Edmond de Rothchild Asset Management (Note 2)	Investment manager	19,520,000 (L) H shares	19.87%	5.51%
Hongkong Topway Trading Co., Limited	Beneficial owner	10,000,000 (L) H shares	10.18%	2.82%
The National Council for Social Security Fund of the People's Republic of China	Beneficial owner	8,931,200 (L) H shares	9.09%	2.52%

Notes:

1. The letter "L" denotes the shareholders' long position in the share capital of the Company.

2. Edmond de Rothchild Asset Management was interested in 19,520,000 H shares of the Company directly held by Edmond de Rothchild Asset Management Hong Kong Limited by virtue of its 100% shareholding in Edmond de Rothchild Asset Management Hong Kong Limited.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (Continued)

Save as disclosed above, the Directors are not aware of any persons (other than a director or a supervisor or chief executive of the Company) who held, or deemed to hold interests or short positions in the shares or 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, which were recorded in the register required to be kept by the Company under Section 336 of the SFO or who were directly or indirectly interested in 10% or more of any class of share capital carrying rights to vote at the general meetings of any members of the Group as at the date of this report.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors, management shareholders, substantial shareholders of the Company nor their respective associates have interests in business that competes or may compete with the business of the Group and any other conflicts of interests with the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in appendix 15 of the GEM Listing Rules throughout the period under review, except for the following deviations: According to code provision A.2.1 , the roles of the chairman of the Board (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

As at 30 June 2009, Mr. Zhang Jian was both the Chairman and CEO of the Company who is responsible for managing the Board and the Group's business. The Board considers that Mr. Zhang Jian understands the business operation of the Group well and can make decisions which are in the interest of the shareholders as a whole in a timely manner. The Company considers that the combination of the roles of Chairman and CEO can effectively formulate and implement the development strategies of the Group and react swiftly to changes in the market. The Board also considers that there is no immediate need to separate the roles of Chairman and CEO. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the position of Chairman and CEO is necessary.

AUDIT COMMITTEE

The Company has established an audit committee with terms of reference, which clearly defines the powers and duties of the committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Company, as well as providing opinion and recommendation to the Board of the Company. The audit committee comprises three Independent Non-Executive Directors, namely Mr. Liu Jing Fu, Mr. Zhang Limin and Mr. Luo Yongtai. Mr. Zhang Limin is the chairman of the audit committee. The audit committee has reviewed the Company's unaudited results for the period under review and respective recommendation and opinion have been made.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has not adopted the model code for securities transactions by Directors. However, having made specific enquiry of all Directors, the Company did not aware any Directors' non-compliance with the code of conduct regarding securities transactions by the directors as set out in rules 5.48 to 5.67 of the GEM Listing Rules during the period under review.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any listed securities of the Company.

INTERESTS OF COMPLIANCE ADVISER

The Company has appointed Guotai Junan Capital Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. The term of the appointment commenced on the Listing Date and will end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date (i.e. the date of despatch of the annual report of the Company in respect of its results for the financial year ending 31 December 2010), subject to early termination.

As at 30 June 2009, as notified by Guotai Junan Capital Limited, none of Guotai Junan Capital Limited, its directors, its employees or associates had any interest in the Company's securities (including share options and the other rights to subscribe for the Company's securities).

As at the date of this report, the Board of the Company comprises Mr. Zhang Jian and Mr. Wang Wei as executive Directors; Mr. Zhang Jun, Mr. Hu Jun, Mr. Ding Yi and Mr. Zhang Jinming as non-executive Directors; and Mr. Liu Jing Fu, Mr. Zhang Limin and Mr. Luo Yongtai as independent non-executive Directors.

By order of the Board
Tianjin Binhai Teda Logistics (Group) Corporation Limited
Zhang Jian
Chairman

Tianjin, the PRC; 7 August 2009