



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

## 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 (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited 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

For the nine months ended 30 September 2019, the financial highlights were as follows:

- Total turnover amounted to RMB2,020,746,000 (corresponding period in 2018: RMB1,805,363,000), representing an increase of approximately 11.93% as compared with the corresponding period last year.
- Gross profit amounted to approximately RMB110,927,000 (corresponding period in 2018: RMB87,844,000), representing an increase of approximately 26.28% as compared with the corresponding period last year.
- Gross profit margin was approximately 5.49%, representing an increase of approximately 0.62 percentage points as compared with 4.87% of the corresponding period last year.
- Profit attributable to shareholders was approximately RMB16,454,000 (corresponding period in 2018: RMB15,068,000), representing an increase of approximately 9.20% as compared with the corresponding period last year.
- Earnings per share was RMB4.6 cents (corresponding period in 2018: RMB4.3 cents).



## Unaudited Consolidated Third Quarterly Results of 2019

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

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

For the nine months ended 30 September 2019

	Notes	For the nine months ended 30 September	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	4	2,020,746	1,805,363
Cost of sales		(1,909,819)	(1,717,519)
Gross profit		110,927	87,844
Administrative expenses		(41,512)	(39,781)
Other income	6	9,717	9,172
Other gains – net		168	292
<b>Operating profit</b>		<b>79,300</b>	57,527
Finance costs		(30,679)	(20,369)
Share of results of investments accounted for using the equity method		13,908	12,621
<b>Profit before income tax</b>		<b>62,529</b>	49,779
Income tax expense	7	(21,269)	(14,840)
<b>Profit for the period and total comprehensive income for the period</b>		<b>41,260</b>	34,939
Attributable to:			
Owners of the Company		16,454	15,068
Non-controlling interests		24,806	19,871
Earnings per share	9		
– Basic and diluted (RMB cents)		4.6	4.3

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

For the nine months ended 30 September 2019

### 1. General

The Company was established as an investment holding joint stock limited 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") 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 (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

The financial information has been prepared to comply with the applicable disclosure requirements set out in Chapter 18 to the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

### 3. Significant Accounting Policy

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 operating segments of the Group are classified into two categories; 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 businesses of the Group's two reportable segments are as follows:

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

	For the nine months ended 30 September 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	898,773	1,045,572	1,944,345	87,310	2,031,655
Inter-segment revenue	-	(6,324)	(6,324)	(4,585)	(10,909)
Revenue from external customers	898,773	1,039,248	1,938,021	82,725	2,020,746
Segment results	73,729	908	74,637	(607)	74,030
Share of results of investments accounted for using the equity method					13,908
Unallocated other income					9,717
Unallocated corporate expenses					(4,447)
Finance costs					(30,679)
Profit before income tax					62,529
Income tax expense					(21,269)
Profit for the period					41,260
Other information:					
Depreciation and amortisation	(6,289)	(204)	(6,493)	(5,334)	(11,827)
Income tax expense	(20,966)	-	(20,966)	(303)	(21,269)

	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)

## 5. Expenses by Nature

	For the nine months ended 30 September	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	10,190	13,613
Amortisation of prepaid lease payments included in administrative expenses	386	537
Exchange gains	(203)	(366)

## 6. Other Income

	For the nine months ended 30 September	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest income	9,717	9,172

## 7. Income Tax Expense

	For the nine months ended 30 September	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
The Company and its subsidiaries	(21,269)	(14,840)

## 8. Dividend

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

## 9. Earnings per Share

	For the nine months ended 30 September	
	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	16,454	15,068

