



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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2019 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 2019:

- Total turnover amounted to RMB1,436,846,000 (corresponding period in 2018: RMB1,138,229,000), representing an increase of approximately 26.24% as compared with the corresponding period last year.
- Gross profit was approximately RMB82,084,000 (corresponding period in 2018: RMB59,046,000), representing an increase of approximately 39.02% as compared with the corresponding period last year.
- Gross profit margin was approximately 5.71%, representing an increase of approximately 0.52 percentage points as compared with 5.19% achieved in the corresponding period last year.
- Profit attributable to shareholders amounted to approximately RMB10,340,000 (corresponding period in 2018: RMB1,919,000), representing an increase of approximately 439% as compared with the corresponding period last year.
- Earnings per share was RMB2.9 cent (corresponding period in 2018: RMB0.5 cents).

Unaudited consolidated interim results of 2019

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 2019 together with the unaudited comparative data for the corresponding period in 2018.

Condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	4	1,436,846	1,138,229
Cost of sales	7	(1,354,762)	(1,079,183)
Gross profit		82,084	59,046
Administrative expenses	7	(27,928)	(30,580)
Other income	5	5,843	2,341
Other (losses)/gains – net		(184)	77
Operating profit		59,815	30,884
Finance costs	6	(22,088)	(9,906)
Share of results of investments accounted for using the equity method		8,353	4,906
Profit before income tax		46,080	25,884
Income tax expense	8	(16,678)	(10,006)
Profit for the period and total comprehensive income for the period		29,402	15,878
Attributable to:			
Owners of the Company		10,340	1,919
Non-controlling interests		19,062	13,959
Earnings per share	10		
– Basic and diluted (RMB cents)		2.9	0.5

Condensed consolidated statement of financial position (unaudited)

As at 30 June 2019

Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Non-current assets		
Property, plant and equipment	156,000	161,142
Land use rights	18,151	18,917
Investment properties	306,700	306,700
Investments accounted for using the equity method	228,852	239,151
Equity instruments at fair value through other comprehensive income	18,500	18,500
	728,203	744,410
Current assets		
Inventories	1,518	1,533
Trade and other receivables	1,566,481	1,296,654
Pledged bank deposits	240,910	172,591
Cash and cash equivalents	421,295	387,273
	2,230,204	1,858,051
Total assets		
	2,958,407	2,602,461
Equity		
Share capital	354,312	354,312
Other reserves	114,338	107,916
Retained earnings	498,767	494,849
	967,417	957,077
Non-controlling interests		
	104,322	108,859
Total equity	1,071,739	1,065,936
Non-current liabilities		
Deferred tax liabilities	57,923	57,923
Deferred income	5,002	5,177
Obligations under finance lease	51,145	7,304
	114,070	70,404
Current liabilities		
Trade and other payables	816,404	708,353
Contract liabilities	326,549	202,042
Current income tax liabilities	11,738	6,072
Borrowings	552,648	504,520
Obligations under finance lease	65,259	45,134
	1,772,598	1,466,121
Total liabilities		
	1,886,668	1,536,525
Total equity and liabilities		
	2,958,407	2,602,461
Net current assets		
	457,606	391,930
Total assets less current liabilities		
	1,185,809	1,136,340

Condensed consolidated statement of changes in equity (unaudited)

As of 30 June 2019

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Statutory reserves	Other reserves	Retained earnings	Attributable to owners of the parent company		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018 (Audited)	354,312	55,244	86,032	(40,614)	497,344	952,318	103,280	1,055,598
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)	495,986	954,237	97,779	1,052,016
At 1 January 2019 (Audited)	354,312	55,244	93,286	(40,614)	494,849	957,077	108,859	1,065,936
Profit for the period and total comprehensive income for the period					10,340	10,340	19,062	29,402
Dividend paid						-	(23,599)	(23,599)
Transfer			6,422		(6,422)	-		-
At 30 June 2019 (Unaudited)	354,312	55,244	99,708	(40,614)	498,767	967,417	104,322	1,071,739

Condensed consolidated cash flow statement (unaudited)*For the six months ended 30 June 2019*

