



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

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2018 Interim Report

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

Stock Code: 8348

* For identification purposes only

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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 of Hong Kong Limited (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 2018:

- Total turnover amounted to RMB1,138,229,000 (corresponding period in 2017: RMB1,069,068,000), representing an increase of approximately 6.47% as compared with the corresponding period last year.
- Gross profit was approximately RMB59,046,000 (corresponding period in 2017: RMB39,265,000), representing an increase of approximately 50.38% as compared with the corresponding period last year.
- Gross profit margin was approximately 5.19%, representing an increase of approximately 1.52 percentage points as compared with 3.67% achieved in the corresponding period last year.
- Profit attributable to shareholders amounted to approximately RMB1,919,000 (corresponding period in 2017: RMB5,120,000), representing a decrease of approximately 62.52% as compared with the corresponding period last year.
- Earnings per share was RMB0.5 cent (corresponding period last year: RMB1.4 cents).

Unaudited Consolidated Interim Results of 2018

The board of Directors (the “Board”) of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the “Company”) hereby reports the unaudited results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2018 together with the unaudited comparative data for the corresponding period in 2017.

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

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	4	1,138,229	1,069,068
Cost of sales	7	(1,079,183)	(1,029,803)
Gross profit		59,046	39,265
Administrative expenses	7	(30,580)	(24,553)
Other income	5	2,341	1,965
Other gains/(losses) – net		77	(272)
Operating profit		30,884	16,405
Finance costs	6	(9,906)	(7,775)
Share of results of investments accounted for using the equity method		4,906	9,015
Profit before income tax		25,884	17,645
Income tax expense	8	(10,006)	(5,291)
Profit for the period and total comprehensive income for the period		15,878	12,354
Attributable to:			
Owners of the Company		1,919	5,120
Non-controlling interests		13,959	7,234
Earnings per share	10		
– Basic and diluted (RMB cents)		0.5	1.4

Condensed Consolidated Statement of Financial Position (Unaudited)

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		163,500	169,845
Land use rights		90,052	91,389
Investment properties		63,902	66,120
Investments accounted for using the equity method		235,133	249,228
Available-for-sale financial assets		16,310	16,310
		568,897	592,892
Current assets			
Inventories		13,675	25,138
Trade and other receivables	12	1,735,986	1,296,687
Pledged bank deposits		177,768	165,337
Cash and cash equivalents		350,832	552,990
		2,278,261	2,040,152
Total assets		2,847,158	2,633,044
Share capital and reserves			
Share capital	15	354,312	354,312
Other reserves		103,939	100,662
Retained earnings		394,848	396,206
		853,099	851,180
Non-controlling interests		97,779	103,280
Total equity		950,878	954,460
Non-current liabilities			
Deferred income		5,356	5,531
Obligations under finance lease		27,156	52,336
		32,512	57,867
Current liabilities			
Trade and other payables	13	1,285,733	1,244,900
Current income tax liabilities		5,276	8,886
Borrowings	14	504,649	319,995
Dividend payable		19,460	–
Obligations under finance lease		48,650	46,936
		1,863,768	1,620,717
Total liabilities		1,896,280	1,678,584
Total equity and liabilities		2,847,158	2,633,044
Net current assets		414,493	419,435
Total assets less current liabilities		983,390	1,012,327

Condensed Consolidated Statement of Changes in Equity (Unaudited)

As of 30 June 2018

	Attributable to owners of the Company					Attributable to owners of the parent company	Non-controlling interests	Total
	Share capital	Share premium	Statutory reserves	Other reserves	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
At 1 January 2018 (Audited)	354,312	55,244	86,032	(40,614)	396,206	851,180	103,280	954,460
Profit for the period and total comprehensive income for the period	-	-	-	-	1,919	1,919	13,959	15,878
Dividend paid	-	-	-	-	-	-	(19,460)	(19,460)
Transfer	-	-	3,277	-	(3,277)	-	-	-
At 30 June 2018 (Unaudited)	354,312	55,244	89,309	(40,614)	394,848	853,099	97,779	950,878

Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operating activities	(369,163)	(64,079)
Cash flows from investing activities		
Purchase of property, plant and equipment	(752)	(1,132)
(Increase)/decrease in pledged bank deposits	(12,431)	359
Dividends received from investments accounted for using the equity method	19,000	21,600
Net cash generated from investing activities	5,817	20,827
Cash flows from financing activities		
Proceeds from borrowings	474,654	152,326
Repayments of borrowings	(290,000)	(153,867)
Proceeds from loan arrangement	0	55,000
Repayment of obligations under finance lease	(23,466)	(5,561)
Dividends paid to owners of the Company	0	(10,584)
Net cash generated from financing activities	161,188	37,314
Net decrease in cash and cash equivalents	(202,158)	(5,938)
Cash and cash equivalents at 1 January	552,990	327,598
Cash and cash equivalents at 30 June represented by bank balances and cash	350,832	321,660

