2013 Annual 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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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 the 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 of the Stock Exchange 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 collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited 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 is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTOR

Zhang Jian *(Chairman)*

NON-EXECUTIVE DIRECTORS

Zhang Jun, Hu Jun, Tse Ping, Yang Xiaoping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zhang Limin, Liu Jingfu, Luo Yongtai, Japhet Sebastian Law

SUPERVISORS

Xu Jianxin, Hai Tianmin, Wang Rui, Lu Xia, Yu Ang, He Hongsheng

GENERAL MANAGER AND DEPUTY GENERAL MANAGER OF THE COMPANY

Zhang Jian *(General Manager)*, Wang Weimin

JOINT COMPANY SECRETARIES

Lo Tai On
Jia Wenxuan

BOARD COMMITTEES

Audit Committee

Zhang Limin *(Chairman)*, Liu Jingfu, Luo Yongtai

Remuneration Committee

Luo Yongtai *(Chairman)*, Liu Jingfu, Japhet Sebastian Law

Nomination Committee

Zhang Jian *(Chairman)*, Liu Jingfu, Luo Yongtai

COMPLIANCE OFFICER

Zhang Jian

AUTHORISED REPRESENTATIVES

Zhang Jian, Lo Tai On

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17/F, Hopewell Centre,
183 Queen's Road East, Wanchai,
Hong Kong

REGISTERED ADDRESS

No. 39, Bohai Road,
Tianjin Economic and Technological Development Area

OFFICE AND CORRESPONDENCE ADDRESS

No. 39, Bohai Road,
Tianjin Economic and Technological Development Area
300457

PRINCIPAL OFFICE IN HONG KONG

Unit B, 1st Floor, Neich Tower,
128 Gloucester Road,
Wanchai,
Hong Kong

STOCK CODE

08348

COMPANY WEBSITE

http://www.tbtl.cn

PRINCIPAL BANKERS

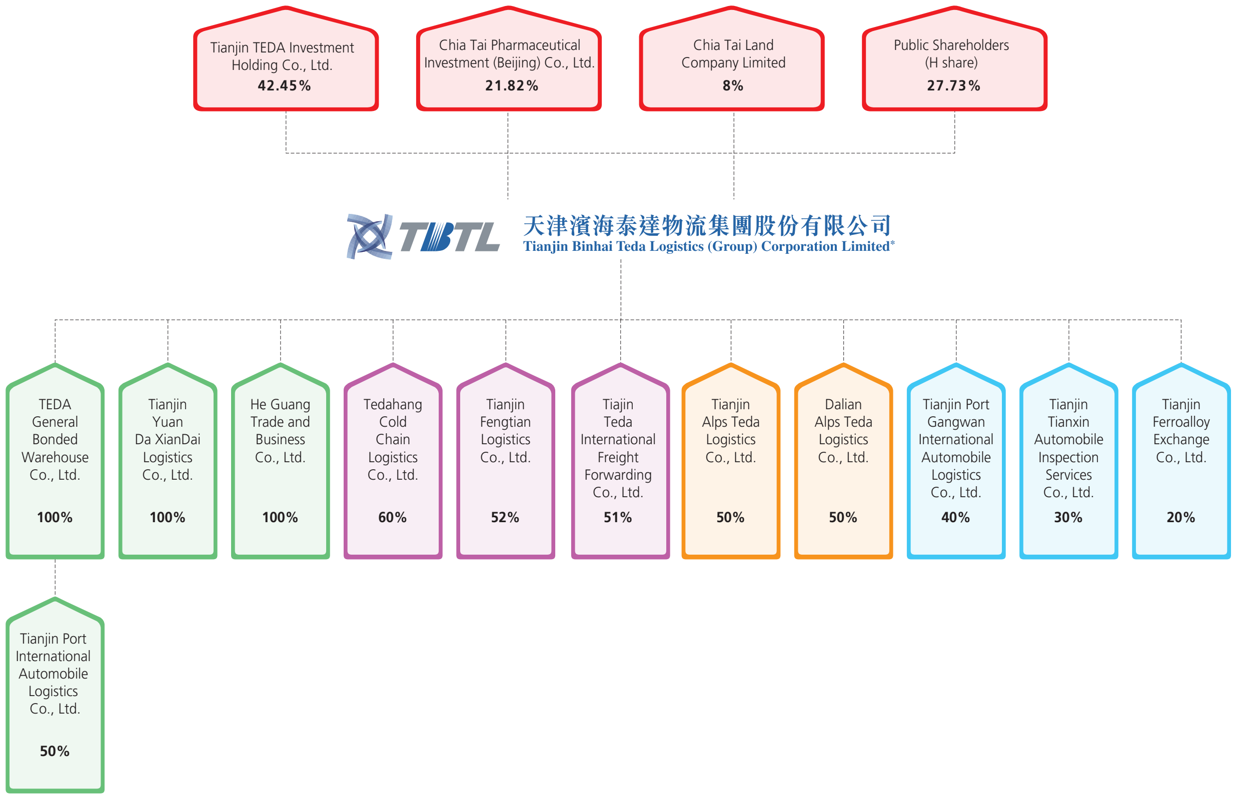
Tianjin Cui Heng Plaza Branch of the Industrial and Commercial Bank of China

Tianjin Huang Hai Road Branch of the Agricultural Bank of China

Tianjin Economic and Technological Development Area Branch of the Bank of Communications

Tianjin Economic and Technological Development Area Branch of the China Construction Bank

GROUP STRUCTURE



* *For identification purposes only*

FINANCIAL SUMMARY

RESULTS

A summary of the consolidated results of the Company and its subsidiaries (the "Group") for the five years ended 31 December 2013 (Note) prepared under the International Financial Reporting Standards is as follows:

	2013 RMB'000	2012 RMB'000 (Restated)	2011 RMB'000 (Restated)	2010 RMB'000 (Restated)	2009 RMB'000 (Restated)
Turnover	**2,683,423**	1,736,450	2,022,034	2,595,714	2,476,593
Profit before taxation	**69,180**	76,649	92,741	118,937	71,780
Income tax	**(13,096)**	(5,500)	(884)	(17,007)	(9,257)
Profit for the year	**56,084**	71,149	91,857	101,930	62,523
Profit attributable to					
Non-controlling interests	**9,081**	6,485	11,336	21,069	11,474
Owners of the Company	**47,003**	64,664	80,521	80,861	51,049
Basic earnings per share (RMB)	**0.13**	0.18	0.23	0.23	0.14

ASSETS AND LIABILITIES

A summary of the assets and liabilities of the Group for the five years ended 31 December 2013 (Note) prepared under the International Financial Reporting Standards is as follows:

	2013 RMB'000	2012 RMB'000 (Restated)	2011 RMB'000 (Restated)	2010 RMB'000 (Restated)	2009 RMB'000 (Restated)
Non-current assets	**659,808**	701,211	727,704	581,291	533,226
Current assets	**1,543,395**	1,192,127	849,503	1,354,205	1,300,663
Total assets	**2,203,203**	1,893,338	1,577,207	1,935,496	1,833,889
Non-current liabilities	**6,951**	7,308	10,063	5,289	5,514
Current liabilities	**1,353,572**	1,073,561	791,115	1,221,961	1,194,182
Non-controlling interests	**87,818**	83,358	86,781	92,433	85,069
Liabilities and non-controlling interests	**1,448,341**	1,164,227	887,959	1,319,683	1,284,765
Total equity	**842,680**	812,469	776,029	708,246	634,193

Note: The results, assets and liabilities of the Group from the year 2009 to 2012 are restated as a result of adoption of new accounting policies in 2013.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company (the "Board"), I am pleased to present the audited consolidated financial results of the Group for the year ended 31 December 2013 to all shareholders. The comparative figures are restated as a result of adoption of new accounting standards as stated in Notes to the Consolidated Financial Statements to this report.

RESULTS OF THE YEAR

For the year ended 31 December 2013 (the "Year"), turnover of the Group amounted to approximately RMB2,683,423,000 (2012: RMB1,736,450,000), representing an increase of approximately 55% as compared with the corresponding period of last year. Profit attributable to the shareholders was approximately RMB47,003,000 (2012: RMB64,664,000) and the earnings per share was approximately RMB0.13 (2012: RMB0.18).

As at 31 December 2013, the total assets and current assets of the Group were approximately RMB2,203,203,000 (2012: RMB1,893,338,000) and approximately RMB1,543,395,000 (2012: RMB1,192,127,000), respectively, representing increases of RMB309,865,000 and RMB351,268,000 from 31 December 2012, respectively. Our net assets attributable to the parent company and net assets per share at the end of the period were approximately RMB754,862,000 (2012: RMB729,111,000) and approximately RMB2.13 (2012: RMB2.06), respectively, both representing an increase of 3.5% from 31 December 2012.

REVIEW FOR THE YEAR

The overall situation in 2013 was broadly in line with our expectation made at the beginning of the year. As the international situation was still unstable, China-Japan political relationship remained tense, and regional conflicts kept escalating, growth in emerging markets and developing countries slowed down, while the overall domestic economy showed signs of steady and positive growth. However, the pressure from rising cost remained tense, and the economic restructuring has not been in place with increasingly prominent environmental problems. Benefiting from the favorable development of Tianjin Binhai New Area, the optimization of our business structure and enhancement of our operation efficiency, the Group achieved a significant growth in its revenue for the year. The Group's materials procurement logistics business developed rapidly with more business types and customers. Fengtian Logistics overcame difficulties to achieve a substantial growth in profits. Our traditional logistics business also showed a good development momentum through the adjustments. Profits generated from our main business increased, but investment income declined as compared with last year due to various unfavorable factors.

Favorable development of new projects

As He Guang Trade and Business, Teda International Forwarding and Tedahang, all of which are the Company's newly-operated entities, are still in the initial stage of development, they have suffered different degree of loss, but they will become a new profit growth point of the Company in the future. He Guang Trade and Business has started its import agency business which has taken shape. Teda International Forwarding started its operation in May 2013 and maintained good development momentum with smooth operation of all businesses, so that it gained considerable revenue. Having started its operation on 1 January 2013, Tedahang began to undertake all inspections of all imported meat and frozen products in Tianjin Port in May 2013, recognized by the relevant government authorities. With equipments and facilities in normal operation, Tedahang continued to promote safe production management. Through persisting efforts throughout the year, Tedahang achieved a significant reduction in loss, compared to the budget target.

Introducing advanced logistics infrastructure

Having successfully passed the inspections of multiple departments under General Administration of Customs, "H986" vehicle-mounted computer inspection system was officially installed in the import and export container clearance center of the Group in the customs in Tianjin Economic and Technological Development Area. This is the only one vehicle-mounted computer inspection equipment in Tianjin Economic and Technological Development Area and the first one in North China, as well as the most advanced customs inspection system in China at present. It will drastically improve the level of supervision and inspection efficiency of the customs in the Development Area and achieve both close supervision and speedy customs clearance so as to provide more conveniences in respect of customs clearance for the enterprises in the Development Area.

Exploring new business areas

With the great support from Tianjin Customs, China Railway Special Cargo and other relevant parties, the Company developed a new programme with an aim to transport the commercial automobiles made in China or in transit through railway. Currently, the Company has completed the market research, programme design and infrastructure transformation and is putting the programme into practice.

Intensifying resources integration

Under the work guideline of "defining strategic positioning, integrating critical resources, expanding systematic operation, enhancing comprehensive capability", the Group achieved centralized operation, uniform quotation and unified integrated solutions in multiple projects. Leveraging on the strengths of each entity, the Group achieved collaboration between departments and entities, unified coordination as well as decentralized management, and initially formed an integrated business model.

While integrating internal resources, the Group made full use of available external resources. The Company has obtained an unsecured and unguaranteed line of credit of RMB3.39 billion from 21 banks, which gives strong support for the development of the Group's procurement logistics business.

Strengthening internal management

During the reporting period, the Company developed a number of measures to improve the incentive effects on operational staff, intensify the personnel training, establish internal personnel selection system and strengthen the management of subsidiaries and assigned managers so as to promote the common development of employees and the Group.

The Group attaches great importance to safe production management. During the reporting period, the Group held a number of field work meetings regarding safe production, organized safety exercises and developed emergency response plan, focusing on the entity whose production is related to ammonia. The Group also promoted the compliance with safe production standards. Currently, one of our subsidiaries has been certified in respect of the compliance with safe production standards.

PROSPECTS AND OUTLOOK

In 2014, it is expected that the global economic situation will be better than last year, the market will improve gradually, and domestic system reform will drive economic growth, however, there are great uncertainties due to the complicated international political situation and persistent regional conflicts, especially the geopolitical conflicts around China. With many contradictions and problems in the fiscal and financial field of China, the overall economic restructuring has not been in place, inflation risks remain high, while the overcapacity is still a serious problem. These could increase the likelihood of large fluctuations in the economy.

Despite a lot of challenges, the good opportunities offered by Tianjin and Binhai New Area will be favorable to the Company's development. Meanwhile, as the Group keeps improving its risk resistance capability over years, it is able to effectively resist all kinds of adverse external factors. In 2014, the Company put forward a work thinking of "innovating business model, expanding integration of operations, strengthening risk control, paying close attention to personnel training" with an aim to improve the integrated business model, integrate all advantages of resources, promote the development of new projects and new business areas, strengthen internal management and personnel training and enhance the overall operational capability through the following measures:

– To promote the cultivation of new projects so as to shorten their initial development period as much as possible and ensure the stability of the Group's results;

– To further improve the management of cold chain logistics business, diversify business types, study the operation model of combining cold chain logistics business with existing businesses, improve revenue structure and enhance profitability;

– Under innovative business model, to enhance the competitiveness of materials procurement logistics business and introduce relevant policies to encourage new models, services and initiatives which can improve the efficiency of resource utilization;

– To continue to promote the project of transporting commercial automobiles through railway and ensure the smooth operation of the project;

– To keep promoting consumer goods logistics business, promote the consumer goods-related projects and expand the relevant business layout so as to build a platform for future growth;

– To give full play to the Group's advantages in resources, improve the integrated business model, enhance the profitability of traditional logistics business, as well as expand our external influence;

– To leverage on the Group's technological strengths in automobile logistics and electronic components logistics to seek new customers and partners;

– To strengthen personnel training, further improve the establishment of human resources and payroll management system and encourage talents to stand out.

According to ChinaIRN.com, in 2014, China's logistics industry will continue to advance steadily to achieve industrial upgrading. In this environment, the Group is also facing a new turning point in respect of exploration of new business, business restructuring and other new development opportunities. The requirements on business operation will be higher with more sophisticated processes. In view of the smooth operation of new projects like Tedahang, the Company is confident in its long-term development in the future. Based on its advanced market insights, the Company will remain cautious and make persisting efforts with an exceptional spirit of innovation to achieve the balanced development of all parties involved.

Finally, I would like to express my sincere gratitude on behalf of the board to all our staff for their excellent performance and dedicated efforts.

Zhang Jian

Tianjin, PRC, 21 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal businesses of the Group are logistics and supply chain services for transportation of 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, container yard, supervision, agency and transportation services. The major customers of the Group included Tong Fang Global (Tianjin) Logistics Co., Ltd. (同方環球(天津)物流有限公司), Tianjin Tongguang Group Digital Communication Co., Ltd. (天津通廣集團數字通訊有限公司), Zhonghai Jiaye International Trading Company Limited (中海嘉燁國際貿易有限公司), Yingtan Tianfu Ecological Technology Co., Ltd. (鷹潭市天富生態科技有限公司), Tianjin Jinghai Storage Centre (天津京海儲運中心), Wuxi Leyejia Commercial Co., Ltd. (無錫樂業家商業有限公司), Jin Heng Tai (Tianjin) Trade Development Co., Ltd. (錦亨泰(天津)貿易發展有限公司) and Toyota Tsusho (Tianjin) Co., Ltd. (豐田通商(天津)有限公司), etc..

During the reporting period, our logistics and supply chain services for transportation of finished automobiles and components overcame various challenges and recovered rapidly, achieving a significant growth in its operating profits as compared with the corresponding period of last year. With adjustments made to the business direction last year and through expanding our customer base, the operating income and operating profits of the Group's materials procurement and related logistics services increased significantly as compared with the corresponding period of last year. With the influence of domestic macroeconomic situation, there was a fall in the logistics and supply chain services for electronic components and logistics services for imported automobiles transportation of the Group's associates as compared with the corresponding period of last year. Other services such as bonded warehouse, container yard, supervision, agency and transportation services maintained a good development momentum with further expansion of business scale. With initial period of operation, the Group's cold chain logistics services recorded a loss during the reporting period.

While consolidating the traditional logistics businesses, the Group has actively expanded new areas of the logistics businesses, made use of synergy of its internal resources and acquired quality infrastructure logistics resources to achieve steady but yet rapid growth.

LOGISTICS AND SUPPLY CHAIN SERVICES FOR TRANSPORTATION OF FINISHED AUTOMOBILES AND COMPONENTS

During the reporting period, the logistics and supply chain services for transportation of finished automobiles and components overcame the negative impact of various challenges and recovered rapidly, achieving a principal business income of RMB904,735,000, which was substantially the same as compared to last year. Net profit increased by 73% as compared with the corresponding period of last year.

MATERIALS PROCUREMENT AND RELATED LOGISTICS SERVICES

During the reporting period, with adjustments made to the business direction last year and through expanding our customer base, the scale of materials procurement and related logistics services expanded substantially as compared with the corresponding period of last year. Its principal business income amounted to RMB1,716,567,000, representing an increase of RMB1,015,541,000 or 145% as compared with last year.

WAREHOUSE, SUPERVISION, AGENCY AND OTHER INCOMES

During the reporting period, other services such as bonded warehouse, container yard, supervision, agency and transportation services maintained a good development momentum with further expansion of business scale. Its operating income amounted to RMB62,121,000, representing an increase of RMB12,153,000 or 24% as compared with last year.

LOGISTICS AND SUPPLY CHAIN SERVICES FOR ELECTRONIC COMPONENTS (CONDUCTED THROUGH INVESTMENTS IN JOINT VENTURES)

During the reporting period, due to the influence of domestic macroeconomic situation, there was a decline in the electronic components logistics service business with net profit decreasing by approximately 18% as compared with the corresponding period of last year.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2013, turnover of the Group was RMB2.683 billion, representing an increase of RMB947 million or 55% as compared to RMB1.736 billion last year. The significant increase in turnover is mainly attributable to the substantial growth of materials procurement and related logistics services compared to last year.

Cost of sales and gross profit

For the year ended 31 December 2013, the cost of sales of the Group was RMB2.588 billion, representing an increase of RMB910 million or 54% as compared to RMB1.678 billion of the corresponding period of last year, which was broadly in line with the growth of turnover for the year.

For the year ended 31 December 2013, gross profit margin of the Group was 3.53%, substantially the same as compared to last year.

Administrative expenses

The administrative expenses of the Group amounted to RMB55,461,000 in 2013, representing an increase of RMB13,411,000 or 32% as compared to RMB42,050,000 last year. The Group will continue to strengthen its control over part of its administrative expenses.

Finance costs

The Group's finance costs during 2013 amounted to RMB11,614,000, representing a decrease of RMB3,355,000 or 22% as compared to RMB14,969,000 last year. The Group will continue to improve the efficiency of capital utilization and strive for the most favorable conditions for bank credits so as to reduce the finance costs.

