



2013

Interim Report

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

Stock Code: 8348



天津濱海泰達物流集團股份有限公司
Tianjin Binhai Teda Logistics (Group) Corporation Limited*

* For identification purposes only

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This report, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Highlights

The following are the financial highlights during the six months ended 30 June 2013:

- Total turnover amounted to RMB1,163,195,000 (corresponding period in 2012: RMB872,350,000), representing an increase of approximately 33.34% as compared with the corresponding period last year;
- Gross profit was approximately RMB27,341,000 (corresponding period in 2012: RMB40,796,000), representing a decrease of approximately 32.98% as compared with the corresponding period last year;
- Gross profit margin was approximately 2.35%, representing a decrease of approximately 2.33% as compared with 4.68% achieved in the corresponding period last year;
- Profit attributable to shareholders amounted to approximately RMB10,055,000 (corresponding period in 2012: RMB40,002,000), representing a decrease of approximately 74.86% as compared with the corresponding period last year;
- Earnings per share was RMB3 cents.

Unaudited Consolidated Interim Results of 2013

The board of Directors (the "Board") of the Company hereby announces the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013 together with the unaudited comparative figures for the corresponding period in 2012.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 June 2013

		Six months ended 30 June	
	Note	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Turnover	4	1,163,195	872,350
Cost of sales	7	(1,135,854)	(831,554)
Gross profit		27,341	40,796
Administrative expenses	7	(27,032)	(21,410)
Other income	5	4,456	16,748
Finance costs	6	(10,944)	(6,935)
Share of results of associates		13,756	26,047
Profit before tax		7,577	55,246
Income tax expense	8	(3,021)	(5,611)
Profit/total comprehensive income for the period		4,556	49,635
Attributable to			
Equity holders of the Company		10,055	40,002
Minority interests		(5,499)	9,633
Earnings per share			
Basic and diluted (RMB Cents)	10	3	11

Condensed Consolidated Balance Sheet (Unaudited)

As of 30 June 2013

	<i>Note</i>	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited) (Restated)
Non-current assets			
Property, plant and equipment	11	509,809	520,359
Land use rights		142,730	142,994
Investment properties		86,118	88,340
Investments in associates		159,112	184,358
Goodwill		–	–
		897,769	936,051
Current assets			
Inventories		178,607	145,554
Trade and other receivables	12	1,066,672	650,958
Amounts due from related parties		10	1,480
Pledged bank deposits		168,840	136,507
Bank balances and cash		230,819	321,853
		1,644,948	1,256,352
Total assets		2,542,717	2,192,403
EQUITY			
Share capital and reserves attributable to equity holders of the Company			
Share capital	15	354,312	354,312
Other reserves		73,094	70,864
Retained earnings		306,180	298,349
		733,586	723,525
Minority interests		152,992	163,112
Total equity		886,578	886,637

		30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited) (Restated)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings		193,295	143,138
Deferred income		24,544	25,768
		217,839	168,906
Current liabilities			
Trade and other payables	13	1,267,190	908,295
Dividend payable		6,577	17,715
Taxation payable		4,533	850
Short-term bank borrowings	14	160,000	210,000
		1,438,300	1,136,860
Total liabilities		1,656,139	1,305,766
Total equity and liabilities		2,542,717	2,192,403
Net current assets		206,648	119,492
Total assets less current liabilities		1,104,417	1,055,543

Condensed Consolidated Statement of Changes in Equity (Unaudited)

As of 30 June 2013

	Attributable to equity holders of the Group						Minority interests	Total
	Share capital	Share premium	Other reserves	Statutory reserves	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012 (Audited)	354,312	55,244	(73,258)	73,726	279,224	689,248	86,781	776,029
Total comprehensive income for the period	-	-	-	-	40,002	40,002	9,633	49,635
Capital increase	-	-	-	-	-	-	79,847	79,847
Dividend	-	-	-	-	-	-	(10,408)	(10,408)
Transfer	-	-	-	2,312	(2,312)	-	-	-
At 30 June 2012 (Unaudited)	354,312	55,244	(73,258)	76,038	316,914	729,250	165,852	895,102
At 1 January 2013 (Audited)	354,312	55,244	(73,258)	88,878	298,349	723,525	163,112	886,637
Total comprehensive income for the period	-	-	-	-	10,055	10,055	(5,499)	4,556
Capital increase	-	-	6	-	-	6	1,956	1,962
Dividend	-	-	-	-	-	-	(6,577)	(6,577)
Transfer	-	-	-	2,224	(2,224)	-	-	-
At 30 June 2013 (Unaudited)	354,312	55,244	(73,252)	91,102	306,180	733,586	152,992	886,578

Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Net cash generated from (used in) operating activities	(36,499)	24,833
Net cash generated from (used in) investing activities	(38,125)	(24,009)
Net cash generated from (used in) financing activities	(16,410)	17,581
Net (decrease)/increase in cash and cash equivalents	(91,034)	18,405
Cash and cash equivalents at 1 January	321,853	248,119
Cash and cash equivalents at 30 June represented by bank balances and cash	230,819	266,524

Notes to the Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2013

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 of the listing of the Company's overseas listed foreign shares ("H shares") on the Growth Enterprise Market (the "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.

On 18 November 2011, Teda Holding entered into a share transfer agreement with Chia Tai Land Company Limited ("Chia Tai Company"), while TEDA Asset Company entered into a share transfer agreement with Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. ("Chia Tai Pharmaceutical Company"). Accordingly, Teda Holding and TEDA Asset Company agreed to transfer 28,344,960 (8% of ordinary shares) and 77,303,789 (21.82% of ordinary shares) domestic shares of the Company to Chia Tai Company and Chia Tai Pharmaceutical Company respectively. During the period, the registration procedures of the two aforementioned domestic share transfers were completed.

The Company together with its subsidiaries are hereinafter collectively referred to as the Group ("Group"). The Group is engaged in provision of logistics and supply chain solutions services and materials procurement and related logistics services.

The Group's principal operations are conducted in the PRC. The consolidated financial statements have been presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 (Interim Financial Reporting) and the disclosure requirements of the GEM Listing Rules of the Stock Exchange.

3. Changes in accounting policies

Prior to 1 January 2012, the Group's interests in jointly-controlled entities were proportionately consolidated. The Group has adopted IFRS 11, 'Joint arrangements', on 1 January 2013 ("date of initial application"). This resulted in the Group changing its accounting policy for its interests in joint arrangements.

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group has applied the new policy for interests in joint ventures occurring on or after 1 January 2012 in accordance with the transition provisions of IFRS 11.

The Group recognised its investment in joint ventures at the beginning of the period immediately preceding the date of initial application (1 January 2012), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's investments in joint ventures for applying equity accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition of profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group. The change in accounting policy has been applied as from 1 January 2012. There is no impact on the net assets of the periods presented.

The effects of the change in accounting policies on the comprehensive (loss)/income of the Group for periods ended 30 June 2013 and 2012 respectively are summarised below. The change in accounting policy has had no impact on (loss)/earnings per share.

		For period ended 30 June 2013 RMB'000 (Unaudited)	Changes in accounting policy RMB'000 (Unaudited)	For period ended 30 June 2013 as presented RMB'000 (Unaudited)	For period ended 30 June 2012 RMB'000 (Unaudited) (As previously reported)	Changes in accounting policy RMB'000 (Unaudited)	For period ended 30 June 2012 RMB'000 (Unaudited) (Restated)
	<i>Note</i>						
Revenue	4	1,290,499	(127,304)	1,163,195	1,007,613	(135,263)	872,350
Cost of sales	7	(1,245,592)	109,738	(1,135,854)	(945,626)	114,072	(831,554)
Gross profit		44,907	(17,566)	27,341	61,987	(21,191)	40,796
Administrative expenses	7	(34,865)	7,833	(27,032)	(28,921)	7,511	(21,410)
Other income	5	3,923	533	4,456	17,424	(676)	16,748
Finance costs	6	13,965	(9,200)	4,765	50,490	(14,356)	36,134
Share of results of investments accounted for using the equity method		(10,958)	14	(10,944)	(6,966)	31	(6,935)
Profit before income tax		6,927	6,829	13,756	15,495	10,552	26,047
Income tax expense	8	9,934	(2,357)	7,577	59,019	(3,773)	55,246
		(5,378)	2,357	(3,021)	(9,384)	3,773	(5,611)
Profit and total comprehensive income for the period		4,556	–	4,556	49,635	–	49,635
Attributable to:							
Owners of the Company		10,055	–	10,055	40,002	–	40,002
Non-controlling interests		(5,499)	–	(5,499)	9,633	–	9,633
Earnings per share							
– Basic (RMB cents)		3	–	3	11	–	11
– Diluted (RMB cents)	10	3	–	3	11	–	11