Notes to the Condensed Consolidated Financial Information (Unaudited)

For the six months ended 30 June 2018

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 GEM (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 held by them 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 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 2018 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 2017, 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 2017, the new International Financial Reporting Standards which have become effective in the current 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 2018

	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	465,922	679,585	1,145,507	31,305	1,176,812
Inter-segment revenue	–	(36,001)	(36,001)	(2,582)	(38,583)
Revenue from external customers	465,922	643,584	1,109,506	28,723	1,138,229
Segment results	37,117	(194)	36,923	39	36,962
Share of results of investments accounted for using the equity method					4,906
Unallocated other income					2,341
Unallocated corporate expenses					(8,419)
Finance costs					(9,906)
Profit before income tax					25,884
Income tax expense					(10,006)
Profit for the period					15,878
Other information:					
Depreciation and amortisation	(4,134)	(209)	(4,343)	(6,146)	(10,489)
Income tax expense	(9,978)	–	(9,978)	(28)	(10,006)

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)

5. Other income

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest income	2,341	1,965

6. Finance costs

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest on bank borrowings	6,739	4,590
Interest on finance lease	3,167	3,185
	9,906	7,775

7. Expenses by nature

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	9,151	8,514
Amortisation of prepaid lease payments included in administrative expenses	357	301
Exchange gain	(258)	(175)
Other expenses	21,330	15,913
Cost of sales	1,079,183	1,029,803
Total cost of sales and administrative expenses	1,109,763	1,054,356

8. Income tax expense

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
The Company and its subsidiaries	(10,006)	(5,291)

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (interim dividend for the six months ended 30 June 2017: nil).

10. Earnings per share

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 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	1,919	5,120

	Number of shares Six months ended 30 June	
	2018 '000 (Unaudited)	2017 '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 RMB752,316.85 (six months ended 30 June 2017: RMB1,132,058.57) on acquisition of property, plant and equipment.

12. Trade and other receivables

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade receivables	711,262	660,479
Less: impairment loss recognised	(930)	(930)
	710,332	659,549
Bills receivables	166,699	143,665
	877,031	803,214
Other receivables	47,785	27,427
Less: impairment provision	0	(1,370)
	924,816	829,271
Prepayments to suppliers	811,957	468,203
Less: impairment loss recognised	(787)	(787)
Prepayments to suppliers-net	811,170	467,416
Total trade and other receivables	1,735,986	1,296,687

The average credit period that the Group grants to its trade customers ranges from 90 to 300 days. As at 30 June 2018, the ageing analysis of trade and bills receivables is as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
0-90 days	830,144	627,490
91-180 days	37,837	119,133
181-365 days	3,223	38,666
Over 1 year	6,757	18,855
	877,961	804,144

13. Trade and other payables

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Trade payables	143,638	242,741
Bills payables (note)	729,989	675,608
	873,627	918,349
Deposits from customers	224,628	270,073
Other payables	187,478	56,478
Total trade and other payables	1,285,733	1,244,900

As at 30 June 2018, the ageing analysis of trade and bills payables is as follows:

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
0-90 days	684,003	646,675
91-180 days	188,095	256,737
181-365 days	16	7,266
Over 1 year	1,513	7,671
	873,627	918,349

14. Borrowings

	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Borrowings	504,649	319,995

15. Share capital

	Number of shares		Amount RMB
	Domestic shares	H Shares	
At 31 December 2017 and 30 June 2018	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 2018 amounted to RMB1,855,000 (six months ended 30 June 2017: RMB2,092,000).

Management Discussion and Analysis

Financial Review

For the six months ended 30 June 2018, the Group recorded a turnover of RMB1,138,229,000, representing an increase of RMB69,161,000 or 6% 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, materials procurement and related logistics services as well as bonded warehouse, supervision and transportation services increased as compared with the corresponding period last year.

For the six months ended 30 June 2018, overall gross profit margin for the Group was 5.19%, representing an increase of 1.52 percentage points as compared with the overall gross profit margin of 3.67% 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 2018, management expenses for the Group was RMB30,580,000, representing an increase of RMB6,027,000 or 24.55% as compared with management expenses of RMB24,553,000 of the corresponding period last year.

For the six months ended 30 June 2018, the share of results of associates of the Group was RMB4,906,000, representing a decrease of RMB4,109,000 or 45% as compared with RMB9,015,000 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 2018, finance costs for the Group was RMB9,906,000, representing an increase of RMB2,131,000 or 27% as compared with finance costs of RMB7,775,000 of the corresponding period last year. The increase in finance costs was mainly attributable to the launching of the new short-term borrowings 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 2018, net profit attributable to the equity holders of the Group amounted to RMB1,919,000, representing a decrease of RMB3,201,000 or 63% as compared with RMB5,120,000 of the corresponding period last year. The main reasons are: the Company's investment income decreased as compared with the corresponding period last year, the operating results of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. (both joint ventures of the Company) declined which was affected by decreased operating income and increased expenses, with the increase in losses in the operating results of Tedahang Cold Chain Logistics Co., Ltd. as compared to the corresponding period last year.

