2014 Annual Report

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

Stock Code: 8348

天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

* For identification purposes only

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

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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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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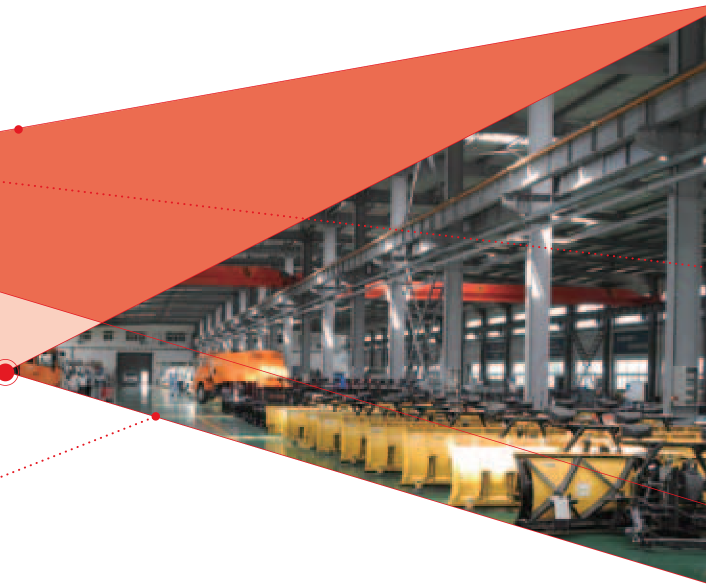
This report, for which the directors (the "Directors") of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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CORPORATE INFORMATION

EXECUTIVE DIRECTOR

Zhang Jian *(Chairman)*

NON-EXECUTIVE DIRECTORS

Xu Lifan, Cui Xuesong, Tse Ping, Yang Xiaoping

INDEPENDENT NON-EXECUTIVE DIRECTORS

Cheng Xinsheng, Japhet Sebastian Law,
Mei Xingbao, Zhou Zisheng

SUPERVISORS

Xu Jianxin, Hai Tianmin, Wang Rui,
Tang Zhizhong, Yuan Baolei

GENERAL MANAGER AND DEPUTY GENERAL MANAGER OF THE COMPANY

Zhang Jian *(General Manager)*

COMPANY SECRETARIES

Lo Tai On, Jia Wenxuan

BOARD COMMITTEES

Audit Committee

Zhou Zisheng *(Chairman)*, Cheng Xinsheng,
Japhet Sebastian Law

Remuneration Committee

Japhet Sebastian Law *(Chairman)*, Cheng Xinsheng,
Mei Xingbao

Nomination Committee

Zhang Jian *(Chairman)*, Japhet Sebastian Law,
Mei Xingbao

COMPLIANCE OFFICER

Zhang Jian

AUTHORISED REPRESENTATIVES

Zhang Jian, Lo Tai On

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower,
The Landmark,
11 Pedder Street,
Central, Hong Kong

H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17/F, Hopewell Centre,
183 Queen's Road East, Wanchai,
Hong Kong

REGISTERED ADDRESS

No. 39, Bohai Road,
Tianjin Economic and Technological Development Area

OFFICE AND CORRESPONDENCE ADDRESS

No. 39, Bohai Road,
Tianjin Economic and Technological Development Area
300457

PRINCIPAL OFFICE IN HONG KONG

Unit B, 1st Floor, Neich Tower,
128 Gloucester Road,
Wanchai,
Hong Kong

STOCK CODE

08348

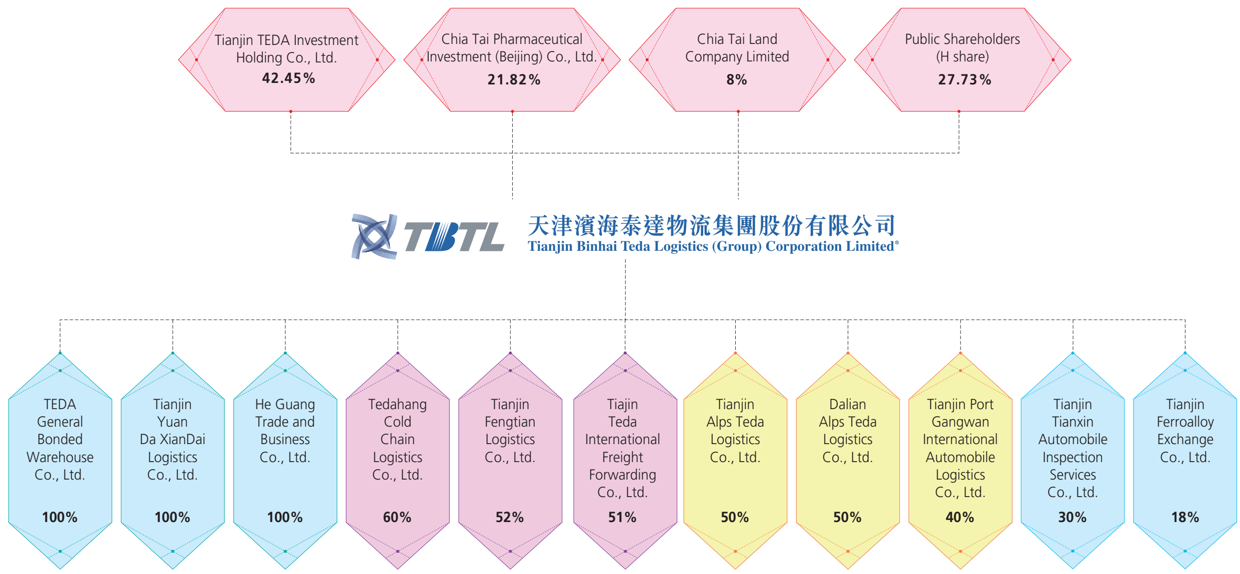
COMPANY WEBSITE

http://www.tbtl.cn

PRINCIPAL BANKERS

Tianjin Cui Heng Plaza Branch of the Industrial and Commercial Bank of China
Tianjin Huang Hai Road Branch of the Agricultural Bank of China
Tianjin Economic and Technological Development Area Branch of the Bank of Communications
Tianjin Economic and Technological Development Area Branch of the China Construction Bank
Tianjin Xingang Sub-branch of the China Merchants Bank
Tianjin Binhai Sub-branch of the China Guangfa Bank Co., Ltd.
Tianjin Economic and Technological Development Area Sub-branch of the Industrial Bank

GROUP STRUCTURE



* *For identification purposes only*

FINANCIAL SUMMARY

RESULTS

A summary of the consolidated results of the Company and its subsidiaries (the "Group") for the five accounting years ended 31 December 2014 prepared under the International Financial Reporting Standards is as follows:

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Turnover	**3,069,499**	2,683,423	1,736,450	2,022,034	2,595,714
Profit before income tax	**78,571**	69,180	76,649	92,741	118,937
Income tax expense	**(16,295)**	(13,096)	(5,500)	(884)	(17,007)
Profit for the year	**62,276**	56,084	71,149	91,857	101,930
Profit attributable to					
Non-controlling interests	**11,062**	9,081	6,485	11,336	21,069
Owners of the Company	**51,214**	47,003	64,664	80,521	80,861
Basic earnings per share (RMB)	**0.14**	0.13	0.18	0.23	0.23