Taxation expenses

The taxation expenses of the Group for 2013 were RMB13,096,000, representing an increase of RMB7,596,000 as compared to RMB5,500,000 last year. The significant increase in taxation expenses was mainly attributable to the improvement of operating results of the Group and Tianjin Fengtian Logistics Co., Ltd. (a subsidiary of the Group) as compared to last year, which led to an increase in the income tax expenses accordingly.

Share of results of associates and joint ventures

The share of results of associates and joint ventures of the Group for 2013 was RMB26,318,000, representing a decrease of RMB22,015,000 or 46% as compared to last year. The decrease was mainly due to the decrease in gains from the Group's investments in Tianjin Port International Automobile Logistics Co., Ltd. (天津港國際汽車物流公司), Tianjin Alps Teda Logistics Co., Ltd. (天津泰達阿爾卑斯物流公司) and Dalian Alps Teda Logistics Co., Ltd. (大連泰達阿爾卑斯物流公司), respectively an associate and two joint ventures of the Group, which recorded decreases in operating results by different levels as compared to last year, and due to the Group's share of investment loss in respect of its equity interests in newly-operated Tedahang Cold Chain Logistic Co., Ltd. (泰達行(天津)冷鏈物流公司) which recorded large amount of loss during the reporting period.

Profit for the period and earnings attributable to the equity holders of the Company

For the year ended 31 December 2013, total profits for the period amounted to RMB56,084,000, representing a decrease of RMB15,065,000 or 21% as compared to last year. Earnings attributable to the equity holders of the Company were RMB47,003,000, decreased by RMB17,661,000 or 27% as compared to RMB64,664,000 last year. The decrease of earnings attributable to the equity holders of the Company was mainly due to the significant decline in share of investment gain of associates and joint ventures as compared to last year.

Dividend

The Board proposes the payment of a final dividend of RMB0.02 per share (corresponding period of 2012: nil), which shall be subject to the approval by the shareholders at the Company's annual general meeting of 2013. Information about the date of the annual general meeting and arrangement on closure of register of member will be announced in due course.

Liquidity and financial resources

For the year ended 31 December 2013, the Group maintained a sound financial position. As at 31 December 2013, the cash and bank deposit of the Group was RMB238,090,000 (31 December 2012: RMB274,067,000). As at 31 December 2013, the total assets of the Group were RMB2,203,203,000 (31 December 2012: RMB1,893,338,000). Capital was sourced from current liabilities of RMB1,353,572,000 (31 December 2012: RMB1,073,561,000), non-current liabilities of RMB6,951,000 (31 December 2012: RMB7,308,000), shareholder's equity attributable to the shareholders of the Group of RMB754,862,000 (31 December 2012: RMB729,111,000) and minority interests of RMB87,818,000 (31 December 2012: RMB83,358,000).

Capital structure

For the year ended 31 December 2013, there was no change in the capital structure of the Company. The share capital of the Company comprised only ordinary shares.

Loans and borrowings

As at 31 December 2013, the balance of bank loans of the Group was RMB270,000,000 (31 December 2012: RMB210,000,000).

Gearing ratio

As at 31 December 2013, the ratio of total liabilities to total assets of the Group was 62% (31 December 2012: 57%). The gearing ratio (ratio of short-term bank loans to total equity) of the Group was 32% (31 December 2012: 26%).

Charge on assets

As at 31 December 2013, there was no charge on assets of the Group.

Exchange loss or gain

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

The Group has no significant investments outside Mainland China. The Group, however, may be exposed to certain extent of foreign currency exchange loss or gain mainly because the Group and the subsidiaries of the Group, Tianjin TEDA General Bonded Warehouse Co., Ltd. (天津泰達公共保稅倉公司) and Tianjin Fengtian Logistics Co., Ltd. (天津豐田物流公司), have transactions denominated in United States Dollar, the Japanese Yen and Hong Kong Dollar. For the twelve months ended 31 December 2013, the Group had an exchange gain of RMB456,000 after offsetting the exchange loss.

Contingent liabilities

As at 31 December 2013, the Group had no material contingent liabilities.

Operating lease commitments

As at 31 December 2013, the Group had the following operating lease commitments:

	2013 **RMB'000**
Future minimum lease payments due under the signed irrevocable operating leases contracts:	**4,615**

MAJOR ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year, there was no major acquisition or disposal of subsidiaries and associated companies by the Group.

EMPLOYEES

As at 31 December 2013, the Company employed 2,371 employees (31 December 2012: 2,323).

	As at 31 December 2013	As at 31 December 2012
Administration	**389**	383
Finance	**63**	64
Consulting Technology	**21**	21
Sale and Operation	**1,898**	1,855
Total	**2,371**	2,323

REMUNERATION POLICY

The remunerations of the employees of the Company shall be determined by reference to the market rate, and the performance, qualification and experience of the relevant staff. Also, a discretionary bonus based on individual performance during the year will be distributed as a reward for the contributions made by the employees to the Company. Other staff benefits include pension insurance, unemployment insurance, labour injury insurance, medical insurance, maternity insurance and housing fund, etc.

CORPORATE GOVERNANCE REPORT

The Company believes that stringent corporate governance practices could enhance credibility and transparency and are in the interests of the shareholders of the Company. The Company has established a complete set of code on corporate governance practices – "Handbook of Corporate Governance Practices" pursuant to the requirements of the GEM Listing Rules. Save as disclosed below, the Company has complied with all the requirements of the Corporate Governance Code ("the Code") set out in Appendix 15 of the GEM Listing Rules throughout the reporting year, save for the deviation of Code A.2.1 and Code A.6.7.

DEALING IN SECURITIES BY THE DIRECTORS

The Group has adopted a code of dealing in securities by the Directors of the Group, which was formulated in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules for the purpose of setting out its own required standards for assessment of the conduct of the Directors in dealings in the securities of the Group. Upon enquiries made to each Director by the Company, all Directors confirmed that they have complied with the code of dealing in securities by the Directors.

THE BOARD

The Board of the Company currently comprises 9 Directors which includes 1 executive Director, 4 non-executive Directors and 4 independent non-executive Directors, among which, Zhang Jian is the Chairman and executive Director, Zhang Jun, Hu Jun, Tse Ping and Yang Xiaoping are non-executive Directors and Zhang Limin, Luo Yongtai, Liu Jingfu and Japhet Sebastian Law are independent non-executive Directors. Details of the members of the Board are set out under the section headed "Directors, Supervisors and Senior Management".

The Board is responsible to the shareholders of the Company in general meeting, and to exercise the functions grant by the general meetings and the Articles of the Company. The major responsibilities of the Board include formulating the business plans and investment advices, convening general meetings and signing resolutions proposed in the general meetings, formulating and reviewing the corporate governance policies and practices, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and Handbook of Corporate Governance Practices applicable to employees and directors, and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report of the Company. The interest of Shareholders and the Company is the primary concern for every member of the Board. Directors should always comply with the relevant laws and regulations in a dedicated manner. The management of the Company is responsible to the Board, to exercise the board resolutions and report to the chairman and the Board in respect of the operating of the Company in a timely manner. The management timely provides the updated information to the member of the Board by delivery of monthly business report and statements, which set out the performance, financial condition and prospects of the Company, the evaluations that are fair and easy to understand, etc.

All the independent non-executive Directors appointed by the Company are from the logistics industry, with extensive experience in finance or enterprise management and other professional areas. Acting in a careful and detailed manner, independent directors also need to safeguard the interests of the Company and the shareholders by providing independent advice relating to connected transactions and material issues of the Company and providing professional recommendations for the long-term and stable development of the Company's business.

The Directors are subject to a term of office of three years and shall be eligible for re-election upon expiry of the term in accordance with the Articles of the Company. The Board considers that the non-executive Directors and independent non-executive Directors could maintain a reasonable balance with the executive Directors of the Board so as to safeguard the interests of the Company and its shareholders. The non-executive Directors and independent non-executive Directors perform their responsibilities of developing the Company's policies by providing constructive opinions.

During the reporting year, the Company complied with the requirements of Rules 5.05(1) and (2) and 5.05A of the GEM Listing Rules. As of the end of the reporting year, the Board of the Company comprises 4 independent non-executive directors, in which Zhang Limin has the competent professional qualification in accordance with the requirements of Rule 5.05(2). The independent non-executive directors appointed by the Company represent at least one-third of its board.

After reassessment of the independence of the independent non-executive Directors by the Company in February 2014, the Company considered that each of the independent non-executive Directors has complied with all independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

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

A comprehensive training was provided for each new Director of the Company after his/her appointment, to ensure he/she would understand the operation and business of the Group and to fully aware of his/her responsibility and obligation as a Director. The Group provides presentations, site visits, seminars and other professional development activities to all directors, so as to enhance his/her awareness of the relevant GEM Listing Rules and other applicable regulatory requirement as well as the latest developments in the business of the Group. During the reporting year, the Directors of the Company complied with Code Provision A6.5 by the following ways:

Director	Reading Materials	Site visit	Attendances of Discussion/ Course/Speech
Executive Director			
Zhang Jian	√	√	√
Non-executive Directors			
Zhang Jun	√	√	√
Hu Jun	√	√	√
Tse Ping	√	√	√
Yang Xiaoping	√	√	√
Independent Non-executive Directors			
Zhang Limin	√	√	√
Luo Yongtai	√	√	√
Liu Jingfu	√	√	√
Japhet Sebastian Law	√	√	√

For the year ended 31 December 2013, there are no other Executive Directors, except for Mr. Zhang Jian, the chairman of the Board and the Executive Director of the Company. The Board has held 5 regular meetings and 3 extraordinary meetings in 2013 to discuss and decide on material strategies, material operating issues, financial issues and other matters as required in the Articles of the Company. The Company has kept the detailed minutes of the relevant meetings.

The attendance of the Board members during the year is set out as follows:

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
	Number of meeting attended/held (Attendance)				
Executive Director					
Zhang Jian	8/8(100%)	N/A	N/A	1/1 (100%)	4/4(100%)
Non-executive Directors					
Zhang Jun Note 1	8/8(100%)	N/A	N/A	N/A	3/4(75%)
Hu Jun Note 2	6/8(75%)	N/A	N/A	N/A	2/4(50%)
Tse Ping Note 3	6/8(75%)	N/A	N/A	N/A	2/4(50%)
Yang Xiaoping Note 4	7/8(87.5%)	N/A	N/A	N/A	4/4(100%)
Independent Non-executive Directors					
Zhang Limin Note 5	7/8(87.5%)	4/5(80%)	N/A	N/A	3/4(75%)
Luo Yongtai	8/8(100%)	5/5(100%)	1/1(100%)	1/1(100%)	4/4(100%)
Liu Jingfu Note 6	8/8(100%)	3/5(60%)	1/1(100%)	1/1(100%)	4/4(100%)
Japhet Sebastian Law	8/8(100%)	N/A	1/1(100%)	N/A	4/4(100%)

Note:

1. Mr. Zhang Jun appointed Mr. Zhang Jian to attend 1 extraordinary general meeting on behalf of him; the attendance was not included in Mr. Zhang Jun's attendance. Mr. Zhang Jun didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A6.7.

2. Mr. Hu Jun appointed Mr. Zhang Jian to attend 2 extraordinary general meetings and 1 board meeting, and appointed Mr. Zhang Jun attend 1 board meeting on behalf of him; those four attendances were not included in Mr. Hu Jun's attendance. Mr. Hu Jun didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A6.7.

3. Mr. Tse Ping appointed Mr. Yang Xiaoping to attend 2 extraordinary general meetings and 2 board meetings on behalf of him; those four attendances were not included in Mr. Tse Ping's attendance. Mr. Tse Ping didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A6.7.

4. Mr. Yang Xiaoping appointed Mr. Tse Ping to attend 1 board meeting on behalf of him; the attendance was not included in Mr. Yang Xiaoping's attendance. Mr. Yang Xiaoping didn't attend the meeting in person due to his personal reasons, which is not in compliance with Code A6.7.

5. Mr. Zhang Limin appointed Mr. Luo Yongtai to attend 1 extraordinary general meeting, and appointed Mr. Liu Jingfu to attend 1 board meeting and 1 audit committee meeting on behalf of him; those three attendances were not included in Mr. Zhang Limin's attendance. Mr. Zhang Limin didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A6.7.

6. Mr. Liu Jingfu appointed Mr. Zhang Limin to attend 2 audit committee meetings; those two attendances were not included in Mr. Liu Jingfu's attendance. Mr. Liu Jingfu didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A6.7.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the 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 the CEO should be clearly established and set out in writing.

As at 31 December 2013, the roles of the Chairman and the CEO of the Company have been performed by Mr. Zhang Jian and he has been responsible for the management of the Board and the operation of the Group. The Board considered that Mr. Zhang Jian has thorough understanding and expertise regarding the business operations of the Group and thus enabling him to make appropriate decisions which are in the interests of the shareholders as a whole on a timely and effectively basis. The Company believes that the combination of the roles of the Chairman and the CEO helps effectively formulating and implementing the Group's strategies as well as quickly responding to the ever-changing markets. The Board also considers that, at this moment, it is not necessary to separate the roles of the Chairman and the CEO. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to decide whether the roles of the Chairman and the CEO should be separated.

TERM OF OFFICE AND RE-ELECTION

The terms of office of the Directors of the Company (including independent non-executive Directors) are three years. All current Directors of the Company will hold office until the expiry of the second Board. The Directors shall retire upon expiry of their terms of office and are subject to re-election.

THE COMMITTEES OF THE BOARD

Each of the audit committee, remuneration committee and nomination committee of the Company has specific terms of reference in place, with the powers and responsibilities of each committee clearly defined which are posted on the websites of the GEM and the Company.

(1) Audit committee

The Company has set up an audit committee pursuant to the requirements under Rule 5.28 of the GEM Listing Rules and the "Guidelines for the Establishment of Audit Committees" prepared by the Hong Kong Institute of Certified Public Accountants, with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules. The audit committee currently comprises Mr. Zhang Limin, Mr. Liu Jingfu and Mr. Luo Yongtai (all being independent non-executive directors), among which the chairman of the committee, Mr. Zhang Limin, has the relevant professional qualification and financial experience. The members of the audit committee convene meetings regularly with the management and external auditors and review the internal audit report and the quarterly, interim and annual results of the Group. The audit committee reviewed the audited financial statements for the year ended 31 December 2013 and recommended approval to the Board. In 2013, the audit committee held a total of 5 meetings, of which two meetings were convened with the auditor, to review the financial information and the internal control system of the Company. For the year ended 31 December 2013, the Company complied with the requirements of Rules 5.28 of the GEM Listing Rules in respect of the audit committee.

(2) Remuneration committee

The Company has set up a remuneration committee in accordance with the requirements of Rule 5.34 of the GEM Listing Rules and its duties and responsibilities have been properly laid down in writing under the requirements of Rule 5.35. The remuneration committee currently comprises Mr. Luo Yongtai (chairman), Mr. Liu Jingfu and Mr. Japhet Sebastian Law (all being independent non-executive directors). The remuneration committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all Directors, Supervisors and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives, and making recommendations to the Board on the remuneration packages of individual executive directors and senior management. In 2013, the remuneration committee held one meeting in total. For the year ended 31 December 2013, the Company has complied with the requirements of Rules 5.34 of the GEM Listing Rules.

(3) Nomination committee

The Company has also set up a nomination committee which is responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment, re-appointment and succession of directors. The nomination committee currently comprises three members, with Mr. Zhang Jian being the chairman and Mr. Luo Yongtai and Mr. Liu Jingfu being the members. A majority of the nomination committee are independent non-executive directors of the Company. In 2013, the nomination committee held one meeting in total and executed the related provisions of the nomination of the Directors under the Company's Articles of Association and the policies, procedures and criterias of the Procedures for Shareholders to Propose a Person for Election as a Director.

During the year, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered that diversity of board members can be achieved through consideration of a number of aspects, including but not limited to age, cultural and educational background, race, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to age, cultural and educational background, race, professional experience, skills and knowledge.

LIABILITY INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT

The Company has arranged appropriate liability insurance coverage for the Directors and Senior Management since May 2013.

SUPERVISORY COMMITTEE

The supervisory committee comprises 6 members, of whom 3 are shareholder representative supervisors, 1 is an independent supervisor and 2 are employee representative supervisors. The responsibility of the supervisory committee is to monitor the Board and its members and senior management so as to protect the interests of the shareholders. In 2013, the supervisory committee had monitored the financial position and the legal compliance of the operations of the Company and has conducted due diligence review of the senior management by convening meetings of supervisory committee and attending Board meetings and general meetings. It has duly performed its duties according to detailed cautions principles.

INTERNAL CONTROL

During the year of 2013, the Company highly emphasized internal control and continued to adopt various initiatives to control and monitor the business of the Company and prevent potential risks. During the reporting period, the Board has conducted a review of the effectiveness of the system of the internal controls of the Company together with its subsidiaries, and considered it as effective. The review covers all the material aspects of internal control, including financial control, operational control and compliance control as well as risks management, particulars of which are as follows:

1. Financial control

The Company continued to strictly comply with the various financial systems formulated by the Company to further strengthen and enhance the financial management of the Company.

The Directors of the Company has fully considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The audit committee of the Company has held 5 meetings to liaise and discuss with the financial management department on the financial management, financial statements and auditing of the Company.

2. Operational control

The management of the Company and all departments undertake their respective duties and faithfully perform their functions in accordance with the Articles and the systems of the Company in order to ensure the smooth operation of its businesses. The Company carries out monthly statistics compilation and analysis on its operations to enable the management to have a timely grasp of the situation and to make judgements and decisions. Material issues of the Company shall be submitted to the Board meetings and general meetings for consideration and voting in accordance with the Articles of the Company. The supervisors are responsible for the supervision of the exercise of authority by the management and the Board in the course of managing affairs of the Company, and to provide advice and recommendation.

3. Compliance control

The Company, during the course of its business expansion, complied with all relevant laws and regulations so as to strengthen the internal control system of the Company. The management and departments of the Company entered into contracts in accordance with the management requirements of the Company. The Company has in place a designated team to advise on the legal compliance of the Company when making significant operational decisions.

The Company conducts regular follow-ups in respect of connected transactions between different departments pursuant to the GEM Listing Rules so as to ensure that the connected transactions and their procedures and the disclosure of information comply with the requirements of the GEM Listing Rules.

4. Risks management

The Company has adopted appropriate measures to manage its investment, guarantee, litigations and material projects so as to standardize the operations of the Company. The Company has set up the risk management department which is mainly responsible for risk evaluation and management of our businesses, such as materials procurement logistics business and new business.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to Convene an Extraordinary General Meeting:

Shareholders who hold 10% or more of the voting shares at the proposed meeting may make a proposal to the Board of Directors on holding an extraordinary general meeting by signing written requests defining the meeting agenda and signed by the proposer. The Board of Directors shall convene the extraordinary general meeting or the class meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares held shall be calculated as of the date when the written request was put forward by the shareholders.

In case that the Board of Directors fails to give a notice of convening such meeting within thirty days after receipt of the aforesaid written request, the shareholders who put forward the request may convene such a meeting within four months after receipt of the request by the Board of Directors, and the procedures shall be the same as those for convening a general meeting by the Board of Directors where possible.

Procedure for Shareholders to Make Inquiries with the Board of Directors:

The shareholders who intend to access to or request for the relevant information shall give prior written notice to the Company, and the Company shall provide such information as soon as possible. Inquiries with the Board of Directors or the Company may be posted to the principal place of business in Hong Kong of the Company, the address of which is Unit B, 1st Floor, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong, with telephone No. (852)28271778 being available at normal business hours.

