



天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

● TEDA LOGISTICS

2017 Interim Report

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

Stock Code: 8348

● TEDA LOGISTICS

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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 GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Highlights

The following are the financial highlights during the six months ended 30 June 2017:

- Total turnover amounted to RMB1,069,068,000 (corresponding period in 2016: RMB1,388,904,000), representing a decrease of approximately 23.03% as compared with the corresponding period last year.
- Gross profit was approximately RMB39,265,000 (corresponding period in 2016: RMB35,268,000), representing an increase of approximately 11.33% as compared with the corresponding period last year.
- Gross profit margin was approximately 3.67%, representing an increase of approximately 1.13 percentage points as compared with 2.54% achieved in the corresponding period last year.
- Profit attributable to shareholders amounted to approximately RMB5,120,000 (corresponding period in 2016: RMB17,795,000), representing a decrease of approximately 71.23% as compared with the corresponding period last year.
- Earnings per share was RMB1.4 cents (corresponding period last year: RMB5 cents).

Unaudited Consolidated Interim Results of 2017

The board of Directors (the "Board") of the Company hereby reports the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 together with the unaudited comparative information for the corresponding period in 2016.

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

For the six months ended 30 June 2017

	Note	Six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	4	1,069,068	1,388,904
Cost of sales	7	(1,029,803)	(1,353,636)
Gross profit		39,265	35,268
Administrative expenses	7	(24,553)	(25,742)
Other income	5	1,965	1,677
Other gains – net		(272)	513
Finance costs	6	16,405	11,716
Share of results of investments accounted for using the equity method		(7,775)	(3,603)
		9,015	15,693
Profit before income tax		17,645	23,806
Income tax expense	8	(5,291)	(2,885)
Profit for the period and total comprehensive income for the period		12,354	20,921
Attributable to:			
Owners of the Company		5,120	17,795
Non-controlling interests		7,234	3,126
Earnings per share	10		
– Basic and diluted (RMB cents)		1.4	5.0

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2017

	Note	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		176,400	183,492
Land use rights		92,650	93,976
Investment properties		68,024	70,564
Investments accounted for using the equity method		241,209	253,794
Available-for-sale financial assets		16,310	16,310
		594,593	618,136
Current assets			
Inventories		56,422	54,863
Trade and other receivables	12	1,595,639	1,375,227
Pledged bank deposits		144,064	144,423
Cash and cash equivalents		321,660	327,598
		2,117,785	1,902,111
Total assets		2,712,378	2,520,247
Share capital and reserves			
Share capital	15	354,312	354,312
Other reserves		100,244	97,564
Retained profits		379,012	387,156
		833,568	839,032
Non-controlling interests		89,295	94,493
Total equity		922,863	933,525
Non-current liabilities			
Deferred income		5,709	5,887
Obligations under finance lease		77,691	56,875
		83,400	62,762
Current liabilities			
Trade and other payables	13	1,447,435	1,293,547
Current income tax liabilities		7,431	6,246
Short-term borrowings	14	192,293	193,834
Dividend payable		11,189	–
Obligations under finance lease		47,767	30,333
		1,706,115	1,523,960
Total liabilities		1,789,515	1,586,722
Total equity and liabilities		2,712,378	2,520,247
Net current assets		411,670	378,151
Total assets less current liabilities		1,006,263	996,287

Condensed Consolidated Statement of Changes in Equity (Unaudited)

As of 30 June 2017

	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			
At 1 January 2016 (Audited)	354,312	55,244	79,461	(40,614)	357,916	806,319	84,857	891,176
Profit for the period and total comprehensive income for the period	-	-	-	-	17,795	17,795	3,126	20,921
Dividend paid	-	-	-	-	(10,665)	(10,665)	(4,617)	(15,282)
Transfer	-	-	1,231	-	(1,231)	-	-	-
At 30 June 2016 (Unaudited)	354,312	55,244	80,692	(40,614)	363,815	813,449	83,366	896,815
At 1 January 2017 (Audited)	354,312	55,244	82,934	(40,614)	387,156	839,032	94,493	933,525
Profit for the period and total comprehensive income for the period	-	-	-	-	5,120	5,120	7,234	12,354
Dividend paid	-	-	-	-	(10,584)	(10,584)	(12,432)	(23,016)
Transfer	-	-	2,680	-	(2,680)	-	-	-
At 30 June 2017 (Unaudited)	354,312	55,244	85,614	(40,614)	379,012	833,568	89,295	922,863

Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operating activities	(64,079)	(6,288)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,132)	(671)
Decrease in pledged bank deposits	359	66,813
Dividends received from investments accounted for using the equity method	21,600	15,600
Net cash generated from investing activities	20,827	81,742
Cash flows from financing activities		
Proceeds from borrowings	152,326	120,495
Repayments of borrowings	(153,867)	(10,000)
Proceeds from loan arrangement	55,000	–
Repayment of obligation under finance lease	(5,561)	–
Dividends paid to owners of the Company	(10,584)	(10,665)
Cash flows from other financing activities	–	(461)
Net cash generated from financing activities	24,882	99,369
Net (decrease)/increase in cash and cash equivalents	(5,938)	174,823
Cash and cash equivalents at 1 January	327,598	215,350
Cash and cash equivalents at 30 June represented by bank balances and cash	321,660	390,173

Notes to the Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2017

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

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

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

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with the International Financial Reporting Standards.

3. Significant accounting policies

The accounting policies adopted for the preparation of the Interim Financial Statements are consistent with those set out in the consolidated financial statements of the Group for the year ended 31 December 2016, the New International Financial Reporting Standards which have become effective in this Period have no material impact on the accounting policies in the Group's condensed consolidated interim financial statements for the Period.

The Group has not applied the new International Financial Reporting Standards that have been issued but are not effective. The Group has already commenced an assessment of the impact of these new International Financial Reporting Standards but is not yet in a position to state whether these new International Financial Reporting Standards would have a material impact on its results of operations and financial position.

4. Segment information

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

Principal activities of the two reportable segments of the Group are as follows:

- a. 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;
- b. 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 six months ended 30 June 2017				
	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	426,996	620,755	1,047,751	30,403	1,078,154
Inter-segment revenue	–	(5,508)	(5,508)	(3,578)	(9,086)
Revenue from external customers	426,996	615,247	1,042,243	26,825	1,069,068
Segment results	15,568	(1,411)	14,157	1,735	15,892
Share of results of investments accounted for using the equity method					9,015
Unallocated other income					1,965
Unallocated corporate expenses					(1,452)
Finance costs					(7,775)
Profit before income tax					17,645
Income tax expense					(5,291)
Profit for the period					12,354
Other information:					
Depreciation and amortisation	(5,623)	(141)	(5,764)	(6,309)	(12,073)
Income tax expense	(5,160)	–	(5,160)	(131)	(5,291)

4. Segment information (Continued)

For the six months ended 30 June 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	418,440	900,149	1,318,589	80,364	1,398,953
Inter-segment revenue	–	(5,286)	(5,286)	(4,763)	(10,049)
Revenue from external customers	418,440	894,863	1,313,303	75,601	1,388,904
Segment results	7,873	(3,553)	4,320	7,552	11,872
Share of results of investments accounted for using the equity method					15,693
Unallocated other income					1,677
Unallocated corporate expenses					(1,833)
Finance costs					(3,603)
Profit before income tax					23,806
Income tax expense					(2,885)
Profit for the period					20,921
Other information:					
Depreciation and amortisation	(6,255)	(155)	(6,410)	(6,139)	(12,549)
Income tax expense	(2,041)	–	(2,041)	(844)	(2,885)

5. Other income

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interest income	1,965	1,677

6. Finance costs

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Interest on bank borrowings	4,590	3,603
Interest on finance lease	3,185	–
	7,775	3,603

7. Expenses by nature

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	8,514	9,170
Amortisation of prepaid lease payments	301	321
Exchange gain	(175)	(377)
Other expenses	15,913	16,628
Cost of sales	1,029,803	1,353,636
Total cost of sales and administrative expenses	1,054,356	1,379,378

8. Income tax expense

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
The Company and its subsidiaries	(5,291)	(2,885)

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (interim dividend for the six months ended 30 June 2016: nil).

