天津濱海泰達物流集團股份有限公司

# Tianjin Binhai Teda Logistics (Group) Corporation Limited*

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

**(Stock code: 8348)**

## ANNUAL RESULTS ANNOUNCEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2012

### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE ANNUAL ANNOUNCEMENT STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of the companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**



*This announcement, for which the directors 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 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 announcement is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FINANCIAL HIGHLIGHTS

- Revenue decreased approximately 12% to RMB2,016,408,000
- The gross margin was approximately 5.14%
- Profit attributable to shareholders decreased approximately 27% to RMB59,078,000
- Earnings per share was RMB0.17

## ANNUAL RESULTS

The Board of Directors (the "Board") of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") is pleased to announce the audited comprehensive results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012, together with the comparative figures for the corresponding period in 2011 are as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2012*

| | Note | **2012** **RMB'000** | 2011 RMB'000 |
|---|---|---|---|
| Revenue | 3 | **2,016,408** | 2,288,319 |
| Cost of sales | 10 | **(1,912,860)** | (2,172,715) |
| **Gross profit** | | **103,548** | 115,604 |
| Administrative expenses | 10 | **(56,526)** | (62,816) |
| Other income | 4 | **17,826** | 13,026 |
| Other (losses)/gains – net | 5 | **(800)** | 7,427 |
| | | **64,048** | 73,241 |
| Finance costs | 6 | **(12,235)** | (7,214) |
| Share of results of associates | | **24,949** | 33,112 |
| **Profit before income tax** | | **76,762** | 99,139 |
| Income tax expense | 7 | **(11,445)** | (7,282) |
| **Profit/total comprehensive income for the year** | | **65,317** | 91,857 |
| **Profit attributable to:** | | | |
| Owners of the Company | | **59,078** | 80,521 |
| Non-controlling interests | | **6,239** | 11,336 |
| | | **65,317** | 91,857 |
| Earnings per share (RMB cents) | 9 | | |
| – Basic | | **17** | 23 |
| – Diluted | | **17** | 23 |
| Dividends | 8 | **17,715** | 14,172 |

## CONSOLIDATED BALANCE SHEET

*As at 31 December 2012*

| | Note | 2012<br>RMB'000 | 2011<br>RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | | **146,207** | 149,759 |
| Property, plant and equipment | | **544,158** | 346,206 |
| Investment properties | | **88,340** | 92,784 |
| Investments in associates | | **62,532** | 56,046 |
| Goodwill | | **105** | 105 |
| | | **841,342** | 644,900 |
| **Current assets** | | | |
| Inventories | | **159,763** | 41,752 |
| Trade and other receivables | 11 | **698,199** | 566,120 |
| Amounts due from related parties | | **9,480** | – |
| Pledged bank deposits | | **136,507** | 67,552 |
| Cash and cash equivalents | | **385,941** | 296,419 |
| | | **1,389,890** | 971,843 |
| **Total assets** | | **2,231,232** | 1,616,743 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the Company** | | | |
| Ordinary shares | | **354,312** | 354,312 |
| Other reserves | 12 | **70,864** | 55,712 |
| Retained earnings | | **298,349** | 279,224 |
| | | **723,525** | 689,248 |
| **Non-controlling interests** | | **163,112** | 86,781 |
| **Total equity** | | **886,637** | 776,029 |

## CONSOLIDATED BALANCE SHEET (Continued)

*As at 31 December 2012*

| | Note | **2012** **RMB'000** | 2011 RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | | **143,138** | – |
| Deferred income | | **25,768** | 10,063 |
| | | **168,906** | 10,063 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | **941,778** | 572,386 |
| Amounts due to related parties | | **–** | 15 |
| Current income tax liabilities | | **4,310** | 5,730 |
| Dividend payables | | **17,715** | – |
| Borrowings | | **211,886** | 252,520 |
| | | **1,175,689** | 830,651 |
| **Total liabilities** | | **1,344,595** | 840,714 |
| **Total equity and liabilities** | | **2,231,232** | 1,616,743 |
| **Net current assets** | | **214,201** | 141,192 |
| **Total assets less current liabilities** | | **1,055,543** | 786,092 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2012*

| | Attributable to owners of the Company | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital** | **Other reserves (note 12)** | **Retained earnings** | **Total** | **Non-controlling interests** | **Total** |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2011 | 354,312 | 48,848 | 212,653 | 615,813 | 92,433 | 708,246 |
| **Comprehensive income** | | | | | | |
| Profit/total comprehensive income for the year | – | – | 80,521 | 80,521 | 11,336 | 91,857 |
| **Transactions with owners** | | | | | | |
| Transfer from retained earnings | – | 6,864 | (6,864) | – | – | – |
| Dividend paid | – | – | (7,086) | (7,086) | (16,988) | (24,074) |
| **Total transactions with owners** | – | 6,864 | (13,950) | (7,086) | (16,988) | (24,074) |
| **Balance at 31 December 2011** | **354,312** | **55,712** | **279,224** | **689,248** | **86,781** | **776,029** |
| **Comprehensive income** | | | | | | |
| Profit/total comprehensive income for the year | **–** | **–** | **59,078** | **59,078** | **6,239** | **65,317** |
| **Transactions with owners** | | | | | | |
| Capital contribution by non-controlling interests | **–** | **–** | **–** | **–** | **80,500** | **80,500** |
| Transfer from retained earnings | **–** | **15,152** | **(15,152)** | **–** | **–** | **–** |
| Dividend paid | **–** | **–** | **(24,801)** | **(24,801)** | **(10,408)** | **(35,209)** |
| **Total transactions with owners** | **–** | **15,152** | **(39,953)** | **(24,801)** | **70,092** | **45,291** |
| **Balance at 31 December 2012** | **354,312** | **70,864** | **298,349** | **723,525** | **163,112** | **886,637** |

### 1. General information

Tianjin Binhai Teda Logistics (Group) Corporation Limited. (the "Company") and its subsidiaries (together 'the Group') are principally engaged in provision of logistics and supply chain solutions services and trading and related logistics services in the People's Republic of China (the "PRC").