Procedures of Proposing Resolutions at General Meeting:

At the annual general meeting of the Company, shareholders (either independently or jointly) holding 3% or more of the total number of the Company's voting shares shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda for the meeting the matters in the motions that fall within the scope of the duties of the shareholders' general meeting. But the motion shall reach the Company within 10 days after the said meeting notice is made. The extraordinary general meeting shall not resolve on matters not specified in the notice.

INVESTOR RELATIONS AND COMMUNICATION WITH THE SHAREHOLDERS

The Board intends to encourage and maintain on-going communication with the shareholders through various channels. The Company's annual general meeting provides a good opportunity for the Directors to meet and communicate with the shareholders. All Directors shall use their best endeavors to attend the annual general meeting so as to reply enquiries of the shareholders. In respect of any discloseable and significant matters, the Company makes timely, accurate and complete disclosure in newspapers and websites specified by the relevant regulatory authorities pursuant to the disclosure requirements under the GEM Listing Rules in order to safeguard the right to information and participation of the shareholders. The Company has established a specialized department responsible for investor relations. Placing strong emphasis on communication with investors, the Company holds class meetings and organizes site visits for shareholders so as to enhance investors' understanding of and confidence in the Company.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts for each financial period by the management, and issuing appropriate announcements in accordance with the GEM Listing Rules for disclosure of all information necessary for the shareholders to assess the financial performance and other matters of the Company.

The Company has appointed PricewaterhouseCoopers as international auditors of the Company for the year 2013. Fees for audit for the year ended 31 December 2013 amounted to RMB1,600,000.

The Directors of the Company are responsible for preparation of the financial statements which can truthfully and fairly reflect financial positions of the Company and its subsidiaries, pursuant to the disclosure requirement of the International Financial Reporting Standards and the Companies Ordinance in Hong Kong.

The statements made by the independent auditors of the Company on their responsibilities for the financial statements are set out in the independent auditor's report in this report.

JOINT COMPANY SECRETARIES

The Company engages an external service provider to provide secretarial service and has appointed Mr. Lo Tai On ("Mr. Lo") as its Company Secretary, Mr. Lo has confirmed that for the period under review, he has attended not less than 15 hours of relevant professional training. His internal and principle contact person in the Company is Mr Jia Wenxuan ("Mr. Jia"), general manager of the investment planning department.

With effect from 21 March 2014, the Company has also appointed Mr. Jia as the joint company secretary of the Company (the "Appointment") and Mr. Lo shall be re-designated as the other joint company secretary of the Company. Mr. Jia does not currently possess the specified qualifications of a company secretary as required under Rule 5.14 of the GEM Listing Rules. The Stock Exchange has granted a waiver (the "Waiver") from strict compliance with the requirements under Rule 5.14 of the GEM Listing Rules in relation to Mr. Jia's eligibility to act as the joint company secretary of the Company for a three-year period from the date of the Appointment. Further details in relation to the Appointment and the Waiver are disclosed in the Company's announcement dated 21 March 2014.

GENERAL MEETINGS

The general meeting of the Company has the highest authority. Totally four general meetings were held in 2013. The Company convened an annual general meeting on 15 May 2013 to consider and approve the resolutions relating to re-appointment of auditors, distribution of dividends and amendment to the Articles of the Company. The chairman has proposed separate resolutions for separate issues. The chairman of the Board and the members of each committee have attended the annual general meeting held in 2013, so as to respond to questions raised by shareholders. In addition, all the members of the Independent Board Committee have attended the annual general meeting held in 2013 to answer questions related to connected transactions on the annual general meeting. The Company highly values the functions of the general meeting as it is considered to be a direct and effective communication channel between the Board and investors of the Company, and thus encourages all shareholders to attend the general meetings. The Articles of the Company have express provisions in respect of the rights of the shareholders including the rights to attend, to receive notices of, and to vote in general meetings.

DIRECTORS' REPORT

The Board is pleased to announce the annual report and audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of comprehensive logistics services in China, mainly including supply chain solutions and material procurement businesses and related services.

RESULTS

The financial highlights of the reporting period are set out on page 5 of this annual report. Discussion and analysis of the results and financial position of the Group are set out on pages 9 to 12 of this annual report. The consolidated statement of comprehensive income is set out on page 38 of this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2013 prepared in accordance with the International Financial Reporting Standards ("IFRS") are set out on page 38 to 44 of this annual report.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND DIVIDENDS

As at 31 December 2013, profit attributable to the equity holders of the Company was approximately RMB47,003,000. The Board proposes the payment of a final dividend of RMB0.02 per share for the year ended 31 December 2013 (corresponding period 2012: nil).

RESERVES

Details of movements in the reserves of the Group and the Company during the reporting period and details of the distributable reserves of the Company as at 31 December 2013 are set out in Note 23 to the consolidated financial statements prepared in accordance with the IFRS.

STATUTORY RESERVE FUNDS

Details of the statutory reserve funds are set out in Note 23 to the consolidated financial statements.

PROPERTIES

Particulars of movements in properties of the Group and the Company during the reporting period are set out in Note 15 and Note 17 to the consolidated financial statements.

MATERIAL CONTRACTS WITH CONTROLLING SHAREHOLDER

There is no material contract between the Group and the controlling shareholder or its subsidiaries during the year.

FINANCIAL SUMMARY

A financial summary including the results and balance sheets of the Group for the past five financial years are set out in the section headed "Financial Summary" of this report.

SUBSIDIARIES AND ASSOCIATES

During the year, the Company had neither made any investment for establishment of any new company nor increased or withdrawn any capital to or from its invested subsidiaries or associates.

CAPITALIZED INTERESTS

For the year ended 31 December 2013, the Company had no capitalized interest (2012: RMB1,281,000).

SHARE CAPITAL

During the reporting period, there was no change in the Company's share capital. Details are set out in note 22 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of the Company which requires the Company to offer new shares in proportion to existing shareholders.

DIRECTORS AND SUPERVISORS

The directors and supervisors in office during the year and up to the date of this report are as follows:

Executive Director	**Date of appointment**
Zhang Jian *(chairman)*	23 June 2011
Non-executive Directors	
Hu Jun	23 June 2011
Zhang Jun	23 June 2011
Tse Ping	20 December 2012
Yang Xiaoping	20 December 2012
Independent Non-executive Directors	
Zhang Limin	23 June 2011
Liu Jingfu	23 June 2011
Luo Yongtai	23 June 2011
Japhet Sebastian Law	13 August 2012
Supervisors	
Xu Jianxin	13 August 2012
Chen Chung-Yi *(resigned the position of supervisor on 15 May 2013)*	20 December 2012
Wang Rui	23 June 2011
Lu Xia	23 June 2011
Yu Ang	23 June 2011
He Hongsheng	23 June 2011
Hai Tianmin	15 May 2013

CONFIRMATION OF INDEPENDENCE

The Company has received from each of its independent non-executive directors' annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules, and confirmed that all the independent non-executive directors of the Company are independent persons.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company.

None of the directors and supervisors has entered into a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

The Company has not entered into any contracts of significance in which any of its directors had a material interest, whether directly or indirectly, at the balance sheet date or at any time during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' and senior management's remuneration and the five highest paid individuals are set out in Note 9 to the consolidated financial statements of this report.

The remuneration offered to the directors and senior management shall be determined based on, among other things, individual experience, responsibility and time devoted to the Company.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTEREST IN THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2013, none of the directors, chief executives or supervisors of the Company had any interest 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 SFO), which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and supervisors are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

As at 31 December 2013, none of the directors, chief executives or supervisors hold any beneficial interests in the equity interests of any member of the Group, or had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, or had any interest, directly or indirectly, in any assets acquired or disposed of or leased or proposed to be acquired or disposed of or leased since 1 January 2013.

SUBSTANTIAL SHAREHOLDERS AND PERSONS HOLDING INTERESTS AND SHORT POSITION 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 31 December 2013, the following persons 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 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:

Long position in Shares

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.	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Chia Tai Land Company Limited	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%

On 7 June 2013, Tianjin Teda Investment Holding Co., Ltd. and Tianjin Economic and Technological Development Area State Asset Operation Company transferred 28,344,960 and 77,303,789 domestic shares of the Company held by them to Chia Tai Land Company Limited and Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd., respectively and completed the transfer of the shares. So far as is known to the directors, chief executives and supervisors of the Company, as at 31 December 2013, the deemed interests of Chia Tai Land Company Limited, Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. and their associates under Part XV of the SFO are as follows:

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
Chia Tai Land Company Limited 正大置地有限公司	Beneficial owner	28,344,960(L) Domestic shares	11.07%	8%
Fortune (Shanghai) Limited 富泰(上海)有限公司	Interest of corporation controlled by a substantial shareholder	28,344,960(L) Domestic shares	11.07%	8%
Charoen Pokphand Group (BVI) Holdings Limited 正大集團(BVI)控股有限公司	Interest of corporation controlled by a substantial shareholder	28,344,960(L) Domestic shares	11.07%	8%
CPG Overseas Company Limited	Interest of corporation controlled by a substantial shareholder	28,344,960(L) Domestic shares	11.07%	8%
Charoen Pokphand Group Co., Ltd.	Interest of corporation controlled by a substantial shareholder	28,344,960(L) Domestic shares	11.07%	8%
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%
Sino Biopharmaceutical Limited 中國生物製藥有限公司	Interest of corporation controlled by a substantial shareholder	77,303,789(L) Domestic shares	30.19%	21.82%

Note:

1. The letter "L" represents 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 31 December 2013, no any other persons (other than directors or chief executives or 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.

SHARE APPRECIATION RIGHTS INCENTIVE SCHEME

As at the Latest Practicable Date, the Company has no arrangement for such plan.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the percentage of income of the Group from sales of goods and provision of services to major customers to the turnover of the Group are as follows:

Tong Fang Global (Tianjin) Logistics Co., Ltd. (同方環球(天津)物流有限公司)	29%
Tianjin Tongguang Group Digital Communication Company Limited (天津通廣集團數字通信公司)	22%
Zhonghai Jiaye International Trading (Tianjin) Company Limited (中海嘉燁國際貿易(天津)有限公司)	9%
Yingtan Tianfu Ecological Technology Co., Ltd. (鷹潭市天富生態科技有限公司)	6%
Tianjin Jinghai Storage Centre (天津京海儲運中心)	5%
Five largest customers in total	71%

None of the five largest customers above is a connected party of the Group pursuant to the GEM Listing Rules.

During the reporting period, the percentage of expenses of the Group arising from the purchase of goods and services from major suppliers to the cost of sales of the Group are as follows:

Leimeng (Tianjin) Enterprise Company Limited (雷盟(天津)實業有限公司)	27%
Shanghai Xinzhan Supply Chain Management Co., Ltd. (上海辛展供應鏈管理有限公司)	9%
Zhongwu Huashang International Logistics Co., Ltd. (中物華商國際物流股份有限公司)	7%
Tianjin Tianhe Nanxi Renewable Resources Recycling Co., Ltd. (天津市天合南希再生資源回收利用有限公司)	6%
Green Land Energy Group Company Limited (綠地能源(集團)有限公司)	5%
Five largest suppliers in total	55%

None of the five largest suppliers above is a connected party of the Group pursuant to the GEM Listing Rules.

COMPETING INTERESTS

None of the Directors, controlling shareholders, substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) have interest in business that competes or may compete with the business of the Group or has any other conflicts of interests with the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group has entered into connected transactions with the following entities which are regarded as connected persons of the Company under the GEM Listing Rules as at 31 December 2013.

1. Toyota Tsusho Corporation, which holds approximately 36.2% interest in Tianjin Fengtian Logistics Co., Ltd ("Tianjin Fengtian Logistics", a non-wholly owned subsidiary of the Company), is a substantial shareholder of a subsidiary of the Company. Under the GEM Listing Rules, Toyota Tsusho Corporation is the connected person of the Company.

2. Tianjin Teda Investment Holdings Co., Ltd ("Teda Holdings") holds approximately 42.45% of the issued share capital of the Company, thus Teda Holdings is the substantial shareholder of the Company. However, Tianjin Beacon Company Limited ("Tianjin Beacon") is a wholly-owned subsidiary of Teda Holdings, and Teda Holdings and Tianjin Beacon hold 15% and 85% equity interest in Tianjin Beacon Industrial Development Co., Limited ("TBID") respectively, thus Tianjin Beacon and TBID are both subsidiaries of Teda Holdings. According to the GEM Listing Rules, Tianjin Beacon and TBID are both connected persons of the Company.

3. Teda Holdings, being a substantial shareholder of the Company, holds 85.41% of the equity of Tianjin Teda Football Club Co., Ltd. ("Tianjin Football"), thus Tianjin Football is the connected person of the Company.

Details of the connected transactions and continuing connected transactions for the year ended 31 December 2013 are as follows:

CONNECTED TRANSACTIONS

On 12 July 2013, the Company and Tianjin Football entered into an advertising agreement, pursuant to which Tianjin Football agreed to play the Company's advertisements during the period from July 2013 to November 2013 of the Chinese Super League 2013, at a consideration of RMB2,000,000.

On 13 December 2013, the Company and Tianjin Beacon entered into a sale and purchase agreement, pursuant to which, the Company agreed to purchase and Tianjin Beacon agreed to sell alkyd paint (the "Paint") for a consideration of RMB18,000,000. The Company and TBID also entered into a sale and purchase agreement of even date, pursuant to which, the Company agreed to sell and TBID agreed to purchase the Paint for a consideration of RMB18,432,000.

CONTINUING CONNECTED TRANSACTIONS

On 23 November 2010, the Company entered into a logistic service agreement (the "Logistic Service Agreement") with Toyota Tsusho Corporation, pursuant to which the Company agreed to provide logistics services and supply chain solutions for automobile and car components to Toyota Tsusho Corporation for a period up to 31 December 2013. The Logistic Service Agreement and the transactions contemplated thereunder were approved at the extraordinary general meeting of the Company on 18 January 2011.

On 4 September 2013, the Company entered into a supplemental agreement (the "Supplemental Agreement") with Toyota Tsusho corporation to renew the transactions under the Logistics Service Agreement for a further term of three years expiring on 31 December 2016. The Logistic Service Agreement as supplemented and amended by the Supplemental Agreement and all transactions contemplated thereunder were approved at the extraordinary general meeting of the Company on 12 November 2013.

ANNUAL CAPS AND ACTUAL FIGURES OF NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS OF THE COMPANY

Description of transaction	**Annual Caps for 2013 RMB'000**	**Actual Figures for 2013** RMB'000
Logistic Service Agreement (as supplemented and amended by the Supplemental Agreement)	**108,000**	86,991

The independent non-executive Directors, Zhang Limin, Luo Yongtai, Liu Jingfu and Japhet Sebastian Law, have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreement with terms which are fair and reasonable and in the interests of the shareholders as a whole.

In addition, the Group has duly complied with the requirements under Rule 20.38 of the GEM Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 27 of the Annual Report in accordance with Rule 20.38 of the GEM Listing Rules.

LITIGATION

As at 31 December 2013, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation, arbitration or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, redeemed or sold or cancelled any listed securities of the Company.

PUBLIC FLOAT

Based on the information available to the Company and to the knowledge of the Directors, the Company has, up to the date of this report, maintained the public float required by the GEM Listing Rules and approved by the Stock Exchange.

TRUST DEPOSITS

As at 31 December 2013, neither the Company nor any of its subsidiaries placed any trust deposits with any financial institutions within or outside the PRC.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Save as disclosed in the Company's announcement dated 21 March 2014 pursuant to Rule 17.18 of the GEM Listing Rules in relation to the financial assistance and/or guarantees granted to affiliated companies of the Company, the Directors are not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

By order of the Board
Zhang Jian

Tianjin, the PRC, 21 March 2014

REPORT OF THE SUPERVISORY COMMITTEE

Dear shareholders,

Pursuant to the "Company Law of the People's Republic of China", the relevant laws and regulations for Hong Kong listed companies and the articles of association of the Company, the Supervisory Committee of the Company (the "Supervisory Committee"), under its fiduciary duty, has taken up a responsible role to work reasonably and cautiously with integrity and diligence to protect the interests of the Company, its shareholders and staff during the year.

During the year, the Supervisory Committee duly reviewed the operational and development plans of the Company, the supervisors made their best endeavours to attend each Board meeting and General meeting held in 2013, and provided reasonable opinions and recommendations to the Board. It also constantly monitored the Company's financial status and administered the code of practices of the Directors, general managers and other senior management. The Supervisory Committee has made stringent supervision on whether any material and concrete decision made by the management of the Company is in compliance with the laws and regulations of the PRC and the articles of association of the Company, and whether it is in the interests of its shareholders.

Through its efforts made on supervision and inspections during 2013, the Supervisory Committee considered that the members of the Board, the general manager and other senior management of the Company all strictly observed their fiduciary duties, to act diligently and to exercise their authority faithfully under the premise of safeguarding the best interests of the Company. They carried out duties in accordance with the requirements set out in the articles of association of the Company in a standardized manner. During the reporting period, the Company carried out operations according to the law with a standardized management style, and its operating results were objective and true. The Company had an integral, reasonable and effective internal control system, and its operation decision-making process were legal. The connected transactions of the Company have been carried out on fair and reasonable terms that are in the interests of the shareholders of the Company as a whole, and no violation to the interests of the shareholders and the Company has been found. To date, none of the directors, supervisors, general manager and other senior management had been found abusing their authority, damaging the interests of the Company or infringing upon the interests of its shareholders and employees, nor found to be in breach of any laws and regulations or the articles of association of the Company.

The Supervisory Committee has exercised supervision to the execution of the resolutions of the general meeting and considers that the Board is capable of executing the resolution of the general meeting diligently.

The Supervisory Committee is satisfied with the performance and the economic benefits achieved by the Company in 2013, and has full confidence in the future development of the Company.

In the coming year, the Supervisory Committee of the Company will continue to perform its duties pursuant to the relevant laws and regulations by adhering to the fiduciary duties and strengthening its supervisory work so as to safeguard and protect the interests of the Company and the shareholders, fulfill its responsibility in an honest and diligent manner and hence achieve good performance in every aspect.