ASSETS AND LIABILITIES

A summary of the assets and liabilities of the Group for the five years ended 31 December 2014 prepared under the International Financial Reporting Standards is as follows:

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Non-current assets	**636,012**	659,808	701,211	727,704	581,291
Current assets	**1,815,364**	1,543,395	1,192,127	849,503	1,354,205
Total assets	**2,451,376**	2,203,203	1,893,338	1,577,207	1,935,496
Non-current liabilities	**6,597**	6,951	7,308	10,063	5,289
Current liabilities	**1,564,814**	1,353,572	1,073,561	791,115	1,221,961
Non-controlling interests	**88,061**	87,818	83,358	86,781	92,433
Liabilities and non-controlling interests	**1,659,472**	1,448,341	1,164,227	887,959	1,319,683
Total equity	**879,965**	842,680	812,469	776,029	708,246

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 2014 to all shareholders.

RESULTS OF THE YEAR

For the year ended 31 December 2014 (the "Year"), turnover of the Group amounted to approximately RMB3,069,499,000 (2013: RMB2,683,423,000), representing an increase of approximately 14% as compared with the corresponding period of last year. Profit attributable to the shareholders was approximately RMB51,214,000 (2013: RMB47,003,000) and the earnings per share was approximately RMB0.14 (2013: RMB0.13).

As at 31 December 2014, the total assets and current assets of the Group were approximately RMB2,451,376,000 (2013: RMB2,203,203,000) and approximately RMB1,815,364,000 (2013: RMB1,543,395,000), respectively, representing increases of RMB248,173,000 and RMB271,969,000 from 31 December 2013, respectively. Our net assets attributable to the parent company and net assets per share at the end of the year were approximately RMB791,904,000 (2013: RMB754,862,000) and approximately RMB2.24 (2013: RMB2.13), respectively, both representing an increase of 5% from 31 December 2013.

REVIEW FOR THE YEAR

As indicated by the statistic data released by China Federation of Logistics and Purchasing, the growth in the logistics industry in the PRC in 2014 showed a stable yet slowing trend. Given the slowdown in growth of the social logistics demand and the continuous price downturn of logistics services, the enterprises continued to face great cost pressure with overall low profitability. The operation of the Company was also affected to a certain degree. However, the Company actively innovated new business models, strongly promoted business integration within the Group, proactively explored distinctive import and export trade as well as new automobile and railway transport, achieving a stable growth in overall business performance in 2014 compared with that in the same period of last year.

Continued promotion on smooth operation of new projects

He Guang Trade and Business Co., Ltd. ("He Guang Trade and Business"), Tianjin Teda International Freight Forwarding Co., Ltd. ("International Freight Forwarding") and Tedahang Cold Chain Logistics Co., Ltd. ("Tedahang Cold Chain Logistics"), all being the new companies that commenced operation in 2013, have gradually moved onto the right track. During the reporting period, He Guang Trade and Business officially launched its import agency business and achieved profit growth, turning from loss to profit. With all its businesses running smoothly, International Freight Forwarding also turned from loss to profit during the period. Despite its failure to significantly cut losses during the period, Tedahang Cold Chain Logistics achieved dramatic increase in new businesses to ensure sustainable development of businesses by actively expanding the business scope and constantly optimising its business structure, and was awarded the top ten warehousing service provider "Golden Chain Award" of China cold chain during the period.

Resource integration and structural adjustments for promoting integrated business

During the reporting period, the Company proactively expanded business areas, gave full play to its existing edge in resources and integrated key resources to enhance integration capability, gradually building up the Company's integrated business model. The Company established two new business departments to coordinate with He Guang Trade and Business to achieve a linkage in domestic and foreign trade. The Company also stepped up its efforts in integration of resources to further strengthen competitiveness of its material procurement business, achieving notable improvement in its material procurement business. Meanwhile, the Business Development Department resumed operation to integrate and coordinate the Company's operation resources and work together to explore the new automobile logistics projects, playing an important and leading role in the development of new projects.

During the reporting period, railway transportation of commercial vehicles was also officially launched, and the commercial vehicle railway transportation business of Teda Commercial Vehicles International Multimodal Transport Centre under Company, achieved initial success. As a demonstration railway project, it laid a solid foundation for the future transformation in respect of railway transportation and transportation of finished vehicles. With the special commercial vehicle railway transportation resources owned by Teda Commercial Vehicles International Multimodal Transport Centre, the Group's advantage in automobile logistics operation became more prominent after the integration of railway resources, achieving its highest efficiency in loading and unloading among the industry. Since September 2014, Teda Commercial Vehicles International Multimodal Transport Centre has shipped 2,062 wagons for Great Wall Motors, with commercial vehicles reaching 18,558 units in total.

Strengthening internal management of the Company

The Company attached great importance on talent training. During the reporting period, the Company further enhanced the development and training of talents, formulated and implemented talent development planning, regulated its human resources system and adjusted the management system for staff promotion.

The Company actively promoted the implementation of office automation and controlled the process so as to further improve the performance of management and enhance management efficiency.

The Company put emphasis on safety management. During the reporting period, the Company released an "Emergency Plan" for further standardisation and improvement of safety work. Four companies under the Company have reached class three in Safe Production Standardisation, and Tedahang Cold Chain Logistics has obtained the certification for ISO Quality, Environmental and Occupational Health and Safety Management.

PROSPECT AND OUTLOOK

In 2015, given the more complex global economic situation, the continuous downturn in the domestic economy, coupled with the over-excessive industrial production capacity and supply, the logistics industry will encounter challenges and setbacks. According to China Federation of Logistics and Purchasing, the logistics industry will maintain an overall stable development in 2015 with slowdown in expansion of the logistics business scale, showing a trend of low price and high costs. In addition, affected by the production reduction plan of Toyota Motor in 2015, our logistics and supply chain services for transportation of finished automobiles and components business will face severe challenges.

Facing the challenging economic condition, the Company will adhere to the innovation approach and take advantage of its own resources to promote business development through operation integration, integrate internal systems, strengthen risk control, proactively create new spotlight for growth, balance business structure, enhance the management system to sustain the healthy development of business and further strengthen talent training so as to improve the overall operational capability.

