



天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited\*

2016

Third Quarterly Report

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

Stock Code: 8348



TEDA LOGISTICS

TEDA LOGISTICS

TEDA LOGISTICS



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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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

## Highlights

The following are the financial highlights during the nine months ended 30 September 2016:

- Total turnover amounted to RMB2,056,174,000 (corresponding period in 2015: RMB2,254,300,000), representing a decrease of approximately 8.79% as compared with the corresponding period last year.
- Gross profit was approximately RMB58,012,000 (corresponding period in 2015: RMB61,075,000), representing a decrease of approximately 5.02% as compared with the corresponding period last year.
- Gross profit margin was approximately 2.82%, representing an increase of approximately 0.11 percentage point as compared with 2.71% of the corresponding period last year.
- Profit attributable to shareholders was approximately RMB26,392,000 (corresponding period in 2015: RMB31,217,000), representing a decrease of approximately 15.46% as compared with the corresponding period last year.
- Earnings per share was RMB7 cents (corresponding period in 2015: RMB9 cents).

## Unaudited Consolidated Third Quarterly Results of 2016

The board of directors (the "Board") of the Company hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the nine months ended 30 September 2016 together with the comparative unaudited figures for the corresponding period in 2015.

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the nine months ended 30 September 2016

	Notes	For the nine months ended 30 September	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	4	2,056,174	2,254,300
Cost of sales	5	(1,998,162)	(2,193,225)
<b>Gross profit</b>		<b>58,012</b>	61,075
Administrative expenses	5	(38,936)	(38,411)
Other income	6	5,218	8,967
Other gains/(losses) – net		573	1,603
		<b>24,867</b>	33,234
Finance costs		(5,565)	(4,163)
Share of results of investments accounted for using the equity method		22,610	10,416
<b>Profit before income tax</b>		<b>41,912</b>	39,487
Income tax expense	7	(6,855)	(7,447)
<b>Profit and total comprehensive income for the period</b>		<b>35,057</b>	32,040
Attributable to:			
Owners of the Company		26,392	31,217
Non-controlling interests		8,665	823
Earnings per share	9		
– Basic and diluted (RMB cents)		7	9

## Notes to the Condensed Consolidated Financial Information (Unaudited)

For the nine months ended 30 September 2016

### 1. General

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

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

On 18 November 2011, Teda Holding entered into a share transfer agreement with Chia Tai Land Company Limited ("Chia Tai Company"), while TEDA Asset Company entered into a share transfer agreement with Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. ("Chia Tai Pharmaceutical Company"). Accordingly, Teda Holding and TEDA Asset Company agreed to transfer 28,344,960 (8% of ordinary shares) and 77,303,789 (21.82% of ordinary shares) domestic shares of the Company to Chia Tai Company and Chia Tai Pharmaceutical Company respectively. The above two domestic share transfers had been approved by the relevant state-owned assets supervision and administration authorities of the PRC. The registration procedures of the related transfers were completed on 7 June 2013.

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

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

### 2. Basis of preparation

The condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. The amounts included in this quarterly interim financial information are computed based on the recognition and measurement requirements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). However, this quarterly interim financial information does not contain sufficient information to constitute an interim financial report as defined in the International Financial Reporting Standards.

### 3. Significant accounting policies

The accounting policies used in the unaudited condensed consolidated quarterly financial statements for the nine months ended 30 September 2016 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, and in accordance with the International Financial Reporting Standards ("IFRSs") (which include the International Financial Reporting Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board.

#### 4. Segment information

The operating segments of the Group are classified into two categories: the segments are independently managed by the responsible segment management bodies in line with the products and services offered and the distribution channels and customer profiles involved. Components of entities 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 costs and corporate expenses) responsibility who report directly to the Group's senior management who makes strategic decisions.

The major operations of the two reportable segments of the Group are as follows:

- Logistics and supply chain services for finished automobiles and components—provision of logistics services and supply chain management, i.e. planning, storage and transportation management for finished automobiles and components;
- Materials procurement and related logistics services—sales of raw materials to customers comprising principally trading companies and provision of related services of transportation, management, storage, warehouse supervising and management.