By order of the Supervisory Committee
Xu Jianxin
Chairman

Tianjin, the PRC, 21 March 2014

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Zhang Jian (張艦), aged 56, joined the Company as the chairman and general manager in June 2006. He graduated from the semiconductor physics and devices profession (半導體物理與器件專業) of the electronic engineering department of Tianjin University (天津大學) with a bachelor's degree in engineering in 1982. He obtained a master's degree in business administration from the National University of Singapore in 2003 and is a senior electrical engineer accredited by the Tianjin Municipal Engineering Evaluation Committee (天津市工程系列高評委). From 1984 to 1985, he performed administrative secretarial work in Tianjin Economic and Technological Development Area Corporation, the predecessor of Teda Holding. From 1985 to 1987, he worked as a project manager at Teda Industrial Investment Co., Ltd. (天津開發區工業投資公司). From 1987 to 1995, he worked as a deputy manager in Heat and Power Company of Teda Holding (泰達控股熱電公司), a company controlled by Teda Holding, the Controlling Shareholder and an Initial Management Shareholder. From 1995 to 2008, he had been the manager of the investment management department of Teda Holding. He was a former director of Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司) (Stock code: 000695, Shenzhen Stock Exchange) and the former chairman of the supervisory committee of Tianjin Jinbin Development Co., Ltd (天津津濱發展股份有限公司) (Stock code: 000897, Shenzhen Stock Exchange). He is currently the chairman of Tianjin Alps Teda Logistics, Dalian Alps Teda Logistics, Tianjin Fengtian Logistics, Yuan Da Logistics, TEDA Bonded Warehouse, Tedahang Cold Chain Logistics and Teda International Freight Forwarding, and the vice chairman of Tianjin Port International Automobile Logistics, Tianjin Port Gangwan International Automobile Logistics, Tianjin Ferroalloy Exchange Co., Ltd. and Tianjin Tianxin Automobile Inspection Services Co., Ltd. (天津天鑫機動車檢測服務有限公司) and the director of He Guang Trade and Business. Both Tianjin Jinbin Development Co., Ltd. And Tianjin Binhai Energy & Development Co., Ltd. are affiliated companies of Teda Holding, the Controlling Shareholder and an Initial Management Shareholder. He is vice president of the China Federation of Logistics and Purchasing and China Society of Logistics

NON-EXECUTIVE DIRECTORS

Mr. Zhang Jun (張軍), aged 46, joined the Company as a non-executive director in October 2006. He obtained a bachelor's degree in education from Beijing Normal University (北京師範大學) and completed a postgraduate course on international economics at Nankai University (南開大學) in 1990 and 1998 respectively. He also completed a postgraduate course on business administration at TEDA College Nankai University (南開大學泰達學院) in 2001. From 1992 to 2001, he worked in the General Office of the TEDA Administrative Commission (天津經濟技術開發區管理委員會辦公室). From 2001 to 2008, he had been working in Teda Holding. From 2008 to November 2012, He was the general manager of Tianjin TEDA Group Company Ltd. From May 2009 to May 2011, he was a director of Tianjin TEDA Co., Ltd. (Stock code: 000652, Shenzhen Stock Exchange). From May 2011 to February 2013, he was the chairman of Tianjin TEDA Co., Ltd. (Stock code: 000652, Shenzhen Stock Exchange). He is currently working as the vice general manager of Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資控股有限公司) and a director of Binhai Investment Company Limited (濱海投資有限公司) (Stock code: 2886, Hong Kong Stock Exchange).

Mr. Hu Jun (胡軍), aged 37, joined the Company as a non-executive director in June 2009. He graduated from mathematics department of Nankai University (南開大學) in June 1999; obtained a master's degree in finance at Tianjin University of Finance and Economics (天津財經大學) in June 2001; and received a doctoral degree from the Regional and Urban Research Institute of Nankai University (南開大學區域與城市經濟研究所). During the period, he had been the chairman of the Tianjin Federation of Students (天津學生聯合會) and vice chairman of Youth Federation (青年聯合會) from 1998 to 1999, and the senior supervisor of the real estate loan department of the Industrial and Commercial Bank of China Tianjin branch from 1999 to 2002. From 2002 to 2013, he has been the deputy manager and manager of the investment management department of Tianjin Teda Investment Holding Co., Ltd.. From 2013 to date, he has been the vice general manager (in charge of work) of Tianjin TEDA Group Company Ltd. Mr. Hu is also currently the director of Tianjin Teda Construction Group Co., Ltd (泰達建設集團), Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司) (stock code: 000695, Shenzhen Stock Exchange) and Tianjin Jinbin Development Co., Ltd. (天津津濱發展股份有限公司) (stock code: 000897, Shenzhen Stock Exchange).

Mr. Tse Ping (謝炳), aged 62, is the Founder and Chairman of Sino Biopharmaceutical Limited, a listed company on the Hong Kong Stock Exchange (stock code 01177). With more than 22 years of pharmaceutical related investment and management experience in China, Mr. Tse is currently a director of Chia Tai Pharmaceutical Investment (Beijing) Co. Ltd., Chia Tai – Tianqing Pharmaceutical Group Co., Ltd., Beijing Tide Pharmaceutical Co., Ltd., Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd., Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd., Jiangsu Chiatai Qing Jiang Pharmaceutical Co., Ltd., Qingdao Chia Tai Haier Pharmaceutical Co., Ltd., Qingdao Chia Tai Haier Medicines Co., Ltd., Qingdao Heng Seng Tang Pharmacy Co., Ltd, Beijing Chia Tai Green Continent Pharmaceutical Co. Ltd., Shanghai Fortune World Development Co., Ltd.(上海富都世界發展有限公司), Tianjin Chiatai Feed Tech Co., Ltd.(天津正大飼料科技有限公司), Syn Energy Technology Co., Ltd.(新興能源科技有限公司) and Zhengda Qiaoshang Real Estate Development Co., Ltd.(正大僑商房地產開發有限公司). Mr. Tse was formerly the vice chairman of C.P. Lotus Corporation and Shenzhen 999 Pharmaceutical Co., Ltd. (深圳三九藥業有限公司), and was involved in the management of Hainan Haiyao Co., Ltd. (海南海藥股份有限公司) (formerly known as Hainan Pharmaceutical Industrial Joint-Stock Company Limited (海南海藥實業股份有限公司)), which is now listed on the Shenzhen Stock Exchange. Mr. Tse was also formerly the chairman of Chia Tai Qingchunbao Pharmaceutical Co., Ltd. which is now a subsidiary of Shanghai Industrial Investment (Holdings) Co., Ltd., the chairman of Xian C.P. Pharmaceutical Co., Ltd. and the executive chairman of TM International Bank Co., Ltd, based in Shanghai. Mr. Tse is still a director of Chia Tai Qingchunbao Pharmaceutical Co., Ltd., a committee member of the Association of Pharmaceutical Biotechnology of China and an honorary professor of Shenyang University of Pharmacy. In January 2008, Mr. Tse was granted the "World Outstanding Chinese Award" in Hong Kong and awarded an honorary doctorate degree from the University of West Alabama. He also received "2007/2008 Fellowship of Asian Knowledge Management Association" from the Asian Knowledge Management Association in December 2008. In June 2010, Mr. Tse was awarded the "2010 Top Ten Most Innovative Leaders of Chinese Enterprises" by the Chinese Association of Productivity Science and China Enterprises News. Mr. Tse was a member of the Ninth, the Tenth and the Eleventh National Committee of the Chinese People's Political Consultative Conference, and is currently the vice chairman of China International Council for the Promotion of Multinational Corporations and China Overseas Chinese Entrepreneurs Association.

Mr. Yang Xiaoping (楊小平), aged 50, is currently the Vice President of Charoen Pokphand Group, executive director of C.P. Lotus Corporation and senior vice chairman of Chia Tai Group Agro-Industry And Food Business China Area. Before that, Mr. Yang acted as the head of Chine division and chief representative of Beijing Office of Nichiyo Co., Ltd. Mr. Yang is also a member of the twelfth National Committee of the Chinese People's Political Consultative Conference, director of Ping An Insurance (Group) Company of China (中國平安保險集團), deputy dean of China Institute for Rural Studies, Tsinghua University (清華大學中國農村研究院), council of China Association for NGO International Trade (中國民間組織國際交易促進會), vice president of Beijing Association of Enterprises with Foreign Investment (北京市外商投資企業協會) and investment promotion advisor to Beijing Municipal Government. Mr. Yang owns a bachelor's degree from Jiangxi Institute of Science & Technology (江西工學院).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Limin (張立民), aged 58, joined the Company as an independent non-executive Director in September 2006, compliant with the requirements under Rule 5.05(2) of the GEM Listing Rules. He is also the chairman of the Audit Committee of the Company. He obtained a doctoral degree in economics from Tianjin Institute of Finance and Economics (天津財經學院) (currently known as Tianjin University of Finance and Economics (天津財經大學)) in 1992. He is a professor in accounting accredited by Teaching Duties Evaluation Committee of Tianjin Higher Education Bureau (天津高教局教師職務評委會) and a qualified teacher for institutes of higher learning accredited by the Department of Education of Guangdong Province (廣東省教育廳). Mr. Zhang is also a non-practising member of the Chinese Institute of Certified Public Accountants, a member and joint vice-chairman of the fifth executive committee of the China Audit Society. He has been involved in the auditing of financial statements of banks and listed companies and relevant business advisory work. Mr. Zhang was a former independent director of China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司) (Stock code: 000039, Shenzhen Stock Exchange), Shenzhen Chiwan Wharf Holdings Limited (深圳赤灣港航股份有限公司) (Stock code: 000022, Shenzhen Stock Exchange) and Shenzhen Airport Co., Ltd (深圳市機場股份有限公司) (Stock code: 000089, Shenzhen Stock Exchange). He is currently a professor of Accounting of the School of Economic and Management at Beijing Jiaotong University (北京交通大學經濟管理學院) and an independent director of Shenzhen Expressway Company Limited (深圳市高速公路股份有限公司) (Stock code: 600548, Shanghai Stock Exchange), Tianjin Benefo Tejing Electric Co., Ltd.(天津百利特精電氣股份有限公司) (stock code: 600468, Shanghai Stock Exchange) and Shenzhen Changcheng Investment Holding Co., Ltd (深圳市長城投資控股股份有限公司) (Stock code: 000042, Shenzhen Stock Exchange). He is also a director of SORL Auto Parts Inc. (Stock code: SORL NASDAQ Global Market).

Mr. Luo Yongtai (羅永泰), aged 67, is a Doctor of Management, the chair professor and tutor of postgraduates of the profession of management of Tianjin University of Finance and Economics (天津財經大學) and the director of the Business and Management Research Center. He is entitled to the State Council Special Allowance. He was a former independent director of Tianjin Reality Development (Group) Company Limited (天津市房地產發展(集團)股份有限公司) (Stock code: 600322, Shanghai Stock Exchange), Tianjin TEDA Co., Ltd. (天津泰達股份有限公司) (Stock code: 000652, Shenzhen Stock Exchange) and Tianjin Quanye Bazaar (Group) Co., Ltd. (天津勸業場(集團)股份有限公司) (Stock code: 600821, Shanghai Stock Exchange). He joined the Company as an independent non-executive director in September 2006. He is also the chairman of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee of the Company. He is currently an independent director of Sichuan Datong Gas Development Co., Ltd (四川大通燃氣開發股份有限公司) (Stock code: 000593, Shenzhen Stock Exchange), an independent director of Zhongyu Gas Holdings Limited (中裕燃氣控股有限公司) (Stock code: 8070, Hong Kong Stock Exchange), and a director of Ringpu (Tianjin) Biotechnology Co., Ltd. (天津瑞普生物技術股份有限公司) (Stock code: 300119, Shenzhen Stock Exchange).

Mr. Liu Jingfu (劉景福), aged 50, joined the Company as an independent non-executive Director in September 2006. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He obtained a master's degree in business administration from International Business School of Nankai University (南開大學) in 2000. He is a senior engineer accredited by the Ministry of Railways of the PRC. He is the vice president of China Society of Logistics (中國物流學會), Beijing Logistics Association and Hebei Strategy Research Association (河北省戰略研究會), an expert member of the National Logistics Information Standardized Technology Commission (全國物流信息標準化技術委員會), and an expert member of the National Logistics Enterprises Comprehensive Evaluation Commission (全國物流企業綜合評估委員會). He had been the chairman of China Railway Modern Logistics Technology Co., Ltd. (中鐵現代物流科技股份有限公司) from 2002 to February 2011. And he has been working as the chairman and general manager of Zhongwu Huashang International Logistics Co., Ltd. (中物華商國際物流股份有限公司) from March 2011 to date. He is the ambassador of China Green Logistics, and has published about 50 papers on magazines of the second and the first grades, with published words about 400,000, and also completed 4 scientific research projects of ministerial level. Mr. Liu has accumulated years of experience in the management of the operation of logistics business. He is also a visiting professor at Beijing Jiaotong University (北京交通大學), Zhongnan University of Economics and Law (中南財經政法大學), Capital University of Economics and Business (首都經貿大學) and Beijing Technology and Business University (北京工商大學).

Mr. Japhet Sebastian Law ("Mr. Law"), aged 62, was appointed as an independent non-executive director in August 2012. He is also a member of the Remuneration Committee of the Company, obtained his Doctorate degree of Philosophy in mechanical/industrial engineering from the University of Texas at Austin in 1976. He joined the Chinese University of Hong Kong in 1986. Mr. Law was the Associate Dean and subsequently the Dean of the Faculty of Business Administration of the Chinese University of Hong Kong from 1993 until 2002 and retired from the University of Hong Kong on 1 August 2012. Prior to returning to Hong Kong, Mr. Law was the director of Operations Research at the Cullen College of Engineering and director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U.S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Mr. Law has consulted with various corporations in Hong Kong and overseas. He is also active in public services, having served as a member of the Provisional Regional Council of The Government of the Hong Kong Special Administrative Region and various other committees, and is also active on the boards of profit, non-profit, and charitable organisations in Hong Kong and overseas. Mr. Law is currently an independent non-executive director of Beijing Capital International Airport Co., Ltd. (Stock Code: 00694), Tianjin Port Development Holdings Limited (Stock Code: 03382), Regal Hotels International Holdings Limited (Stock Code: 00078), Shougang Fushan Resources Group Limited (Stock Code: 00639) and Binhai Investment Company Limited (Stock Code: 02886), being companies whose shares are listed on the main board of the stock exchange; and Global Digital Creations Holdings Limited (Stock Code: 08271) and the Company (Stock Code: 08348), being companies whose shares are listed on the GEM of the Stock Exchange Mr. Law was also an independent non-executive director of First China Financial Holdings Limited (Stock Code: 08123), a company whose shares are listed on the GEM of the Stock Exchange, from June 2005 to October 2008. From July 2010 to July 2013, he was the independent non-executive director of Cypress Jade Agricultural Holdings Limited (Stock Code: 00875).

SUPERVISORS

Shareholder Representative Supervisor

Ms. Xu Jianxin (徐建新), aged 49, was the solicitor of Tianjin Teda Law Firm, the legal advisor of Tianjin Teda Investment Holding Co., Ltd., the deputy director and legal advisor of the office of Tianjin Teda Investment Holding Co., Ltd. and the chairman of the supervisory committee of Sihuan Pharmaceutical Company Limited (四環藥業股份有限公司). She is currently serving as the head of the Legal Affairs and Internal Audit Department of Tianjin Teda Investment Holding Co., Ltd. and the secretary to the board of directors of Tianjin Teda Investment Holding Co., Ltd. She is concurrently holding the position of the chairman of the supervisory committee of Tianjin Jinbin Development Co. Ltd, the supervisor of Tianjin Seamless Steel Pipe (Group) Corporation Limited (天津無縫鋼管集團有限公司), the supervisor of Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司), the supervisor of Northern International Trust Co., Ltd. (北方國際信託股份有限公司), the supervisor of Tianjin Teda International (Group) Holding Company Limited (天津市泰達國際控股(集團)有限公司) and the director of Bohai Industrial Investment Fund Management Co., Ltd.

Mr. Hai Tianmin (海天敏), aged 57. Mr. Hai graduated from Finance Department at Hubei Institute of Finance and Economics in 1983. From 1984 to 1987, he was the general manager of Jiaoqu sub-branch in Nanning Guangxi. From 1988 to 1989, he was the investment general manager of Guangxi Trust and Investment Corporation (廣西信託投資公司). From 1990 to 1991, he was the president of Beijing Yuegui Restaurant (北京粵桂餐廳). From 1991 to 1998, he was formerly the executive deputy managing director of Chia Tai International Finance Co., Ltd., the executive deputy president and chief of the investment decision committee of Chia Tai Pharmaceutical Group, a director of Hong Kong Fortune Ltd., (a Hong Kong-listed wholly-owned subsidiary of Chia Tai Group), a director of Tianjin Taifeng Industrial Park Investment Co., Ltd., the executive deputy president of Chia Tai Tianfu Group (正大天福集團), the vice chairman of Chia Tai Freda Biopharmaceutical Co., Ltd., a director of Lianyungang Chia Tai-Tianqing Pharmaceutical Co., Ltd., a director of Ankang Chia Tai Pharmaceutical Co., Ltd., a director of Xian C.P. Pharmaceutical Co., Ltd., the chairman of Hainan Tigerlily Pharmaceutical Co., Ltd. (海南萱華藥業有限公司), a director of Wuxi Chia Tai Kepuli Co., Ltd.(無錫正大科普利有限公司). From 1998 to 2002, he was the president of Shenzhen Lingdun Technology Co., Ltd. (深圳靈頓科技有限公司). From 2002 to 2005, he was the managing director of Guangxi Liuzhou Mining Exploration Co., Ltd. (廣西柳州地區礦業勘察有限公司). From 2006 to 2007, he was the executive deputy president of Chia Tai Energy Chemical Group Limited. From 2007 to 2009, he was the managing director of Jiangsu Yangzhou Jewellery City Development Co., Ltd. (江蘇揚州珠寶城開發有限公司). From 30 October 2009 to October 2012, he was the managing director of Guangxi Nanning Lianmei Agriculture and Technology Co., Ltd. (廣西省南寧市連美農業科技有限公司). Since 2012, he has been the assistant to the president of Sino Biopharmaceutical Limited (a listed company on the Hong Kong Stock Exchange, stock code: 01177) and responsible for assisting the president in managing the overall operations of the group. With more than 30 years of finance, investment and management experience in China, Mr. Hai is currently the executive deputy president of Chia Tai Energy Chemical Group Limited.

Mr. Wang Rui (王蕤), aged 51, is a senior engineer. He graduated from Tianjin Shipping Technical Institute (天津水運技校) and the Department of Mechanical Engineering of Tianjin Technology and Education College (天津職業技術師範學院) in 1981 and 1987, respectively. He completed a bachelor course majoring in administrative management at Tianjin University in 2000 and obtained a master's degree in transportation planning and management from Dalian Maritime University (大連海事大學) in 2009. Mr. Wang had been a trainee teacher at Tianjin Shipping Technical Institute from 1983 to 1985; successively a teacher, the deputy department head and department head of Tianjin Port Staff Training Centre (天津港職工培訓中心) from 1987 to 1996. He held the positions of the deputy general manager and general manager of Tianjin Port Storage & Transportation Co., Ltd. (天津港儲運股份有限公司) from 1996 to 2006; and the general manager of Tianjin Port International Logistics Development Co., Ltd. (天津港國際物流發展有限公司) from 2006 to 2010. Mr. Wang has been an executive director and deputy general manager of Tianjin Port Development Holdings Limited (天津港發展控股有限公司) (Stock code: 3382, Hong Kong Stock Exchange) since 2010.

Independent Supervisor

Ms. Lu Xia (呂霞), aged 45, joined the Company as an independent supervisor in July 2007. She graduated from the economic management profession of the Correspondence College of the Party School of the Central Committee of the Chinese Communist Party (中共中央黨校函授學院) and completed a postgraduate course in the financial management profession at Nankai University (南開大學) in 2002. She is a senior accountant appraised by the Tianjin Municipal Accounting Profession Senior Duties Evaluation Committee (天津市會計專業高級職務評審委員會). She was honored to be the national reviewing and accounting expert of project funds by the Ministry of Industry and Information Technology of the People's Republic of China in 2007. She is currently working in Tianjin Optical Electrical Group Co., Ltd. (天津光電集團有限公司) as deputy general manager, chief accountant and its subsidiaries as director or supervisor, and is the independent director of Sihuan Pharmaceutical Company Limited (四環藥業股份有限公司) (Stock Code: 000605, Shenzhen Stock Exchange).