To this end, the Company intends to take the following measures:

- In light of the challenges faced by our most outstanding logistics and supply chain services for transportation of finished automobiles and components business, the Company will adjust its operation strategy and turn to proactively explore new automobile projects and promote development of the railway transportation of commercial vehicles business. Leveraging on the Group's advantage of integrated operation and railway resources, the Company will facilitate development of its integrated railway transportation of commercial vehicles business, explore other automobile business outside of Japanese vehicles, focus on the development of new automobile logistics projects, including the commercial vehicles transportation project in Chongqing and the automobile project in Changshu, Jiangsu province, with an aim to form and expand the integrated logistics operation;
- By promoting independent operation, the Company will optimise the operation of internal system to accommodate business development, push ahead organisation restructure, enhance risk control and aggressively promote further development of the materials procurement business, establish and keep enhancing the procurement business system and adjust the product mix for balanced development. Following the exciting growth in operating results of the material procurement business achieved in 2013 and 2014, the business segment will continue to maintain stable growth momentum in 2015;
- The Company will proactively explore other logistics business areas such as warehouse, supervision and agency, so as to sustain steady growth in business;

- The Company will implement the Group's established talents development strategy by promoting the establishment of the human resources management system, building up reserve of young cadres and operation talents, and exploring new channels and manners for cadre training. The Company will strengthen its internal management, establish internal risk control, upgrade internal control and prevention system and enhance internal management structure;

- The Company will further regulate and enhance safety management, promote safety standardisation work and the upgrade of safe production standards of the Group and the member companies, and improve the safety management system including emergency response plan.

In 2015, the Company will take proactive initiatives to overcome challenges ahead and improve the existing working process, so as to adapt to the needs of economic development. Upholding the development philosophy of "advancing steadily", the Company will remain cautious and make persisting efforts to innovate business model, adjust its business structure and proactively explore new businesses, so as to maintain sustainable development of business, as well as create new spotlight for development, which will become the core competitive strength in our future development. It is expected that the operating results of the Company will further improve in 2015, and the Company is confident in its development in the future.

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.

Zhang Jian

Tianjin, the PRC, 5 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal businesses of the Group are logistics and supply chain services for transportation of finished automobiles, logistics and supply chain services for electronic components, materials procurement and related logistics services, cold chain logistics services and other services such as bonded warehouse, container yard, supervision, agency and transportation services. 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), Tianjin Tongguang Group Digital Communication Co., Ltd. (天津通廣集團數字通訊有限公司), Jin Heng Tai (Tianjin) Trade Development Co., Ltd. (錦亨泰(天津)貿易發展有限公司), Wuxi Leyejia Commercial Co., Ltd. (無錫樂業家商業有限公司), Yingtan Fengrun Ecological Technology Co., Ltd. (鷹潭市豐潤生態科技有限公司), Tianjin Economic and Technological Development Area Ruixin Fuel Sale Co., Ltd. (天津開發區瑞信燃料銷售有限公司) and Toyota Tsusho (Tianjin) Co., Ltd. (豐田通商(天津)有限公司), etc..

During the reporting period, affected by the domestic economic conditions, our logistics and supply chain services for transportation of finished automobiles overcame various challenges and maintained relatively stable performance in its operating income and operating profits as compared with the corresponding period of last year. Through great efforts in expanding customer base, innovating business model and diversifying business types in last year, the Group's materials procurement and related logistics services maintained good development momentum with increase in the operating income and operating profit as compared with the corresponding period of last year. Other logistics services such as bonded warehouse, container yard, supervision, agency and transportation services maintained a good development momentum with further expansion of business scale and substantial increase in operating income and operating profit as compared with the corresponding period of last year. As to the logistics and supply chain services for electronic components business of the Group's associates, despite the negative impact of slowdown in the domestic economy, the operating income and operating profit showed a steady upward trend with substantial increase in the operating results of Dalian Company as a result of efforts in exploring new markets, developing new customers and exploiting internal potential. The logistics services for imported automobiles transportation and imported automobile inspection business recorded growth in operating results to different extent as compared with the corresponding period of last year. The cold chain logistics services recorded losses during the reporting period as it just commenced operation not long ago.

While 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 AUTOMOBILES AND COMPONENTS

During the reporting period, the logistics and supply chain services for transportation of finished automobiles and components overcame the negative impact of various challenges and maintained stable operating results, achieving a principal business income of RMB917,843,000, representing an increase of RMB13,108,000 or 1.4% as compared to the corresponding period of last year. Net profit was substantially the same as compared to last year.

MATERIALS PROCUREMENT AND RELATED LOGISTICS SERVICES

During the reporting period, through great efforts in expanding customer base, innovating business model and diversifying business types in last year, the materials procurement and related logistics services maintained good development momentum with expansion of business scale as compared with the corresponding period of last year. Its principal business income amounted to RMB2,071,944,000, representing an increase of RMB355,377,000 or 21% as compared with 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 continued to maintain a good development momentum with further expansion of business scale. Its operating income amounted to RMB79,712,000, representing an increase of RMB17,591,000 or 28% as compared with last year.

LOGISTICS AND SUPPLY CHAIN SERVICES FOR ELECTRONIC COMPONENTS (CONDUCTED THROUGH INVESTMENTS IN JOINT VENTURES)

During the reporting period, despite the negative impact of slowdown in the domestic economy, the operating income and operating profit of the logistics and supply chain services for electronic components business showed a steady upward trend with substantial increase in the operating results of the Dalian Company as a result of great efforts in exploring new market, developing new customers and exploiting internal potential. Its operating income amounted to RMB635,992,000, representing an increase of 12%, and the net profit amounted to RMB40,094,000, representing a slight increase as compared with last year.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2014, turnover of the Group was RMB3.069 billion, representing an increase of RMB386 million or 14% as compared to RMB2.683 billion last year. The significant increase in turnover is mainly attributable to the substantial growth of materials procurement and related logistics services compared to last year.

Cost of sales and gross profit

For the year ended 31 December 2014, the cost of sales of the Group was RMB2.964 billion, representing an increase of RMB375 million or 14% as compared to RMB2.589 billion of the corresponding period of last year, which was broadly in line with the growth of turnover for the year.

For the year ended 31 December 2014, gross profit margin of the Group was 3.42%, substantially the same as compared to last year.

Administrative expenses

The administrative expenses of the Group amounted to RMB55,122,000 in 2014, representing a decrease of RMB339,000 or 1% as compared to RMB55,461,000 last year. The Group will continue to strengthen its control over part of its administrative expenses.

Finance costs

The Group's finance costs during 2014 amounted to RMB11,555,000, substantially the same as compared to last year. The Group will continue to improve the efficiency of capital utilisation and strive for the most favorable conditions for bank credits so as to reduce the overall finance costs.

Taxation expenses

The taxation expenses of the Group for 2014 were RMB16,295,000, representing an increase of RMB3,199,000 or 24% as compared to RMB13,096,000 last year. The increase in taxation expenses was mainly attributable to the increase in the income tax expenses of the Group and TEDA General Bonded Warehouse Co., Ltd. (a subsidiary of the Group) as compared to last year.

Share of results of joint ventures and associates

The share of results of joint ventures and associates of the Group for 2014 was RMB23,110,000, representing a decrease of RMB3,208,000 or 12% as compared to last year. The overall operating results of the joint ventures and associates of the Group remained stable.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the year and earnings attributable to the equity holders of the Company

For the year ended 31 December 2014, total profits for the year amounted to RMB62,276,000, representing an increase of RMB6,192,000 or 11% as compared to last year. Earnings attributable to the equity holders of the Company were RMB51,214,000, increased by RMB4,211,000 or 9% as compared to RMB47,003,000 last year. The increase in earnings attributable to the equity holders of the Company was mainly because that the gross profit of the principal businesses of the Company increased by RMB10,262,000 or 11% as compared with last year, while the overall operating results of the joint ventures and associates remained relatively stable during the reporting period as the Group enhanced control over administrative expenses and finance costs.