	Number of Shares For the nine months ended 30 September	
	2019 '000 (Unaudited)	2018 '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	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 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	-	-	-	-	15,068	15,068	19,871	34,939
Dividend paid	-	-	-	-	-	-	(19,460)	(19,460)
Transfers	-	-	4,148	-	-	(4,148)	-	-
At 30 September 2018 (Unaudited)	354,312	55,244	90,180	(40,614)	508,264	967,386	103,691	1,071,077
At 1 January 2019 (Audited)	<b>354,312</b>	<b>55,244</b>	<b>93,286</b>	<b>(40,614)</b>	<b>494,849</b>	<b>957,077</b>	<b>108,859</b>	<b>1,065,936</b>
Profit for the period and total comprehensive income for the period	-	-	-	-	16,454	16,454	24,806	41,260
Dividend paid	-	-	-	-	-	-	(23,599)	(23,599)
Transfers	-	-	6,384	-	(6,384)	-	-	-
At 30 September 2019 (Unaudited)	<b>354,312</b>	<b>55,244</b>	<b>99,670</b>	<b>(40,614)</b>	<b>504,919</b>	<b>973,531</b>	<b>110,066</b>	<b>1,083,597</b>

## 11. Financial Guarantee Liabilities

Since 7 December 2012, the Company has provided a financial guarantee to Tedahang, a joint venture with 60% interest owned by the Company, for its bank borrowing facilities of approximately RMB350,000,000. The balance of borrowings of Tedahang as of 30 September 2019 was approximately RMB37,030,303.

The following is an extract of the unaudited balance sheet of Tedahang as at 30 September 2019 as required under Rule 17.24 of the GEM Listing Rules:

	<b>As at</b>
	<b>30 September 2019</b>
	RMB'000
	(Unaudited)
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<b>Current</b>	
Cash and cash equivalents	3,098
Other current assets	16,838
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Total current assets	19,936
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Financial liabilities	(11,394)
Other current liabilities	(182,596)
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Total current liabilities	(193,990)
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<b>Net current liabilities</b>	<b>(174,054)</b>
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<b>Non-current</b>	
Assets	283,609
Financial liabilities	(25,636)
Other non-current liabilities	(11,972)
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<b>Total non-current liabilities</b>	<b>(37,608)</b>
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<b>Total non-current net assets</b>	<b>246,001</b>
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<b>Net assets</b>	<b>71,947</b>
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A summary of the unaudited consolidated income statement of Tedahang for the nine months ended 30 September 2019 is set out as follows:

	<b>For the nine months ended 30 September 2019</b>
	RMB'000 (Unaudited)
Revenue	49,954
Depreciation and amortisation	(9,585)
Interest income	50
Interest expense	(8,670)
<b>Losses before income tax</b>	<b>(11,133)</b>
Income tax expense	–
<b>Total losses for the period</b>	<b>(11,133)</b>
<b>Loss attributable to the parent company</b>	<b>(6,680)</b>

A reconciliation of the summarised financial information presented above to the carrying amount of the Company's interest in Tedahang is as follows:

	<b>For the nine months ended 30 September 2019</b>
	RMB'000 (Unaudited)
As at 1 January	83,080
Losses for the period	(11,133)
As at 30 September	71,947

## Management Discussion and Analysis

### Financial Review

For the nine months ended 30 September 2019, the Group recorded a turnover of RMB2,020,746,000, representing an increase of RMB215,383,000 or 11.93% as compared with the corresponding period last year. During the reporting period, turnover from the logistics and supply chain services for finished automobiles and components as well as bonded warehouse service, supervision and transport service increased as compared with that of the corresponding period last year, while materials procurement and related logistics services decreased as compared with that of the corresponding period last year.

For the nine months ended 30 September 2019, overall gross profit margin for the Group was 5.49%, representing an increase of 0.62 percentage points as compared with 4.87% of the corresponding period last year, among which, the gross profit of logistics and supply chain services for finished automobiles and components as well as bonded warehouse service, supervision and transport service remain unchanged as compared with that of the corresponding period last year, while the gross profit of materials procurement and related logistics services slightly increased as compared with that of the corresponding period last year.

For the nine months ended 30 September 2019, the share of results of joint ventures and associates of the Group amounted to RMB13,908,000, representing an increase of RMB1,287,000 or 10.20% as compared with RMB12,621,000 of the corresponding period last year. The increase in share of results of joint ventures and associates of the Group was mainly due to the significant reduction in losses in the operating results of Tedahang Cold Chain Logistics Co., Ltd. as compared with that of the corresponding period last year, and the slight increase in the operating results of Tianjin Tianxin Automobile Inspection Services Co., Ltd. as compared with that of the corresponding period last year.