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operating activities	(3,664)	(369,163)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,140)	(752)
Increase in pledged bank deposits	(68,319)	(12,431)
Dividends received from investments accounted for using the equity method	18,650	19,000
Net cash (used in)/generated from investing activities	(50,809)	5,817
Cash flows from financing activities		
Proceeds from borrowings	678,447	474,654
Repayments of borrowings	(630,319)	(290,000)
Proceeds from loan arrangement	88,333	–
Repayment of obligations under finance lease	(24,367)	(23,466)
Dividends paid to owners of the Company	(23,599)	–
Net cash generated from financing activities	88,495	161,188
Net increase/(decrease) in cash and cash equivalents	34,022	(202,158)
Cash and cash equivalents at 1 January	387,273	552,990
Cash and cash equivalents at 30 June represented by bank balances and cash	421,295	350,832

Notes to the condensed consolidated financial information (unaudited)

For the six months ended 30 June 2019

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 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 2019 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 2018, 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 2018. The new International Financial Reporting Standards 16 Leases which have become effective during the reporting period have no material impact on the accounting policies in the Group's condensed consolidated interim financial statements for the reporting 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 2019

	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	579,243	822,532	1,401,775	41,264	1,443,039
Inter-segment revenue	–	–	–	(6,193)	(6,193)
Revenue from external customers	579,243	822,532	1,401,775	35,071	1,436,846
Segment results	56,164	522	56,686	(107)	56,579
Share of results of investments accounted for using the equity method					8,353
Unallocated other income					5,843
Unallocated corporate expenses					(2,607)
Finance costs					(22,088)
Profit before income tax					46,080
Income tax expense					(16,678)
Profit for the period					29,402
Other information:					
Depreciation and amortisation	(4,156)	(160)	(4,316)	(3,046)	(7,362)
Income tax expense	(16,376)	–	(16,376)	(302)	(16,678)

	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)

5. Other income

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest income	5,843	2,341

6. Finance costs

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on bank borrowings	17,043	6,739
Interest on finance lease	5,045	3,167
	22,088	9,906

7. Expenses by nature

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	6,787	9,151
Amortisation of prepaid lease payments included in administrative expenses	263	357
Exchange gain	(165)	(258)
Other expenses	21,043	21,330
Cost of sales	1,354,762	1,079,183
Total cost of sales and administrative expenses	1,382,690	1,109,763

8. Income tax expense

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
The Company and its subsidiaries	(16,678)	(10,006)

9. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (interim dividend for the six months ended 30 June 2018: nil).

10. Earnings per share

	Six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 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	10,340	1,919

11. Property, plant and equipment

During the reporting period, the Group spent RMB1,140,000 (six months ended 30 June 2018: RMB752,000) on acquisition of property, plant and equipment.

12. Trade and other receivables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	673,773	664,063
Less: allowance for credit loss/doubtful debts	(26,400)	(26,400)
	647,373	637,663
Bills receivables	250,475	1,950
	897,848	639,613
Other receivables	214,631	168,711
Less: allowance for credit loss/doubtful debts	(527)	(527)
	1,111,952	807,797
Prepayments to suppliers	475,132	509,460
Less: allowance for credit loss/doubtful debts	(20,603)	(20,603)
	454,529	488,857
Prepayments to suppliers-net	454,529	488,857
Total trade and other receivables	1,566,481	1,296,654

As at 30 June 2019, the ageing analysis of trade and bills receivables is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0-90 days	614,485	359,818
91-180 days	33,174	32,792
181-365 days	63,561	62,829
Over 1 year	213,028	210,574
	924,248	666,013

13. Trade and other payables

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	215,119	209,477
Bills payables	534,804	445,012
	749,923	654,489
Other tax payables	2,885	2,826
Other payables	63,596	51,038
Total trade and other payables	816,404	708,353

As at 30 June 2019, the ageing analysis of trade and bills payables is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
0-90 days	554,361	483,814
91-180 days	161,487	140,937
181-365 days	21,919	19,130
Over 1 year	12,156	10,608
	749,923	654,489

14. Borrowings

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Borrowings	552,648	504,520

15. Share capital

	Number of shares		Amount RMB
	Domestic shares	H Shares	
At 31 December 2018 and 30 June 2019	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 2019 amounted to RMB1,895,000 (six months ended 30 June 2018: RMB1,855,000).