	Note	30 June 2013 RMB'000 (Unaudited)	Changes in accounting policy RMB'000 (Unaudited)	30 June 2013 as presented RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited) (As previously reported)	Changes in accounting policy RMB'000 (Unaudited)	31 December 2012 RMB'000 (Unaudited) (Restated)
Non-current assets							
Property, plant and equipment	11	531,573	(21,764)	509,809	544,158	(23,799)	520,359
Land use rights		146,515	(3,785)	142,730	146,207	(3,213)	142,994
Investment properties		86,118	–	86,118	88,340	–	88,340
Investments in associates		44,188	114,924	159,112	62,532	121,826	184,358
Goodwill		105	(105)	–	105	(105)	–
		808,499	89,270	897,769	841,342	94,709	936,051
Current assets							
Inventories		192,367	(13,760)	178,607	159,763	(14,209)	145,554
Trade and other receivables	12	1,125,222	(58,550)	1,066,672	698,199	(47,241)	650,958
Amounts due from related parties		–	10	10	9,480	(8,000)	1,480
Pledged bank deposits		168,840	–	168,840	136,507	–	136,507
Bank balances and cash		289,474	(58,655)	230,819	385,941	(64,088)	321,853
		1,775,903	(130,955)	1,644,948	1,389,890	(133,538)	1,256,352
Total assets		2,584,402	(41,685)	2,542,717	2,231,232	(38,829)	2,192,403
EQUITY							
Share capital and reserves attributable to equity holders of the Company							
Share capital	15	354,312	–	354,312	354,312	–	354,312
Other reserves		74,277	(1,183)	73,094	70,864	–	70,864
Retained earnings		304,997	1,183	306,180	298,349	–	298,349
		733,586	–	733,586	723,525	–	723,525
Minority interests		152,992	–	152,992	163,112	–	163,112
Total equity		886,578	–	886,578	886,637	–	886,637
LIABILITIES							
Non-current liabilities							
Long-term bank borrowings	14	193,295	–	193,295	143,138	–	143,138
Deferred income		24,544	–	24,544	25,768	–	25,768
		217,839	–	217,839	168,906	–	168,906
Current liabilities							
Trade and other payables	13	1,304,406	(37,216)	1,267,190	941,778	(33,483)	908,295
Dividend payable		5,919	658	6,577	17,715	–	17,715
Taxation payable		7,806	(3,273)	4,533	4,310	(3,460)	850
Short-term bank borrowings	14	161,854	(1,854)	160,000	211,886	(1,886)	210,000
		1,479,985	(41,685)	1,438,300	1,175,689	(38,829)	1,136,860
Total liabilities		1,697,824	(41,685)	1,656,139	1,344,595	(38,829)	1,305,766
Total equity and liabilities		2,584,402	(41,685)	2,542,717	2,231,232	(38,829)	2,192,403
Net current assets		295,918	(89,270)	206,648	214,201	(94,709)	119,492
Total assets less current liabilities		1,104,417	–	1,104,417	1,055,543	–	1,055,543

	For period ended 30 June 2013 RMB'000 (Unaudited)	Changes in accounting policy RMB'000 (Unaudited)	For period ended 30 June 2013 as presented RMB'000 (Unaudited)	For period ended 30 June 2012 RMB'000 (Unaudited) (As previously reported)	Changes in accounting policy RMB'000 (Unaudited)	For period ended 30 June 2012 RMB'000 (Unaudited) (Restated)
Net cash generated from (used in) operating activities	(27,702)	(8,797)	(36,499)	34,200	(9,367)	24,833
Net cash generated from (used in) investing activities	(52,479)	14,354	(38,125)	(37,049)	13,040	(24,009)
Net cash generated from (used in) financing activities	(16,286)	(124)	(16,410)	17,560	21	17,581
Net (decrease)/increase in cash and cash equivalents	(96,467)	5,433	(91,034)	14,711	3,694	18,405
Cash and cash equivalents at 1 January	385,941	(64,088)	321,853	296,419	(48,300)	248,119
Cash and cash equivalents at 30 June represented by bank balances and cash	289,474	(58,655)	230,819	311,130	(44,606)	266,524