For the nine months ended 30 September 2019, net profit attributable to the equity holders of the Group amounted to RMB16,454,000, representing an increase of RMB1,386,000 or 9.20% as compared with the net profit of RMB15,068,000 of the corresponding period last year, which was mainly attributable to the significant increase in the operating results of Tianjin Fengtian Logistics Co., Ltd. in the reporting period as compared with the corresponding period last year, and the increase of investment income of the Company 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, container yard, supervision, agency and transportation services. During the reporting period, the overall operating income of the Group 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 a slight decrease in its operating income and an increase in its operating results 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, and a slight decrease in operating profit as compared with last year. Having 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, with a significant reduction in loss.



### **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 428,434 sets, representing a decrease of 158 sets or 0.04% as compared with the corresponding period last year. The throughput of logistics services for the imported and exported automobiles was 41,281 sets, representing an increase of 10,774 sets or 35.32% as compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB898,773,000, representing an increase of RMB178,034,000 or 24.70% as compared with the corresponding period last year.

### **Materials Procurement and Related Logistics Services**

Principal business income recorded for the reporting period amounted to RMB1,039,248,000, representing a decrease of RMB5,642,000 or 0.54% as compared with the corresponding period last year.

### **Warehouse, Supervision, Agency and Other Incomes**

Operating income recorded for the reporting period amounted to RMB82,725,000, representing an increase of RMB42,991,000 or 108.20% as compared with the corresponding period last year.

### **Logistics and Supply Chain Services for Electronic Components (Conducted Through Investments in Joint Ventures)**

Operating income recorded for the reporting period amounted to RMB522,389,000, representing a decrease of RMB31,297,000 or 5.65% as compared with the corresponding period last year.

## **Outlook and Prospects**

In the first three quarters of 2019, the pressure of domestic economic downturn has not diminished, and the financing environment of Tianjin has become more challenging. The Group strove to continue the positive momentum of development in the first half of the year, made full use of its advantages in logistics infrastructure and technology, and continued to broaden the customer base and service scope of automobile logistics business. Through innovative business models, integrated logistics segments and the strengthening of its scientific management, the Group has always been committed to promoting the collaborative development of its internal resources, expanding the business and reducing cost, thus realising win-win situations for its customers and the transformation of its materials procurement business. The Group constantly promoted safe production and ensured the safety of its assets and employees. It also continued to strengthen internal management, optimize internal control, clarify the division of labour and authority at all decision-making levels, ensure compliance of decision-making and improve decision-making efficiency.

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, explore strategic sizeable projects, adjust business structure and create new profit growth points, focus on its principal business, strictly control business risks, actively dispose of inefficient business, and resolve historical issues. Under the circumstance of credit crunch of banks, through credit enhancement of shareholders to obtain financing from various channels, the Group optimizes its financing structure and ensures the safety of capital chain of the Company. It is expected that, for the automobile logistics business, the Group will further rely on the advantages of its resources and technology, bring into play the Group's synergy effect, and 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. For the materials procurement business, with strict risk control, the Group will continue to adjust business direction and maintain a good development direction. Despite various challenges, the Group will maintain its confidence, keep up with its momentum, strengthen existing advantages, develop new projects, and strive to focus on its principal business and create a better future.

## Directors', Supervisors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporations

As at 30 September 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 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.

## 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 September 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 had 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 2019, the following persons (other than the Directors, supervisors or 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.	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Chia Tai Land Company Limited	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 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%
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 2019, no other persons (other than the 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 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, substantial shareholders of the Company nor 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 during the period under review, except for the following deviations: pursuant to the Code Provision A.2.1, the roles of the chairman of the Board (the "Chairman") and the chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive officer should be clearly established and set out in writing.

Mr. Yang Weihong was appointed as the chief executive officer of the Company (the "General Manager") 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.

Mr. Yang Weihong was appointed as the executive director of the fourth session of the Board of the Company at the Company's annual general meeting of 2017 convened on 11 May 2018, 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 the Chairman and the 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. From 11 May 2018 to the date of this report, the roles of Chairman and 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 defined 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 had 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  
6 November 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.*