Management discussion and analysis

Financial Review

For the six months ended 30 June 2019, the Group recorded a turnover of RMB1,436,846,000, representing an increase of RMB298,617,000 or 26.24% 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 2019, overall gross profit margin for the Group was 5.71%, representing an increase of 0.52 percentage points as compared with the overall gross profit margin 5.19% 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 2019, management expenses for the Group was RMB27,928,000, representing a decrease of RMB2,652,000 or 8.67% as compared with management expenses of RMB30,580,000 of the corresponding period last year.

For the six months ended 30 June 2019, the share of results of associates of the Group was RMB8,353,000, representing an increase of RMB3,447,000 or 70% as compared with RMB4,906,000 of the corresponding period last year. The increase in share of results of associates was mainly due to the significant increase in the operating results of Tianjin Tianxin Automobile Inspection Co., Ltd. and Tianjin Port Gangwan International Automobile Logistics Co., Ltd. as compared to the corresponding period last year, and the decrease 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 2019, finance costs for the Group was RMB22,088,000, representing an increase of RMB12,182,000 or 123% as compared with finance costs of RMB9,906,000 of the corresponding period last year. The increase in finance costs was mainly attributable to the increase in scale of financing during the reporting period, the rise in the comprehensive finance cost of the Company led to the increase in finance costs.

For the six months ended 30 June 2019, net profit attributable to the equity holders of the Group amounted to RMB10,340,000, representing an increase of RMB8,421,000 or 439% as compared with RMB1,919,000 of the corresponding period last year. The main reasons are: the operating results of Tianjin Fengtian Logistics Co., Ltd. increased significantly during the reporting period as compared with the corresponding period last year and the Company's investment income increased as compared with 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 services and other services such as bonded warehouse, container yard, supervision, agency and transportation services. During the reporting period, the overall operating income of the Group significantly increased as compared with the corresponding period last year, among which, the operating income of the logistics and supply chain services for finished automobiles and components business increased significantly as compared with the corresponding period last year. In particular, significant increase was recorded for the logistics services for imported automobiles business, driving substantial growth in performance in such segment as compared with that of the corresponding period last year. During the reporting period, the materials procurement and related logistics services business of the Group recorded an increase in its operating income and operating profit as compared with that of the corresponding period last year. The bonded warehouse, transportation and supervision business of the Company's subsidiaries recorded a slight decrease in its operating results. Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. (both joint ventures of the Group) recorded a decrease in operating income, but an increase in operating profits due to the growth of air freight export business. Benefited from the growth of inspection warehousing business, the operating profit of Tedahang Cold Chain Logistics Co., Ltd., a joint venture of the Group, increased as compared with that of 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 295,107 sets, representing an increase of 17,539 sets or 6.32% as compared with the corresponding period last year. The throughput of logistics services for the imported automobiles was 25,621 sets, representing an increase of 8,202 sets or 47% as compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB579,243,000, representing an increase of RMB113,321,000 or 24.32% as compared with the corresponding period last year.

Materials procurement and related logistics services

During the reporting period, the principal business income amounted to RMB822,532,000, representing an increase of RMB178,948,000 or 28% as compared with the corresponding period last year.

Warehouse, supervision, agency and other incomes

During the reporting period, the operating income amounted to RMB35,071,000, representing an increase of RMB6,348,000 or 22% as compared with the corresponding period last year.

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

During the reporting period, the operating income amounted to RMB338,762,000, representing a decrease of RMB16,663,000 or 5% as compared with the corresponding period last year. However, thanks to the growth of air freight export business, Tianjin Alps Teda Logistics Co., Ltd. recorded a slight increase in its operating profits.

