



# 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)

Third Quarterly Report **2009**  
Stock Code 股份代號: 8348

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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.**

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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 followings are the major events that occurred during the nine months ended 30 September 2009:

- Turnover increased by approximately 33.36% to RMB1,735,845,000
- Gross profit decreased by approximately 44.96% to RMB59,468,000
- Profit attributable to shareholders decreased by approximately 40.21% to RMB24,610,000
- Earnings per share achieved RMB7.0 cents

## UNAUDITED CONSOLIDATED THIRD QUARTERLY RESULTS OF 2009

The board of directors (the "Board") of the Company hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 30 September 2009 together with the comparative unaudited figures for the corresponding period in 2008.

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the nine months ended 30 September 2009

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Turnover	4	866,404	539,907	1,735,845	1,301,579
Cost of sales		(830,048)	(507,570)	(1,676,377)	(1,193,537)
Gross profit		36,356	32,337	59,468	108,042
Other income		1,893	3,446	5,932	4,815
Administrative expenses		(13,585)	(14,490)	(34,567)	(42,436)
Share of results of associates		3,386	2,593	9,209	4,962
Finance costs		(647)	(760)	(1,395)	(1,850)
Profit before taxation	5	27,403	23,126	38,647	73,533
Taxation	6	(5,136)	(4,750)	(8,364)	(15,318)
Profit for the period		22,267	18,376	30,283	58,215
Attributable to:					
Equity holders of the Company		16,158	14,279	24,610	41,158
Minority interests		6,109	4,097	5,673	17,057
		22,267	18,376	30,283	58,215
Earnings per share					
– Basic	8	0.05	0.04	0.07	0.13
– Diluted	8	0.05	0.04	0.07	0.13

## **NOTES TO THE FINANCIAL INFORMATION (UNAUDITED)**

*For the nine months ended 30 September 2009*

### **1. General**

The Company was established as an investment holding joint stock limited 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") 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 ("GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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 financial information has been prepared in accordance with the disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The amounts included in this financial information have been computed in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in IFRS.

### **3. Principal accounting policies**

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

The accounting policies adopted in the interim financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2008.

The Group has adopted the new or amended IFRS, amendments of standards and interpretations effective for the accounting periods beginning on or after 1 January 2009. Adoption of such new and amended standards, amendments of standards and interpretations has no material effects on the condensed consolidated half-yearly financial information, and has caused no material change to the accounting policies of the Group, except for certain changes in the condensed consolidated half-yearly financial information and the presentation of the segment information.

### 3. Principal accounting policies (Continued)

IAS 1 (revised) "Presentation of financial statements" requires all the equity change of non-owners to be stated in the performance statements, but entities can choose either to present one performance statement (i.e. the statement of comprehensive income) or two statements (i.e. the income statement and statement of comprehensive income).

IFRS 8 "Operating Segments" requires the adoption of "management method" of which the segment information shall be presented in accordance with the same basis applied in internal reporting.

### 4. Segment information

#### *Business segments*

For management purposes, during the nine months ended 30 September 2009 and the three months ended 30 September 2009, the Group is mainly organised into two 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 and provision of related services of transportation management, storage, warehouse supervising and management to customers which are mainly trading companies.

#### 4. Segment information (Continued)

##### *Business segments (Continued)*

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

Nine months ended 30 September 2009

	Nine months ended 30 September 2009		Total RMB'000 (unaudited)
	Logistics and supply chain solutions RMB'000 (unaudited)	Steel procurement services RMB'000 (unaudited)	
Revenue	676,415	1,059,430	1,735,845
Segment results	24,402	12,432	36,834
Unallocated other income			3,864
Unallocated corporate expenses			(9,865)
Share of results of associates			9,209
Finance costs			(1,395)
Profit before taxation			38,647
Taxation			(8,364)
Profit for the period			30,283



#### 4. Segment information (Continued)

*Business segments (Continued)*

Three months ended 30 September 2009

	Three months ended 30 September 2009		
	Logistics and supply chain solutions RMB'000 (unaudited)	Steel procurement services RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	286,622	579,782	866,404
Segment results	21,962	6,555	28,517
Unallocated other income			871
Unallocated corporate expenses			(4,724)
Share of results of associates			3,386
Finance costs			(647)
Profit before taxation			27,403
Taxation			(5,136)
Profit for the period			22,267