##### For the nine months ended 30 September 2016

	Logistics and supply chain services for finished automobiles and components RMB'000 (Unaudited)	Materials procurement and related logistics services RMB'000 (Unaudited)	Reportable segments subtotal RMB'000 (Unaudited)	All other segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	639,915	1,323,499	1,963,414	112,269	2,075,683
Inter-segment revenue	–	(12,442)	(12,442)	(7,067)	(19,509)
Revenue from external customers	639,915	1,311,057	1,950,972	105,202	2,056,174
Segment results	22,700	(294)	22,406	2,896	25,302
Share of results of investments accounted for using the equity method					22,610
Unallocated other income					2,549
Unallocated corporate expenses					(2,984)
Finance costs					(5,565)
Profit before income tax					41,912
Income tax expense					(6,855)
Profit for the period					35,057
Other information:					
Depreciation and amortisation	(9,280)	(223)	(9,503)	(9,881)	(19,384)
Income tax expense	(5,796)	(925)	(6,721)	(134)	(6,855)

For the nine months ended 30 September 2015

	Logistics and supply chain services for finished automobiles and components RMB'000 (Unaudited)	Materials procurement and related logistics services RMB'000 (Unaudited)	Reportable segments subtotal RMB'000 (Unaudited)	All other segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	584,159	1,565,260	2,149,419	138,743	2,288,162
Inter-segment revenue	(4,838)	(20,776)	(25,614)	(8,248)	(33,862)
Revenue from external customers	579,321	1,544,484	2,123,805	130,495	2,254,300
Segment results	1,591	11,976	13,567	17,349	30,916
Share of results of investments accounted for using the equity method					10,416
Unallocated other income					5,003
Unallocated corporate expenses					(2,685)
Finance costs					(4,163)
Profit before income tax					39,487
Income tax expense					(7,447)
Profit for the period					32,040
Other information:					
Depreciation and amortisation	(9,864)	(499)	(10,363)	(9,841)	(20,204)
Income tax expense	(854)	(2,338)	(3,192)	(4,255)	(7,447)

**5. Expenses by nature**

	For the nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	17,649	18,262
Amortisation of prepaid lease payments included in administrative expenses	502	545
Exchange gain	(499)	(726)

**6. Other income**

	For the nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Interest income	2,549	5,003
Government grants	2,669	2,760
Others	-	1,204
<b>Total</b>	<b>5,218</b>	<b>8,967</b>

**7. Income tax expense**

	For the nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
The Company and its subsidiaries	(6,855)	(7,447)

**8. Dividends**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2016 (interim dividend for the nine months ended 30 September 2015: Nil).



## 9. Earnings per share

	For the nine months ended 30 September	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of calculating basic and diluted earnings per share	26,392	31,217

  

	Number of shares For the nine months ended 30 September	
	2016 '000 (Unaudited)	2015 '000 (Unaudited)
Weighted average number of shares for the purpose of calculating basic earnings per share	354,312	354,312

## 10. Share capital and reserves

	Attributable to owners of the Company					Attributable to owners of the parent company RMB'000	Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Retained profits RMB'000			
As at 1 January 2015 (audited)	354,312	55,244	74,473	(40,614)	348,489	791,904	88,061	879,965
Profit and total comprehensive income for the period	-	-	-	-	31,217	31,217	823	32,040
Dividends paid	-	-	-	-	(29,353)	(29,353)	(9,000)	(38,353)
Transfers	-	-	3,932	-	(3,932)	-	-	-
As at 30 September 2015 (unaudited)	354,312	55,244	78,405	(40,614)	346,421	793,768	79,884	873,652
As at 1 January 2016 (audited)	354,312	55,244	79,461	(40,614)	357,916	806,319	84,857	891,176
Profit and total comprehensive income for the period	-	-	-	-	26,392	26,392	8,665	35,057
Dividends paid	-	-	-	-	(10,669)	(10,669)	(4,617)	(15,286)
Transfers	-	-	2,394	-	(2,394)	-	-	-
As at 30 September 2016 (unaudited)	354,312	55,244	81,855	(40,614)	371,245	822,042	88,905	910,947

## 11. Financial guarantee liabilities

As at 30 September 2016, the Company has provided financial guarantee to Tedahang, a joint venture with 60% interest owned by the Group, for its bank borrowing facilities of approximately RMB387.5 million. The borrowings drawn down by the joint venture as at 30 September 2016 was approximately RMB175,881,000.

As at 30 September 2016, the Company has provided financial guarantee to He Guang, a subsidiary of the Group, for its bank borrowing facilities of approximately USD5,000,000. The borrowings drawn down by the subsidiary as at 30 September 2016 was approximately RMB13,360,000.

## Management Discussion and Analysis

### Financial Review

For the nine months ended 30 September 2016, the Group recorded a turnover of RMB2,056,174,000, representing a decrease of RMB198,126,000 or 8.79% as compared to RMB2,254,300,000 of the corresponding period last year. During the reporting period, operating results of materials procurement and related logistics services recorded a decrease as compared with the corresponding period last year, while operating results of logistics and supply chain services for finished automobiles and components services recorded an increase as compared with the corresponding period last year.