The Company was established as an investment holding company in the PRC by its promoters, Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資有限公司) ("TEDA Holding") and Tianjin Economic and Technological Development Area State Asset Operation Company (天津經濟技術開發區國有資產經營公司) ("TEDA Asset Company") as a joint stock limited company on 26 June 2006. Both TEDA Holding and TEDA Asset Company are controlled by Tianjin Economic and Technological Development Area Administrative Commission ("TEDA Administrative Commission").

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

On 18 November 2011, TEDA Holding entered into a share transfer agreement with Chia Tai Land Company Limited ("Chia Tai Company"), while TEDA Asset Company entered into a share transfer agreement with Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. ("Chia Tai Investment 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 Investment Company respectively. During the year, the two aforementioned domestic share transfers were approved by the relevant state-owned assets supervision and administration authorities of the PRC and the registration procedures of the related transfers have not completed.

These financial statements are presented in Renminbi ("RMB") unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 19 March 2013.

### 2. Basis of preparation and accounting policies

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. **Basis of preparation and accounting policies (Continued)**

***2.1.1 Changes in accounting policy and disclosures***

(a) The following new standards and amendments to standards which are relevant to the Group and are mandatory for the first time for the financial year beginning 1 January 2012 but have no material impact on the Group:

- IFRS 7 (Amendment): "Disclosures – Transfers of financial assets"
- IAS 12 (Amendment): "Deferred tax: Recovery of underlying assets"

(b) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

- IAS 1 (Amendment): "Financial statements presentation", regarding other comprehensive income.[1]
- IFRS 1 (Amendment): "First time adoption", on government loans.[2]
- IFRSs 10, 11 and 12 (Amendment): "transition guidance", limiting the requirement to provide adjusted comparative information to only the preceding comparative period.[2]
- Annual improvements 2011: address six issues in the 2009-2011 reporting cycle. It includes changes to: IFRS/HKFRS 1, "First time adoption"; IAS/HKAS 1, "Financial statement presentation"; IAS/HKAS 16, "Property plant and equipment"; IAS/HKAS 32, "Financial instruments; Presentation"; IAS/HKAS 34, "Interim financial reporting". [2]
- IFRS 10: "Consolidated financial statements". [2]
- IAS 27 (revised 2011): "Separate financial statements". [2]
- IFRS 11: "Joint arrangements". [2]
- IAS 28 (revised 2011): "Associates and joint ventures". [2]
- IFRS 12: "Disclosure of interests in other entities". [2]
- IFRS 13: "Fair value measurements". [2]
- IAS 19 (Amendment): "Employee benefits". [2]
- IFRS 7 (Amendment): "Financial instruments: Disclosures", on asset and liability offsetting. [2]
- IFRIC/HK(IFRIC) – Int 20: "Stripping costs in the production phase of a surface mine". [2]
- IAS 32 (Amendment): "Financial instruments: Presentation", on asset and liability offsetting.[3]
- HKFRS 9 (limited modifications): "Financial instruments".[4]
- HKFRS 7 and HKFRS 9 (Amendments): "Mandatory effective date and transition disclosures".[4]

[1]. Changes effective for annual periods beginning on or after 1 July 2012
[2]. Changes effective for annual periods beginning on or after 1 January 2013
[3]. Changes effective for annual periods beginning on or after 1 January 2014
[4]. Changes effective for annual periods beginning on or after 1 January 2015

The Group is in the process of assessing the impact of these new standards, interpretations and amendments. None of these is expected to have a significant effect on the results and financial position of the Group, except for one set out below:

2. **Basis of preparation and accounting policies (Continued)**

***2.1.1 Changes in accounting policy and disclosures* (Continued)**

IFRS 11, "Joint arrangements" requires an entity to reflect its joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form and proportional consolidation is no longer allowed for joint ventures. This amendment will be applicable retrospectively to annual periods beginning on or after 1 January 2013. The Group recognised its interest in assets, liabilities, revenue and expenses of its jointly controlled entities using proportionate consolidation.

Upon the adoption of the amendments in IAS 28 (revised 2011), the accounting of the Group's investment in joint ventures will change from proportionate consolidation to equity method of accounting. If the equity method of accounting was used to account for the Group's investment in joint ventures, net assets as of 31 December 2012 and 2011 and net profit for the years then ended will remain unchanged. Its revenue will be reduced by RMB280 million and RMB266 million respectively (Note 3), its expenses would be reduced by RMB256 million and RMB247 million respectively, while its share of profit from joint ventures would be increased by RMB24 million and RMB19 million respectively.

3. **Segment information**

The Group reports three 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.

3. **Segment information (Continued)**

Principal activities of the three 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;

Logistics and supply chain service for electronic components – Provision of logistics services, supply chain management and agency service for electronics components;

Materials procurement 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 year ended 31 December 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Logistics and supply chain service for finished automobiles and components RMB' 000 | Logistics and supply chain service for electronic components RMB' 000 | Materials procurement and related logistics services RMB' 000 | Reportable segments subtotal RMB' 000 | All other segments RMB' 000 | Total RMB' 000 |
| Revenue | 985,456 | 560,260 | 701,026 | 2,246,742 | 54,326 | 2,301,068 |
| Inter-segment revenue | (172) | – | – | (172) | (4,358) | (4,530) |
| **Revenue from external customers** | 985,284 | 560,260 | 701,026 | 2,246,570 | 49,968 | 2,296,538 |
| Segment results | 16,147 | 62,686 | 13,052 | 91,885 | 1,911 | 93,796 |
| Depreciation and amortisation | (13,463) | (6,808) | (291) | (20,562) | (14,198) | (34,760) |
| Share of results of associates | – | – | – | – | 24,949 | 24,949 |
| Income tax expense | (3,178) | (15,612) | (87) | (18,877) | (374) | (19,251) |