10. Earnings per share

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 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	5,120	17,795

	Number of shares Six months ended 30 June	
	2017 '000 (Unaudited)	2016 '000 (Unaudited)
Weighted average number of shares for calculating basic and diluted earnings per share	354,312	354,312

11. Property, plant and equipment

During the period, the Group spent RMB1,132,058.57 (six months ended 30 June 2016: RMB670,911.72) on acquisition of property, plant and equipment.

12. Trade and other receivables

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	722,792	566,300
Less: impairment loss recognised	(930)	(930)
Bills receivables	721,862	565,370
Other receivables	32,357	31,536
Less: impairment provision	(620)	(620)
Prepayments to suppliers	776,968	597,536
Less: impairment loss recognised	-	(787)
Prepayments to suppliers-net	818,671	777,691
Total trade and other receivables	1,595,639	1,375,227

12. Trade and other receivables (Continued)

The average credit period that the Group grants to its trade customers ranges from 90 to 300 days. As at 30 June 2017, the ageing analysis of trade and bills receivables is as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0-90 days	720,065	367,119
91-180 days	12,951	122,327
181-365 days	7,915	50,969
Over 1 year	5,230	27,135
	746,161	567,550

13. Trade and other payables

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables	175,595	171,507
Bills payables (note)	640,311	686,441
	815,906	857,948
Deposits from customers	274,700	372,389
Other payables	356,829	63,210
	1,447,435	1,293,547

As at 30 June 2017, the ageing analysis of trade and bills payables is as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0-90 days	504,568	517,571
91-180 days	300,706	339,544
181-365 days	–	335
Over 1 year	10,632	498
	815,906	857,948

14. Borrowings

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Short-term borrowings	192,293	193,834

15. Share capital

	Number of shares		Amount RMB
	Domestic shares	H Shares	
At 31 December 2016 and 30 June 2017	256,068,800	98,243,200	354,312,000

16. Capital commitments

The Group had no capital commitments during the reporting period.

17. Related party disclosures

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

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

b. Key management personnel and remuneration

The short-term benefits paid or unpaid by the Group to the Directors and other members of key management of the Company during the six months ended 30 June 2017 amounted to RMB2,092,000 (six months ended 30 June 2016: RMB2,273,000).

Management Discussion and Analysis

Financial Review

For the six months ended 30 June 2017, the Group recorded a turnover of RMB1,069,068,000, representing a decrease of RMB319,836,000 or 23% as compared to that of the corresponding period last year. During the reporting period, turnover from the logistics and supply chain services for finished automobiles and components increased as compared with the corresponding period last year, while turnover from the materials procurement and related logistics services as well as bonded warehouse, supervision and transportation services decreased as compared with the corresponding period last year.

For the six months ended 30 June 2017, overall gross profit margin for the Group was 3.67%, representing an increase of 1.13 percentage points as compared with the overall gross profit margin of 2.54% of the corresponding period last year, among which the gross profit of the logistics and supply chain services for finished automobiles and components significantly increased as compared with the corresponding period last year, and the gross profit of the materials procurement and related logistics services slightly increased as compared with the corresponding period last year, while the gross profit of the bonded warehouse, supervision and transportation services decreased as compared with the corresponding period last year.

For the six months ended 30 June 2017, management expenses for the Group was RMB24,553,000, representing a decrease of RMB1,189,000 or 4.62% as compared with management expenses of RMB25,742,000 of the corresponding period last year.

For the six months ended 30 June 2017, the share of results of associates of the Group was RMB9,015,000, representing a decrease of RMB6,678,000 or 43% as compared with RMB15,693,000 of the corresponding period last year. The decrease in share of results of associates was mainly due to the decrease in the operating results of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. as compared to the corresponding period last year, and the increase in losses in the operating results of Tedahang Cold Chain Logistics Co., Ltd. as compared to the corresponding period last year.