For the nine months ended 30 September 2016, overall gross profit margin for the Group was 2.82%, representing an increase of 0.11 percentage point as compared with 2.71% of the corresponding period last year, of which logistics and supply chain services for finished automobiles and components recorded a substantial increase in the gross profit as compared with the corresponding period last year, while materials procurement and related logistics services and bonded warehouse services recorded decreases in different extents as compared to the corresponding period last year.

For the nine months ended 30 September 2016, the Group's share of results of associates amounted to RMB22,610,000, representing an increase of RMB12,194,000 or 117% as compared to RMB10,416,000 of the corresponding period last year. The substantial increase in the share of results of associates was mainly attributable to the substantial increase in the operating results of Tianjin Alps Teda Logistics Co., Ltd. as compared with the corresponding period last year and a significant decline of deficits in the operating results of Tedahang Cold Chain Logistics Co., Ltd. as compared with the corresponding period last year.

For the nine months ended 30 September 2016, net profit attributable to the equity holders of the Group amounted to RMB26,392,000, representing a decrease of RMB4,825,000 or 15.46% as compared with RMB31,217,000 of the corresponding period last year. The main reasons for the decrease in the net profit attributable to the equity holders of the Group are: 1. the sales amount and operating profits from the materials procurement business recorded varying degrees of decrease as compared with the corresponding period last year; 2. the operating results of the bonded warehouse, transportation and supervision business decreased as compared with the corresponding period last year; and 3. the branch company of the Group in Changshu City, which was established in November 2015 and is still at its initial stage, also contributed to the decrease in profit of the Group for the period.

### Business Review

The principal businesses of the Group are logistics and supply chain services for finished automobiles and components, supply chain and logistics services for electronic components, materials procurement and related logistics services, cold chain logistics services and other services such as bonded warehouse, supervision and agency services. During the reporting period, pursuant to the PRC government's increase in efforts to adjust the industrial structure, the PRC economy showed an overall steady performance during the first three quarters, offering new development momentum and opportunities. While the diversified business structure upheld by the Group effectively balanced market risks, under the influence of structural adjustment and de-capacity policy in China, the Group continued to adjust the business structure of bulk commodity procurement business to scale down the business, which resulted in periodic slump in both the operating income and operating profits from the materials procurement and related logistics services business in the reporting period. Meanwhile, the logistics and supply chain services for finished automobiles and components continued to maintain a growing trend since the first half of the year, with substantial growth in its operating results as compared with that of the corresponding period last year. Driven by the growth in demands for vehicle-mounted electronic components, the electronic components logistics business of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. (both associated companies of the Group) continued to maintain good development momentum, with notable increase in their respective operating results as compared with the corresponding period last year. During the reporting period, the cold chain logistics business continued to show an improving trend in operating results. Driven by the combined effect of the above factors, the Group recorded significant increase in the investment income as compared with the corresponding period last year.

**Logistics and supply chain services for finished automobiles and components**

During the reporting period, the throughput of the logistics services for domestic finished automobiles was 423,099 sets, increased by 68,130 sets or 19.19% as compared to the corresponding period last year. During the reporting period, the throughput of logistics services for the imported automobiles was 20,378 sets, increased by 9,852 sets or 93.60% as compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB639,915,000, representing an increase of RMB60,594,000 or 10.46% as compared with the corresponding period last year.

**Materials procurement and related logistics services**

Turnover recorded for the reporting period amounted to RMB1,311,057,000, representing a decrease of RMB233,427,000 or 15.11% as compared with the corresponding period last year.

**Other logistics services**

Turnover recorded for the reporting period amounted to RMB105,202,000, representing a decrease of RMB25,293,000 or 19.38% as compared with the corresponding period last year.

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

Turnover recorded for the reporting period amounted to RMB568,953,000, representing an increase of RMB77,148,000 or 15.69% as compared with the corresponding period last year.

**Outlook and Prospects**

For the first three quarters of 2016, China's GDP grew at a rate of 6.7%. Although the PRC's macro-control initiatives gradually showed positive effects, the market demand around the world remained weak and showed no substantial improvement. With the system reform and industrial structural adjustment and persistent decline in investment growth, the economy was under significant downward pressure. The Group continued to develop its integrated logistics services business. During the period, logistics services for automobiles and logistics services for electronic components related to vehicle transportation performed outstandingly and were under stable operation. The operating results of Tedahang's cold chain business significantly improved. Driven by the stable development in the vehicle transportation business and the improvement in the operating results of Tedahang's cold chain business, the Group's investment return increased significantly as compared with the corresponding period last year. Due to the downturn in the bulk commodity market and the Company's adjustment initiatives, the sales of the materials procurement business decreased substantially, which resulted in a certain degree of decrease in the Group's operating results for the first three quarters of the year as compared with that of last year.