4. Segment information

The Group reports two operating segments; these are managed independently by the responsible segment management bodies in line with the products and services offered and the distribution channels and customer profiles involved. Components of entity are defined as segments on the basis of the existence of segment managers with revenue and segment results (profit before tax less interest income, finance cost and corporate expenses) responsibility who report directly to the Group's senior management who make strategic decisions.

Principal activities of the two reportable segments are as follows:

Logistics and supply chain services for finished automobiles and components – Provision of logistics services and supply chain management, i.e. planning, storage and transportation management for finished automobiles and components;

Materials procurement services – Purchase of bulk raw materials and commodities for customers comprising manufacturers and trading companies and provision of related logistics and supply chain services.

Due to the changes in accounting policy as disclosed in note 3, the logistics and supply chain service for electronic components segment is not disclosed as a reportable segment.



For the six months ended 30 June 2013

	Logistics and supply chain services for finished automobiles and components RMB'000 (Unaudited)	Materials procurement and related logistics services RMB'000 (Unaudited)	Reportable segments subtotal RMB'000 (Unaudited)	All other segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	390,768	733,206	1,123,974	45,539	1,169,513
Inter-segment revenue	-	-	-	(6,318)	(6,318)
Revenue from external customers	390,768	733,206	1,123,974	39,221	1,163,195
Segment results	4,843	11,030	15,873	(12,069)	3,804
Depreciation and amortisation	(6,865)	(142)	(7,007)	(13,089)	(20,096)
Share of results of associates	-	-	-	13,756	13,756
Income tax expense	(1,263)	(1,310)	(2,573)	(448)	(3,021)

For the six months ended 30 June 2012

	Logistics and supply chain services for finished automobiles and components RMB'000 (Unaudited) (Restated)	Materials procurement and related logistics services RMB'000 (Unaudited) (Restated)	Reportable segments subtotal RMB'000 (Unaudited) (Restated)	All other segments RMB'000 (Unaudited) (Restated)	Total RMB'000 (Unaudited) (Restated)
Revenue	572,913	275,865	848,778	24,417	873,195
Inter-segment revenue	-	-	-	(845)	(845)
Revenue from external customers	572,913	275,865	848,778	23,572	872,350
Segment results	23,563	11,407	34,970	198	35,168
Depreciation and amortisation	(6,386)	(115)	(6,501)	(6,104)	(12,605)
Share of results of associates	-	-	-	26,047	26,047
Income tax expense	(3,697)	(1,914)	(5,611)	-	(5,611)

	For the six months ended 30 June 2013 RMB'000 (Unaudited)	For the six months ended 30 June 2012 RMB'000 (Unaudited) (Restated)
Segment results	3,804	35,168
Share of results of associates	13,756	26,047
Unallocated other income	2,471	2,220
Unallocated corporate expenses	(1,510)	(1,254)
Finance costs	(10,944)	(6,935)
Profit before income tax	7,577	55,246
Income tax expense	(3,021)	(5,611)
Profit for the period	4,556	49,635

5. Other income

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Interest income	2,471	2,221
Subsidy income	1,109	12,953
Others	876	1,574
Total	4,456	16,748

6. Finance costs

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Interest on bank borrowings	10,944	6,935

7. Expenses by nature

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Depreciation of property, plant and equipment	15,977	8,801
Amortisation of prepaid lease payments	227	213
Exchange (gain)/loss	(237)	23
Other expenses	11,065	12,373
Cost of sales	1,135,854	831,554
Total cost of sales and administrative expenses	1,162,886	852,964

8. Income tax expense

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Current income tax The Company and its subsidiaries	3,021	5,611
Total	3,021	5,611

9. Dividend

The Board recommends the payment of a second interim dividend of RMB0.03 per share (for the six months end 30 June 2012: nil) to Shareholders whose names appear on the register of members of the Company on 22 November 2013. Such dividend will be paid on or before 31 December 2013.