Dividend

The Board proposes the payment of a final dividend of RMB0.03 per share for the year ended 31 December 2014 (corresponding period of 2013: RMB0.02).

The Proposal shall be subject to the approval by the shareholders at the Company's annual general meeting of 2014. Information about the date of the annual general meeting and arrangement on closure of register of member will be announced in due course.

Liquidity and financial resources

For the year ended 31 December 2014, the Group maintained a sound financial position. As at 31 December 2014, the cash and bank deposit of the Group was RMB301,307,000 (31 December 2013: RMB238,090,000). As at 31 December 2014, the total assets of the Group were RMB2,451,376,000 (31 December 2013: RMB2,203,203,000). Capital was sourced from current liabilities of RMB1,564,814,000 (31 December 2013: RMB1,353,572,000), non-current liabilities of RMB6,597,000 (31 December 2013: RMB6,951,000), shareholder's equity attributable to the shareholders of the Group of RMB791,904,000 (31 December 2013: RMB754,862,000) and non-controlling interests of RMB88,061,000 (31 December 2013: RMB87,818,000).

Capital structure

For the year ended 31 December 2014, 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 2014, the balance of bank loans of the Group was RMB104,898,000 (31 December 2013: RMB270,000,000).

Gearing ratio

As at 31 December 2014, the ratio of total liabilities to total assets of the Group was 64% (31 December 2013: 62%). The gearing ratio (ratio of short-term bank loans to total equity) of the Group was 12% (31 December 2013: 32%).

Charge on assets

As at 31 December 2014, there was no charge on assets of the Group.

Exchange loss or gain

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

The Group has no significant investments outside Mainland China. The Group, however, may be exposed to certain extent of foreign currency exchange loss or gain mainly because the Group and the subsidiaries of the Group, TEDA General Bonded Warehouse Co., Ltd. (天津開發區泰達公共保税倉有限公司), He Guang Trade and Business Co., Ltd. (和光商貿有限公司), Tianjin Teda International Freight Forwarding Co., Ltd. (天津泰達國際貨運代理有限公司) and Tianjin Fengtian Logistics Co., Ltd. (天津豐田物流有限公司), have transactions denominated in United States Dollar, the Japanese Yen, Australian Dollar and Hong Kong Dollar. For the twelve months ended 31 December 2014, the Group had an exchange gain of RMB445,000 after offsetting the exchange loss.

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities.

Operating lease commitments

As at 31 December 2014, the Group had the following operating lease commitments:

The Group as lessee

	2014 RMB'000
Within one year	**2,928**
In the second to fifth year inclusive	**1,409**
	4,337

The Group as lessor

	2014 RMB'000
Within one year	**8,188**
In the second to fifth year inclusive	**19,320**
Over fifth year	**4,680**
	32,188

MAJOR ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year, there was no major acquisition or disposal of subsidiaries and associated companies by the Group.

EMPLOYEES

As at 31 December 2014, the Company employed 2,350 employees (31 December 2013: 2,371).

	As at 31 December 2014	As at 31 December 2013
Administration	**365**	389
Finance	**68**	63
Consulting Technology	**17**	21
Sale and Operation	**1,900**	1,898
Total	**2,350**	2,371

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..

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 – "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 provisions of the Corporate Governance Code ("the Code") set out in Appendix 15 of the GEM Listing Rules throughout the reporting year, save for the deviation of Code A.2.1 and Code A.6.7.

DEALING IN SECURITIES BY THE 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.

THE BOARD

The Board of the Company currently comprises 9 Directors which includes 1 executive Director, 4 non-executive Directors and 4 independent non-executive Directors, among which, Zhang Jian is the Chairman and executive Director; Xu Lifan, Cui Xuesong, Tse Ping and Yang Xiaoping are non-executive Directors and Cheng Xinsheng, Japhet Sebastian Law, Mei Xingbao and Zhou Zisheng are independent non-executive Directors. Details of the members of the Board are set out under the section headed "Directors, Supervisors and Senior Management".

The Board of the Company is responsible to the shareholders in general meeting, and to exercise the functions granted by the general meetings and the Articles of the Company. The major responsibilities of the Board include formulating the business plans and investment advices of the Company , convening general meetings and signing resolutions proposed in the general meetings, formulating and reviewing the corporate governance policies and practices of the Company, reviewing and monitoring the training and continuous professional development of the Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct and Handbook of Corporate Governance Practices applicable to employees and directors, and reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report of the Company. The interest of Shareholders and the Company is the primary concern for every member of the Board. Directors should always comply with the relevant laws and regulations in a dedicated manner. The management of the Company is responsible to the Board, to exercise the board resolutions and report to the Chairman and the Board in respect of the operating of the Company in a timely manner. The management timely provides the updated information to the member of the Board by delivery of monthly business report and statements, which set out the performance, financial condition and prospects of the Company, the evaluations that are fair and easy to understand, etc.

All the independent non-executive Directors appointed by the Company have extensive experience in finance or enterprise management and other professional areas. Acting in a careful and detailed manner, independent directors also need to safeguard the interests of the Company and the shareholders by providing independent advice relating to connected transactions and material issues of the Company and providing professional recommendations for the long-term and stable development of the Company's business.

The Directors are subject to a term of office of three years and shall be eligible for re-election upon expiry of the term in accordance with the Articles of the Company. The Board considers that the non-executive Directors and independent non-executive Directors could maintain a reasonable balance with the executive Directors of the Board so as to safeguard the interests of the Company and its shareholders. The non-executive Directors and independent non-executive Directors perform their responsibilities of developing the Company's policies by providing constructive opinions.

During the reporting year, the Company complied with the requirements of Rules 5.05(1) and (2) and 5.05A of the GEM Listing Rules. As of the end of the reporting year, the Board of the Company comprises 4 independent non-executive Directors, in which Cheng Xinsheng has the competent professional qualification in accordance with the requirements of Rule 5.05(2). The independent non-executive Directors appointed by the Company represent at least one-third of the Board members.

After reassessment of the independence of the independent non-executive Directors by the Company in May 2014, the Company considered that each of the independent non-executive Directors has complied with all independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

There is no family or material relationship between the Board members.