#### 5. Profit before taxation

Profit before taxation has been arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Depreciation of property, plant and equipment	5,010	4,269	15,430	13,579
Amortisation of prepaid lease payments	595	308	1,886	1,173
Exchange loss	99	2,060	224	6,347

## 6. Taxation

	Three months ended 30 September		Nine months ended 30 September	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
The charge comprises the PRC enterprise income tax ("EIT")				
Current taxation				
– the Company and its subsidiaries	4,086	3,334	6,403	10,859
– jointly controlled entities	1,050	1,416	1,961	4,459
<b>Total</b>	<b>5,136</b>	<b>4,750</b>	<b>8,364</b>	<b>15,318</b>

Name of subsidiaries/jointly controlled entities	Nine months and three months ended 30 September	
	2009 EIT rate (unaudited)	2008 EIT rate (unaudited)
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 tax law of the People's Republic of China, a five-year transitional period has been granted to the entity previously enjoyed the preferential tax rate of 15%. The applicable tax rate before 2008 for both entities has been changed to 18%, and will be changed to 20% for 2009.

## 6. Taxation (Continued)

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.

## 7. Dividend

The Board proposes the payment of an interim dividend of RMB0.04 per share (the corresponding period in 2008: nil) to shareholders whose names appear on the register of members of the Company on 8 January 2010. The dividend will be paid on or before 8 February 2010.

## 8. Earnings per share – basic and diluted

For the nine months ended 30 September 2009, the calculation of basic earnings per share is based on earnings attributable to equity holders of the Company of HK\$24.610 million (the corresponding period in 2008: HK\$41.158 million) and the weighted average number of shares of 354.312 million (the corresponding period in 2008: 314.801 million). No fully diluted earnings per share are presented for the periods respectively as there are no potential dilutive earnings for the current and comparative periods.

	Three months ended 30 September		Nine months ended 30 September	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Profit for the period attributable to equity holders of the Company and earnings for the purpose of basic earnings per share	16,158	14,279	24,610	41,158

	Number of shares three months ended 30 September		Number of shares nine months ended 30 September	
	2009 '000	2008 '000	2009 '000	2008 '000
Weighted average number of shares for the purpose of basic earnings per share	354,312	354,312	354,312	314,801

## 9. Share capital and reserves

	Attributable to equity holders of the Group							
	Share capital RMB'000 (unaudited)	Share premium RMB'000 (unaudited)	Other reserves RMB'000 (unaudited)	Statutory provident funds RMB'000 (unaudited)	Retained profits RMB'000 (unaudited)	Attributable to equity holders of parent RMB'000 (unaudited)	Minority interests RMB'000 (unaudited)	Total RMB'000 (unaudited)
At 1 January 2008	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	-	-	-	-	41,158	41,158	17,057	58,215
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 September 2008 (unaudited)	354,312	55,244	(73,258)	47,187	107,315	490,800	73,139	563,939
At 1 January 2009	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	-	-	-	-	24,610	24,610	5,673	30,283
Transfer	-	-	-	5,654	(5,654)	-	-	-
At 30 September 2009 (unaudited)	354,312	55,244	(73,258)	52,909	133,478	522,685	78,620	601,305

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

Turnover of the Group increased by approximately RMB434,266,000 or 33.4% to RMB1,735,845,000 for the nine months ended 30 September 2009 compared to RMB1,301,579,000 in the corresponding period last year. The significant increase in the Group's turnover was mainly attributable to the substantial expansion of the steel procurement and the impressive results of the related logistics services. During the reporting period, sales of various steels reached 350,000 tons and recorded a turnover of RMB1,059,430,000, representing an increase of RMB552,726,000 or 109.1% compared to RMB506,704,000 for the corresponding period last year.