Business Review

The principal businesses of the Group are logistics and supply chain services for finished automobiles and components, logistics and supply chain services for electronic components, materials procurement and related logistics services, cold chain logistics business and other services such as bonded warehouse, supervision and agency services. During the reporting period, the overall operating income of the Group increased as compared with the corresponding period last year, among which, the logistics and supply chain services for finished automobiles and components business continued to maintain a steady growth momentum, achieving a year-on-year increase in sales for the reporting period. In particular, significant increase was recorded for the logistics services for imported automobiles business, driving substantial growth in net profit in such business segment as compared with that of the corresponding period last year. Meanwhile, the Company's operating results for the materials procurement business recorded a slight increase as compared with that of the corresponding period last year. Tianjin Yuan Da Xian Dai Logistics Co., Ltd., a subsidiary of the Company, recorded a slight decrease in its operating results as a result of decrease in cargo traffic and increase in warehouse maintenance and operating costs; the operating results of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. (both being joint ventures of the Company) slightly decreased as compared with that of the corresponding period last year due to the increase in operating costs and the exchange rate fluctuations.

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 277,568 sets, representing a decrease of 8,006 sets or 2.80% as compared with the corresponding period last year. During the reporting period, the throughput of logistics services for the imported automobiles was 17,419 sets, representing an increase of 2,488 sets or 16.67% as compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB465,922,000, representing an increase of RMB38,926,000 or 9.12% as compared with the corresponding period last year.

Materials procurement and related logistics services

Turnover recorded for the reporting period amounted to RMB643,584,000, representing an increase of RMB28,337,000 or 4.61% as compared with the corresponding period last year.

Other logistics services

Turnover recorded for the reporting period amounted to RMB28,723,000, representing an increase of RMB1,898,000 or 7.08% 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 RMB355,424,700, representing a decrease of RMB49,058,300 or 12.13% as compared with the corresponding period last year. Affected by the increased operating costs and expenses, the operating results declined as compared with the corresponding period last year.

Prospects and Outlook

In the first half of 2018, PRC's economic growth rate stood at 6.8%, while Tianjin recorded a lower economic growth of 3.4%. Continuous efforts have been made to push forward the supply-side structural reform, financial deleveraging, key reforms in the infrastructure areas and other relevant policies. According to data from China Federation of Logistics & Purchasing, the average logistics service index under the Logistics Performance Index was 49.7%, which was lower than the performance index of 50%. In light of further narrowing profit margin for the enterprises and increasing capital pressure, continuous efforts have been made to push forward transformation and upgrading. In the first half of the year, the Group delivered mixed performances across various business sectors, with an increase in the operating results of automobiles and materials procurement businesses and a decrease in the operating results of traditional warehousing and logistics businesses, cold chain logistics business and the logistics services for electronic components business, resulting in a decrease in the overall operating results of the Group as compared to the corresponding period of last year.

In the second half of the year, while PRC's economy will enjoy robust fundamental to maintain stable growth, the economic activities will remain on track of slowdown and the volatility in the exchange rates will continue to exert impacts on the economy. The Group will adhere to the development philosophy of "steady progress" and its strategy of developing integrated logistics business. Based on the stable traditional logistics business, the Group will leverage on its own resources to explore new logistics businesses. While implementing strict risk control, the Group will actively adjust the variety and scale of its materials procurement business. In terms of automobile logistics business, the Group is expected to maintain a strong development momentum. As for materials procurement business, the Group will attach greater emphasis to risk control and strictly review the qualification of suppliers and customers, so as to ensure smooth operation of the business. In terms of the logistics and supply chain services for electronic components business, the Group will continue to expand its business footprint and maintain its profitability. As to the cold chain logistics business, the Group will continue to adjust the business model to enhance profitability and mitigate impacts from changes in the national policies. When facing the opportunities and great challenges ahead, the Group is full of confidence about its future business development as the Group is committed to consolidating its existing advantages, preventing and resolving risks and carrying out transformation and upgrading.

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 borrowings from financial institutions. As at 30 June 2018, total assets of the Group amounted to RMB2,847,158,000, amongst which, total current assets amounted to RMB2,278,261,000, and total non-current assets were RMB568,897,000. The Group's total liabilities were RMB1,896,280,000, of which current liabilities amounted to RMB1,863,768,000, and non-current liabilities amounted to RMB32,512,000. Total equity amounted to RMB950,878,000, of which equity interest attributable to the Group amounted to RMB853,099,000 and minority interests amounted to RMB97,779,000.