10. Earnings per share

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited) (Restated)
Profit for the period attributable to equity holders of the Company and earnings for the purpose of calculating basic and diluted earnings per share	10,055	40,002

	Number of shares Six months ended 30 June	
	2013 '000	2012 '000
Weighted average number of shares for calculating basic and diluted earnings per share	354,312	354,312

11. Property, plant and equipment

During the period, the Group spent RMB7,281,815 (six months ended 30 June 2012: RMB79,762,058) on acquisition of property, plant and equipment.

12. Trade and other receivables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Unaudited) (Restated)
Trade receivables	318,324	128,030
Less: impairment loss recognised	–	–
	318,324	128,030
Bills receivables	–	18,370
	318,324	146,400
Prepayments to suppliers	721,623	479,838
Other receivables	26,725	24,963
Less: impairment loss recognised	–	(243)
	1,066,672	650,958

The average credit period that the Group grants to its trade customers ranges from 30 to 90 days. As at 30 June 2013, the ageing analysis of trade and bills receivables is as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Unaudited) (Restated)
0-90 days	311,937	120,474
91-180 days	5,677	21,575
181-365 days	639	2,791
1-2 years	30	92
Over 2 years	41	1,468
	318,324	146,400

13. Trade and other payables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Unaudited) (Restated)
Trade payables	89,140	63,569
Bills payables	822,218	612,533
	911,358	676,102
Deposits from customers	272,396	126,784
Other payables	83,436	105,409
Total trade and other payables	1,267,190	908,295

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Unaudited) (Restated)
0-90 days	699,365	429,213
91-180 days	211,858	246,632
181-365 days	–	35
1-2 years	18	8
Over 2 years	117	214
	911,358	676,102

14. Borrowings

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Unaudited) (Restated)
Long-term bank borrowings	193,295	143,138
Short-term bank borrowings	160,000	210,000
Bank acceptance bills discounted with recourse	–	–
Total	353,295	353,138

15. Share capital

	Number of shares		Amount RMB'000
	Domestic shares	H shares	
At 31 December 2012 and 30 June 2013	256,068,800	98,243,200	354,312,000

16. Capital commitments

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Unaudited) (Restated)
The Company and subsidiaries	24	461

17. Related party disclosures

a. Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "state-controlled entities"). The directors of the Company consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned. During this reporting period, the Group's significant transactions with these state-controlled entities include purchases of raw materials for trading purposes and fuel for transportation vehicles used in the logistics business. As at the end of this reporting period, except the bank borrowings of RMB93,295,000 from the Asian Bank, the majority of the Group's cash and bank balances and borrowings are deposited in state-controlled banks or borrowings from state-controlled banks.

b. Key management personnel and remuneration

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 2013 amounted to RMB2,181,000 (six months ended 30 June 2012 (restated): RMB2,015,000).

Management Discussion and Analysis

Financial Review

For the six months ended 30 June 2013, the Group recorded a turnover of RMB1,163,195,000, representing an increase of RMB290,845,000 or 33% as compared to that of the corresponding period last year. During the reporting period, the turnover of the Group's materials procurement and related logistics services recorded significant increase as compared with the corresponding period last year.

For the six months ended 30 June 2013, overall gross profit margin for the Group was 2.35%, representing a decrease of 2.33 percentage points as compared with 4.68% of the corresponding period last year. The decrease in overall gross profit margin was mainly due to the decrease in the gross profit margin of the logistics and supply chain services for finished automobiles and components compared with the corresponding period last year, meanwhile the substantial increase in turnover of the materials procurement and related logistics services led to further amortization of the overall gross profit margin.

For the six months ended 30 June 2013, management expenses for the Group was RMB27,032,000, representing an increase of RMB5,622,000 or 26% as compared with the corresponding period last year. The increase in management expenses was mainly attributable to change in the consolidation range of the Group (other than the impact of changes in accounting policies). Tedahang Cold Chain Logistics Co., Ltd. (泰達行(天津)冷鏈物流公司), a holding subsidiary of the Group, was included in the consolidated financial statements during the reporting period.