STAFF REPRESENTATIVE SUPERVISORS

Mr. Yu Ang (俞昂), aged 41, graduated from the college of online education of the Beijing Jiaotong University (北京交通大學) majoring in electronic commerce in 2006. He was the vice president of Tianjin Ferroalloy Exchange and joined the Company as a staff representative supervisor in July 2007. He is currently the vice general manager of Sales One Department (formerly known as Business Development) Department of the Company.

Mr. He Hongsheng (何洪生), aged 52, economist, joined the Company in 2008 and was appointed as a staff representative supervisor of the Company in February 2010. He worked in Bank of China, Tanggu branch in 1981 and was responsible for non-trading foreign exchange business from 1982 to 1989. In 1989, he graduated from the China Central Radio and TV University (中央電視大學) with major in English. He acted as the deputy head and head of the retail department of Bank of China, Tanggu branch from 1989 to 1992, during which he was responsible for the management of non-trading foreign exchange and personal banking retail businesses. He was the head of credit card department of Bank of China, Tianjin Binhai branch from 1993 to 2007, and obtained a bachelor's degree in international business administration after his study at the Correspondence College of the Communist Party Central Academy (中央黨校函授學院) from 1995 to 1997. In 1997, he completed the credit card and new century currency training programme organized by the Singapore training centre of Bank of China and obtained the relevant certificate. In 2001, he completed the business administration programme organized by Nankai University (南開大學) and obtained the relevant certificate. From 2008 to 2012, He has been the manager of the risk management department of the Company. From 2012 to date, he served as the general manager of the Sales Two Department (formerly known as Purchased & Logistics Department) of the Company.

SENIOR MANAGEMENT

Mr. Zhang Jian (張艦), aged 56, executive Director and general manager of the Company. He is responsible for the overall management of operation, liaison with major customers and planning for business development of the Group. Please see his biography set out in the sub-section headed "Executive Director" above.

Mr. Wang Weimin (王維民), aged 50, a university graduate. Mr. Wang was formerly the deputy president of Tianjin Hai Ji Xing Agricultural Products Logistics Co., Ltd. (天津海吉星農產品物流有限公司), and the general manager of Tedahang Cold Chain Logistics Co., Ltd., with extensive development and management experience in food logistics. He joined the Group in June 2011 and is currently the vice president of the Group, responsible for the import and export trading and market expansion of the Group and assisting the president with the comprehensive management and external cooperation and communication of the Group.

Mr. Gang Zhenning (剛振寧), aged 40, graduated from Tsinghua University with a bachelor's degree in civil engineering in 1997. He was the director of the enterprise development department of the Real Estate Corporation of Tianjin Economic Development Area (天津開發區房地產開發總公司) from 1999 to 2003. From 2003 to 2005, he worked as the manager of the Planning Department of Tianjin Teda City Development Co., Ltd (天津泰達城市開發公司), and from July 2007 to October 2008, he worked in the investment management department of Teda Investment Holdings Co., Ltd. Mr. Gang joined the Group in October 2008 and served as the general manager of comprehensive management department and the general manager of the Project Management Department. Mr. Gang is currently assistant to the president of the Group, the general manager of Northeast Operation Centre, as well as the vice general manager of Tianjin Alps Teda Logistics Co., Ltd. Dalian Branch. He is also the director of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd.

Mr. Liu Liming (劉利明), aged 58, was the general manager of Tianjin Development Area Storage Centre (天津開發區儲運中心) from 1986 to 1989. From 1989 to 1995, Mr. Liu was the head of business department of Tianjin Development Area Corporation Storage Centre (天津開發區總公司儲運中心). He joined the Group in 1996 and is the chief operation officer of the Group. He is also the general manager of TEDA Bonded Warehouse. He is also the director of Tianjin Teda Bonded Warehouse Ltd. (天津開發區泰達公共保稅倉有限公司) and Tianjin Yuan Pa XianDai Logistics Co., Ltd (天津元大現代物流有限公司).

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

To the shareholders of
Tianjin Binhai Teda Logistics (Group) Corporation Limited
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 112, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	**2013 RMB'000**	2012 RMB'000 (Restated)
Revenue	5	**2,683,423**	1,736,450
Cost of sales	8	**(2,588,574)**	(1,678,398)
Gross profit		**94,849**	58,052
Administrative expenses	8	**(55,461)**	(42,050)
Other income	6	**13,879**	20,033
Other gains/(losses) – net	7	**1,209**	7,250
		54,476	43,285
Finance costs	10	**(11,614)**	(14,969)
Share of results of investments accounted for using the equity method	11b	**26,318**	48,333
Profit before income tax		**69,180**	76,649
Income tax expense	12	**(13,096)**	(5,500)
Profit/total comprehensive income for the year		**56,084**	71,149
Profit/total comprehensive income attributable to:			
Owners of the Company		**47,003**	64,664
Non-controlling interests		**9,081**	6,485
		56,084	71,149
Earnings per share (RMB cents)	13		
– Basic		**13**	18
– Diluted		**13**	18
Dividends	29	**35,430**	17,715

The notes on pages 45 to 112 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
ASSETS				
Non-current assets				
Land use rights	15	**101,737**	104,324	146,432
Property, plant and equipment	16	**201,854**	213,561	321,097
Investment properties	17	**83,896**	88,340	92,784
Investments accounted for using the equity method	11b	**272,321**	294,986	167,391
		659,808	701,211	727,704
Current assets				
Inventories	19	**125,378**	145,553	27,534
Trade and other receivables	20	**1,033,713**	640,009	506,298
Amounts due from related parties	26	**8,000**	9,491	–
Pledged bank deposits	21	**138,214**	123,007	67,552
Cash and cash equivalents	21	**238,090**	274,067	248,119
		1,543,395	1,192,127	849,503
Total assets		**2,203,203**	1,893,338	1,577,207
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Ordinary shares	22	**354,312**	354,312	354,312
Other reserves	23	**82,918**	77,746	62,594
Retained earnings	24	**317,632**	297,053	272,342
		754,862	729,111	689,248
Non-controlling interests		**87,818**	83,358	86,781
Total equity		**842,680**	812,469	776,029

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	As at 31 December 2012 RMB'000 (Restated)	As at 1 January 2012 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income	28	**6,951**	7,308	10,063
		6,951	7,308	10,063
Current liabilities				
Trade and other payables	25	**1,067,650**	844,996	538,460
Amounts due to related parties	26	**1,600**	–	15
Current income tax liabilities		**14,322**	850	2,640
Dividend payables		**–**	17,715	–
Borrowings	27	**270,000**	210,000	250,000
		1,353,572	1,073,561	791,115
Total liabilities		**1,360,523**	1,080,869	801,178
Total equity and liabilities		**2,203,203**	1,893,338	1,577,207
Net current assets		**189,823**	118,566	58,388
Total assets less current liabilities		**849,631**	819,777	786,092

The consolidated financial statements on pages 38 and 112 were approved by the Board of Directors on 21 March 2014 and are signed on its behalf.

Zhang Jian
Director

Zhang Jun
Director

The notes on pages 45 to 112 are an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2013

	Note	2013 RMB'000	2012 RMB'000 (Restated)
ASSETS			
Non-current assets			
Land use rights	15	**48,180**	49,320
Property, plant and equipment	16	**2,855**	3,052
Investment properties	17	**71,138**	75,029
Investments in subsidiaries	11a	**180,321**	180,240
Investments in jointly controlled entities	11b	**170,941**	170,941
Investments in associates	11b	**33,500**	33,500
		506,935	512,082
Current assets			
Inventories	19	**125,370**	145,553
Trade and other receivables	20	**857,631**	532,124
Amounts due from subsidiaries	11a	**21,884**	1,303
Amounts due from related parties	26	**8,000**	9,491
Pledged bank deposits	21	**137,714**	122,507
Cash and cash equivalents	21	**161,117**	226,232
		1,311,716	1,037,210
Total assets		**1,818,651**	1,549,292
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Ordinary shares	22	**354,312**	354,312
Other reserves	23	**81,166**	76,795
Retained earnings	24	**125,838**	108,030
Total equity		**561,316**	539,137

BALANCE SHEET

As at 31 December 2013

	Note	2013 RMB'000	2012 RMB'000 (Restated)
LIABILITIES			
Current liabilities			
Trade and other payables	25	**952,581**	777,842
Amounts due to subsidiaries	11a	**28,367**	4,598
Amounts due to a related party	26	**1,600**	–
Current income tax liabilities		**4,787**	–
Dividend payables		**–**	17,715
Borrowings	27	**270,000**	210,000
		1,257,335	1,010,155
Total liabilities		**1,257,335**	1,010,155
Total equity and liabilities		**1,818,651**	1,549,292
Net current assets		**54,381**	27,055
Total assets less current liabilities		**561,316**	539,137

The consolidated financial statements on pages 38 and 112 were approved by the Board of Directors on 21 March 2014 and are signed on its behalf.

Zhang Jian
Director

Zhang Jun
Director

The notes on pages 45 to 112 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves (Note 23) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2012, as previously reported	354,312	55,712	279,224	689,248	86,781	776,029
Effect of changes in accounting policies (Note 34)	–	6,882	(6,882)	–	–	–
Balance at 1 January 2012, as restated	354,312	62,594	272,342	689,248	86,781	776,029
Comprehensive income						
Profit/total comprehensive income for the year, as restated	–	–	64,664	64,664	6,485	71,149
Transactions with owners						
Capital contribution by non-controlling interests as restated	–	–	–	–	500	500
Transfer from retained earnings	–	15,152	(15,152)	–	–	–
Dividends paid	–	–	(24,801)	(24,801)	(10,408)	(35,209)
Total transactions with owners, recognised directly in equity as restated	–	15,152	(39,953)	(24,801)	(9,908)	(34,709)
Balance at 1 January 2013, as restated	**354,312**	**77,746**	**297,053**	**729,111**	**83,358**	**812,469**
Comprehensive income						
Profit/total comprehensive income for the year	**–**	**–**	**47,003**	**47,003**	**9,081**	**56,084**
Transactions with owners						
Capital contribution by non-controlling interests	**–**	**6**	**–**	**6**	**1,956**	**1,962**
Transfer from retained earnings	**–**	**5,166**	**(5,166)**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(21,258)**	**(21,258)**	**(6,577)**	**(27,835)**
Total transactions with owners, recognised directly in equity	**–**	**5,172**	**(26,424)**	**(21,252)**	**(4,621)**	**(25,873)**
Balance at 31 December 2013	**354,312**	**82,918**	**317,632**	**754,862**	**87,818**	**842,680**

The notes on pages 45 to 112 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000 (Restated)
Cash flows from operating activities			
Cash (used in)/generated from operations	30(a)	**(68,563)**	115,455
Interest received		**4,841**	6,286
Interest paid		**(11,614)**	(14,969)
Income tax paid		**(1,485)**	(9,001)
Net cash (used in)/generated from operating activities		**(76,821)**	97,771
Cash flows from investing activities			
Interest paid		**–**	(1,281)
Purchase of property, plant and equipment		**(10,523)**	(66,766)
Proceeds from disposal of property, plant and equipment		**1,179**	752
Increase in pledged bank deposits		**(15,207)**	(55,455)
Investment in an associate		**–**	(12,000)
Deemed disposal of a former subsidiary (Note 34(a))		**–**	(1,971)
Collection of amounts due from investment accounted for using the equity method		**–**	78,094
Dividends received from investments accounted for using the equity method		**48,983**	43,798
Net cash generated from/(used in) investing activities		**24,432**	(14,829)
Cash flows from financing activities			
Proceeds from borrowings		**270,000**	320,000
Repayments of borrowings		**(210,000)**	(360,000)
Capital contributions by non-controlling interests		**1,962**	500
Dividends paid to owners of the Company		**(38,973)**	(7,086)
Dividends paid to non-controlling interests		**(6,577)**	(10,408)
Net cash generated from/(used in) financing activities		**16,412**	(56,994)
Net (decrease)/increase in cash and cash equivalents		**(35,977)**	25,948
Cash and cash equivalents at 1 January		**274,067**	248,119
Cash and cash equivalents at 31 December representing bank balances and cash		**238,090**	274,067

The notes on pages 45 to 112 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL INFORMATION

Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") and its subsidiaries (together "the Group") are principally engaged in provision of logistics and supply chain solutions services and trading and related logistics services in the People's Republic of China (the "PRC").

The Company was established as an investment holding company in the PRC by its promoters, Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資控股有限公司) ("TEDA Holding") and Tianjin Economic and Technological Development Area State Asset Operation Company (天津經濟技術開發區國有資產經營公司) ("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 Enterprises 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 Investment 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 Investment Company respectively. In 2012, the two aforementioned domestic share transfers were approved by the relevant state-owned assets supervision and administration authorities of the PRC. The registration procedures of the related transfers have been completed on 7 June 2013.

As at 31 December 2013, the Directors of the Company consider TEDA Holding as the immediate holding company and the ultimate holding company of the Company.

These financial statements are presented in Renminbi ("RMB") unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 21 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.1 Basis of preparation *(Continued)*

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

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and have a material impact on the Group:

Amendment to IAS 1, 'Financial statement presentation' regards other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. See Note 34 for the impact of adoption on the consolidated financial statements.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. See Note 34 for the impact of adoption on the consolidated financial statements.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

IAS 28, (revised 2011), 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) The following new standards and amendments to standards which are relevant to the Group and are mandatory for the first time for the financial year beginning 1 January 2013 but have no material impact on the Group:

- Amendment to IFRS 1, 'First time adoption', on government loans
- Annual improvements 2011
- IAS 27, (revised 2011), 'Separate financial statements'
- IFRS 13, 'Fair value measurements'
- Amendment to IAS 19, 'Employee benefits'
- IFRS 7, 'Financial instruments: Disclosures' on asset and liability offsetting
- IFRIC – Int 20, 'Stripping costs in the production phase of a surface mine'
- Annual improvement 2012 – Amendment to IFRS 13, 'Fair value measurement'
- Annual improvement 2013 – Amendment to IFRS1, 'First time adoption'

(c) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

- Amendment to IAS 32, 'Financial instruments: Presentation' on asset and liability offsetting [1]
- Amendments to IFRS 10, 12 and IAS27, 'Consolidation for investment entities' [1]
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures [1]
- Amendment to IAS 39, 'Financial Instruments: Recognition and Measurement' – 'Novation of derivatives' [1]
- IFRIC21, 'Levies' [1]
- Amendment to IAS 19, 'Employee benefits' regarding defined benefit plans [2]
- Annual improvements 2012 [2]
- Annual improvements 2013 [2]
- IFRS 9, 'Financial Instruments' [3]

1. Changes effective for annual periods beginning on or after 1 January 2014
2. Changes effective for annual periods beginning on or after 1 July 2014
3. Changes effective for annual periods beginning on or after 1 January 2015

The Group is in the process of assessing the impact of these new standards, interpretations and amendments. None of these is expected to have a significant effect on the results and financial position of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non – controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) Business combinations *(Continued)*

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of investments using equity method' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.4 Joint arrangements

The Group has applied IFRS 11 to all joint arrangements as of 1 January 2012. 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. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

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 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.

The effects of the change in accounting policies on the financial position, comprehensive income and the cash flows of the Group at 1 January 2012 and 31 December 2012 are shown in Note 34. The change in accounting policy has had no impact on earnings per share.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's senior management that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's principal operations are conducted in the PRC. The consolidated financial statements have been presented in RMB, which is the Company's functional and the Group's presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.6 Foreign currency translation *(Continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.7 Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, the depreciation rate per annum is as follows:

Buildings	3.17% – 4.5%
Machinery	9% – 18%
Furniture and office equipment	18% – 19%
Motor vehicles	9% – 19%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) – net' in the income statement.

2.8 Investment property

Investment property, principally comprising buildings and properties, is held for long-term rental yields and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at cost less accumulated amortization and impairment. Amortization of investment property is calculated to write-off that cost, less estimated net residual value and accumulated impairment losses, if any, on a straight-line basis over their estimated useful lives ranging from 20 to 30 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.9 Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisations and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for and over the remaining lease term.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise `trade and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the balance sheet (Notes 2.16 and 2.17).

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.14 Financial guarantee contract

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 and the best estimate of the amount required to settle the guarantee.

2.15 Inventories

Inventories which consist of cargos are stated at the lower of cost and net realisable value. Cost is determined using actual cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity owners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.22 Current and deferred income tax

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.23 Employee benefits

Payments to a state-managed retirement benefit scheme are dealt with as payment to defined contribution plan which are charged as an expense when employees have rendered service entitling them to contribution.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.25 Revenue recognition *(Continued)*

(a) Sales of goods

Sales of raw materials are recognised when the goods are delivered and title has passed.

(b) Sales of services

Revenue from rendering of logistics services for finished vehicles, supply chain management for automobile components and parts, warehousing services and related logistics services for steel trading are recognised upon the completion of services due to the short duration of the service period.

For sales of services, revenue is recognised in accounting period in which the services rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

(c) Rental income

Rental income from investment properties is recognised on a straight-line basis over the period of the lease.

2.26 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.27 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.28 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the period of the lease.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's major financial assets and liabilities include trade and other receivables, bank balances and cash, amounts due from related parties, trade and other payables, amounts due to related parties and bank borrowings. The risks associated with these financial assets and liabilities include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risks

(i) Foreign exchange risk

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date were set out in note 20 and note 21.

The Group is mainly exposed to foreign currency risk between USD/RMB. The following table details the Group's sensitivity to a 10% (2012: 10%) strengthening in RMB against USD.

	2013 **RMB'000**	2012 RMB'000 (Restated)
Decrease in post-tax profit for the year		
– USD	**192**	9

For a 10% (2012: 10%) weakening of RMB against USD, there would be an equal and opposite impact on the post-tax profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risks (Continued)

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly bank balances and cash and bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate risk should the need arise.

The sensitivity analysis below has been prepared based on the exposure to interest rates for interest bearing bank balances and variable-rate bank borrowings at the balance sheet date and on the assumption that the amount of assets and liabilities outstanding at the balance sheet date was outstanding for the whole year.

If interest rates on bank balances and variable-rate bank borrowings had been 100 basis points (2012: 100 basis points) higher/lower and all other variables were held constant, post-tax profit for the year will increase/decrease by about RMB0.8 million (2012: RMB1.4 million).

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted procedures in monitoring its credit risk.

As at 31 December 2013, the Group's exposure to credit risk relates mainly to:

– the carrying amount of the trade and other receivables and cash and cash equivalents as stated in the consolidated balance sheet; and

– the financial guarantees provided by the Group as disclosed in Note 32.

The Group's current credit practices include assessment and evaluation of customer's credit reliability and periodic review of their financial status to determine credit limit to be granted. The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

At 31 December 2013 and 2012, the ten largest debtors accounted for approximately 89% and 94% of the Group's total trade receivables respectively. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination the credit limits, credit approvals and other monitoring procedures on customers to ensure that follow-up action is taken to recover overdue debts. The Group reviews the recoverable amounts of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The directors of the Company consider that the Group's credit risk is adequately managed.

The credit risk on bank balances and cash is limited because majority of the counterparties are state-owned banks with good reputation or banks with high credit rating.

Maximum exposure to credit risk before collateral held or other credit enhancements.

