



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

Third Quarterly 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 nine months ended 30 September 2018:

- Total turnover amounted to RMB1,805,363,000 (corresponding period in 2017: RMB1,499,670,000), representing an increase of approximately 20.38% as compared with the corresponding period last year.
- Gross profit was approximately RMB87,844,000 (corresponding period in 2017: RMB65,406,000), representing an increase of approximately 34.31% as compared with the corresponding period last year.
- Gross profit margin was approximately 4.87%, representing an increase of approximately 0.5 percentage point as compared with 4.36% of the corresponding period last year.
- Profit attributable to shareholders was approximately RMB15,068,000 (corresponding period in 2017: RMB9,656,000), representing an increase of approximately 56.05% as compared with the corresponding period last year.
- Earnings per share was RMB4.3 cents (corresponding period in 2017: RMB2.7 cents).

Unaudited Consolidated Third Quarterly Results of 2018

The board of directors (the “Board”) of Tianjin Binhai Teda Logistics (Group) Corporation Limited (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 2018 together with the comparative unaudited figures for the corresponding period in 2017.

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

For the nine months ended 30 September 2018

	Notes	For the nine months ended 30 September	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	4	1,805,363	1,499,670
Cost of sales		(1,717,519)	(1,434,264)
Gross profit		87,844	65,406
Administrative expenses		(39,781)	(38,523)
Other income	6	9,172	2,917
Other gains/(losses) – net		292	(99)
Operating profit		57,527	29,701
Finance costs		(20,369)	(12,418)
Share of results of investments accounted for using the equity method		12,621	14,139
Profit before income tax		49,779	31,422
Income tax expense	7	(14,840)	(9,062)
Profit and total comprehensive income for the period		34,939	22,360
Attributable to:			
Owners of the Company		15,068	9,656
Non-controlling interests		19,871	12,704
Earnings per share	9		
– Basic and diluted (RMB cents)		4.3	2.7

Notes to the Condensed Consolidated Financial Information (Unaudited)

For the nine months ended 30 September 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 ("H shares") on the GEM ("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 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 financial information has been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules of the Stock Exchange.

3. Significant accounting policies

The accounting policies adopted for the unaudited condensed consolidated quarterly financial statements for the nine months ended 30 September 2018 are consistent with those adopted in the preparation of the financial statements of the Group for the year ended 31 December 2017, and are in compliance with International Financial Reporting Standards ("IFRSs") (including IFRSs, International Accounting Standards and interpretations) issued by 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:

- 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 nine months ended 30 September 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	720,739	1,079,580	1,800,319	43,580	1,843,899
Inter-segment revenue	–	(34,690)	(34,690)	(3,846)	(38,536)
Revenue from external customers	720,739	1,044,890	1,765,629	39,734	1,805,363
Segment results	55,418	(495)	54,923	(2,482)	52,441
Share of results of investments accounted for using the equity method					12,621
Unallocated other income					9,172
Unallocated corporate expenses					(4,086)
Finance costs					(20,369)
Profit before income tax					49,779
Income tax expense					(14,840)
Profit for the period					34,939
Other information:					
Depreciation and amortisation	(6,155)	(276)	(6,431)	(9,189)	(15,620)
Income tax expense	(14,500)	–	(14,500)	(340)	(14,840)

	For the nine months ended 30 September 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	655,672	809,323	1,464,995	45,281	1,510,276
Inter-segment revenue	–	(5,508)	(5,508)	(5,098)	(10,606)
Revenue from external customers	655,672	803,815	1,459,487	40,183	1,499,670
Segment results	29,374	(2,962)	26,412	3,259	29,671
Share of results of investments accounted for using the equity method					14,139
Unallocated other income					2,917
Unallocated corporate expenses					(2,887)
Finance costs					(12,418)
Profit before income tax					31,422
Income tax expense					(9,062)
Profit for the period					22,360
Other information:					
Depreciation and amortisation	(8,063)	(185)	(8,248)	(8,946)	(17,194)
Income tax expense	(8,999)	68	(8,931)	(131)	(9,062)

5. Expenses by nature

	For the nine months ended 30 September	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	13,613	15,189
Amortisation of prepaid lease payments included in administrative expenses	537	528
Exchange gain	(366)	(347)

6. Other income

	For the nine months ended 30 September	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest income	9,172	2,917

7. Income tax expense

	For the nine months ended 30 September	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
The Company and its subsidiaries	(14,840)	(9,062)

8. Dividends

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2018 (interim dividend for the nine months ended 30 September 2017: Nil).