## 3. Segment information (Continued)

| | For the year ended 31 December 2011 | | | | | |
|---|---|---|---|---|---|---|
| | Logistics and supply chain service for finished automobiles and components RMB'000 | Logistics and supply chain service for electronic components RMB'000 | Materials procurement and related logistics services RMB'000 | Reportable segments subtotal RMB'000 | All other segments RMB'000 | Total RMB'000 |
| Revenue | 984,870 | 532,574 | 996,363 | 2,513,807 | 41,989 | 2,555,796 |
| Inter-segment revenue | (6) | – | – | (6) | (1,185) | (1,191) |
| **Revenue from external customers** | 984,864 | 532,574 | 996,363 | 2,513,801 | 40,804 | 2,554,605 |
| Segment results | 22,856 | 50,222 | 11,762 | 84,840 | 13,535 | 98,375 |
| Depreciation and amortisation | (13,085) | (7,162) | (994) | (21,241) | (11,510) | (32,751) |
| Share of results of associates | – | – | – | – | 33,112 | 33,112 |
| Income tax expense | 33 | (12,792) | (576) | (13,335) | (343) | (13,678) |

Sales between segments are carried out based on mutually agreed price. The revenue from external parties reported to the senior management is measured in a manner consistent with that in the statement of comprehensive income.

3. **Segment information (Continued)**

A reconciliation of segment revenue and results to profit for the year is provided as follows:

| | **2012** | 2011 |
|---|---|---|
| | **RMB' 000** | RMB'000 |
| Revenue for reportable segments | **2,246,570** | 2,513,801 |
| Revenue attributable to joint venture partners | **(280,130)** | (266,286) |
| Other segments | **49,968** | 40,804 |
| Revenue of the Group | **2,016,408** | 2,288,319 |
| Segment results for reportable segments | **91,885** | 84,840 |
| Segment results attributable to joint venture partners | **(31,343)** | (25,111) |
| | **60,542** | 59,729 |
| Other segments | **1,911** | 13,535 |
| Total segments | **62,453** | 73,264 |
| Share of results of associates | **24,949** | 33,112 |
| Unallocated other income | **3,731** | 4,689 |
| Unallocated corporate expenses | **(2,136)** | (4,712) |
| Finance costs | **(12,235)** | (7,214) |
| Profit before income tax | **76,762** | 99,139 |
| Income tax expense | **(11,445)** | (7,282) |
| Profit for the year | **65,317** | 91,857 |

Total segment assets and liabilities are not disclosed as they are not regularly provided to and reviewed by the Group's senior management.

## 4. Other income

| | 2012 RMB'000 | 2011 RMB'000 |
|---|---|---|
| Interest income from bank deposits | **3,731** | 4,689 |
| Subsidy income (note) | **13,718** | 8,245 |
| Others | **377** | 92 |
| | **17,826** | 13,026 |

Note: Subsidy income represents subsidies and awards from local government authorities for the Group's contribution to the development of the local economies. Included in the subsidy income are government grants of RMB13.7million (2011: RMB8.2 million) pursuant to "Provisional Regulations on Modern Services Development of Tianjin Economic and Technological Development Area" (Guan Wei Hui Ling No. 114) ("天津經濟技術開發區促進現代服務業發展的暫行規定") (管委會令No. 114).

## 5. Other (losses)/gains – net

| | 2012 RMB'000 | 2011 RMB'000 |
|---|---|---|
| Gain on disposal of interest in associates | **–** | 7,826 |
| Loss on disposal of property, plant and equipment | **81** | (67) |
| Net foreign exchange losses | **(409)** | (1,342) |
| Others | **(472)** | 1,010 |
| | **(800)** | 7,427 |

## 6. Finance costs

| | 2012 RMB'000 | 2011 RMB'000 |
|---|---|---|
| Interest on bank borrowings | **17,365** | 9,381 |
| Less: Amount capitalised in construction in progress | **(5,130)** | (2,167) |
| | **12,235** | 7,214 |

## 7. Income tax expense

| | **2012** | 2011 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Current income tax: | | |
| – the Company and subsidiaries | **3,638** | 886 |
| – jointly controlled entities | **7,807** | 6,396 |
| | **11,445** | 7,282 |

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the Company, the subsidiaries and the jointly controlled entities, other than those stated below, is 25%.

Pursuant to the relevant approval by the tax authorities, both Tianjin Fengtian Logistics Co., Ltd and TEDA General Bonded Warehouse Co., Ltd, subsidiaries of the Group, is recognised as a new high-tech enterprise from year 2010, entitled a preferential tax rate of 15% for 2012 (2011: 15%). The preferential tax treatment is subject to review by the relevant tax authority on an annual basis.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

| | **2012** | 2011 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Profit before income tax | **76,762** | 99,139 |
| Tax at the domestic income tax rate of 25% (2011: 25%) | **19,191** | 24,785 |
| Tax effect of: | | |
| – Income attributable to associates | **(6,237)** | (8,278) |
| – Income not subject to income tax | **–** | (2,425) |
| – Expenses not deductible for taxation purpose | **1,567** | 367 |
| – Utilisation of tax losses previously not recognised | **(1,226)** | (30) |
| – Tax losses for which deferred tax assets are not recognised | **261** | 31 |
| – Preferential tax rates of subsidiaries/jointly controlled entities | **(2,168)** | (2,742) |
| – Under/(over) provision in prior year | **105** | (3,496) |
| – Others | **(48)** | (930) |
| Income tax expense | **11,445** | 7,282 |

## 8. Dividends

Pursuant to the extraordinary general meeting held on 20 December 2012, It was approved that an interim dividend of RMB0.05 per share, totalling RMB17,715,600, will be paid to shareholders whose names appear on the register of members of the Company on 3 January 2013.

A dividend in respect of the year ended 31 December 2011 of RMB0.02 per share, amounting to a total dividend of RMB7,086,000, was approved at annual general meeting held on 26 June 2012 and have been paid in July 2012.