A comprehensive training was provided for each new Director of the Company after his/her appointment, to ensure he/she would understand the operation and business of the Group and to fully aware of his/her responsibility and obligation as a Director. The Group provides presentations, site visits, seminars and other professional development activities to all Directors, so as to enhance his/her awareness of the relevant GEM Listing Rules and other applicable regulatory requirements as well as the latest developments in the business of the Group. During the reporting year, the Directors of the Company complied with Code Provision A.6.5 by the following ways:

Director	Reading Materials	Site visit	Attendances of Discussion/ Course/Speech
Executive Director			
Zhang Jian	√	√	√
Non-executive Directors			
Zhang Jun (resigned on 21/6/2014)	√	√	√
Hu Jun (resigned on 21/6/2014)	√	√	√
Tse Ping	√	√	√
Yang Xiaoping	√	√	√
Xu Lifan (appointed on 21/6/2014)	√	√	√
Cui Xuesong (appointed on 21/6/2014)	√	√	√
Independent Non-executive Directors			
Zhang Limin (resigned on 21/6/2014)	√	√	√
Luo Yongtai (resigned on 21/6/2014)	√	√	√
Liu Jingfu (resigned on 21/6/2014)	√	√	√
Japhet Sebastian Law	√	√	√
Cheng Xinsheng (appointed on 21/6/2014)	√	√	√
Mei Xingbao (appointed on 21/6/2014)	√	√	√
Zhou Zisheng (appointed on 21/6/2014)	√	√	√

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2014, there are no other executive Directors, except for Mr. Zhang Jian, the Chairman of the Board and the executive Director of the Company. The Board has held 7 meetings in 2014 to discuss and decide on material strategies, material operating issues, financial issues and other matters as required in the Articles of the Company. The Company has kept the detailed minutes of the relevant meetings.

The attendance of the Board members during the year is set out as follows:

Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
	Number of meeting attended/held (Attendance)				
Executive Director					
Zhang Jian	7/7(100%)	N/A	N/A	1/1(100%)	2/2(100%)
Non-executive Directors					
Zhang Jun Note 1	3/3(100%)	N/A	N/A	N/A	2/2(100%)
Hu Jun Note 2	2/3(67%)	N/A	N/A	N/A	1/2(50%)
Tse Ping Note 3	3/7(43%)	N/A	N/A	N/A	1/2(50%)
Yang Xiaoping Note 4	3/7(43%)	N/A	N/A	N/A	1/2(50%)
Xu Lifan Note 5	4/4(100%)	N/A	N/A	N/A	N/A
Cui Xuesong Note 6	2/4(50%)	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Zhang Limin Note 7	2/3(67%)	2/2(100%)	N/A	N/A	1/2(50%)
Luo Yongtai Note 8	3/3(100%)	2/2(100%)	N/A	1/1(100%)	1/2(50%)
Liu Jingfu Note 9	3/3(100%)	2/2(100%)	N/A	1/1(100%)	1/2(50%)
Japhet Sebastian Law Note 10	6/7(86%)	2/2(100%)	1/1(100%)	N/A	0/2(0%)
Cheng Xinsheng Note 11	4/4(100%)	2/2(100%)	1/1(100%)	N/A	N/A
Mei Xingbao Note 12	3/4(75%)	N/A	1/1(100%)	N/A	N/A
Zhou Zisheng Note 13	4/4(100%)	2/2(100%)	N/A	N/A	N/A

Notes:

1. Mr. Zhang Jun resigned the position of director upon the conclusion of the 2013 annual general meeting held on 20 June 2014 due to expiry of term of appointment.

2. Mr. Hu Jun resigned the position of director upon the conclusion of the 2013 annual general meeting held on 20 June 2014 due to expiry of term of appointment. Mr. Hu Jun appointed Mr. Zhang Jian to attend 1 extraordinary general meeting and 1 board meeting on behalf of him; those two attendances were not included in Mr. Hu Jun's attendance. Mr. Hu Jun didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A.6.7.

3. Mr. Tse Ping appointed Mr. Zhang Jian to attend 1 extraordinary general meeting and 4 board meetings on behalf of him; those five attendances were not included in Mr. Tse Ping's attendance. Mr. Tse Ping didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A.6.7.

4. Mr. Yang Xiaoping appointed Mr. Zhang Jian to attend 1 extraordinary general meeting and 4 board meetings on behalf of him; those five attendances were not included in Mr. Yang Xiaoping's attendance. Mr. Yang Xiaoping didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A.6.7.

5. Mr. Xu Lifan was appointed as a director upon the conclusion of the 2013 annual general meeting held on 20 June 2014.

6. Mr. Cui Xuesong was appointed as a director upon the conclusion of the 2013 annual general meeting held on 20 June 2014. Mr. Cui Xuesong appointed Mr. Xu Lifan to attend 2 board meetings on behalf of him; those two attendances were not included in Mr. Cui Xuesong's attendance. Mr. Cui Xuesong didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A.6.7.

7. Mr. Zhang Limin resigned the position of director upon the conclusion of the 2013 annual general meeting held on 20 June 2014 due to expiry of term of appointment. Mr. Zhang Limin appointed Mr. Zhang Jian to attend 1 extraordinary general meeting and appointed Mr. Liu Jingfu to attend 1 board meeting on behalf of him; those two attendances were not included in Mr. Zhang Limin's attendance. Mr. Zhang Limin didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A.6.7.

8. Mr. Luo Yongtai resigned the position of director upon the conclusion of the 2013 annual general meeting held on 20 June 2014 due to expiry of term of appointment. Mr. Luo Yongtai appointed Mr. Zhang Jian to attend 1 extraordinary general meeting on behalf of him; the attendance was not included in Mr. Luo Yongtai's attendance. Mr. Luo Yongtai didn't attend the meeting in person due to his personal reasons, which is not in compliance with Code A.6.7.

9. Mr. Liu Jingfu resigned the position of director upon the conclusion of the 2013 annual general meeting held on 20 June 2014 due to expiry of term of appointment. Mr. Liu Jingfu appointed Mr. Zhang Jian to attend 1 extraordinary general meeting on behalf of him; the attendance was not included in Mr. Liu Jingfu's attendance. Mr. Liu Jingfu didn't attend the meeting in person due to his personal reasons, which is not in compliance with Code A.6.7.

10. Mr. Japhet Sebastian Law appointed Mr. Zhang Jian to attend 1 annual general meeting, 1 extraordinary general meeting and 1 board meeting on behalf of him; those three attendances were not included in Mr. Japhet Sebastian Law's attendance. Mr. Japhet Sebastian Law didn't attend these meetings in person due to his personal reasons, which is not in compliance with Code A.6.7. Mr. Japhet Sebastian Law was appointed as member of the audit committee, nomination committee and remuneration committee upon the conclusion of the board meeting held on 23 June 2014.

11. Mr. Cheng Xinsheng was appointed as a director upon the conclusion of the 2013 annual general meeting held on 20 June 2014. Mr. Cheng Xinsheng was appointed as member of the audit committee and remuneration committee upon the conclusion of the board meeting held on 23 June 2014.

12. Mr. Mei Xingbao was appointed as a director upon the conclusion of the 2013 annual general meeting held on 20 June 2014. Mr. Mei Xingbao appointed Mr. Zhang Jian to attend 1 board meeting on behalf of him; the attendance was not included in Mr. Mei Xingbao's attendance. Mr. Mei Xingbao didn't attend the meeting in person due to his personal reasons, which is not in compliance with Code A.6.7. Mr. Mei Xingbao was appointed as member of the nomination committee and remuneration committee upon the conclusion of the board meeting held on 23 June 2014.

13. Mr. Zhou Zisheng was appointed as a director upon the conclusion of the 2013 annual general meeting held on 20 June 2014. Mr. Zhou Zisheng was appointed as member of the audit committee upon the conclusion of the board meeting held on 23 June 2014.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 the CEO should be clearly established and set out in writing.