Looking forward to the fourth quarter, the industrial structural adjustment will continue, and the real economy will remain under great pressure. Adhering to the development philosophy of "tactic operation strategy with positive and steady growth", the Group will adjust its business structure and strictly control the business risks, so as to improve the operation of its own businesses. The Group will continue to develop integrated logistics services business and vigorously push forward new business. In response to the new transportation regulatory rules, the Group will adjust, allocate and exploit new logistics and transportation resources. Efforts will also be made to improve our competitiveness and profitability, laying a solid foundation for our business development at present and in the future. Despite the grave operation and structural adjustment pressure confronted, the Group remains confident about its business development for the year.

**Interests and/or Short Positions of Directors, Supervisors and Chief Executives in the Shares, Underlying Shares and Debentures of the Company or any of its associated corporations**

As at 30 September 2016, none of the Directors, supervisors and chief executives of the Company or their respective associates (within the meaning of the GEM Listing Rules) held interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the

Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (Chapter 571) (including interests or short positions which they have taken or deemed to have taken under the SFO), or which were recorded in the register required to be kept by the Company under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

### Rights of Directors, Supervisors and Chief Executives to Acquire Shares or Debentures of the Company

So far as is known to the Directors, as at 30 September 2016, none of the Directors, supervisors and chief executives of the Company or any of their spouses and children under 18 years of age had any interest in the shares of the Company, or has been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or to purchase shares of the Company.

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

So far as is known to the Directors, supervisors and chief executives of the Company, as at 30 September 2016, the following persons (other than the Directors, supervisors and chief executives of the Company) held or were deemed to hold interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or 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 any member of the Group:

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in the same class of shares	Approximate percentage of shareholding to the Company's total issued share capital
Tianjin Teda Investment Holding Co., Ltd.	Beneficial owner	150,420,051 (L) Domestic shares	58.74%	42.45%
Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. 正大製藥投資(北京)有限公司	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Chia Tai Land Company Limited 正大置地有限公司	Beneficial owner	28,344,960 (L) Domestic shares	11.07%	8%
Tianjin Port Development Holdings Limited	Beneficial owner	20,000,000 (L) H shares	20.36%	5.64%
Hongkong Topway Trading Co., Limited	Beneficial owner	10,000,000 (L) H shares	10.18%	2.82%
The National Council for Social Security Fund of the People's Republic of China	Beneficial owner	8,931,200 (L) H shares	9.09%	2.52%

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 30 September 2016, 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:

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

Save as disclosed in this report, so far as is known to the Directors, supervisors and chief executives of the Company, as at 30 September 2016, no any other persons (other than Directors, supervisors and chief executives 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 of the Company in accordance with section 336 of the SFO.

## **Competition and Conflict of Interests**

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

## **Corporate Governance Code**

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

As at 30 September 2016, Mr. Zhang Jian was both the Chairman and CEO of the Company who is responsible for managing the Board and the Group's business. The Board considers that Mr. Zhang Jian has an in-depth understanding of the business operation of the Group and can make decisions which are in the interest of the shareholders as a whole in a timely manner. The combination of the roles of Chairman and CEO can effectively formulate and implement the strategies of the Group and react swiftly to changes in the market. The Board also considers that there is no immediate need to separate the roles of Chairman and CEO. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of Chairman and CEO is necessary.

## **Audit Committee**

The Company has established an audit committee with terms of reference, which clearly defines the powers and duties of the committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Company, as well as providing opinion and recommendation to the Directors of the Company. The audit committee comprises three independent non-executive Directors, namely Mr. Zhou Zisheng, Mr. Cheng Xinsheng and Mr. Japhet Sebastian Law. Mr. Zhou Zisheng is the chairman of the audit committee. The audit committee has reviewed the Company's unaudited results for the reporting period and respective recommendation and opinion have been made.

## **Securities Transactions by Directors**

The 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.

## Purchase, Sale or Redemption of Listed Securities of the Company

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

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

Tianjin, the PRC  
11 November 2016

*As at the date of this report, the Board of the Company comprises Mr. Zhang Jian as executive Director; Mr. Cui Xuesong, Mr. Zhang Wang, Mr. Tse Ping and Mr. Yang Xiaoping as non-executive Directors; and Mr. Cheng Xinsheng, Mr. Japhet Sebastian Law, Mr. Mei Xingbao and Mr. Zhou Zisheng as independent non-executive Directors.*

\* For identification purposes only