Prospects and Outlook

In the first half of 2019, international environment remained complex and challenging, the situation is grim. Given the continued Sino-US trade frictions and the downward pressure of domestic economy has not diminished, financing environment of Tianjin remained challenging. In the first half of this year, the Group made full use of its advantages in logistics infrastructure and technology, and achieved substantial progress in several new automobile logistics projects, broadening the customer base and service scope of automobile logistics business. Through innovative business models, with the advantages of national logistics network and professional technology, the Group integrated its logistics segments and carried out scientific management, thus realizing win-win situation in which it expanded its own business and reduced logistics cost for its customers, and promoted the transformation and development of the Company's materials procurement business. The Group constantly promoted safe production and ensured the safety of its property and employees. It also continued to improve internal management, strengthen internal control, clarify the division of labor and authority at all decision-making levels, ensure decision-making is in compliance and improve decision-making efficiency, which provided management guarantee for the further development of the Company.

In the future, the Group will continue to adhere to its strategy of developing integrated logistics business and the development philosophy of "steady progress", implement the requirements of high-quality development of enterprises, actively respond to changes in the external environment, seek progress, overcome difficulties, take solid steps and move forward; actively explore strategic sizeable projects, strictly control business risks, adjust business structure and create new profit growth points; focus on its principal business, actively dispose of inefficient loss-making business, and enhance its own-brand business operation. It is expected that, for materials procurement business of the Group, with strict risk control, the Group will continue to intensify project development and maintain a good development trend. For automobile logistics business, the Group will further rely on the advantages of its resources and technology, bring into play the Group's synergy effect, introduce new business and customers. For the logistics and supply chain services for electronic components business, the Group will continue to expand its scope of business and pursue stable development. Despite various challenges, the Company will continue to improve its management standards, develop new projects, maintain stability and generate benefits. The Company is still confident in its future 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 borrowings from banks. As at 30 June 2019, total assets of the Group amounted to RMB2,958,407,000, amongst which, total current assets amounted to RMB2,230,204,000, and total non-current assets were RMB728,203,000. The Group's total liabilities were RMB1,886,668,000, of which current liabilities amounted to RMB1,772,598,000, and non-current liabilities amounted to RMB114,070,000. Total equity amounted to RMB1,071,739,000, of which equity interest attributable to the Group amounted to RMB967,417,000 and minority interests amounted to RMB104,322,000.

Charge on Assets of the Group

As at 30 June 2019, the charge on assets of the Group was as follows:

On 8 November 2016, TEDA General Bonded Warehouse Co., Ltd ("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, 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.

On 8 March 2019, the Company entered into a financial lease agreement with Shanghai Electric Leasing Co., Ltd. (“Shanghai Electric Leasing”) at the consideration of RMB100,000,000, and entered into a pledge contract in favour of Shanghai Electric Leasing to guarantee the principal payment under the finance lease agreement. The pledged asset is the real estate located at No. 345, Jiyun 5th Avenue, Tanggu District, Tianjin with a net value of approximately RMB128,100,000.

Gearing Ratio

As at 30 June 2019, the Group’s gearing ratio was approximately 63.8% (31 December 2018: approximately 59%), 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 2019, the Group had an exchange gain of RMB165,000 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 2019, the Group had no material contingent liabilities.

Employees

As at 30 June 2019, the Group had a total of 2,103 employees (corresponding period in 2018: 2,162 employees). During the reporting period, staff costs, including Directors’ and supervisors’ remunerations, amounted to approximately RMB59,644,000 (corresponding period in 2018: approximately RMB59,488,000). 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 Short Positions in Share Capital, Underlying Shares and Debentures of the Company or any of Its Associated Corporations

As of 30 June 2019, 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 2019, 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 2019, 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 2019, 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%
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 2019, 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.

At the fourth meeting of the fourth session of the Board of the Company held on 20 March 2018, Mr. Yang Weihong was appointed as the chief executive officer of the Company (the "General Manager"), details of which were set out in the report of the Company dated 20 March 2018.

At the Company's annual general meeting of 2017 convened on 11 May 2018, Mr. Yang Weihong was appointed as an executive Director of the fourth session of the Board of the Company, 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.

Having considered the need of the Company's business development, the Board is 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. From 11 May 2018 to the date of this report, the Chairman and the General Manager were assumed by Mr. Yang Weihong. Moreover, Mr. Yang Weihong has extensive experience in enterprise management and has been director of various companies responsible for the management issues. 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. 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
9 August 2019

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