	Group and Company Maximum exposure	
	2013	2012
	RMB'000	RMB'000
Credit risk exposure relating to off-balance sheet items		
Financial guarantees	**196,881**	146,144
At 31 December	**196,881**	146,144

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company are required to pay. The tables include both interest and principal cash flows.

The Group

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2013							
Trade and other payables		481,572	404,483	–	–	886,055	886,055
Amounts due to related parties		1,600	–	–	–	1,600	1,600
Bank borrowings	6.08%	34,075	73,085	173,487	–	280,647	270,000
Financial guarantees		101,638	95,243	–	–	196,881	–
		618,885	572,811	173,487	–	1,365,183	1,157,655

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2012, as restated							
Trade and other payables		377,195	341,847	–	–	719,042	719,042
Dividend payables		17,715	–	–	–	17,715	17,715
Bank borrowings	5.97%	43,160	52,500	121,850	–	217,510	210,000
Financial guarantees		50,901	95,243	–	–	146,144	–
		488,971	489,590	121,850	–	1,100,411	946,757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) *Liquidity risk* *(Continued)*

The Company

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2013							
Trade and other payables		370,848	404,483	–	–	775,331	775,331
Amounts due to subsidiaries		28,367	–	–	–	28,367	28,367
Amounts due to related parties		1,600	–	–	–	1,600	1,600
Bank borrowings	6.08%	34,075	73,085	173,487	–	280,647	270,000
Financial guarantees		101,638	95,243	–	–	196,881	–
		536,528	572,811	173,487	–	1,282,826	1,075,298

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2012, as restated							
Trade and other payables		310,045	341,847	–	–	651,892	651,892
Amounts due to related parties		4,598	–	–	–	4,598	4,598
Dividend payables		17,715	–	–	–	17,715	17,715
Bank borrowings	5.97%	43,160	52,500	121,850	–	217,510	210,000
Financial guarantees		50,901	95,243	–	–	146,144	–
		426,419	489,590	121,850	–	1,037,859	884,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as bank loans.

3.3 Fair value estimation

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities as recorded in the consolidated financial statements approximate their fair values at the balance sheet date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

4.1 Critical accounting estimates and assumptions

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

(a) Allowances for bad and doubtful debts

Management makes assessments on the recoverability of trade and other receivable based on objective evidence, taking into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flow is less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of trade and other receivables, net of allowance for doubtful debts, is about RMB1,034 million (2012: RMB640 million).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(b) Income taxes

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

5. 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 Group's two reportable segments are as follows:

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

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

The investments accounted for using the equity method mainly carry out provision of logistics services, supply chain management and agency service for electronics components; and provision of cold warehouse operating and logistic services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

5. SEGMENT INFORMATION *(Continued)*

	For the year ended 31 December 2013				
	Logistics and supply chain service for finished automobiles and components RMB'000	Materials procurement and related logistics services RMB'000	Reportable segments subtotal RMB'000	All other segments RMB'000	Total RMB'000
Revenue	904,752	1,716,567	2,621,319	76,553	2,697,872
Inter-segment revenue	(17)	–	(17)	(14,432)	(14,449)
Revenue from external customers	904,735	1,716,567	2,621,302	62,121	2,683,423
Segment results	31,838	21,777	53,615	(615)	53,000
Share of results of investments accounted for using the equity method					26,318
Unallocated other income					4,841
Unallocated corporate expenses					(3,365)
Finance costs					(11,614)
Profit before income tax					69,180
Income tax expense					(13,096)
Profit for the year					56,084
Other information:					
Depreciation and amortisation	(13,445)	(183)	(13,628)	(14,598)	(28,226)
Income tax expense	(8,809)	(3,744)	(12,553)	(543)	(13,096)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

5. SEGMENT INFORMATION *(Continued)*

	For the year ended 31 December 2012 (Restated)				
	Logistics and supply chain service for finished automobiles and components RMB'000	Materials procurement and related logistics services RMB'000	Reportable segments subtotal RMB'000	All other segments RMB'000	Total RMB'000
Revenue	985,456	701,026	1,686,482	54,327	1,740,809
Inter-segment revenue	–	–	–	(4,359)	(4,359)
Revenue from external customers	985,456	701,026	1,686,482	49,968	1,736,450
Segment results	16,147	13,052	29,199	9,936	39,135
Share of results of investments accounted for using the equity method					48,333
Unallocated other income					6,286
Unallocated corporate expenses					(2,136)
Finance costs					(14,969)
Profit before income tax					76,649
Income tax expense					(5,500)
Profit for the year					71,149
Other information:					
Depreciation and amortisation	(13,463)	(291)	(13,754)	(13,266)	(27,020)
Income tax expense	(3,178)	(275)	(3,453)	(2,047)	(5,500)

Sales between segments are carried out based on mutually agreed price. The revenue from external parties reported to the senior management is measured in a manner consistent with that in the statement of comprehensive income.

Total segment assets and liabilities are not disclosed as they are not regularly provided to and reviewed by the Group's senior management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

6. OTHER INCOME

	2013 RMB'000	2012 RMB'000 (Restated)
Interest income from bank deposits	**4,841**	6,286
Government grant (note)	**8,492**	12,953
Others	**546**	794
	13,879	20,033

Note: Government grant represents subsidies and awards from local government authorities for the Group's contribution to the development of the local economies.

7. OTHER GAINS/(LOSSES) – NET

	2013 RMB'000	2012 RMB'000 (Restated)
Gain on deemed disposal of interest in a former subsidiary (Note 34(a))	**–**	7,474
Gains/(losses) on disposal of property, plant and equipment	**176**	(59)
Net foreign exchange gains/(losses)	**456**	(92)
Others	**577**	(73)
	1,209	7,250

8. EXPENSES BY NATURE

Profit before income tax is arrived at after charging:

	2013 **RMB'000**	2012 RMB'000 (Restated)
Auditor's remuneration	**1,600**	1,500
Cost of materials purchased	**1,684,108**	687,053
Subcontracting charges	**646,575**	728,525
Employee benefits expenses (Note 9)	**147,948**	127,685
Depreciation	**25,639**	24,406
Amortisation	**2,587**	2,614
Fuel	**20,046**	18,788
Transportation	**15,097**	6,773
Operating lease charges	**3,585**	4,243
Business tax	**2,838**	13,755
Others	**94,012**	105,106
Total cost of sales, distribution costs and administrative expenses	**2,644,035**	1,720,448

9. EMPLOYEE BENEFIT EXPENSE

	2013 **RMB'000**	2012 RMB'000 (Restated)
Wages and salaries	**94,024**	81,829
Employer's contribution to pension scheme	**48,758**	41,818
Others	**5,166**	4,038
	147,948	127,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

9. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' and chief executive's emoluments

	2013 RMB'000	2012 RMB'000
Director's fees	**600**	488
Other emoluments:		
– Salaries and allowances	**1,399**	1,397
– Performance related bonuses	**660**	191
– Retirement benefit scheme contributions	**45**	42
	2,704	2,118

Note: The performance related bonus is determined by reference to the individual performance of the directors.

The emoluments paid and payable to each of the 9 (2012: 9) directors and chief executives were as follows:

	Directors' fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contribution RMB'000	Total RMB'000
For the year ended 31 December 2013					
The Chief executive and director:					
Zhang Jian (Note d)	–	1,399	660	45	2,104
Non-executive directors:					
Zhang Jun	50	–	–	–	50
Hu Jun	50	–	–	–	50
Tse Ping	50	–	–	–	50
Yang Xiaoping	50	–	–	–	50
Independent non-executive directors:					
Liu Jingfu	100	–	–	–	100
Luo Yongtai	100	–	–	–	100
Zhang Limin	100	–	–	–	100
Japhet Sebastian Law	100	–	–	–	100
	600	1,399	660	45	2,704

9. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

	Directors' fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contribution RMB'000	Total RMB'000
For the year ended 31 December 2012					
The chief executive and director:					
Zhang Jian (Note d)	–	1,397	191	42	1,630
Non-executive directors:					
Zhang Jun	50	–	–	–	50
Hu Jun	50	–	–	–	50
Wang Jincai	50	–	–	–	50
Independent non-executive directors:					
Liu Jingfu	100	–	–	–	100
Luo Yongtai	100	–	–	–	100
Zhang Limin	100	–	–	–	100
Japhet Sebastian Law	38	–	–	–	38
	488	1,397	191	42	2,118

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

9. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) The five individuals whose emoluments were the highest in the Group for the year include one (2012: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2012: four) individuals during the year are as follows:

	2013 **RMB'000**	2012 RMB'000
Employees		
– salaries and allowances	**2,676**	2,588
– performance related bonus	**100**	7
– retirement benefit scheme contribution	**45**	42
	2,821	2,637

(c) No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments in the year ended 31 December 2013.

(d) Zhang Jian is the chief executive and also the executive director of the Group.

(e) The emoluments of the Group's senior management fell within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
RMB300,000 – RMB800,000 (equivalent to HK$380,000 – HK$1,000,000)	**3**	2
RMB800,000 – RMB1,600,000 (equivalent to HK$1,000,000 – HK$2,000,000)	**–**	1
RMB1,600,000 – RMB2,400,000 (equivalent to HK$2,000,000 – HK$3,000,000)	**1**	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

10. FINANCE COSTS

	2013 RMB'000	2012 RMB'000 (Restated)
Interest on bank borrowings	**11,614**	16,250
Less: Amount capitalised in construction in progress	**–**	(1,281)
	11,614	14,969

11a. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY

(a) Investments in subsidiaries

	2013 RMB'000	2012 RMB'000 (Restated)
Investments, at cost:		
Unlisted shares	**180,321**	180,240

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11a. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY *(Continued)*

(a) Investments in subsidiaries *(Continued)*

The following is a list of the principal subsidiaries at 31 December 2013:

Name of company	Place of incorporation and kind of legal entity	Principal activities	Registered capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Tianjin Fengtian Logistics Co., Ltd.("TFL")	China, limited liability company	Transportation of finished vehicles and supply chain management services	USD8,645,600	52%	52%	48%
TEDA General Bonded Warehouse Co., Ltd.	China, limited liability company	Warehouse operations and logistic services	RMB80,000,000	100%	100%	–
Tianjin Yuan Da Xian Dai Logistics Co., Ltd.	China, limited liability company	Logistic services	RMB20,000,000	100%	100%	–
He Guang Trade and Business Co., Ltd.	Hong Kong, limited liability company	International trading	HK$100,000	100%	100%	–
Tianjin TEDA International Freight Forwarding Co., Ltd.	China, limited liability company	International transportation agency service	RMB5,000,000	51%	51%	49%

(b) Amounts due from/to subsidiaries

	2013 RMB'000	2012 RMB'000
Amounts due from subsidiaries	**21,884**	1,303
Amounts due to subsidiaries	**28,367**	4,598

The amounts due from/to subsidiaries are unsecured and repayable on demand. They are denominated in Renminbi.

(c) Material non-controlling interests

The total non-controlling interest for the period is RMB87,818,000, of which RMB87,515,000 is for TFL. The non-controlling interests in respect of Tianjin TEDA International Freight Forwarding Co., Ltd. is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11a. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY *(Continued)*

(c) Material non-controlling interests *(Continued)*

Summarised financial information on subsidiaries with non-controlling interests that are material to the Group

Set out below are the summarised financial information for TFL.

Summarised balance sheet

	2013 **RMB'000**	2012 RMB'000
Current		
Assets	**193,168**	122,917
Liabilities	**(114,159)**	(62,379)
Total current net assets	**79,009**	60,538
Non-current assets	**103,314**	112,083
Net assets	**182,323**	172,621

Summarised statement of comprehensive income

	2013 **RMB'000**	2012 RMB'000
Revenue	**904,752**	985,456
Profit before income tax	**32,213**	16,688
Income tax expense	**(8,809)**	(3,178)
Profit/total comprehensive income for the year	**23,404**	13,510
Total comprehensive income allocated to non-controlling interests	**11,234**	6,485
Dividends paid to non-controlling interests	**6,577**	10,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11a. INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY *(Continued)*

(c) Material non-controlling interests *(Continued)*

Summarised financial information on subsidiaries with non-controlling interests that are material to the Group *(Continued)*

Summarised cash flows

	2013 RMB'000	2012 RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	**44,691**	(34,184)
Income tax paid	**(2,450)**	(6,980)
Net cash generated from/(used in) operating activities	**42,241**	(41,164)
Net cash used in investing activities	**(4,463)**	(17,478)
Net cash used in financing activities	**(13,702)**	(21,683)
Net increase/(decrease) in cash and cash equivalents	**24,076**	(80,325)
Cash and cash equivalents at beginning of year	**31,729**	112,054
Cash and cash equivalents at end of year	**55,805**	31,729

The information above is the amount before inter-company eliminations.

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

The Group	**2013 RMB'000**	2012 RMB'000 (Restated)
Associates	**47,901**	62,532
Joint ventures	**224,420**	232,454
At 31 December	**272,321**	294,986

The Company	**2013 RMB'000**	2012 RMB'000
Associates	**33,500**	33,500
Joint ventures	**170,941**	170,941
At 31 December	**204,441**	204,441

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

The amounts recognised in the income statement are as follows:

	2013 RMB'000	2012 RMB'000 (Restated)
Associates	**20,620**	24,949
Joint ventures	**5,698**	23,384
For the year ended 31 December	**26,318**	48,333

(a) Investment in associates

Set out below are associates of the Group as at 31 December 2013. The associates as listed below have share capital consisting of paid up capital; the country of incorporation or registration is also their principal place of business.

Nature of investment in associates as at 31 December 2013 and 2012

Name of company	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Directly held:				
Tianjin Port Gangwan International Automobile Logistics Co., Ltd. ("Gangwan Automobile")	China	40%	Carrying out the Group's automobile storage and related services	Equity
Tianjin Tianxin Automobile Inspection Services Co., Ltd. ("Tianxin")	China	30%	Carrying out the Group's vehicle inspection services	Equity
Tianjin Ferroalloy Exchange Co., Ltd.	China	20%	Carrying out the Group's import and export metal, storage and other services	Equity
Indirectly held:				
Tianjin Port International Automobile Logistics Co., Ltd.	China	50%	Carrying out the Group's automobile storage and related services	Equity

The associates of the Group are private companies and there is no quoted market price available.

There are no contingent liabilities relating to the Group's interest in the associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investment in associates *(Continued)*

Summarised financial information for associates

Set out below are the summarised financial information for the associates of the Group which are accounted for using the equity method and the share of the profits are material to the Group.

Summarised balance sheet

	Gangwan Automobile		Tianxin		Others		Total	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Current								
Cash and cash equivalents	**34,261**	30,012	**22,605**	15,675	**38,960**	63,481	**95,826**	109,168
Other current assets	**3,599**	–	**775**	758	**85,039**	342,709	**89,413**	343,467
Total current assets	**37,860**	30,012	**23,380**	16,433	**123,999**	406,190	**185,239**	452,635
Current liabilities	**(5,248)**	(50)	**(2,240)**	(712)	**(12,136)**	(280,869)	**(19,624)**	(281,631)
Total current net assets	**32,612**	29,962	**21,140**	15,721	**111,863**	125,321	**165,615**	171,004
Non-current assets	**4,464**	–	**3,645**	2,919	**2,022**	16,339	**10,131**	19,258
Nets assets	**37,076**	29,962	**24,785**	18,640	**113,885**	141,660	**175,746**	190,262

Summarised statement of comprehensive income

	Gangwan Automobile		Tianxin		Others		Total	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Revenue	**125,790**	–	**25,746**	19,933	**30,542**	186,765	**182,078**	206,698
Depreciation and amortisation	**(225)**	–	**(482)**	(460)	**(605)**	(2,172)	**(1,312)**	(2,632)
Interest income	**670**	11	**54**	56	**173**	1,289	**897**	1,356
Profit or loss before income tax	**42,458**	(38)	**18,860**	13,790	**19,938**	58,985	**81,256**	72,737
Income tax expense	**(10,344)**	–	**(4,715)**	(3,058)	**(2,011)**	(15,305)	**(17,070)**	(18,363)
Profit/total comprehensive income/(losses) for the year	**32,114**	(38)	**14,145**	10,732	**17,927**	43,680	**64,186**	54,374
Dividends received from associates	**10,000**	-	**2,400**	1,800	**22,851**	28,663	**35,251**	30,463

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investment in associates *(Continued)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

Summarised financial information

	Gangwan Automobile		Tianxin		Others		Total	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Opening net assets 1 January	**29,962**	–	**18,640**	13,908	**141,660**	155,306	**190,262**	169,214
New investment	**–**	30,000	**–**	–	**–**	–	**–**	30,000
Profit/(losses) for the year	**32,114**	(38)	**14,145**	10,732	**17,927**	43,680	**64,186**	54,374
Dividend	**(25,000)**	–	**(8,000)**	(6,000)	**(45,702)**	(57,326)	**(78,702)**	(63,326)
Closing net assets	**37,076**	29,962	**24,785**	18,640	**113,885**	141,660	**175,746**	190,262
Interest in associates	**14,830**	11,985	**7,436**	5,592	**25,635**	44,955	**47,901**	62,532

(b) Investment in joint ventures

	2013 RMB'000	2012 RMB'000
At 1 January	**232,454**	111,345
Retained interests in a former subsidiary (Note 34(a))	**–**	110,871
Share of profits	**5,698**	23,384
Dividend received	**(13,732)**	(13,146)
At 31 December	**224,420**	232,454

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures *(Continued)*

Nature of investment in joint ventures 2013 and 2012

Name of company	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Tedahang Cold Chain Logistics Co., Ltd. ("Tedahang")	China	60%	Carrying out the Group's cold warehouse operating and logistic services	Equity
Tianjin Alps Teda Logistics Co., Ltd. ("Tianjin Alps")	China	50%	Carrying out the Group's supply chain management services	Equity
Dalian Alps Teda Logistics Co., Ltd. ("Dalian Alps ")	China	50%	Carrying out the Group's material procurement logistics and supply chain management services	Equity

The joint ventures of the Group are private companies and there is no quoted market price available.

Set out below are the summarised financial information for joint ventures of the Group which is accounted for using the equity method:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures *(Continued)*

Summarised balance sheet

	Tedahang		Tianjin Alps	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Cash and cash equivalents	**42,348**	47,786	**107,629**	113,734
Other current assets	**11,780**	14,578	**101,369**	81,190
Total current assets	**54,128**	62,364	**208,998**	194,924
Financial liabilities	**(2,848)**	–	**–**	–
Other current liabilities	**(24,384)**	(63,299)	**(43,890)**	(39,888)
Total current liabilities	**(27,232)**	(63,299)	**(43,890)**	(39,888)
Total current net assets	**26,896**	(935)	**165,108**	155,036
Non-current				
Assets	**363,572**	361,918	**40,153**	41,545
Financial liabilities	**(190,603)**	(143,138)	**(1,233)**	–
Other non-current liabilities	**(23,697)**	(18,460)	**–**	–
Total non-current liabilities	**(214,300)**	(161,598)	**(1,233)**	–
Total non-current net assets	**149,272**	200,320	**38,920**	41,545
Net assets	**176,168**	199,385	**204,028**	196,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures *(Continued)*

Summarised statement of comprehensive income

	Tedahang		Tianjin Alps	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**37,875**	–	**376,503**	390,236
Depreciation and amortisation	**(14,763)**	–	**(6,856)**	(2,873)
Interest income	**–**	89	**388**	290
Interest expense	**(10,879)**	–	**–**	–
Profit/(losses) before income tax	**(23,217)**	(462)	**46,548**	53,240
Income tax expense	**–**	–	**(11,637)**	(13,313)
Profit/total comprehensive income/(losses) for the year	**(23,217)**	(462)	**34,911**	39,927
Dividends received from joint venture	**–**	–	**13,732**	13,335

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures.