For the six months ended 30 June 2013, the share of results of associates of the Group was RMB13,756,000, representing a decrease of RMB12,291,000 or 47% as compared with the corresponding period last year. The substantial decrease in share of results of associates was mainly due to the decrease by different levels in the operating results of the international automobile logistics services at Tianjin Port and the logistics service for electronic components as compared to the corresponding period last year.

For the six months ended 30 June 2013, finance costs for the Group was RMB10,944,000, representing an increase of RMB4,009,000 or 58% as compared with the corresponding period last year. The increase in finance costs was mainly due to the inclusion of the interest expenses on the loans for the frozen warehouse project of Tedahang Cold Chain Logistics Co., Ltd. (a holding subsidiary of the Group) into finance costs.

For the six months ended 30 June 2013, net profit attributable to the equity holders of the Group amounted to RMB10,055,000, representing a decrease of RMB29,947,000 or 75% as compared with the corresponding period last year. The substantial decrease in net profit was mainly due to: 1. the significant decrease in operating results of the logistics and supply chain services for finished automobiles and components as compared to the corresponding period last year; 2. the losses arising from the frozen warehouse project of Tedahang Cold Chain Logistics Co., Ltd. during the reporting period since the project had just commenced operation; 3. the dramatic decrease in the income from investments in the invested companies as compared to the corresponding period last year; and 4. the significant decrease in the subsidy income of the Company from non-principal activities as compared with the corresponding period last year.

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

Business Review

The principal businesses of the Group are logistics and supply chain services for finished automobiles and components, logistics and supply chain services for electronic components, materials procurement and related logistics services, cold chain logistics services and other services such as bonded warehouse, supervision and agency services. During the reporting period, affected by the overall slowdown in domestic economy, the overall operating results of the Group decreased as compared with the corresponding period last year. During the reporting period, leveraging on the transformation and reserves made last year, the operating income and gross profit of the Group's materials procurement and related logistics services increased significantly as compared with the corresponding period last year. Despite our efforts to overcome the negative impact of various challenges, our logistics and supply chain services for finished automobiles and components suffered significant decline in operating results as compared with the corresponding period last year. The cold chain logistics business had been making losses in the near term as it commenced operation at the end of last year. Due to the slowdown in the domestic economy, our invested companies Tianjin Port International Automobile Logistics Co., Ltd., Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. experienced decline in operating results by different levels as compared to the corresponding period last year.

Logistics and supply chain services for finished automobiles and components

During the reporting period, the throughput of the logistics services for domestic finished automobiles was 201,076 sets, decreased by 94,866 sets or 32% as compared with the corresponding period last year. During the reporting period, the throughput of logistics services for the imported automobiles was 9,780 sets, decreased by 6,782 sets or 41% as compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB390,768,000, representing a decrease of RMB182,145,000 or 32% as compared with the corresponding period last year.

Materials procurement and related logistics services

Turnover recorded for the reporting period amounted to RMB733,206,000, representing an increase of RMB457,341,000 or 166% as compared with corresponding period last year.

Other logistics services

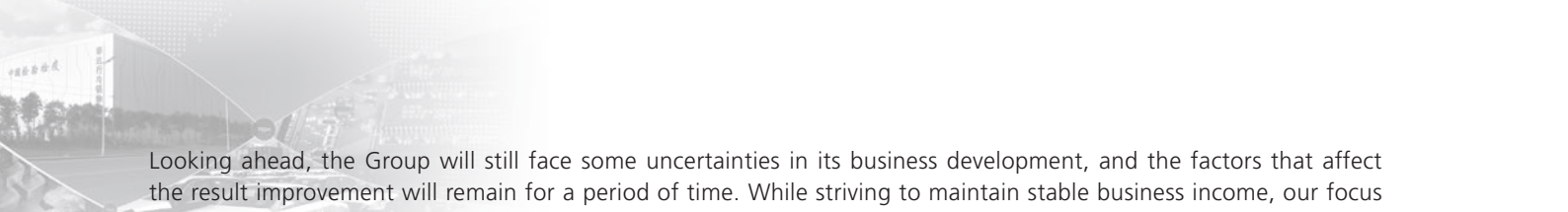
Turnover recorded for the reporting period amounted to RMB39,221,000, representing an increase of RMB15,649,000 or 66% as compared with corresponding period last year.