On 12 August 2011, the Company announced that an interim dividend of RMB0.02 per share, totalling RMB7,086,000, was approved at an extraordinary general meeting held on 26 September 2011 and paid in November 2011.

## 9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

| | **2012** | 2011 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| **Earnings** | | |
| Profit attributable to equity holders of the Company | **59,078** | 80,521 |
| **Number of shares (thousands)** | | |
| Weighted average number of ordinary shares for calculating basic and diluted earnings per share | **354,312** | 354,312 |

There are no diluted earnings per share presented as there are no potential dilutive ordinary shares outstanding for both 2011 and 2012.

## 10. Expenses by nature

Profit before income tax is arrived at after charging:

| | **2012** | 2011 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Auditor's remuneration | **1,500** | 1,330 |
| Depreciation | **27,803** | 26,322 |
| Amortisation | **3,552** | 2,848 |
| Operating lease charges | **13,781** | 12,013 |
| Employee benefits expenses | **163,041** | 138,614 |
| Cost of materials purchased | **761,308** | 1,032,083 |
| Subcontracting charges | **824,243** | 860,827 |
| Business tax | **15,759** | 18,840 |
| Transportation | **10,163** | 10,798 |
| Fuel | **24,979** | 21,759 |
| Others | **123,257** | 110,097 |
| **Total cost of sales, distribution costs and administrative expenses** | **1,969,386** | 2,235,531 |

## 11. Trade and other receivables

| The Group | **2012** **RMB'000** | 2011 RMB'000 |
|---|---|---|
| Trade receivables | **168,384** | 170,481 |
| Less: impairment recognised | **(21)** | (8) |
| | **168,363** | 170,473 |
| Bills receivables (note (b)) | **18,370** | 41,000 |
| | **186,733** | 211,473 |
| Prepayment to suppliers | **480,067** | 326,166 |
| Other receivables | **31,651** | 28,734 |
| Less: impairment recognised | **(252)** | (253) |
| | **698,199** | 566,120 |

(a) Except for approximately RMB25 million of trade and other receivables are denominated in US dollar (2011: RMB25 million), the balance of the Group's trade and other receivables are denominated in Renminbi.

(b) The bills are non-interest bearing bank acceptance bills with a maximum maturity period of six months.

(c) The Group allows an average credit period ranging from 30 to 90 days to its trade customers. Bills receivables have a maturity of 180 days.

The following is an aging analysis of trade and bills receivables at the balance sheet date:

| The Group | **2012** **RMB'000** | 2011 RMB'000 |
|---|---|---|
| 0 – 90 days | **159,851** | 204,784 |
| 91 – 180 days | **22,408** | 4,834 |
| 181 – 365 days | **2,850** | 150 |
| Over 1 year | **1,624** | 1,705 |
| | **186,733** | 211,473 |

## 12. Other reserves

| The Group | Share premium RMB'000 | Other reserves RMB'000 | Statutory reserves RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Balance at 1 January 2011 | 55,244 | (73,258) | 66,862 | 48,848 |
| Transfer from retained earnings | – | – | 6,864 | 6,864 |
| Balance at 31 December 2011 | 55,244 | (73,258) | 73,726 | 55,712 |
| Transfer from retained earnings | – | – | 15,152 | 15,152 |
| Balance at 31 December 2012 | 55,244 | (73,258) | 88,878 | 70,864 |

## 13. Trade and other payables

| The Group | **2012** **RMB' 000** | 2011 RMB'000 |
|---|---|---|
| Trade payables | **84,304** | 112,496 |
| Bills payables (note (a)) | **612,534** | 337,480 |
| | **696,838** | 449,976 |
| Deposits from customers | **126,784** | 44,773 |
| Other payables | **118,156** | 77,637 |
| | **941,778** | 572,386 |

Notes:

(a) The bills are non-interest bearing and have a maximum maturity of six months. The credit period granted by the suppliers to the Group ranged from 30 to 90 days. Management of the Group monitors the repayment of all payables and ensures compliance with credit timeframe.

(b) The aging analysis of the trade payables and bills payables at the balance sheet dates is as follows:

| | **The Group** | |
|---|---|---|
| | **2012** **RMB' 000** | 2011 RMB'000 |
| 0 – 90 days | **453,982** | 226,699 |
| 91 – 180 days | **242,286** | 219,082 |
| 181 – 365 days | **125** | 2,245 |
| Over 1 year | **445** | 1,950 |
| | **696,838** | 449,976 |

(c) Except for approximately RMB 17 million of trade and other payables are denominated in US dollar (2011: RMB15 million), the balance of the Company and the Group's trade and other payables are denominated in Renminbi.

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company (the "Board"), I am pleased to present the audited consolidated financial results of the Group for the year ended 31 December 2012 to all shareholders.

**Results of the Year**

For the year ended 31 December 2012 (the "Year"), turnover of the Group amounted to approximately RMB2,016,408,000 (2011: RMB2,288,319,000), representing a decrease of approximately 12% from last year. Profit attributable to the shareholders was approximately RMB59,078,000 (2011: RMB80,521,000) and the basic earnings per share was approximately RMB0.17 (2011: RMB0.23).

As at 31 December 2012, the total assets and current assets of the Group were approximately RMB2,231,232,000 (2011: RMB1,616,743,000) and approximately RMB1,389,890,000 (2011: RMB971,843,000), respectively, representing increases of RMB614,489,000 and RMB418,047,000 from 31 December 2011, respectively. Our net assets and net assets per share at the end of the period were approximately RMB723,525,000 (2011: RMB689,248,000) and approximately RMB2.04 (2011: RMB1.95), respectively, representing increases of 5% and 5% from 31 December 2011.