9. Earnings per share

	For the nine months ended 30 September	
	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	15,068	9,656

	Number of shares For the nine months ended 30 September	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)
Weighted average number of shares for the purpose of calculating basic and diluted 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 earnings RMB'000			
As 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	-	-	-	-	9,656	9,656	12,704	22,360
Dividends paid	-	-	-	-	(10,584)	(10,584)	(12,432)	(23,016)
Transfers	-	-	2,655	-	(2,655)	-	-	-
As at 30 September 2017 (unaudited)	354,312	55,244	85,589	(40,614)	383,573	838,104	94,765	932,869
As at 1 January 2018 (audited)	354,312	55,244	86,032	(40,614)	396,206	851,180	103,280	954,460
Adjustment at the beginning of the period	-	-	-	-	-	-	-	-
Profit for the period and total comprehensive income for the period	-	-	-	-	15,068	15,068	19,871	34,939
Dividends paid	-	-	-	-	-	-	(19,460)	(19,460)
Transfers	-	-	4,148	-	(4,148)	-	-	-
As at 30 September 2018 (unaudited)	354,312	55,244	90,180	(40,614)	407,126	866,248	103,691	969,939

11. Financial guarantee liabilities

As at 30 September 2018, 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 RMB350 million. The borrowings drawn down by the joint venture as at 30 September 2018 was approximately RMB62,424,242.40.

Management Discussion and Analysis

Financial Review

For the nine months ended 30 September 2018, the Group recorded a turnover of RMB1,805,363,000, representing an increase of RMB305,693,000 or 20.38% as compared to that of the corresponding period last year. The increase in the turnover was mainly attributable to the increase in the operating results of the Group's logistics and supply chain services for finished automobiles and components as compared with the corresponding period last year and the increase in the Group's materials procurement and related logistics services as compared with the corresponding period last year.

For the nine months ended 30 September 2018, overall gross profit margin for the Group was 4.87%, representing an increase of 0.5 percentage point as compared with 4.36% of the corresponding period last year. The increase in the gross profit margin was mainly attributable to the increase in the operating results of the Group's logistics and supply chain services for finished automobiles and components, materials procurement and related logistics services as compared with the corresponding period last year.

For the nine months ended 30 September 2018, the Group's share of results of associates amounted to RMB12,621,000, representing a decrease of RMB1,518,000 or 10.74% as compared to RMB14,139,000 of the corresponding period last year. The decrease in the share of results of associates was mainly attributable to the decrease in the operating results of Tianjin Alps Teda Logistics Co., Ltd. as compared with the corresponding period last year and the increase in losses 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 2018, net profit attributable to the equity holders of the Group amounted to RMB15,068,000, representing an increase of RMB5,412,000 or 56.05% as compared with RMB9,656,000 of the corresponding period last year. The main reasons for the substantial increase in the net profit attributable to the equity holders of the Group are: 1. the substantial increase in the operating results of Tianjin Fengtian Logistics Co., Ltd., a subsidiary of the Group, due to the increase in cargo traffic during the reporting period; 2. the increase in the operating results of the Group's materials procurement and related logistics services as compared with the corresponding period last year.

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

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 and the profit attributable to the equity holders achieved a substantial growth as compared with the corresponding period last year. In particular, 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 an increase as compared with that of the corresponding period last year due to the structural adjustments made to the segment for expanding new cooperation. Tianjin Yuan Da Xian Dai Logistics Co., Ltd., a subsidiary of the Company, recorded periodic loss in its operating results for the third quarter as a result of decrease in cargo traffic and warehouse maintenance; Tianjin Alps Teda Logistics Co., Ltd. (a joint venture of the Company) recorded a decrease in its operating results as compared with 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 427,866 sets, decreased by 8,568 sets or 1.96% as compared to last year. During the reporting period, the throughput of logistics services for the imported automobiles was 30,507 sets, increased by 6,449 sets or 26.81% as compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB720,739,000, representing an increase of RMB65,067,000 or 9.92% as compared with the corresponding period last year.