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the joint ventures are as follows:

11b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures *(Continued)*

Summarised financial information

	Tedahang		Tianjin Alps	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**199,385**	199,847	**196,581**	182,946
Profit/(losses) for the year	**(23,217)**	(462)	**34,911**	39,927
Dividend	**–**	–	**(27,464)**	(26,292)
At 31 December	**176,168**	199,385	**204,028**	196,581
Interest in joint ventures	**105,701**	119,631	**102,014**	98,291
Fair value adjustments on land use rights, property, plant and equipment	**(10,914)**	(11,169)	**–**	–
Carrying value	**94,787**	108,462	**102,014**	98,291

At the balance sheet date, the jointly controlled entities do not have any outstanding contingent liabilities.

12. INCOME TAX EXPENSE

	2013	2012
	RMB'000	RMB'000
		(Restated)
Current tax:		
Current tax on profits for the year	**13,096**	5,500

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the Company and the subsidiaries is 25%.

Pursuant to the relevant approval by the tax authorities, Tianjin Fengtian Logistics Co., Ltd, a subsidiary of the Group, was recognised as a new high-tech enterprise, entitled a preferential tax rate of 15% from 2010 to 2012. The preferential tax treatment is subject to review by the relevant tax authority on an annual basis and the tax rate of 2013 is 25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

12. INCOME TAX EXPENSE *(Continued)*

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2013 **RMB'000**	2012 RMB'000 (Restated)
Profit before income tax	**69,180**	76,649
Tax at the domestic income tax rate of 25% (2012: 25%)	**17,295**	19,162
Tax effect of:		
– Associates and joint ventures' results reported net of tax	**(6,580)**	(12,083)
– Expenses not deductible for taxation purpose	**1,019**	547
– Utilisation of tax losses previously not recognised	**–**	(154)
– Tax losses for which deferred tax assets are not recognised	**1,362**	145
– Preferential tax rates of subsidiaries	**–**	(2,168)
– Others	**–**	51
Income tax expense	**13,096**	5,500

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2013 **RMB'000**	2012 RMB'000 (Restated)
Earnings		
Profit attributable to owners of the Company	**47,003**	64,664
Number of shares (thousands)		
Weighted average number of ordinary shares for calculating basic and diluted earnings per share	**354,312**	354,312

There are no diluted earnings per share presented as there are no potential dilutive ordinary shares outstanding for both 2012 and 2013.

14. PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB43,437,000 (2012: RMB30,411,000).

15. LAND USE RIGHTS

The Group	**2013 RMB'000**	2012 RMB'000 (Restated)
At beginning of the year	**104,324**	146,432
Deemed disposal of a subsidiary (Note 34(a))	**–**	(39,494)
Amortisation charge	**(2,587)**	(2,614)
At end of the year	**101,737**	104,324

The Company	**2013 RMB'000**	2012 RMB'000
At beginning of the year	**49,320**	50,460
Amortisation charge	**(1,140)**	(1,140)
At end of the year	**48,180**	49,320

Note: All the land use rights of the Group are situated in the PRC and are amortised over their lease periods. As at 31 December 2013, the land use rights have remaining lease periods ranging from 33 to 44 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
Cost						
At 1 January 2012 (Restated)	152,272	36,060	18,694	62,210	149,250	418,486
Additions	1,533	303	1,728	1,426	54,082	59,072
Deemed disposal of a subsidiary (Note 34(a))	–	–	(146)	–	(145,691)	(145,837)
Transfer	40,849	1,034	298	14,246	(56,427)	–
Disposals	(148)	(1,409)	(306)	(1,831)	–	(3,694)
At 1 January 2013 (Restated)	194,506	35,988	20,268	76,051	1,214	328,027
Additions	256	17	3,679	2,056	4,483	10,491
Transfer	(594)	(14)	745	3,052	(3,189)	–
Disposals	–	(4,875)	(887)	(1,900)	–	(7,662)
At 31 December 2013	194,168	31,116	23,805	79,259	2,508	330,856
Accumulated depreciation						
At 1 January 2012 (Restated)	32,627	20,856	10,560	33,346	–	97,389
Charge for the year	7,430	2,798	2,622	7,112	–	19,962
Deemed disposal of a subsidiary (Note 34(a))	–	–	(2)	–	–	(2)
Disposals	(27)	(1,234)	(272)	(1,350)	–	(2,883)
At 1 January 2013 (Restated)	40,030	22,420	12,908	39,108	–	114,466
Charge for the year	8,600	2,426	2,616	7,553	–	21,195
Transfer	(203)	(30)	233	–	–	–
Disposals	–	(4,155)	(791)	(1,713)	–	(6,659)
At 31 December 2013	48,427	20,661	14,966	44,948	–	129,002
Net book values						
At 31 December 2013	145,741	10,455	8,839	34,311	2,508	201,854
At 31 December 2012 (Restated)	154,476	13,568	7,360	36,943	1,214	213,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
The Company			
Cost			
At 1 January 2012	1,593	4,210	5,803
Additions	148	812	960
Disposals	–	(895)	(895)
At 1 January 2013	1,741	4,127	5,868
Additions	727	–	727
At 31 December 2013	2,468	4,127	6,595
Accumulated depreciation			
At 1 January 2012	747	1,667	2,414
Charge for the year	265	777	1,042
Disposals	–	(640)	(640)
At 1 January 2013	1,012	1,804	2,816
Charge for the year	177	747	924
At 31 December 2013	1,189	2,551	3,740
Net book values			
At 31 December 2013	1,279	1,576	2,855
At 31 December 2012	729	2,323	3,052

Note:

The Group is in the process of applying for the title to certain buildings with original cost of approximately RMB9 million as at 31 December 2013 (2012: RMB9 million). The directors of the Company believe that the title documents will be obtained in due course without significant additional cost.

Depreciation expense of RMB18 million (2012: RMB17 million) has been charged in 'Cost of sales' and RMB3 million (2012: RMB3 million) in 'administrative expenses'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

17. INVESTMENT PROPERTIES

	2013 RMB'000	2012 RMB'000
The Group		
At the beginning of the year	**88,340**	92,784
Depreciation charge for the year	**(4,444)**	(4,444)
At the end of the year	**83,896**	88,340

	2013 RMB'000	2012 RMB'000
The Company		
At the beginning of the year	**75,029**	78,920
Depreciation charge for the year	**(3,891)**	(3,891)
At the end of the year	**71,138**	75,029

All investment properties of the Group and the Company are warehouses located in the PRC. Based on market comparables and future discounted rental income, the directors believe that the fair value of these warehouses at 31 December 2013 is approximately RMB133 million (2012: RMB133 million).

18. FINANCIAL INSTRUMENTS

(a) By Category – Group

	Loans and receivables	
	2013 RMB'000	2012 RMB'000 (Restated)
Assets as per balance sheet		
Trade and other receivables excluding prepayments	**389,145**	160,730
Amounts due from related parties	**8,000**	9,491
Pledged bank deposits	**138,214**	123,007
Cash and cash equivalents	**238,090**	274,067
Total	**773,449**	567,295

18. FINANCIAL INSTRUMENTS *(Continued)*

(a) By Category – Group *(Continued)*

	Other financial liabilities at amortised cost	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Liabilities per balance sheet		
Borrowings	**270,000**	210,000
Amounts due to related parties	**1,600**	–
Trade and other payables excluding statutory liabilities	**1,064,355**	844,996
Total	**1,335,955**	1,054,996

(b) By Category – Company

	Loans and receivables	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Assets as per balance sheet		
Trade and other receivables excluding prepayments	**217,098**	54,991
Amounts due from subsidiaries	**21,884**	1,303
Amounts due from related parties	**8,000**	9,491
Pledged bank deposits	**137,714**	122,507
Cash and cash equivalents	**161,117**	226,232
Total	**545,813**	414,524

	Other financial liabilities at amortised cost	
	2013	2012
	RMB'000	RMB'000
		(Restated)
Liabilities per balance sheet		
Borrowings	**270,000**	210,000
Amounts due to subsidiaries	**28,367**	4,598
Amounts due to related parties	**1,600**	–
Trade and other payables excluding statutory liabilities	**952,506**	777,842
Total	**1,252,473**	992,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

19. INVENTORIES

The Group	2013 RMB'000	2012 RMB'000 (Restated)
Brass	**124,905**	–
Steel	**159**	120,751
Iron powder	**–**	23,197
Other materials	**314**	1,605
	125,378	145,553

The Company	2013 RMB'000	2012 RMB'000
Brass	**124,905**	–
Steel	**159**	120,751
Iron powder	**–**	23,197
Other materials	**306**	1,605
	125,370	145,553

No significant inventory is stated at net realisable value at year end (2012: Nil).

20. TRADE AND OTHER RECEIVABLES

The Group	2013 RMB'000	2012 RMB'000 (Restated)
Trade receivables	**331,781**	120,019
Less: allowance for impairment	**(930)**	–
	330,851	120,019
Bills receivables (note(b))	**17,630**	18,370
	348,481	138,389
Prepayment to suppliers	**644,568**	479,279
Other receivables	**40,830**	22,584
Less: allowance for impairment	**(166)**	(243)
	1,033,713	640,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

20. TRADE AND OTHER RECEIVABLES *(Continued)*

The Company	2013 RMB'000	2012 RMB'000
Trade receivables	**190,133**	30,553
Less: allowance for impairment	**(930)**	–
	189,203	30,553
Bills receivables (note(b))	**15,000**	18,370
	204,203	48,923
Prepayment to suppliers	**640,533**	477,133
Other receivables	**12,895**	6,068
	857,631	532,124

(a) Except for approximately RMB0.8 million of trade and other receivables are denominated in US dollar (2012: Nil), the balance of the Company's and the Group's trade and other receivables are denominated in Renminbi.

(b) The bills are non-interest bearing bank acceptance bills with a maximum maturity period of six months.

(c) The Group allows an average credit period ranging from 30 to 90 days to its trade customers. Bills receivables have a maturity of 180 days.

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

The Group	2013 RMB'000	2012 RMB'000 (Restated)
0 – 90 days	**285,514**	112,463
91 – 180 days	**61,215**	21,575
181 – 365 days	**1,314**	2,791
Over 1 year	**1,368**	1,560
	349,411	138,389

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) *(Continued)*

The Company	2013 RMB'000	2012 RMB'000
0 – 90 days	**144,970**	29,604
91 – 180 days	**59,214**	18,370
181 – 365 days	**–**	933
Over 1 year	**949**	16
	205,133	48,923

Before accepting any new customer, the Group assess the potential customer's credit quality and defines credit limits by customer.

(d) Aging of trade receivables which are past due but not impaired is as follows:

The Group	2013 RMB'000	2012 RMB'000 (Restated)
91 – 180 days	**61,215**	21,575
181 – 365 days	**1,314**	2,791
Over 1 year	**438**	1,560
	62,967	25,926

The Company	2013 RMB'000	2012 RMB'000
91 – 180 days	**59,214**	–
181 – 365 days	**–**	933
Over 1 year	**19**	16
	59,233	949

The Company and the Group have not provided for impairment loss on the above balances as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The Group does not hold any collateral over these balances. In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(e) Allowances on past due trade receivables are made based on estimated irrecoverable amounts by reference to past default experience and objective evidences of impairment determined by the difference between the carrying amount and the present value of the estimate future cash flow discounted at the original effective interest rate.

Movement in impairment loss recognised is as follows:

The Group	**2013 RMB'000**	2012 RMB'000 (Restated)
At the beginning of the year	**243**	261
Provision for/(reversal of) impairment	**853**	(18)
At the end of the year	**1,096**	243

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

The Group	**2013 RMB'000**	2012 RMB'000 (Restated)
Cash at bank and on hand	**238,090**	214,067
Short term deposits	**–**	60,000
	238,090	274,067
Restricted bank deposits (note (c))	**138,214**	123,007

The Company	**2013 RMB'000**	2012 RMB'000
Cash at bank and on hand	**161,117**	166,232
Short-term deposits	**–**	60,000
	161,117	226,232
Restricted bank deposits (note (c))	**137,714**	122,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(Continued)*

(a) The Company's and the Group's bank balances and cash denominated in currencies other than the functional currencies of the relevant group entities were as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Currency:				
– US Dollars	**1,748**	117	**1**	116
– Japanese Yen	**74**	–	**–**	–
– Euro	**–**	–	**–**	–

(b) Bank balances carry interest at market rate, the effective interest rates of the bank balances during the year are as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000
Effective interest rate (per annum)	**0.35%-2.8%**	0.35%-2.8%	**0.35%-2.8%**	0.38%-2.8%

(c) The restricted bank deposits include pledged bank deposits of RMB138 million.

Pledged bank deposits represents pledge to banks to secure bills payable of RMB687 million (2012: RMB613 million) issued by the Company and the Group.

The pledged deposits carry fixed interest rate ranging from 2.8% to 3.3% (2012: 1.49%-3.3%) per annum. The pledged bank deposits will be released upon the settlement of relevant bills payable.

22. SHARE CAPITAL

	2013			2012		
	Domestic shares	**H-shares**	**Total**	Domestic shares	H-shares	Total
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
At beginning and end of the year	**256,069**	**98,243**	**354,312**	256,069	98,243	354,312

23. OTHER RESERVES

The Group	Share premium RMB'000	Statutory reserves (note a) RMB'000	Other reserves (note b) RMB'000	Total RMB'000
At 1 January 2012 (Restated)	55,244	47,970	(40,620)	62,594
Transfer from retained earnings	–	15,152	–	15,152
At 31 December 2012 (Restated)	55,244	63,122	(40,620)	77,746
Capital contribution by non-controlling interests	–	–	6	6
Transfer from retained earnings	–	5,166	–	5,166
At 31 December 2013	55,244	68,288	(40,614)	82,918

The Company	Share premium RMB'000	Statutory reserves (note a) RMB'000	Total RMB'000
At 1 January 2012	55,244	17,312	72,556
Transfer from retained earnings	–	4,239	4,239
At 31 December 2012	55,244	21,551	76,795
Transfer from retained earnings	–	4,371	4,371
At 31 December 2013	55,244	25,922	81,166

(a) Statutory reserves

Reserve fund and Enterprise expansion fund

According to the relevant PRC rules and their articles of association, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund. The percentages to be appropriated to the Reserve Fund and Enterprise Expansion Fund are determined by the respective board of directors. Upon approval, the Reserve Fund can be used to offset accumulated losses or be converted into capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

23. OTHER RESERVES *(Continued)*

(a) Statutory reserves *(Continued)*

Statutory surplus reserve

The Company and certain of its subsidiaries are domestic limited liability companies established under the PRC Company Law. According to the relevant PRC rules and their articles of association, statutory surplus reserve should be appropriated from net profit of management account under China Accounting Standard before distribution. The amount of appropriation should be 10% of profit after taxation, calculated in accordance with the PRC accounting rules and regulations, applicable to enterprises in the PRC, of the Company and its subsidiaries. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the entity's registered capital. Statutory surplus reserve can be used to make up prior year losses, to expand operation or to increase share capital. The Company or its subsidiaries may capitalise the statutory surplus reserve by way of bonus issues provided that the amount of the statutory surplus reserve remaining after such appropriation shall not be less than 25% of the registered capital of the Company or its subsidiaries.

(b) Other reserves

Other reserves as at 31 December 2012 and 2013 represent the difference between the paid up capital of the subsidiaries and the nominal value of the Company's shares issued in exchange for the equity interest in the subsidiaries upon the reorganisation of the Group prior to listing.

24. RETAINED EARNINGS

	Group RMB'000	Company RMB'000
At 1 January 2012 (Restated)	272,342	106,659
Profit for the year	64,664	30,411
Dividends paid	(24,801)	(24,801)
Statutory reserves	(15,152)	(4,239)
At 31 December 2012 (Restated)	297,053	108,030
At 1 January 2013 (Restated)	297,053	108,030
Profit for the year	47,003	43,437
Dividends paid	(21,258)	(21,258)
Statutory reserves	(5,166)	(4,371)
At 31 December 2013	317,632	125,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

25. TRADE AND OTHER PAYABLES

The Group	2013 RMB'000	2012 RMB'000 (Restated)
Trade payables	**145,632**	58,041
Bills payables (note a)	**687,484**	612,534
	833,116	670,575
Deposits from customers	**178,300**	125,954
Other payables	**56,234**	48,467
	1,067,650	844,996

The Company	2013 RMB'000	2012 RMB'000
Trade payables	**46,249**	98
Bills payables (note a)	**687,484**	612,534
	733,733	612,632
Deposits from customers	**177,175**	125,950
Other payables	**41,673**	39,260
	952,581	777,842

Notes:

(a) The bills are non-interest bearing and have a maximum maturity of six months. The credit period granted by the suppliers to the Group ranged from 30 to 90 days. Management of the Group monitors the repayment of all payables and ensures compliance with credit timeframe.

(b) The aging analysis of the trade payables and bills payables at the balance sheet dates is as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000 (Restated)	2013 RMB'000	2012 RMB'000
0 – 90 days	**532,255**	429,214	**437,960**	371,847
91 – 180 days	**296,295**	241,104	**295,745**	240,687
181 – 365 days	**496**	35	**–**	–
Over 1 year	**4,070**	222	**28**	98
	833,116	670,575	**733,733**	612,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

26. AMOUNTS DUE FROM/TO RELATED PARTIES

The Group and the Company	**2013 RMB'000**	2012 RMB'000 (Restated)
Amount due from a related party	**8,000**	8,000
Amount due from investments accounted for using the equity method	**–**	1,491
	8,000	9,491
Amount due to a related party	**1,600**	–

The amounts due from a related party and an associate are trading in nature. They are unsecured, interest-free and repayable on normal credit term. They are denominated in Renminbi.

27. BORROWINGS

The Group	**2013 RMB'000**	2012 RMB'000 (Restated)
Current		
Short term bank borrowings	**270,000**	210,000
Total borrowings	**270,000**	210,000
Analysed into:		
– Unsecured	**270,000**	210,000

The Company	**2013 RMB'000**	2012 RMB'000
Short term bank borrowings		
– Unsecured	**270,000**	210,000

27. BORROWINGS *(Continued)*

Note:

(a) The carrying amounts of the Group's borrowings are denominated in Renminbi.

(b) The effective annual interest rates of the borrowings at the balance sheet date were as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Effective rate	**6.08%**	5.97%	**6.08%**	5.97%

(c) The carrying amounts of the borrowings approximate their fair values as at 31 December 2013 either due to their short-term maturity or because they bear interest at prevailing market rates throughout their maturity period.

28. DEFERRED INCOME

	2013 RMB'000	2012 RMB'000 (Restated)
Government grants received	**6,951**	7,308

The government grants from TEDA Administrative Commission were received in respect of its acquisition of land use rights and the project of inspection and storage centre. The government grants are recognised as deferred income and are released to income over the periods necessary to match them with the related costs.