The overall gross profit margin of the Group decreased by 4.9% to 3.4% for the nine months ended 30 September 2009 from 8.3% for the corresponding period last year. The significant drop in gross profit margin of the Group was mainly due to, firstly, the turnover from our supply chain and logistics 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; 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 further diluted the overall gross profit margin of the Group.

Net profit attributable to the equity holders of the Group dropped by RMB16,548,000 or 40% from RMB41,158,000 for the corresponding period last year to approximately RMB24,610,000 for the nine months ended 30 September 2009. The significant drop in the profit of the Group was mainly due to the turnover from our supply chain and logistics 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 financial derivative instrument for investment or other purpose.

### Business Review

The Group is principally engaged in the provision of supply chain and logistics 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, the Group's supply chain and logistics 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 three quarters of 2009 as compared with the corresponding period last year. The Group has devoted to stabilize its traditional logistic services business, actively developed new markets and client base, implement stringent cost control measures and use its best endeavor to formulate the logistic business operating strategies, so as to overcome the negative impact due to the international financial crisis and the local economic downturn. The turnover and operating results of the Group's supply chain and logistics services for transportation of finished automobiles, automobile components and electronic components have shown gradual rebound from the first quarter to the third quarter. Steel procurement and related logistic services experienced enormous improvement and provide great support for the Group's operating profit for the first three quarters.



The construction works of the container stacking yard in Tianjin Port are well progressed. It is expected to commenced operation in early November this year. The Company is currently negotiating with target clients about the leasing cooperation. Moreover, the Group recorded improvements in its export trading business.

*Supply chain and logistics 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 261,685 sets, decreased by 26,481 sets or 9% compared with corresponding period last year. During the reporting period, the throughput of logistics services of the imported automobiles was 8,808 sets, decreased by 14,895 sets or 63% compared with the corresponding period last year. Turnover for the reporting period amounted to approximately RMB515,033,000, representing a decrease of RMB69,615,000 or 11.9% as compared with that of RMB584,648,000 for the corresponding period last year.

*Supply chain and logistics services for electronic components business*

Turnover recorded for the reporting period amounted to approximately RMB132,587,000, representing a decrease of RMB50,658,000 or 27.6% as compared with RMB183,245,000 for the corresponding period last year.

*Steel procurement and related logistics business*

Turnover recorded for the reporting period amounted to approximately RMB1,059,430,000, representing an increase of RMB552,726,000 or 109.1% as compared with that of RMB506,704,000 for the corresponding period last year.

*Bonded warehouse services business*

Turnover recorded for the reporting period amounted to approximately RMB6,271,000, representing a decrease of RMB8,564,000 or 57.7% as compared with that of RMB14,835,000 for the corresponding period last year.

*Transportation and loading services and other business*

Turnover recorded for the reporting period amounted to approximately RMB22,524,000, representing an increase of RMB10,377,000 or 85.4% compared with that of RMB12,147,000 for the corresponding period last year. Besides the significance increase in transportation and loading services, export trading business also improved immensely, reaching a turnover of RMB1,342,000 in the reporting period.

## Prospects

According to the report published by the China Federation of Logistics & Purchasing, with the turnaround of the macro economy gain momentum, total volume of domestic logistic recorded a turnaround in the reporting period. Investments in the fixed assets in logistic industry continued to increase substantially and the increase in the value of logistic industry also accelerated. However, as the concrete implementation proposal for Adjusting and Accelerating the Logistics Industry Plan (物流業調整和振興規劃) has not been issued, the foundation for continual economic recovery, both at home and abroad, remains unstable, we believe that the development of China's logistic industry will be facing a situation with both challenge and opportunity to the Company for a certain period in the future.

Benefited by the recovering economic condition, the Group's business in the third quarter retrieved promptly. The substantial improvement in turnover and profit level is attributable to the steady growth of the steel procurement business, the slowing down in the decline of the logistics services for transportation of finished automobiles and automobile components and logistics services for electronic components business, as well as the continual increase in income. Nevertheless, affected by the clients to relocate their production in order to lower costs and rapid increase for the domestic transportation of the logistics services for electronic components which leads to the substantial decrease in exporting business. The structural change could not be rectified in the near future.