As at 31 December 2014, 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.

TERM OF OFFICE AND RE-ELECTION

The terms of office of the Directors of the Company (including independent non-executive Directors) are three years. All current Directors of the Company will hold office until the expiry of the third Board of the Company. The Directors shall retire upon expiry of their terms of office and are subject to re-election.

THE COMMITTEES OF THE BOARD

Each of the audit committee, remuneration committee and nomination committee of the Company has specific terms of reference in place, with the powers and responsibilities of each committee clearly defined which are posted on the websites of the GEM and the Company.

(1) 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, and its duties and responsibilities have been properly laid down in writing under the requirements of Rule 5.29 of the GEM Listing Rules. The audit committee currently comprises Mr. Zhou Zisheng (chairman), Mr. Cheng Xinsheng and Mr. Japhet Sebastian Law (all being independent non-executive Directors), among which Mr. Cheng Xinsheng, has the relevant 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 quarterly, interim and annual results of the Group. The audit committee reviewed the audited financial statements for the year ended 31 December 2014 and recommended approval to the Board. In 2014, the audit committee held a total of 4 meetings to review the financial information and the internal control system of the Company. For the year ended 31 December 2014, the Company complied with the requirements of Rules 5.28 of the GEM Listing Rules in respect of the audit committee.

(2) Remuneration committee

The Company has set up a remuneration committee in accordance with the requirements of Rule 5.34 of the GEM Listing Rules and its duties and responsibilities have been properly laid down in writing under the requirements of Rule 5.35. The remuneration committee currently comprises Mr. Japhet Sebastian Law (chairman), Mr. Cheng Xinsheng and Mr. Mei Xingbao (all being independent non-executive Directors). The remuneration committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all Directors, Supervisors and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives, and making recommendations to the Board on the remuneration packages of individual executive directors and senior management. In 2014, the remuneration committee held one meeting. For the year ended 31 December 2014, the Company has complied with the requirements of Rules 5.34 of the GEM Listing Rules.

(3) Nomination committee

The Company has also set up a nomination committee which is responsible for reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment, re-appointment and succession of directors. The nomination committee currently comprises three members, with Mr. Zhang Jian being the chairman and Mr. Japhet Sebastian Law and Mr. Mei Xingbao being the members. A majority of the nomination committee members are independent non-executive Directors of the Company. In 2014, the nomination committee held one meeting in total and executed the related provisions of the nomination of the Directors under the Company's Articles of Association and the policies, procedures and criterias of the Procedures for Shareholders to Propose a Person for Election as a Director.

LIABILITY INSURANCE FOR DIRECTORS AND SENIOR MANAGEMENT

The Company has arranged appropriate liability insurance coverage for the Directors and senior management since May 2014.

SUPERVISORY COMMITTEE

After the resignation of the independent supervisor Ms. Lu Xia due to work arrangement on 10 November 2014, as of 31 December 2014, the supervisory committee comprised 5 members, of whom 3 are shareholder representative supervisors and 2 are employee representative supervisors. The responsibility of the supervisory committee is to monitor the Board and its members and senior management so as to protect the interests of the shareholders. In 2014, the supervisory committee had monitored the financial position and the legal compliance of the operations of the Company and has conducted due diligence review of the senior management by convening meetings of supervisory committee and attending Board meetings and general meetings. It has duly performed its duties according to detailed cautions principles.

INTERNAL CONTROL

During the year of 2014, the Board of the Company highly emphasised internal control and continued to adopt various initiatives to control and monitor the business of the Company and prevent potential risks. During the reporting period, the Board has conducted a review of the effectiveness of the system of the internal controls of the Company together with its subsidiaries, and considered it as effective. The review covers all the material aspects of internal control, including financial control, operational control and compliance control as well as risks management, particulars of which are as follows:

1. Financial control

The Company continued to strictly comply with the various financial systems formulated by the Company to further strengthen and enhance the financial management of the Company.

The Directors of the Company has fully considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The audit committee of the Company has held 4 meetings to liaise and discuss with the auditor and the financial management department on the financial management, financial statements and auditing of the Company.

2. Operational control

The management and all departments of the Company undertake their respective duties and faithfully perform their functions in accordance with the Articles and the systems of the Company in order to ensure the smooth operation of its businesses. The Company carries out monthly statistics compilation and analysis on its operations to enable the management to have a timely grasp of the situation and to make judgements and decisions. Material issues of the Company shall be submitted to the Board meetings and general meetings for consideration and voting in accordance with the Articles of the Company. The supervisors are responsible for the supervision of the exercise of authority by the management of the Company and the Board in the course of managing affairs of the Company, and to provide advice and recommendation.

3. Compliance control

The Company, during the course of its business expansion, complied with all relevant laws and regulations so as to strengthen the internal control system of the Company. The management and departments of the Company entered into contracts in accordance with the management requirements of the Company. The Company has in place a designated team to advise on the legal compliance of the Company when making significant operational decisions.

The Company conducts regular follow-ups in respect of connected transactions between different departments pursuant to the GEM Listing Rules so as to ensure that the connected transactions and their procedures and the disclosure of information comply with the requirements of the GEM Listing Rules.

4. Risks management

The Company has adopted appropriate measures to manage its investment, guarantee, litigations and material projects so as to standardise the operations of the Company. The Company has set up the risk management department which is mainly responsible for risk evaluation and management of our businesses, such as materials procurement logistics business and new business.

SHAREHOLDERS' RIGHTS

Procedure for Shareholders to Convene an Extraordinary General Meeting:

At the annual general meeting of the Company, shareholders (either independently or jointly) holding 3% or more of the total number of the Company's voting shares shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda for the meeting the matters in the motions that fall within the scope of the duties of the shareholders' general meeting. But the motion shall reach the Company within 10 days after the said meeting notice is made. The extraordinary general meeting shall not resolve on matters not specified in the notice.

INVESTOR RELATIONS AND COMMUNICATION WITH THE SHAREHOLDERS

The Board intends to encourage and maintain on-going communication with the shareholders through various channels. The Company's annual general meeting provides a good opportunity for the Directors to meet and communicate with the shareholders. All Directors shall use their best endeavors to attend the annual general meeting so as to reply enquiries of the shareholders of the Company. In respect of any discloseable and significant matters, the Company makes timely, accurate and complete disclosure in newspapers and websites specified by the relevant regulatory authorities pursuant to the disclosure requirements under the GEM Listing Rules in order to safeguard the right to information and participation of the shareholders. The Company has established a specialised department responsible for investor relations. Placing strong emphasis on communication with investors, the Company holds class meetings and organises site visits for shareholders so as to enhance investors' understanding of and confidence in the Company.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts for each financial period by the management, and issuing appropriate announcements in accordance with the GEM Listing Rules for disclosure of all information necessary for the shareholders to assess the financial performance and other matters of the Company.

The Company has appointed HLB Hodgson Impey Cheng Limited as the international auditor of the Company for the year 2014. Fees for audit and non-audit services provided to the Company for the year ended 31 December 2014 amounted to RMB1,400,000.