Logistics and supply chain services for electronic components (conducted through investments in joint ventures)

Turnover recorded for the reporting period amounted to RMB261,816,000, representing a decrease of RMB8,710,000 or 3% as compared with the corresponding period last year.

Outlook and Prospects

Affected by the domestic and international economic situation, the overall performance of the domestic logistics industry remained stable in the first half of 2013, with the growth showing a stabilizing-to-slowdown trend. The logistics enterprises were generally confronted with problems such as rising costs, staff shortage and capital strains. Against such industry backdrop, with our proactive efforts to combat the adverse factors which affect our business development, the traditional logistics business achieved stable development and the logistics services for automobiles recovered at a steady pace, while the materials procurement business extended into several new fields and the food and cold chain logistics business maintained a growth momentum. In the second quarter, the Group's operating income recorded a significant increase, achieving a turnaround from loss to profit. Despite the dramatic decrease in net profit as compared with the corresponding period last year, the Group has fundamentally reversed the downward trend since the fourth quarter of last year. Therefore, the Group remained optimistic about its future development.



Looking ahead, the Group will still face some uncertainties in its business development, and the factors that affect the result improvement will remain for a period of time. While striving to maintain stable business income, our focus for the second half of the year is to increase profitability. The Group will continue to reinforce resource integration, strengthen internal management, enhance cooperation and operation capability, so as to improve the overall operation capability, maintain rapid growth momentum in the materials procurement business, promote the steady development of the related logistics businesses such as automobiles, electronic components and bonded warehouse. By improving the operation of existing projects and fully leveraging on our resource advantages with various channels and means, we aim to enhance the profitability of the Company.

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 2013, total assets of the Group amounted to RMB2,542,717,000. Amongst which, current assets amounted to RMB1,644,948,000, and non-current assets were RMB897,769,000. The Group's total liabilities were RMB1,656,139,000, of which current liabilities amounted to RMB1,438,300,000, and non-current liabilities amounted to RMB217,839,000. Total equity amounted to RMB886,578,000, of which equity interest attributable to the Group amounted to RMB733,586,000 and minority interests amounted to RMB152,992,000.

Charge on Assets of the Group

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

Gearing Ratio

As at 30 June 2013, the Group's gearing ratio was approximately 65% (31 December 2012: approximately 60%), which was measured by the total liabilities over the total assets.

Foreign Exchange Risk

All the operating revenues and expenses of the Group are 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 gains and losses mainly as the Group and the holding subsidiaries of the Group, Tianjin Fengtian Logistics Co., Ltd. and Tianjin Teda International Forwarding Co., Ltd., have foreign currency business for United States Dollar, Japanese Yen or Hong Kong Dollars. For the six months ended 30 June 2013, the Group had an exchange gain of RMB237,000 due to the depreciation of foreign currencies.

Material Acquisitions and Disposals

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

Contingent Liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Employees

As at 30 June 2013, the Group employed 2,392 employees (corresponding period in 2012: 2,213 employees). During the reporting period, staff costs, including directors' and supervisors' remunerations, amounted to approximately RMB70,639,000 (corresponding period in 2012: approximately RMB68,738,000). The Group's remuneration and bonus of employees are mainly determined by the provisions under the Group's remuneration policy and performance assessment of individual employee.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Share Capital of the Company and its Associates

During the period under review, 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 any of 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 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.

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 June 2013, none of the Directors, supervisors and chief executives of the Company or any of their spouses and children under 18 years of age had any interest in the shares of the Company, or has been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or to purchase shares of the Company.

Dividends and Extraordinary General Meeting

The Board proposes the distribution of a second interim dividend of RMB0.03 per share for the period ended 30 June 2013. The total amount of dividends to be distributed is approximately RMB10,629,360. Dividends for domestic shares will be distributed and paid in RMB, whereas dividends for H shares will be distributed in RMB and paid in Hong Kong dollars. The exchange rate will be calculated based on the average median exchange rate of RMB to Hong Kong dollars (RMB0.7955 to HK\$1.00) announced by the People's Bank of China on the last continual five business days before the announcement of the interim results (i.e. 6, 7, 8, 9 and 12 August 2013).