For the six months ended 30 June 2017, finance costs for the Group was RMB7,775,000, representing an increase of RMB4,172,000 or 116% as compared with finance costs of RMB3,603,000 of the corresponding period last year. The increase in finance costs was mainly attributable to the launching of the new medium and long-term finance lease business as a result of the Group's efforts to adjust its financing structure during the reporting period, which caused such an increase.

For the six months ended 30 June 2017, net profit attributable to the equity holders of the Group amounted to RMB5,120,000, representing a decrease of RMB12,675,000 or 71% as compared with RMB17,795,000 of the corresponding period last year. The main reasons are: (1) the impact by the exchange rate fluctuations and increased operating costs and expenses, the operating results of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. (both joint ventures of the Company) declined, with the increase in losses in the operating results of Tedahang Cold Chain Logistics Co., Ltd. as compared to the corresponding period last year, resulting in the decrease in the Company's investment income as compared with the corresponding period last year; (2) the branch company in Changshu City of the Company was in the initial establishment stage for its business and its income was unable to cover its fixed costs, therefore loss was incurred for its operating results; and (3) a decrease was recorded for the operating results in other traditional logistics business segments of the Group during the six months ended 30 June 2017.

Business Review

The principal businesses of the Group currently include 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, the overall operating results of the Group for the first half of the year recorded a decrease as compared with the corresponding period last year due to the further implementation of industrial structural adjustment by the government, increased efforts in pushing forward the deleverage policy on the financial sector, tightening monetary and fiscal policies and the sharp one-way fluctuations in the RMB exchange rate. In view of the industrial structural adjustment and de-capacity policy in China, the Group continued to adjust the business scale of bulk commodity procurement business and optimize its business portfolio, recording a decrease in the operating income of the materials procurement and related logistics services business during the reporting period but a slight increase in the gross profit margin as compared with the corresponding period last year. The operating results of the bonded warehouse, transportation and supervision business decreased as compared with the corresponding period last year. The branch company in Changshu City was in the initial establishment stage for its business and continued to incur loss for its operating results in the near term. Meanwhile, the Company recorded significant increase in the throughput of the logistics services for imported Japanese automobiles during the reporting period, hence there is a substantial increase in the operating results of logistics services for finished automobiles and components 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 285,574 sets, basically the same with that of the corresponding period last year. During the reporting period, the throughput of logistics services for the imported automobiles was 14,931 sets, increased by 3,521 sets or 31% as compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB426,996,000, representing an increase of RMB8,556,000 or 2% as compared with the corresponding period last year.

Materials procurement and related logistics services

Turnover recorded for the reporting period amounted to RMB615,247,000, representing a decrease of RMB279,616,000 or 31% as compared with corresponding period last year.

Other logistics services

Turnover recorded for the reporting period amounted to RMB26,825,000, representing a decrease of RMB48,776,000 or 65% as compared with corresponding period last year.

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

Turnover recorded for the reporting period amounted to RMB404,483,000, representing an increase of RMB41,164,000 or 11% as compared with the corresponding period last year.

Prospects and Outlook

In the first half of 2017, more efforts were made to push forward the industrial structural adjustment with a view of the supply-side reform. Following China's implementation of the "deleveraging policy" on the financial sector, it gradually affects the financing channels and finance costs of the enterprises. The further implementation of regulation measures on overloading transportation and environmental protection by China has triggered and will trigger persistent and profound changes in the logistics industry, imposing significant impact on every aspect of the business including transportation resources, transportation costs and means of transportation. From an overall perspective, the global logistics industry remained at the trough, while the Chinese logistics industry continued to undergo consolidation. Under this circumstances, the operating result of the Group was affected more directly, recording a significant decrease as compared to the corresponding period last year.

In the second half of the year, with the further implementation of regulation measures on overloading transportation and environmental protection, the logistics industry will also continue with its reform. The implementation of such new measures and industrial reform will have adverse impact on our business in the short run, but it is expected to have a positive contribution to environmental protection and to promote the healthy and innovative development of the logistics industry in the long run, which is considered by the Group as the new development opportunities. The Group is actively adjusting its resource allocation and seeking for new partners to innovate its business mode. Furthermore, the Group will promote the establishment of the integrated transportation network which involves maritime, waterway, railway and road transportation, so as to comply with the requirements of the new rules. While focusing on business adjustment and development, the Group will also continue to improve its internal management and enhance its internal control, in order to pave the way for business transformation in the future. Meanwhile, given the historic "low-to-high" trend in the operating results of the Group, it is expected that the operating results of the Company for the second half of the year will improve, and the Group remains confident of its future business development.