The Directors of the Company are responsible for preparation of the financial statements which can truthfully and fairly reflect financial positions of the Company and its subsidiaries, pursuant to the disclosure requirement of the International Financial Reporting Standards and the Companies Ordinance in Hong Kong.

The statements made by the independent auditors of the Company on their responsibilities for the financial statements are set out in the independent auditors' report in this report.

JOINT COMPANY SECRETARIES

The Company engages an external service provider to provide secretarial service and has appointed Mr. Lo Tai On ("Mr. Lo") as its Company Secretary, Mr. Lo has confirmed that for the period under review, he has attended not less than 15 hours of relevant professional training. His internal and principle contact person in the Company is Mr. Jia Wenxuan ("Mr. Jia"), the joint company secretary, the secretary of the Board and manager of the investment planning department.

With effect from 21 March 2014, the Company has also appointed Mr. Jia as the joint company secretary of the Company (the "Appointment") and Mr. Lo shall be re-designated as the other joint company secretary of the Company. Mr. Jia does not currently possess the specified qualifications of a company secretary as required under Rule 5.14 of the GEM Listing Rules. The Stock Exchange has granted a waiver (the "Waiver") from strict compliance with the requirements under Rule 5.14 of the GEM Listing Rules in relation to Mr. Jia's eligibility to act as the joint company secretary of the Company for a three-year period from the date of the Appointment. Further details in relation to the Appointment and the Waiver are disclosed in the Company's announcement dated 21 March 2014.

GENERAL MEETINGS

The general meeting of the Company has the highest authority. Totally two general meetings were held in 2014. The Company convened an annual general meeting on 20 June 2014 to consider and approve the resolutions relating to re-appointment of auditors, distribution of dividends and amendment to the Articles of the Company. The chairman has proposed separate resolutions for separate issues. The chairman of the Board and the members of each committee have attended the annual general meeting held in 2014, so as to respond to questions raised by shareholders. In addition, chairman of the Independent Board Committee has attended the annual general meeting held in 2014 to answer questions related to connected transactions raised by shareholders. The Company highly values the functions of the general meeting as it is considered to be a direct and effective communication channel between the Board and investors of the Company, and thus encourages all shareholders to attend the general meetings. The Articles of the Company have express provisions in respect of the rights of the shareholders including the rights to attend, to receive notices of, and to vote in general meetings.

DIRECTORS' REPORT

The Board is pleased to present the annual report and audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of comprehensive logistics services in China, mainly including supply chain solutions and steel procurement businesses and related logistics services.

RESULTS

The financial highlights of the reporting period are set out on page 5 of this annual report. Discussion and analysis of the results and financial position of the Group are set out on pages 10 to 13 of this annual report. The consolidated statement of comprehensive income is set out on page 38 of this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2014 prepared in accordance with the International Financial Reporting Standards ("IFRSs") are set out on pages 38 to 44 of this annual report.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND DIVIDENDS

As at 31 December 2014, profit attributable to the equity holders of the Company was approximately RMB51,214,000. The Board proposes the payment of a final dividend of RMB0.03 per share for the year ended 31 December 2014 (corresponding period of 2013: RMB0.02).

RESERVES

Details of movements in the reserves of the Group and the Company during the reporting period and details of the distributable reserves of the Company as at 31 December 2014 are set out in Note 24 to the consolidated financial statements prepared in accordance with the IFRSs.

STATUTORY RESERVE FUNDS

Details of the statutory reserve funds are set out in Note 24 to the consolidated financial statements.

PROPERTIES

Particulars of movements in properties of the Group and the Company during the reporting period are set out in Note 16 to Note 18 to the consolidated financial statements.

MATERIAL CONTRACTS WITH CONTROLLING SHAREHOLDER

There is no material contract between the Group and the controlling shareholder or its subsidiaries during the year.

FINANCIAL SUMMARY

A financial summary including the results and balance sheets of the Group for the past five financial years is set out in the section headed "Financial Summary" of this report.

SUBSIDIARIES AND ASSOCIATES

During the year, the Company had neither made any investment for establishment of any new company nor increased or withdrawn any capital to or from its invested subsidiaries or associates.

CAPITALISED INTERESTS

For the year ended 31 December 2014, the Company had no capitalised interest (2013: nil).

SHARE CAPITAL

During the reporting period, there was no change in the Company's share capital. Details are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Articles of the Company which requires the Company to offer new shares in proportion to existing shareholders.

DIRECTORS AND SUPERVISORS

The directors and supervisors in office during the year and up to the date of this report are as follows:

Executive Director	**Date of appointment**
Zhang Jian *(chairman)*	21 June 2014
Non-executive Directors	
Hu Jun *(resigned the position of director on 21 June 2014 due to expiration of the term of office)*	23 June 2011
Zhang Jun *(resigned the position of director on 21 June 2014 due to expiration of the term of office)*	23 June 2011
Tse Ping	21 June 2014
Yang Xiaoping	21 June 2014
Xu Lifan	21 June 2014
Cui Xuesong	21 June 2014
Independent Non-executive Directors	
Zhang Limin *(resigned the position of director on 21 June 2014 due to expiration of the term of office)*	23 June 2011
Liu Jingfu *(resigned the position of director on 21 June 2014 due to expiration of the term of office)*	23 June 2011
Luo Yongtai *(resigned the position of director on 21 June 2014 due to expiration of the term of office)*	23 June 2011
Japhet Sebastian Law	21 June 2014
Cheng Xinsheng	21 June 2014
Mei Xingbao	21 June 2014
Zhou Zisheng	21 June 2014
Supervisors	
Xu Jianxin	21 June 2014
Wang Rui	21 June 2014
Lu Xia *(resigned the position of supervisor on 10 November 2014)*	23 June 2011
Yu Ang *(resigned the position of supervisor on 21 June 2014 due to expiration of the term of office)*	23 June 2011
He Hongsheng *(resigned the position of supervisor on 21 June 2014 due to expiration of the term of office)*	23 June 2011
Hai Tianmin	21 June 2014
Tang Zhizhong	21 June 2014
Yuan Baolei	21 June 2014

CONFIRMATION OF INDEPENDENCE

The Company has received from each of its independent non-executive directors' annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules, and confirmed that all the independent non-executive directors of the Company are independent persons.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company.

None of the directors and supervisors has entered into a service contract with the Company, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

The Company has not entered into any contracts of significance in which any of its directors had a material interest, whether directly or indirectly, at the balance sheet date or at any time during the year.

Save for contracts amongst group companies, no other contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of year or at any time of the year.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the directors' and senior management's remuneration and the five highest paid individuals are set out in Note 10 to the consolidated financial statements of this report.

The remuneration offered to the directors and senior management shall be determined based on, among other things, individual experience, responsibility and time devoted to the Company.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, none of the directors, supervisors or chief executives of the Company had any interest and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 the required standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

As at 31 December 2014, none of the directors, supervisors or chief executives held 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 since 1 January 2014.