**Review for the Year**

With the turbulent political situation and the significant slowdown of the global economic growth, the growth of international trade experienced a huge decline in 2012. During the first three quarters, China's economic growth showed a downward trend, and the domestic economic operation gradually stabilized with a slight economy rebound in the fourth quarter. The company experienced a sharp fall in the achievements of materials procurement and the related logistic service during the first three quarters, even though it rebounded quickly in the fourth quarter, the results can't meet the level of the same period. Though it showed a good growth momentum in the logistics and supply chain services for transportation of finished automobile and components and the automobile import and the related services in the first three quarters, with the impact of the tight China-Japan relationship in the fourth quarter, compared with the same period of the last year, the company experienced a significant business performance decline in 2012.

***Bringing in the international famous company and promoting the optimization of shareholding structure***

During the reporting period, the company was committed to promote the optimization of shareholding structure and the domestic share transfer has got substantial achievement, with the transfer having been permitted by the government and the share transfer procedures being in progress. By bringing in enterprises related with Chia Tai, the company's governance structure has been optimized, which is a milestone in the internationalization process of the company, and at the same time, it lays a good foundation for the new business exploring of the company in the future.

***Actively exploring new business areas and continuous increase of operating area***

During the year, the Cold Chain Logistics Center at Tianjin Port constructed by the Company's subsidiary Tedahang Cold Chain Logistics Co., Ltd. has been completed. This project is permitted to be the unique inspection base for the import meat and frozen products in Tianjin Port by Tianjin Entry-Exit Inspection and Quarantine Bureau, and it got the first non sovereign loan of ADB – Asian Development Bank in Tianjin and also in China's logistics field. The construction of this project laid a solid foundation for the development of the company's cold chain logistics business.

Meanwhile, the overall operating area and the number of the operating sites of the company have increased constantly , with the operating area increasing from 1,493,000 sq.m. to 1,633,000 sq.m. and the number of operating sites increasing from 56 to 85.

***On-going optimization of investment structure and constant expansion of business scope***

During the reporting period, Tianjin Port Gangwan International Automobile Logistics Co., Ltd. and Tianjin Teda International Freight Forwarding Co., Ltd. have been incorporated by the Company, which further optimized the investment structure, expended the business scope and stabilized the status in the industry.

The Company's wholly owned subsidiary Tedahang Cold Chain Logistics Co., Ltd. brought in Toyota Tsusho of Japan and Kamigumi as two shareholders by capital increase. The capital investment of these two companies proved the wide market prospect of the project again, and also brought in the advanced Japanese cold chain management technology and site management experience for the project.

***Continuous strengthening of internal management and constant adjusting of organizational structure***

During the reporting period, the Company continuously strengthened the internal management system and improved management regulations. The Company was also committed to promote the improvement of the business information system, which enhanced the timeliness and accuracy of the business management and financial accounting. At the same time, the Company started the salary reform and formulated the salary management measures for the business department, which greatly stimulated the business exploring.

By measures of establishing procurement logistics department and so on , the Company optimized the organizational structure and strengthened the business function of procurement logistics. The Company adjusted business institutions and personnel arrangements for the mid-level management staff in relatively large area, so as to meet the need of the business integration and development of the Company, which has already achieved a satisfactory affect during the reporting period.

***Awards and Qualifications***

The company has already been "5A Comprehensive Logistics Providers" of China Federation of Logistics & Purchasing ,and also become the vice-chairmen unit of China Federation of Logistics & Purchasing, China Society of Logistics and Tianjin Modern Logistics Association. During the reporting period, the Company was accredited Chinese Outstanding Logistics Enterprise and 3A Credit Enterprise by China Federation of Logistics & Purchasing for the second consecutive year.

Tianjin Fengtian Logistics Co., Ltd., a subsidiary of the Company, was awarded "Second grade award of 2012 enterprises management modernization innovation of logistics industry" and "2012 Third grade award of technology advancement of logistics enterprises". The frozen warehouse project of Tedahang Cold Chain Logistics Co., Ltd., another subsidiary of the Company ,was recognized as comprehensive pilot project of modern service in Tianjin Binhai New Area, was elected as energy conservation project by Tianjin Economic and information technology commission, and also passed AECOM's Initial Environmental Evaluation in Economic, environment and social influence. As of the end of the reporting period, two subsidiaries of the Company, namely TEDA General Bonded Warehouse Co., Ltd., and Tianjin Fengtian Logistics Co., Ltd., have obtained the qualification of High and New Technological corporation. These reflected that the influence power of the Company in the industry was well recognized in our industry and provided critical support for the company in identifying its new customers, expending its business and enhancing its financing capability.

***Prospects and Outlook***

In 2012, with the influence of macroeconomic situation and China-Japan relationship, there was a significant fall in the logistics and supply chain services for transportation of finished automobile and components and automobile import business compared with the same period of the last year. The China-Japan relationship will be still unstable in 2013, which was expected to influence the operation of the Group continuously. The logistics and supply chain services of electronic components is not impacted by China-Japan relationship temporarily, but the cost increase rather quickly, the more and more fierce market competition bringing the company some pressure.

From the aspect of the overall situation of Tianjin Port, the number of the import automobile shows a download trend, which also influences the related automobile import logistics business of Tianjin Fengtian Logistics Co., Ltd, a subsidiary of the company, Tianjin Port International automobile Logistics Co, Ltd., a indirectly held company of the company, and Tianjin Tianxin Automobile Inspection Services Co., Ltd.

In addition, though the Tianjin Port Cold Chain Logistics Center project of Tedahang Cold Chain Logistics Co., Ltd., a subsidiary of the company, was completed, because of being in the initial operation stage and thus unable to bring any benefit in the short time, the operation pressure is still rather heavy.

In 2013, the domestic economic development will still face a lot challenges, but it's expected to be fundamentally stable , and Tianjin and Binhai New Areas will still have a good development opportunity. The company came up with a work thinking of "Defining strategic positioning , integrating critical resources, expending systematic operation, enhancing comprehensive capability" ,made full use of the advantages of itself and the development opportunity of Tianjin, strove for superior resources, innovated operation and business mode, paid more attention to integration, strengthened the internal management, enhanced the cooperation and operation capability, so as to improve the overall operation capability and resist the influence of the unfavorable factors.