Liquidity, Financial Resources and Capital Structure

The Group's working capital was generally financed by an internally generated net cash inflow from operating activities and bank borrowings. As at 30 June 2017, total assets of the Group amounted to RMB2,712,378,000, amongst which, total current assets amounted to RMB2,117,785,000, and total non-current assets were RMB594,593,000. The Group's total liabilities were RMB1,789,515,000, of which current liabilities amounted to RMB1,706,115,000, and non-current liabilities amounted to RMB83,400,000. Total equity amounted to RMB922,863,000, of which equity interest attributable to the Group amounted to RMB833,568,000 and minority interests amounted to RMB89,295,000.

Charge on Assets of the Group

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

Gearing Ratio

As at 30 June 2017, the Group's gearing ratio was approximately 66% (31 December 2016: approximately 63%), which was measured by the total liabilities over the total assets.

Foreign Exchange Risk

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

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 as the Group and the holding subsidiaries of the Group, Tianjin Fengtian Logistics Co., Ltd., He Guang Trade and Business Co., Ltd. and Tianjin Teda International Freight Forwarding Co., Ltd., have foreign currency businesses for United States Dollars, Japanese Yen or Hong Kong Dollars. For the six months ended 30 June 2017, the Group had an exchange gain of RMB175,000 due to the depreciation of foreign currencies.

Material Acquisitions and Disposals

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

Contingent Liabilities

As at 30 June 2017, the Group had no material contingent liabilities.

Employees

As at 30 June 2017, the Group had a total of 2,130 employees (corresponding period in 2016: 2,230 employees). During the reporting period, staff costs, including Directors' and supervisors' remunerations, amounted to approximately RMB64,503,000 (corresponding period in 2016: approximately RMB66,615,000). The staff remuneration and bonus of the Group are mainly determined by reference to the Group's remuneration policy and performance assessment of individual employee.

Directors', Supervisors' and Chief Executives' Interests and/or Short Positions in Shares, underlying shares and debentures of the Company or any of its associated corporations

As of 30 June 2017, 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 been taken or deemed to have under the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were otherwise required to be notified to the Company and Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as is known to the Directors, as at 30 June 2017, 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 June 2017, the following persons (other than the Directors, supervisors or chief executives of the Company) had or were deemed to have interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or were directly or indirectly interested in 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 June 2017, 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 and chief executives of the Company, as at 30 June 2017, no any other persons (other than Directors, supervisors or 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 referred to in Section 336 of the SFO.

Competition and Conflict of Interests

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

Corporate Governance Code

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

As at 30 June 2017, Mr. Zhang Jian was both the Chairman and CEO of the Company who is responsible for managing the Board and the Group's business. The Board considers that Mr. Zhang Jian understands the business operation of the Group well and can make decisions which are in the interest of the shareholders as a whole in a timely manner. The combination of the roles of Chairman and CEO can effectively formulate and implement the strategies of the Group and react swiftly to changes in the market. The Board also considers that there is no immediate need to separate the roles of Chairman and CEO. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of Chairman and CEO is necessary.

Audit Committee

The Company has established an audit committee with terms of reference, which clearly defines the powers and duties of the committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Company, as well as providing opinion and recommendation to the Directors of the Company. The audit committee comprises three independent non-executive Directors, namely Mr. 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 of the Group 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 August 2017

As at the date of this report, the executive director is Mr. Zhang Jian; the non-executive directors are Mr. Cui Xuesong, Mr. Zhang Wang, Miss Tse, Theresa Y Y and Mr. Yang Xiaoping; and the independent non-executive directors are Mr. Cheng Xinsheng, Mr. Chia Pun Kok, Mr. Japhet Sebastian Law and Mr. Zhou Zisheng.