29. DIVIDENDS

	2013 RMB'000	2012 RMB'000
First interim dividend (note a)	**10,629**	17,715
Second interim dividend (note b)	**10,629**	–
Third interim dividend (note c)	**7,086**	–
Final dividend (note d)	**7,086**	–
	35,430	17,715

(a) On 23 May 2013, the Company announced that an interim dividend of RMB0.03 per share, totalling RMB10,629,360 was approved at an extraordinary general meeting held on 11 July 2013, and paid in August 2013.

Pursuant to the extraordinary general meeting held on 20 December 2012, It was approved that an interim dividend of RMB0.05 per share, totalling RMB17,715,600 and was paid in 16 January 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

29. DIVIDENDS *(Continued)*

(b) On 26 September 2013, the Company announced that a second interim dividend of RMB0.03 per share, totalling RMB10,629,360 was approved at an extraordinary general meeting held on 12 November 2013 and paid in December 2013.

(c) On 25 November 2013, The Directors of the Company proposed the distribution of a third interim dividend of RMB0.02 per share for the period ended 30 September 2013. The extraordinary general meeting approved and declared the proposal on 10 January 2014. These financial statements do not reflect this dividend payable. The total amount was RMB7,086,240 and was paid in March 2014 to shareholders whose names appeared on the register of members of the Company on 22 January 2014.

(d) On 21 March 2014, the Directors of the Company proposes a final dividend of RMB0.02 per share for the year ended 31 December 2013 (2012: nil). These financial statements do not reflect this dividend payable.

30. NOTES TO CASH FLOW STATEMENT

(a) Reconciliation of profit before tax to net cash from operations:

	2013 RMB'000	2012 RMB'000 (Restated)
Profit before tax	**69,180**	76,649
Adjustment for:		
Interest income	**(4,841)**	(6,286)
Finance costs	**11,614**	16,250
Depreciation for property, plant and equipment	**21,195**	19,962
Depreciation for investment properties	**4,444**	4,444
Amortisation of land use rights	**2,587**	2,614
Provision/(reversal) of allowance of account receivable	**853**	(18)
(Reversal)/provision of inventory impairment	**(556)**	556
(Gain)/losses on disposal of property, plant and equipment	**(176)**	59
Deferred income amortisation	**(357)**	–
Gains on deemed disposal of a subsidiary (Note 34(a))	**–**	(7,474)
Share of results of investments accounted for using equity method	**(26,318)**	(48,333)
Operating cash flow before changes in working capital:		
Inventories	**20,731**	(118,575)
Trade and other receivables	**(392,696)**	(131,990)
Amounts due from related parties	**1,491**	(9,491)
Trade and other payables	**222,686**	317,103
Amounts due to related parties	**1,600**	(15)
Net cash (used in)/generated from operations	**(68,563)**	115,455

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. COMMITMENTS

(a) Operating lease commitments

(i) The Group's future aggregate minimum lease rental expenses in respect of non-cancellable operating leases are as follows:

Buildings	**2013** **RMB'000**	2012 RMB'000 (Restated)
Within one year	**1,798**	423
In the second to fifth year inclusive	**806**	–
Over five years	**–**	–
	2,604	423

Motor vehicles	**2013** **RMB'000**	2012 RMB'000 (Restated)
Within one year	**2,011**	149
In the second to fifth year inclusive	**–**	–
	2,011	149

The Company has no significant operating lease expenses commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

31. COMMITMENTS *(Continued)*

(a) Operating lease commitments *(Continued)*

(ii) The future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

The Group	2013 RMB'000	2012 RMB'000 (Restated)
Within one year	**3,785**	2,658
In the second to fifth year inclusive	**18**	23
	3,803	2,681

The Company	2013 RMB'000	2012 RMB'000
Within one year	**3,559**	2,612
In the second to fifth year inclusive	**–**	–
	3,559	2,612

32. FINANCIAL GUARANTEE LIABILITIES

At 31 December 2013, the Company has outstanding guarantee of RMB194 million provided to Tedahang, a joint venture with 60% interest owned by the Group, for its bank borrowing facilities of RMB350 million. The borrowings drawn down by the joint venture as at 31 December 2013 was RMB194 million.

The Directors of the Company consider that the fair value of this outstanding financial guarantee is insignificant at initial recognition and the possibility of default is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and on the balance sheets as at 31 December 2013.

33. RELATED PARTY TRANSACTIONS

Save for the balances with related parties at the balance sheet date as set out in Note 26, the Group had the following transactions with related parties:

(a) Sales of goods and services

	2013	2012
	RMB'000	RMB'000
Sales of goods	**15,754**	8,752

(b) Purchase of goods and services

	2013	2012
	RMB'000	RMB'000
Purchase of goods	**15,385**	8,547
Advertisements (note (i))	**2,000**	–

(i) In 2013, the Company entered into an advertisement agreement with Tianjin Teda Football Club Co., Ltd. ("Tianjin Football"), a subsidiary of TEDA Holding with a consideration of RMB2,000,000. Pursuant to the agreement, Tianjin Football agreed to place the Company's advertisements during the Chinese Super League 2013.

(c) Transactions/balances with other state owned enterprises 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 the year, 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 year end, majority of the Group's cash and bank balances and borrowings are with state controlled banks.

(d) Key management compensation

The details of remuneration of key management personnel are set out in Note 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

34. CHANGES IN ACCOUNTING POLICIES

The Group adopted IFRS 10, 'Consolidated financial statements', IFRS 11, 'Joint arrangements', IFRS 12, 'Disclosure of interests in other entities', and consequential amendments to IAS 28, 'Investments in associates and joint ventures' on 1 January 2012. The new accounting policies had the following impact on the consolidated financial statements.

(a) Deconsolidation of a subsidiary

As at 1 January 2012, the Group held 100% equity interest in Tedahang. During 2012, the Group's equity interest in Tedahang was reduced to 60% upon contribution of additional capital by two non-controlling interests. Tedahang was treated as subsidiary by the Group in 2012. As at 1 January 2013, upon adoption of IFRS10, the Group considers the purpose and design of Tedahang and the relevant activities directed by means of contractual arrangements and treats Tadahang as a joint venture. A gain on deemed disposal was recorded in 2012 when the control was lost.

(b) Joint ventures accounted for using the equity method

The Group has joint control over Tianjin Alps and Dalian Alps by virtue of its 50% share in the equity shares of the arrangements and the requirement for unanimous consent by all parties over decisions related to the relevant activities of the arrangements. The investments have been classified as a joint venture under IFRS 11 and therefore the equity method of accounting has been used in the consolidated financial statements. Prior to the adoption of IFRS 11, the Group's interest in joint venture was proportionately consolidated.

The Group recognised its investment in the joint ventures at the beginning of the earliest period presented (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 investment in the joint ventures for applying equity accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

34. CHANGES IN ACCOUNTING POLICIES *(Continued)*

The effects of the changes to the accounting policies to the Group is shown in the following tables.

Impact of change in accounting policy on consolidated balance sheet

	As at 31 December 2013	Deconsolidation of a subsidiary	Equity accounting for joint ventures	As at 31 December 2013 as presented	As at 31 December 2012 (Previously reported)	Deconsolidation of a subsidiary	Equity accounting for joint ventures	As at 31 December 2012 (Restated)	As at 1 January 2012 (Previously reported)	Equity accounting for joint ventures	As at 1 January 2012 (Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS											
Non-current assets											
Land use rights	144,247	(39,428)	(3,082)	101,737	146,207	(38,671)	(3,212)	104,324	149,759	(3,327)	146,432
Property, plant and equipment	532,837	(308,122)	(22,861)	201,854	544,158	(306,799)	(23,798)	213,561	346,206	(25,109)	321,097
Investment properties	83,896	–	–	83,896	88,340	–	–	88,340	92,784	–	92,784
Investments accounted for using the equity method	47,901	96,954	127,466	272,321	62,532	110,629	121,825	294,986	56,046	111,345	167,391
Deferred tax assets	52	–	(52)	–	–	–	–	–	–	–	–
Goodwill	105	–	(105)	–	105	–	(105)	–	105	(105)	–
	809,038	(250,596)	101,366	659,808	841,342	(234,841)	94,710	701,211	644,900	82,804	727,704
Current assets											
Inventories	140,635	(2,014)	(13,243)	125,378	159,763	–	(14,210)	145,553	41,752	(14,218)	27,534
Trade and other receivables	1,103,667	(3,016)	(66,938)	1,033,713	698,199	(2,938)	(55,252)	640,009	566,120	(59,822)	506,298
Amounts due from related parties	8,000	–	–	8,000	9,480	–	11	9,491	–	–	–
Pledged bank deposits	144,964	(6,750)	–	138,214	136,507	(13,500)	–	123,007	67,552	–	67,552
Cash and cash equivalents	345,530	(42,348)	(65,092)	238,090	385,941	(47,786)	(64,088)	274,067	296,419	(48,300)	248,119
	1,742,796	(54,128)	(145,273)	1,543,395	1,389,890	(64,224)	(133,539)	1,192,127	971,843	(122,340)	849,503
Total assets	2,551,834	(304,724)	(43,907)	2,203,203	2,231,232	(299,065)	(38,829)	1,893,338	1,616,743	(39,536)	1,577,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

34. CHANGES IN ACCOUNTING POLICIES *(Continued)*

Impact of change in accounting policy on consolidated balance sheet *(Continued)*

	As at 31 December 2013	Deconsolidation of a subsidiary	Equity accounting for joint ventures	As at 31 December 2013 as presented	As at 31 December 2012 (Previously reported)	Deconsolidation of a subsidiary	Equity accounting for joint ventures	As at 31 December 2012 (Restated)	As at 1 January 2012 (Previously reported)	Equity accounting for joint ventures	As at 1 January 2012 (Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
EQUITY AND LIABILITIES											
Equity attributable to owners of the Company											
Ordinary shares	354,312	–	–	354,312	354,312	–	–	354,312	354,312	–	354,312
Other reserves	76,036	–	6,882	82,918	70,864	–	6,882	77,746	55,712	6,882	62,594
Retained earnings	319,099	5,415	(6,882)	317,632	298,349	5,586	(6,882)	297,053	279,224	(6,882)	272,342
	749,447	5,415	–	754,862	723,525	5,586	–	729,111	689,248	–	689,248
Non-controlling interests	158,285	(70,467)	–	87,818	163,112	(79,754)	–	83,358	86,781	–	86,781
Total equity	907,732	(65,052)	–	842,680	886,637	(74,168)	–	812,469	776,029	–	776,029
LIABILITIES											
Non-current liabilities											
Borrowings	191,220	(190,603)	(617)	–	143,138	(143,138)	–	–	–	–	–
Deferred income	30,648	(23,697)	–	6,951	25,768	(18,460)	–	7,308	10,063	–	10,063
	221,868	(214,300)	(617)	6,951	168,906	(161,598)	–	7,308	10,063	–	10,063
Current liabilities											
Trade and other payables	1,129,425	(24,385)	(37,390)	1,067,650	941,778	(63,299)	(33,483)	844,996	572,386	(33,926)	538,460
Amounts due to related parties	1,600	–	–	1,600	–	–	–	–	15	–	15
Current income tax liabilities	16,532	1,861	(4,071)	14,322	4,310	–	(3,460)	850	5,730	(3,090)	2,640
Dividend payables	–	–	–	–	17,715	–	–	17,715	–	–	–
Borrowings	274,677	(2,848)	(1,829)	270,000	211,886	–	(1,886)	210,000	252,520	(2,520)	250,000
	1,422,234	(25,372)	(43,290)	1,353,572	1,175,689	(63,299)	(38,829)	1,073,561	830,651	(39,536)	791,115
Total liabilities	1,644,102	(239,672)	(43,907)	1,360,523	1,344,595	(224,897)	(38,829)	1,080,869	840,714	(39,536)	801,178
Total equity and liabilities	2,551,834	(304,724)	(43,907)	2,203,203	2,231,232	(299,065)	(38,829)	1,893,338	1,616,743	(39,536)	1,577,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

34. CHANGES IN ACCOUNTING POLICIES *(Continued)*

Impact of change in accounting policy on the consolidated statement of comprehensive income:

	For year ended 31 December 2013 RMB'000	Deconsolidation of a subsidiary RMB'000	Equity accounting for joint ventures RMB'000	For year ended 31 December 2013 as presented RMB'000	For year ended 31 December 2012 as previously reported RMB'000	Deconsolidation of a subsidiary RMB'000	Equity accounting for joint ventures RMB'000	For year ended 31 December 2012 as restated RMB'000
Revenue	3,005,407	(37,875)	(284,109)	2,683,423	2,016,408	–	(279,958)	1,736,450
Cost of sales	(2,874,188)	43,665	241,949	(2,588,574)	(1,912,860)	–	234,462	(1,678,398)
Gross profit	131,219	5,790	(42,160)	94,849	103,548	–	(45,496)	58,052
Administrative expenses	(79,255)	8,092	15,702	(55,461)	(56,526)	(51)	14,527	(42,050)
Other income	14,547	(458)	(210)	13,879	17,826	3,306	(1,099)	20,033
Other gains/(losses) – net	2,003	(1,513)	719	1,209	(800)	7,474	576	7,250
	68,514	11,911	(25,949)	54,476	64,048	10,729	(31,492)	43,285
Finance costs	(22,522)	10,879	29	(11,614)	(12,235)	(2,793)	59	(14,969)
Share of results of investments accounted for using the equity method	20,620	(13,674)	19,372	26,318	24,949	(243)	23,627	48,333
Profit before income tax	66,612	9,116	(6,548)	69,180	76,762	7,693	(7,806)	76,649
Income tax expense	(19,644)	–	6,548	(13,096)	(11,445)	(1,861)	7,806	(5,500)
Profit/total comprehensive income for the year	46,968	9,116	–	56,084	65,317	5,832	–	71,149
Profit/total comprehensive income attributable to:								
Owners of the Company	47,174	(171)	–	47,003	59,078	5,586	–	64,664
Non-controlling interests	(206)	9,287	–	9,081	6,239	246	–	6,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

34. CHANGES IN ACCOUNTING POLICIES *(Continued)*

Impact of change in accounting policy on the consolidated cash flow statement

	For year ended 31 December 2013 RMB'000	Deconsolidation of a subsidiary RMB'000	Equity accounting for joint ventures RMB'000	For year ended 31 December 2013 as presented RMB'000	For year ended 31 December 2012 as previously reported RMB'000	Deconsolidation of a subsidiary RMB'000	Equity accounting for joint ventures RMB'000	For year ended 31 December 2012 as restated RMB'000
Cash flows from operating activities								
Cash (used in)/generated from operations	(50,975)	4,308	(21,896)	(68,563)	153,341	1,057	(38,943)	115,455
Interest received	5,510	(458)	(211)	4,841	3,731	2,704	(149)	6,286
Interest paid	(21,934)	10,291	29	(11,614)	(12,235)	(2,793)	59	(14,969)
Income tax paid	(7,421)	–	5,936	(1,485)	(16,437)	–	7,436	(9,001)
Net cash (used in)/generated from operating activities	(74,820)	14,141	(16,142)	(76,821)	128,400	968	(31,597)	97,771
Cash flows from investing activities								
Interests paid	–	–	–	–	(5,130)	3,849	–	(1,281)
Purchase of property, plant and equipment	(67,698)	54,797	2,378	(10,523)	(163,197)	94,234	2,197	(66,766)
Proceeds from disposal of property, plant and equipment	1,591	–	(412)	1,179	1,109	–	(357)	752
Proceeds from government grant relevant to investment activities	6,750	(6,750)	–	–	13,960	(13,960)	–	–
Increase in pledged bank deposits	(8,457)	(6,750)	–	(15,207)	(68,955)	13,500	–	(55,455)
Investment in an associate	–	–	–	–	(12,000)	–	–	(12,000)
Deemed disposal of a former subsidiary	–	–	–	–	–	(1,971)	–	(1,971)
Collection of amounts due from investment accounted for using the equity method	–	–	–	–	–	78,094	–	78,094
Dividends received from investment accounted for using the equity method	35,251	–	13,732	48,983	30,463	–	13,335	43,798
Net cash (used in)/generated from investing activities	(32,563)	41,297	15,698	24,432	(203,750)	173,746	15,175	(14,829)
Cash flows from financing activities								
Proceeds from borrowings	322,446	(50,000)	(2,446)	270,000	469,432	(142,500)	(6,932)	320,000
Repayments of borrowings	(211,886)	–	1,886	(210,000)	(367,566)	–	7,566	(360,000)
Capital contributions by non-controlling interests	1,962	–	–	1,962	80,500	(80,000)	–	500
Dividends paid to owners of the Company	(38,973)	–	–	(38,973)	(7,086)	–	–	(7,086)
Dividends paid to non-controlling interests	(6,577)	–	–	(6,577)	(10,408)	–	–	(10,408)
Net cash generated from/(used in) financing activities	66,972	(50,000)	(560)	16,412	164,872	(222,500)	634	(56,994)
Net (decrease)/increase in cash and cash equivalents	(40,411)	5,438	(1,004)	(35,977)	89,522	(47,786)	(15,788)	25,948
Cash and cash equivalents at 1 January	385,941	(47,786)	(64,088)	274,067	296,419	–	(48,300)	248,119
Cash and cash equivalents at 31 December representing bank balances and cash	345,530	(42,348)	(65,092)	238,090	385,941	(47,786)	(64,088)	274,067

34. CHANGES IN ACCOUNTING POLICIES *(Continued)*

Impact of change in accounting policy on consolidated statement of changes in equity:

	Attributable to owners of the Company					
	Share capital	**Other reserves** (Note 23)	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2012 as previously reported	354,312	55,712	279,224	689,248	86,781	776,029
Effect of changes in accounting policies	–	6,882	(6,882)	–	–	–
Balance as at 1 January 2012 as restated	**354,312**	**62,594**	**272,342**	**689,248**	**86,781**	**776,029**
Comprehensive income						
Profit/total comprehensive income for the year as previously reported	–	–	59,078	59,078	6,239	65,317
Effect of changes in accounting policies	–	–	5,586	5,586	246	5,832
Profit/total comprehensive income for the year as restate	–	–	64,664	64,664	6,485	71,149
Transactions with owners						
Capital contribution by non-controlling interests as previously reported	–	–	–	–	80,500	80,500
Effect of changes in accounting policies	–	–	–	–	(80,000)	(80,000)
Capital contribution by non-controlling interests as restated	–	–	–	–	500	500
Transfer from retained earnings (note)	–	15,152	(15,152)	–	–	–
Dividends paid (note)	–	–	(24,801)	(24,801)	(10,408)	(35,209)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

34. CHANGES IN ACCOUNTING POLICIES *(Continued)*

Impact of change in accounting policy on consolidated statement of changes in equity: *(Continued)*

	Attributable to owners of the Company					
	Share capital	**Other reserves** (Note 23)	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total transactions with owners, recognised directly in equity as previously reported	–	15,152	(39,953)	(24,801)	70,092	45,291
Effect of changes in accounting policies	–	–	–	–	(80,000)	(80,000)
Total transactions with owners, recognised directly in equity as restated	–	15,152	(39,953)	(24,801)	(9,908)	(34,709)
Balance as at 31 December 2012 as previously reported	**354,312**	**70,864**	**298,349**	**723,525**	**163,112**	**886,637**
Effect of changes in accounting policies	–	6,882	(1,296)	5,586	(79,754)	(74,168)
Balance at 31 December 2012 as restated	**354,312**	**77,746**	**297,053**	**729,111**	**83,358**	**812,469**

note: There is no impact on these financial statement line items for the change in the accounting policies.