At the same time, the procurement and logistics business will come across a good development opportunity, and it's estimated that the business volume will increase significantly. The logistics of domestic consumption goods and cold chain is expected to keep the trend of enhancement, and the cold chain business exploring of the company will come across a good development prospect with the gradual playing of function of Tianjin Port Cold Chain Center project. Meanwhile, the Company has done a lot of preparatory work for the logistics of consumption goods, with a hope that the new business area can be explored.

In 2013, the opportunities and challenges will coexist, though the Company faces the influences of several unfavorable factors, by keeping on adjusting the business structure and exploring new business areas, it still has enough confidence for the future development.

Finally, I would like to express my sincere gratitude on behalf of the board to all our staff for their excellent performance and dedicated efforts.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Business Review**

The principal businesses of the Group are logistics and supply chain services for transportation of finished automobiles and their components, logistics and supply chain services for electronic components, materials procurement and related logistics services and other services such as bonded warehouse, container yard, supervision, agency and transportation services. The major customers of the Group included Tong Fang Global (Tianjin) Logistics Co., Ltd. (同方環球（天津）物流有限公司), Tangshan Donghua Steel Group Co., Ltd. (唐山市東華鋼鐵企業集團有限公司), Tianjin Tongguang Group Digitial Communication Co., Ltd. (天津通廣集團數字通訊有限公司), Zhonghai Jiaye International Trading Company Limited（中海嘉燁國際貿易有限公司）, Tangshan Fengtian District Donggang Commercial and Trading Company Limited (唐山市豐南區東鋼商貿有限公司) and Toyota Tsusho (Tianjin) Co., Ltd. (豐田通商（天津）有限公司).

During the reporting period, affected by the unstable political relationships between China and Japan, the operating result of logistics and supply chain services for transportation of finished automobile and components decreased significantly compared to the corresponding period last year; logistics and supply chain services for electronic components recorded a stable increasing, with its operating scale and profits recorded different range of increasing as compared to the corresponding period last year; affected by the slowdown in China's economy and the Company's business transformation, materials procurement declined compared to the corresponding period of last year, with its principal operating income and operating profits both decreased by different levels; other services such as bonded warehouse, container yard, supervision, agency and transportation services maintained a good development momentum with further expansion of business scale.

The Group's logistics infrastructure construction and operation made smooth progress. The refrigeration storage project of Tedahang Cold Chain Logistics Co., Ltd (泰達行（天津）冷鏈物流公司), a controlling subsidiary of the Group, was completed in the year.

In consolidating the traditional logistics businesses, the Group has actively expanded new areas of the logistics businesses, made use of synergy of its internal resources and acquired quality infrastructure logistics resources to achieve steady but yet rapid growth.

***Logistics and Supply Chain Services for Transportation of Finished Automobile and Components***

During the reporting period, the import volume of Toyota Motor and domestic automobile production were significantly affected by the unstable political relationships between China and Japan. As a result, the import volume of Japanese car decreased by 80% in fourth quarter and the domestic automobile production decreased by over 50% as compared to the corresponding period last year, which affected the operating result of logistics and supply chain services for transportation of finished automobile and components of the Group. The net profit decreased by 45% as compared to the corresponding period last year.

***Logistics and Supply Chain Services for Electronic Components***

During the reporting period, the electronic components logistics service recorded a stable increasing and realized an operating income of RMB560,260,000, representing an increase of RMB27,686,000 or 5% as compared to last year.

***Materials Procurement and Related Services***

During the reporting period, affected by the slowdown in China's economy and the Company's business transformation, the materials procurement business declined compared to last year, with a principal operating income of RMB701,026,000, representing a decrease of RMB295,337,000 or 30% as compared to last year.

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

During the reporting period, other services such as bonded warehouse, container yard, supervision, agency and transportation services maintained a good development momentum with further expansion of business scale. This segment recorded an operating income of RMB49,968,000, representing an increase of RMB9,164,000 or 22% as compared to the corresponding period of last year.

**Financial Review**

***Turnover***

For the year ended 31 December 2012, turnover of the Group was RMB2.016 billion, representing a decrease of RMB272 million or 12% as compared to RMB2.288 billion last year. The decrease in turnover is mainly attributable to the slowdown in China's economy, which resulted in a decline in materials procurement compared to last year.

***Cost of sales and gross profit***

For the year ended 31 December 2012, the cost of sales of the Group was RMB1.913 billion, representing a decrease of RMB260 million or 12% as compared to RMB2.173 billion of the corresponding period of last year, which was in line with the decrease trend of turnover for the year.

For the year ended 31 December 2012, gross profit margin of the Group was 5.14%, substantially the same as compared to last year.

***Administrative expenses***

The administrative expenses of the Group amounted to RMB56,526,000 in 2012, representing an decrease of RMB6,290,000 or 10% as compared to RMB62,816,000 in last year. The Group had continually strengthened its control of certain parts of its administrative expenses.

***Finance costs***

The Group's finance costs in 2012 increased by RMB5,021,000 from RMB7,214,000 last year to RMB12,235,000. The main reason for the increase was that the Group increased certain short-term bank borrowings to develop procurement logistic services and finance its liquidity during the reporting period.

***Taxation expenses***

The taxation expenses of the Group for 2012 were RMB11,445,000, representing an increase of RMB4,163,000 as compared to RMB7,282,000 last year. The significant increase in taxation expenses was mainly attributable to the increase in the operating profit of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd., both are the joint venture partners of the Group, as compared to last year, which led to an increase in the enterprise income tax. In addition, the expense in the enterprise income tax of Tianjin Fengtian Logistics Co., Ltd., a subsidiary of the Group, increased as compared to last year.