Materials procurement and related logistics services

Turnover recorded for the reporting period amounted to RMB1,044,890,000, representing an increase of RMB241,075,000 or 30% as compared with the corresponding period last year.

Other logistics services

Turnover recorded for the reporting period amounted to RMB39,734,000, representing a decrease of RMB449,000 or 1.12% 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 RMB481,428,264, representing a decrease of RMB124,858,867 or 20.59% as compared with the corresponding period last year. Affected by the increased operating costs and exchange rate fluctuations, the operating results declined as compared with the corresponding period last year.

Outlook and Prospects

For the first three quarters of 2018, the PRC's economic growth rate stood at 6.7%, while Tianjin recorded a lower economic growth of 3.5%. 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 the data from China Federation of Logistics & Purchasing, the total demand for social logistics basically remained stable, the growth rate of logistic costs in transportation has steadily fallen back, and the logistics industry continued to push forward transformation and upgrading while remaining under great capital pressure. The results of automobile logistics has achieved a periodic substantial increase due to tax cut for imported vehicles by the PRC government since July 2018. Meanwhile, due to the strategic contraction of businesses of the Company's branch company in Changshu City and its wholly-owned subsidiary, He Guang Trade and Business Co., Ltd., the costs and expenses were reduced, leading to a substantial decrease in loss recorded for the reporting period as compared with that for the corresponding period of last year. The above-mentioned factors have led to a significant increase in the overall operating results of the Group as compared to the corresponding period of last year.

On 10 October 2018, the International Monetary Fund cut its economic growth forecasts for 2018 and 2019 for the global economy and major economies, stating that the escalation of trade tensions and emerging market pressures are the main contributors to the slowdown in the growth. Demand is expected to slow down in the fourth quarter, global capital liquidity will continue to shrink and trade frictions will continue to exist, resulting in further slowdown in global economic growth. 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 implement strict risk control and seize the opportunity to carry out strategic adjustment to its business structure, with an aim to leveraging on its own resources to explore new logistics businesses and actively adjusting the variety and scale of its materials procurement business. In terms of automobile logistics business, we expect to witness a drop in our business scale and results due to a slowdown in the growth of the PRC's automobile industry. As for materials procurement business, the Group will attach greater emphasis to risk control 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 scope and maintain a relatively good level of profitability. As to the cold chain logistics business, the Group will improve the business model to enhance profitability and proactively mitigate adverse impacts resulting from trade frictions. Facing the opportunities and challenges ahead, the Group will remain cautiously optimistic regarding its future business development as the Group is committed to continuously consolidating its existing advantages, proactively preventing and resolving risks and promoting autonomous transformation and upgrading.

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 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 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 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 September 2018, 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 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 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, supervisors and chief executives of the Company, as at 30 September 2018, 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 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 deviations: according to code provision A.2.1, the roles of the chairman of the Board (the “Chairman”) and the chief executive officer 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 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 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. The Board considered that the combination of the roles of Chairman and General Manager helps to effectively formulate and implement the Group’s strategies as well as facilitate prompt response to the ever-changing markets.

From 20 March 2018 to 11 May 2018, the roles of Chairman and General Manager were assumed by Mr. Zhang Wang and Mr. Yang Weihong respectively, which complied with the GEM Code Provision 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 of the Company held on 25 April 2018, with effect upon the conclusion of the Company’s annual general meeting (“AGM”) of 2017 convened on 11 May 2018, 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, and make appropriate decisions which are in the interest of the shareholders as a whole. 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 of the Company convened on the same day. From 11 May 2018 to the date of this report, the roles of Chairman and General Manager were assumed by Mr. Yang Weihong. The Board considers that, at this moment, it is not necessary to separate the roles of Chairman and 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 Chairman and CEO 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. 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, 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*
Yang Weihong
Chairman

Tianjin, the PRC
12 November 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, Mr. Peng Zuowen and Mr. Zhou Zisheng.