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and the Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China, both of which were implemented in 2008 and came into force from 1 January 2008, the Company shall be obliged to withhold and pay the enterprise income tax on behalf of non-resident enterprise shareholders whose names appear on the register of members of H shares of the Company with a tax rate of 10% when distributing any dividends to them. As such, any H shares of the Company registered other than in the name(s) of individual(s), including those registered in the name of HKSCC Nominees Limited, other nominees, trustees, or other organisations or groups, shall be deemed to be H shares held by non-resident enterprise shareholder(s) and the enterprise income tax shall be withheld from any dividends payable thereon. The Company shall comply with the relevant rules and regulations to withhold and pay the enterprise income tax on behalf of the relevant holders of H shares whose names appear on the register of members of H shares of the Company as of 22 November 2013 (Friday) for the interim dividend of H shares.

Pursuant to Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividends to be distributed by the PRC non-foreign invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders are subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries where they are residing and the PRC.

Pursuant to the aforesaid Notice, when the second interim dividend is distributed to the Individual H Shareholders whose names appear on the register of members of H shares of the Company on 22 November 2013 (Friday), the Company will withhold and pay 10% of the dividend as individual income tax unless otherwise specified by the relevant tax regulations, tax agreements or the Notice.

Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for advice in respect of the relevant tax impact on the possession and disposal of the H shares of the Company.

Closure of Register of Members for a Second Interim Dividend

The register of members of the Company will be closed from Tuesday, 19 November 2013 to Friday, 22 November 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the second interim dividend 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 Monday, 18 November 2013. Subject to approval at the extraordinary general meeting, dividends will be distributed on or before 31 December 2013 to shareholders whose names appear on the register of members of the Company on 22 November 2013.

Substantial Shareholders and Persons Holding Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as is known to the directors, chief executives and supervisors of the Company, As at 30 June 2013, the following persons (other than the directors, chief executives and supervisors of the Company) had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required to be recorded in the register referred to in Section 336 of the SFO:

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in the same class of shares	Approximate percentage of shareholding to the Company's total issued share capital
Tianjin Teda Investment Holding Co., Ltd.	Beneficial owner	150,420,051 (L) Domestic shares	58.74%	42.45%
Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. 正大製藥投資(北京)有限公司	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Chia Tai Land Company Limited 正大置地有限公司	Beneficial owner	28,344,960 (L) Domestic shares	11.07%	8%
Tianjin Port Development Holdings Limited	Beneficial owner	20,000,000 (L) H shares	20.36%	5.64%
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:

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

Save as disclosed in this report, so far as is known to the directors and chief executives of the Company, As at 30 June 2013, no any other persons (other than directors, chief executives and supervisors of the Company) had interests or short positions which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and/or any subsidiary of the Company or, which were required to be recorded in the register referred to in Section 336 of the SFO.

Competition and Conflict of Interests

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

Corporate Governance Code

The Company has complied with the principles and code provisions in the Corporate Governance Code and Corporate Governance Report 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 2013, 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 combination of the roles of Chairman and CEO can effectively formulate and implement the 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 positions 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 Directors of the Company. The audit committee comprises three independent non-executive Directors, namely Mr. Zhang Limin, Mr. Liu Jingfu 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 reporting period 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 enquiries with all Directors, the Company was not aware of any Directors' non-compliance with the rules and standards for transactions and 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 this reporting period.



Purchase, Sale or Redemption of Listed Securities of the Company

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

As at the date of this report, the Board of the Company comprises Mr. Zhang Jian as executive Directors; Mr. Zhang Jun, Mr. Hu Jun, Mr. Tse Ping and Mr. Yang Xiaoping as non-executive Directors; and Mr. Zhang Limin, Mr. Liu Jingfu, Mr. Luo Yongtai and Mr. Japhet Sebastian Law as independent non-executive Directors.

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

Tianjin, the PRC
13 August 2013

* *For identification purposes only*