***Share of results of associates***

The share of results of associates of the Group for 2012 was RMB24,949,000, representing an decrease of RMB8,163,000 or 25% as compared to last year. The decrease in share of results of associates was mainly due to the decrease in investment gain of the Group in Tianjin Port International Automobile Logistics Co., Ltd. (天津港國際汽車物流公司), a subsidiary of the Group, which recorded a significant decrease of performance this year.

***Earnings attributable to the equity holders of the Company***

For the year ended 31 December 2012, earnings attributable to the equity holders of the Company was RMB59,078,000, decreased by RMB21,443,000 or 27% compared to RMB80,521,000 last year. The decrease of earnings attributable to the equity holders of the Company were mainly due to the significantly decrease in profit of logistics and supply chain services for transportation of finished automobile and components and procurement logistic services of the Company. In addition, the decrease in operating results of Tianjin Port International Automobile Logistics Co., Ltd., a joint stock company, led to a decrease in share of results of associates of the Group.

***Dividend***

Refer to the profit and dividend attributable to the shareholders in the Directors' Report.

***Liquidity and financial resources***

For the year ended 31 December 2012, the Group maintained a sound financial position. As at 31 December 2012, the cash and bank deposit of the Group was RMB385,941,000 (31 December 2011: RMB296,419,000). As at 31 December 2012, the total assets of the Group was RMB2,231,232,000 (31 December 2011: RMB1,616,743,000). Capital was sourced from current liabilities of RMB1,175,689,000 (31 December 2011: RMB830,651,000), non-current liabilities of RMB168,906,000 (31 December 2011: RMB10,063,000), shareholder's equity attributable to the shareholders of the Group was RMB723,525,000 (31 December 2011: RMB689,248,000) and minority shareholder interests of RMB163,112,000 (31 December 2011: RMB86,781,000元).

***Capital structure***

During the year ended 31 December 2012, there was no change in the capital structure of the Company. The share capital of the Company comprised only ordinary shares.

***Loans and borrowings***

As at 31 December 2012, the balance of bank loans of the Group was RMB355,024,000 (31 December 2011: RMB252,520,000).

***Gearing ratio***

As at 31 December 2012, the ratio of total liabilities to total assets of the Group was 60% (31 December 2011: 52%).

***Charge on assets***

As at 31 December 2012, there was no charge on assets of the Group.

***Foreign currency risks***

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

The Group has no significant investments outside mainland China. The Group, however, may be exposed to certain extent of foreign currency risks mainly as the Group and the subsidiaries of the Group, Tianjin Alps Teda Logistics Co., Ltd., Dalian Alps Teda Logistics Co., Ltd. and Tianjin Fengtian Logistics Co., Ltd., have foreign currency business for the United States Dollar, the Japanese Yen and the Euro. For the 12 months ended 31 December 2012, the Group had an exchange loss of RMB409,000 due to the appreciation of Renminbi.

***Contingent liabilities***

As at 31 December 2012, the Group had no material contingent liabilities.

***Capital Commitments***

As at 31 December 2012, the Group had the following capital commitments:

| | **2012** |
|---|---|
| | RMB'000 |
| Property, plant and equipments | |
| Contracted for but not provided | 461 |

**Major Acquisition or Disposal of Subsidiaries and Associated Companies**

On 21 March 2012 and 22 March 2012, the Company published a discloseable and connected transaction announcement and its supplemental announcement respectively in respect of Toyota Tsusho (China) Co., Ltd., and Kamigumi (Hong Kong) Company Limited increasing capital to Tedahang Cold Chain Logistic Co., Ltd., whereby Tedahang Cold Chain Logistic Co., Ltd. would cease to be a wholly owned subsidiary of the Company under the GEM Listing Rules of the Stock Exchange. Such transaction, which constituted a connected transaction, obtained the independent shareholders' approval on 26 June 2012.

On 16 May 2012, the Company published an announcement in regard to the Company, Tianjin Port Logistics Development Co., Ltd. and Tianjin Port Electricity Project Co., Ltd. entered into a joint venture agreement for the establishment of a joint venture, Tianjin Port Gangwan International Automobile Logistic Co., Ltd., carrying out the primary business of warehousing, logistics, distribution, vehicle processing and maintenance, international freight forwarding and other operations related to automobile import and export. The transaction constituted a connected transaction, and the Company has completed notification and announcement according to relevant requirements.

On 18 October 2012, the Company, together with other independent third party jointly established Tianjin Teda International Freight Forwarding Co., Ltd. in Tianjin, principally engaging in providing international freight forwarding agency services of sea, air and land transportation for imported and exported goods. The transaction with a low trading amount related did not constituted a discloseable transaction under Chapter 19 of the GEM Listing Rules of the Stock Exchange, was exempted from the requirements thereunder.

Save as disclosed above, during the reporting period, there was no major acquisition or disposal of subsidiaries and associated companies by the Group.

**Employees**

As at 31 December 2012, the Company employed 2,323 employees (31 December 2011: 2,172).

| | **As at 31 December 2012** | As at 31 December 2011 |
|---|---|---|
| Administration | **383** | 179 |
| Finance | **64** | 62 |
| Consulting Technology | **21** | 47 |
| Sale and Operation | **1,855** | 1,884 |
| Total | **2,323** | 2,172 |

**Remuneration Policy**

The remunerations of the employees of the Company shall be determined by reference to the market rate, and the performance, qualification and experience of the relevant staff. Also, a discretionary bonus based on individual performance during the year will be distributed as a reward for the contributions made by the employees to the Company. Other staff benefits include pension insurance, unemployment insurance, labour injury insurance, medical insurance, maternity insurance and housing fund, etc.

## OTHER CORPORATE INFORMATION

**Competition and Conflict of Interests**

***Competing Interests***

None of the Directors, management shareholders, substantial shareholders of the Company or their respective associates have interest in business that competes or may compete with the business of the Group or has any other conflicts of interests with the Group.