Charge on Assets of the Group

As at 30 June 2018, the charge on assets of the Group was as follows:

On 8 November 2016, Bonded Warehouse, a wholly-owned subsidiary of the Group, entered into a financial lease agreement with Huayun Finance Leasing Company Limited* (華運金融租賃股份有限公司) ("Huayun Leasing") at the consideration of RMB91,000,000, and entered into a mortgage in favour of Huayun Leasing to guarantee the principal payment under the finance lease agreement. The mortgaged assets are certain properties and facilities of Bonded Warehouse with a net value of approximately RMB109,436,000.

On 11 May 2017, Bonded Warehouse, a wholly-owned subsidiary of the Group, further entered into a financial lease agreement with Tianyin Finance Leasing Company Limited* (天銀金融租賃有限公司) ("Tianyin Leasing") at the consideration of RMB55,000,000, and entered into a mortgage in favour of Tianyin Leasing to guarantee the principal payment under the finance lease agreement. The mortgaged assets are yards and facilities of Bonded Warehouse with a net value of approximately RMB55,469,000.

Gearing Ratio

As at 30 June 2018, the Group's gearing ratio was approximately 67% (31 December 2017: approximately 64%), which was calculated 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 2018, the Group had an exchange gain of RMB258,000 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 2018, the Group had no material contingent liabilities.

Employees

As at 30 June 2018, the Group had a total of 2,162 employees (corresponding period in 2017: 2,130 employees). During the reporting period, staff costs, including Directors' and supervisors' remunerations, amounted to approximately RMB59,488,000 (corresponding period in 2017: approximately RMB64,503,000). 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 Share Capital, Underlying Shares and Debentures of the Company or any of its Associated Corporations

As of 30 June 2018, 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 2018, 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 2018, 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 2018, 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 2018, 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.

Mr. Zhang Jian (being a former executive Director of the Company) retired as the Chairman and chief executive officer of the Company (the "General Manager") on 20 March 2018 as he had reached the age of 60. On the same day, the position of the General Manager was assumed by Mr. Yang Weihong (who was appointed at the fourth meeting of the fourth session of the Board held on 20 March 2018) and the position of the Chairman was assumed by Mr. Zhang Wang (being an executive Director) (who was appointed at the fourth meeting of the fourth session of the Board held on 20 March 2018), details of which were set out in the announcement of the Company dated 20 March 2018.

As at 20 March 2018, Mr. Zhang Jian was both the Chairman and General Manager and he was responsible for managing the Board and the Group's business. The business operation of the Group has remained stable and appropriate decisions on critical issues which were in the interest of the shareholders as a whole have been made in a timely manner. The Board considered that the combination of the roles of Chairman and General Manager helps effectively formulating and implementing the Group's strategies as well as quickly responding to the ever-changing markets.

From 20 March 2018 to 11 May 2018, the Chairman and the General Manager were assumed by Mr. Zhang Wang and Mr. Yang Weihong respectively, which complied with the Code A.2.1.

On 25 April 2018, Mr. Zhang Wang tendered his letter of resignation to the Board due to his personal work and resigned as an executive Director and the Chairman, which was approved at the sixth (extraordinary) meeting of the fourth session of the Board held on 25 April 2018, with effect upon the conclusion of the Company's annual general meeting of 2017 convened on 11 May 2018 ("AGM"), details of which were set out in the announcement of the Company dated 25 April 2018.

Having considered the need of the Company's business development, the Board is still of the opinion that the combination of the roles of Chairman and General Manager can effectively formulate and implement the strategies of the Group, make appropriate decisions which are in the interest of the shareholders as a whole and be beneficial to the stable operation of the Company during the transition of its senior management. Moreover, Mr. Yang Weihong has extensive experience in enterprise management and has been director of various companies responsible for the management issues. Therefore, the appointment of Mr. Yang Weihong as an executive Director was approved at the AGM and Mr. Yang Weihong was elected as the Chairman at the seventh meeting of the fourth session of the Board convened on the same day. From 11 May 2018 to the date of this report, the Chairman and the General Manager were assumed by Mr. Yang Weihong. The Board considers that, at this moment, it is not necessary to separate the roles of the Chairman and the General Manager. 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 General Manager should be separated.

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*
Yang Weihong
Chairman

Tianjin, the PRC
10 August 2018

As at the date of this report, the executive Director is Mr. Yang Weihong; the non-executive Directors are Ms. Peng Bo, Mr. Zheng Yuying, Miss Tse, Theresa Y Y and Mr. Yang Xiaoping; and the independent non-executive Directors are Mr. Cheng Xinsheng, Mr. Japhet Sebastian Law, and Mr. Zhou Zisheng.

This report will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This report will also be posted on the Company's website at www.tbtl.cn.