In order to maintain its competitive strength, the Group actively participated in the ISO 9001 quality management system certification, standardized operating procedure and enhanced management standard. The Group is also seeking to persistently improve its operation efficiency, expand its business, optimize its business structure and create an innovative business system through the use and development of existing and potential resources.

## DIVIDENDS AND EXTRAORDINARY GENERAL MEETING

The Board proposes distribution of a 2009 interim dividend of RMB0.04 per share. The total amount of dividend distributed will be approximately RMB14,172,480. Pursuant to the provisions of the Enterprise Income Tax Law of the People's Republic of China and the Regulations of Implementation of the Enterprise Income Tax Law of the People's Republic of China effective from 1 January 2008, dividends paid to non-resident corporate shareholders will be subject to the enterprise income tax applicable on the PRC sourced income and the applicable tax rate is 10%. In respect of all shareholders whose names appear on the register of the Company's holders of H Shares as at the 8 January 2010 who are not individuals, including HKSCC Nominees Limited, corporate nominees or trustees, or other entities and organizations, which are all considered as non-resident enterprise shareholders, the Company will distribute the interim dividend after deducting the income tax of 10%. The proposal to declare and distribute the interim dividend will be proposed for the approval of the shareholders at the forthcoming extraordinary general meeting to be held on 8 January 2010. Dividends payable for domestic shares will be distributed and paid in RMB whereas dividends for H shares will be distributed and paid in Hong Kong dollars. Exchange rate will be based on the average median exchange rate of RMB to Hong Kong Dollar (RMB0.8810 to HK\$1.00) announced by the People's Bank of China on the last five business days before the announcement of the third quarterly results (i.e. 2 November 2009 to 6 November 2009).

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 9 December 2009 to 8 January 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend and the attendance of the extraordinary general meeting of the Company, all transfer documents together with the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 8 December 2009. Subject to approval at the extraordinary general meeting, dividends will be distributed on or before 8 February 2010 to shareholders whose names appear on the register of members of the Company on 8 January 2010.

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

As at 30 September 2009, none of the Directors, supervisors and chief executives 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 (Cap. 571) ("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 the SFO (including interests or short positions which they are taken or deemed to have under such provisions of 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 the GEM Listing Rules 5.46 to 5.67.

### **DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY**

So far as is known to the Directors, as at 30 September 2009 and as at the date of this report, none of the Directors, the Supervisors and chief executives of the Company or any of their respective spouses and children under 18 years of age had any interest in, or has been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or acquire shares of the Company.




## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, supervisors and chief executives of the Company, as at 30 September 2009, the following persons (other than the Directors or the Supervisors or chief executives of the Company) held or were 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 member of the Group:

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in the same class of shares	Approximate percentage of shareholding in the Company's total issued share capital
Tianjin Teda Investments 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%

Note:

1. The letter "L" denotes the shareholders' long position in the share capital of the Company.
2. Edmond de Rothchild Asset Management was deemed to be interested in 19,520,000 H shares of the Company by virtue of its 100% shareholding in Edmond de Rothchild Asset Management Hong Kong Limited which held the direct interest in the above H shares of the Company.



Save as disclosed above, the Directors are not aware of any persons (other than the Directors or Supervisors or chief executives 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 in all circumstances at general meetings of any member 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 compete 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 code provisions of 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 separated 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 September 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 has deep understanding and knowledges to the business operation of the Group and he is able to make appropriate decisions which are in the interest of the shareholders as a whole in a timely manner. The combination of the roles of Chairman and CEO enable the Group to effectively formulate and implement the development strategies of the Group and react swiftly to changes in the market. The Board also considered 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 defined 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 Directors 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 corresponding recommendation and opinion have been made.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has not adopted the model code for securities transactions by the Directors. However, having made specific enquiries of all the Directors, the Company did not aware any Directors' incompliance 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.

## **INTEREST 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 be ended 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 ended 31 December 2010), subject to early termination.

As at 30 September 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).

By order of the Board

**Tianjin Binhai Teda Logistics (Group) Corporation Limited\***

**Zhang Jian**

*Chairman*

Tianjin, the PRC  
9 November 2009

\* *For identification purpose only*