**Directors', Chief Executive's and Supervisors' Interests in the Company and its Associated Corporations**

As at 31 December 2012, none of the directors, chief executives or supervisors of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and supervisors are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

As at 31 December 2012, none of the directors, chief executives or supervisors of the Company hold any beneficial interests in the equity interests of any member of the Group, or had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, or had any interest, directly or indirectly, in any assets acquired or disposed of or leased or proposed to be acquired or disposed of or leased since 1 January 2012.

**Substantial shareholders and Persons holding Interests and Short Position in the Shares and Underlying Shares of the Company**

So far as is known to the directors, chief executives and supervisors of the Company, as at 31 December 2012, the following person had 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 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, or which were required to be recorded in the register referred to in Section 336 of the SFO:

***Long position in Shares***

| **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 | 178,765,011(L) Domestic shares | 69.81% | 50.45% |
| Tianjin Economic and Technological Development Area State Asset Operation Company | Beneficial owner | 77,303,789 (L) Domestic shares | 30.19% | 21.82% |
| 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 18 November 2011, Tianjin Teda Investment Holding Co., Ltd entered into a share transfer agreement with Chia Tai Land Company Limited, while Tianjin Economic and Technological Development Area State Asset Operation Company entered into a share transfer agreement with Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd.. Accordingly, Tianjin Teda Investment Holding Co., Ltd. and Tianjin Economic and Technological Development Area State Asset Operation Company agreed to transfer 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. The two aforementioned domestic share transfers were approved by the relevant state-owned assets supervision and administration authorities of the PRC and shall be finalized pending the completion of the transfer of the shares. So far as is known

to the directors, chief executives and supervisors of the Company, as at 31 December 2012, 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 Co., Ltd. | Interest of corporation controlled by a substantial shareholder | 28,344,960(L) Domestic shares | 11.07% | 8% |
| CHAROEN POKPHAND GROUP COMPANY 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% |
| 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:

1. The letter "L" represents 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 31 December 2012, no any other persons (other than directors or chief executives or supervisors 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.

**Corporate governance report**

The Company believes that stringent corporate governance practices could enhance credibility and transparency and are in the interests of the shareholders of the Company. The Company has established a complete set of code on corporate governance practices – "Handbook of Corporate Governance Practices" pursuant to the requirements of the GEM Listing Rules. Save as disclosed below, the Company has complied with all the requirements of the Code on Corporate Governance Practices (effective until and before 31 March 2012 ) set out in Appendix 15 of the GEM Listing Rules and Corporate Governance Code (effective from 1 April 2012 ) ("the Code") throughout the reporting year, save for the deviation of Code A.2.1 and Code A.6.7.

Pursuant to the code provision A.2.1, the roles of the chairman of the Board (the "Chairman") and the chief executive officer (the "CEO") 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. As at 31 December 2012 , the roles of the Chairman and the CEO of the Company have been performed by Mr. Zhang Jian and he has been responsible for the management of the Board and the operation of the Group. The Board considered that Mr. Zhang Jian has thorough understanding and expertise regarding the business operations of the Group and thus enabling him to make appropriate decisions which are in the interests of the shareholders as a whole on a timely and effectively basis. The Company believes that the combination of the roles of the Chairman and the CEO helps effectively formulating and implementing the Group's strategies as well as quickly responding to the ever-changing markets. The Board also considers that, at this moment, it is not necessary to separate the roles of the Chairman and the CEO. 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 CEO should be separated.

Code A.6.7 (as amended) is related to attendance by the non-executive directors to general meetings. The non-executive directors of the Company Mr. Zhang Jun and Mr. Chen Fang and the independent non-executive director, Mr. Zhang Limin didn't attend the annual general meeting of the Company held on 26 June 2012 in person due to personal reasons, the independent non-executive director, Mr. Liu Jingfu didn't attend the extraordinary general meeting of the Company held on 13 August 2012 in person due to personal reasons, non-executive directors Mr. Wang Jincai and Mr. Chen Fang didn't attend the extraordinary general meeting of the Company held on 20 December 2012 in person due to personal reasons, which are not in compliance with Code A.6.7. The Company will continue to create excellent conditions for non-executive directors to attend general meetings, so as to support non-executive directors to respond to shareholders' questions in the general meetings.

**Audit Committee**

The Company has set up an audit committee pursuant to the requirements under Rule 5.28 of the GEM Listing Rules and the "Guidelines for the Establishment of Audit Committees" prepared by the Hong Kong Institute of Certified Public Accountants, with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules. The audit committee currently comprises all independent non-executive directors namely Mr. Zhang Limin, Mr. Liu Jingfu and Mr. Luo Yongtai, among which the chairman of the committee, Mr. Zhang Limin, has the competent professional qualification and financial experience. The members of the audit committee convene meetings regularly with the management and external auditors and review the internal audit report and the quayerly, interim and annual reports of the Group. The audit committee reviewed the audited financial statements for the year ended 31 December 2012 and recommended approval to the Board. In 2012, the audit committee held a total of 5 meetings, in which two meetings were convened with the author, to review the financial information and the internal control system of the Company. For the year ended 31 December 2012, the Company complied with the requirements of Rules 5.28 of the GEM Listing Rules in respect of the audit committee.

**Securities Transaction 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 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 Securities**

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries has purchased, redeemed or sold or cancelled any listed securities of the Company.

**Preliminary Announcement of the Results**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

*As at the date of this announcement, the executive Director is Mr. Zhang Jian; the non-executive Directors are Mr. Hu Jun, Mr. Zhang Jun, Mr. Tse Ping and Mr. Yang Xiaoping; and the independent non-executive Directors are Mr. Zhang Limin, Mr. Liu Jingfu, Mr. Luo Yongtai and Mr. Japhet Sebastian Law.*

By the Order of the Board
**Tianjin Binhai Teda Logistics (Group) Corporation Limited***
**Zhang Jian**
*Chairman*

Tianjin, 19 March 2013

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

* *For identification purpose only*