SUBSTANTIAL SHAREHOLDERS AND PERSONS HOLDING INTERESTS AND/OR 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 31 December 2014, the following persons (other than the Directors, supervisors and chief executive of the Company) had interests or short positions in the shares or the 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 required to be recorded in the register of the Company pursuant to Section 336 of the SFO:

Long position in shares of the Company

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%

Note:

1. The letter "L" represents the shareholder's long position in the share capital of the Company.

DIRECTORS' REPORT

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 31 December 2014, 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 were 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:

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, chief executives and supervisors of the Company, as at 31 December 2014, no any other persons (other than the Directors or chief executives or supervisors of the Company) had interests or short positions which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company pursuant to Section 336 of the SFO.

SHARE APPRECIATION RIGHTS INCENTIVE SCHEME

As at the Latest Practicable Date, the Company has no arrangement for such plan.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the percentages of income of the Group from sales of goods and provision of services to major customers to the turnover of the Group are as follows:

Tong Fang Global (Tianjin) Logistics Co., Ltd. (同方環球(天津)物流有限公司)	24%
Tianjin Tongguang Group Digital Communication Company Limited (天津通廣集團數字通信公司)	15%
Jin Heng Tai (Tianjin) Trade Development Co., Ltd. (錦亨泰(天津)貿易發展有限公司)	10%
Wuxi Leyejia Commercial Co., Ltd. (無錫樂業家商業有限公司)	8%
Yingtan Fengrun Ecological Technology Co., Ltd. (鷹潭市豐潤生態科技有限公司)	6%
Five largest customers in total	63%

None of the five largest customers above is a connected party of the Group pursuant to the GEM Listing Rules.

During the reporting period, the percentages of expenses of the Group arising from the purchase of goods and services from major suppliers to the cost of sales of the Group are as follows:

Leimeng (Tianjin) Enterprise Company Limited (雷盟(天津)實業有限公司)	15%
Zhongwu Huashang International Logistics Co., Ltd. (中物華商國際物流股份有限公司)	8%
Shanghai Xinzhan Supply Chain Management Co., Ltd. (上海辛展供應鏈管理有限公司)	7%
Tianjin Tianhe Nanxi Renewable Resources Recycling Co., Ltd. (天津市天合南希再生資源回收利用有限公司)	4%
Shanghai Textile Raw Materials Corporation (上海紡織原料公司)	4%
Five largest suppliers in total	38%

None of the five largest suppliers above is a connected party of the Group pursuant to the GEM Listing Rules.

Save as disclosed above, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

COMPETING INTERESTS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group has entered into continuing connected transactions with the following entities which are regarded as connected persons of the Company under the GEM Listing Rules as at 31 December 2014.

1. Toyota Tsusho Corporation, which holds approximately 36.2% interest in Tianjin Fengtian Logistics Co., Ltd ("Tianjin Fengtian Logistics", a non-wholly owned subsidiary of the Company), is a substantial shareholder of a subsidiary of the Company. Under the GEM Listing Rules, Toyota Tsusho Corporation is the connected person of the Company.

Details of the connected transactions and continuing connected transactions for the year ended 31 December 2014 are as follows:

CONTINUING CONNECTED TRANSACTIONS

On 23 November 2010, the Company entered into a logistic service agreement (the "Logistic Service Agreement") with Toyota Tsusho Corporation, pursuant to which the Company agreed to provide logistics services and supply chain solutions for automobile and car components to Toyota Tsusho Corporation for a period up to 31 December 2013. The Logistic Service Agreement and the transactions contemplated thereunder were approved at the extraordinary general meeting of the Company on 18 January 2011.

On 4 September 2013, the Company entered into a supplemental agreement (the "Supplemental Agreement") with Toyota Tsusho corporation to renew the transactions under the Logistics Service Agreement for a further term of three years expiring on 31 December 2016. The Logistic Service Agreement as supplemented and amended by the Supplemental Agreement and all transactions contemplated thereunder were approved at the extraordinary general meeting on 12 November 2013.

ANNUAL CAPS AND ACTUAL FIGURES OF NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS OF THE COMPANY

Description of transaction	**Annual Caps for 2014** RMB'000	**Actual Figures for 2014** RMB'000
Logistic Service Agreement (as supplemented and amended by the Supplemental Agreement)	91,000	67,519

The independent non-executive Directors, Cheng Xinsheng, Japhet Sebastian Law, Mei Xingbao and Zhou Zisheng, have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) in accordance with the relevant agreement with terms which are fair and reasonable and in the interests of the shareholders as a whole.

In addition, the Group has duly complied with the requirements under Rule 20.38 of the GEM Listing Rules.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on page 112 of the Annual Report in accordance with Rule 20.38 of the GEM Listing Rules.

Save as disclosed above, the Directors consider that those material related party transactions disclosed in note 33 to the financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements (if any) under Chapter 20 of the GEM Listing Rules.

LITIGATION

As at 31 December 2014, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, redeemed or sold or cancelled any listed securities of the Company.

PUBLIC FLOAT

Based on the information available to the Company and to the knowledge of the Directors, the Company has, up to the date of this report, maintained the public float required by the GEM Listing Rules and approved by the Stock Exchange.

TRUST DEPOSITS

As at 31 December 2014, neither the Company nor any of its subsidiaries placed any trust deposits with any financial institutions within or outside the PRC.

AUDITORS

The financial statements have been audited by HLB Hodgson Impey Cheng Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

PricewaterhouseCoopers had been auditor of the Company for the previous financial years. There has been no other change of auditor in the preceding three years.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors are not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

CLARIFICATION

The Company wishes to clarify that certain information stated in this report was different from the unaudited annual results announcement of the Group for the year ended 31 December 2014 issued by the Company on 28 April 2015. The difference represented provision of audit fee of approximately RMB1,400,000 for the year ended 2014, which increased administrative expenses in consolidated statement of profit or loss and other comprehensive income and trade and other payables in consolidated statement of financial position. Therefore, profit/total comprehensive income for the year has decreased by RMB1,400,000.

By order of the Board
Zhang Jian

Tianjin, the PRC, 5 June 2015

REPORT OF THE SUPERVISORY COMMITTEE

Dear shareholders,

Pursuant to the "Company Law of the People's Republic of China", the articles of association of the Company and the relevant regulations regarding Hong Kong listed companies and the Supervisory Committee of the Company (the "Supervisory Committee"), under its fiduciary duty, has taken up a responsible role to work reasonably and cautiously with integrity and diligence to protect the interests of the Company, its shareholders and staff during the year.

During the year, the Supervisory Committee duly reviewed the operational and development plans of the Company, the supervisors made their best endeavours to attend each Board meeting and general meeting held in 2014, and provided reasonable opinions and recommendations to the Board. It also constantly monitored the Company's financial status and administered the code of practices of the Directors, general manager and other senior management. The Supervisory Committee has made stringent supervision on whether any material and concrete decision made by the management of the Company is in compliance with the laws and regulations of the PRC and the articles of association of the Company, and whether it is in the interests of its shareholders.

Through its efforts made on supervision and inspections during 2014, the Supervisory Committee considered that the members of the Board, the general manager and other senior management of the Company all strictly observed their fiduciary duties, to act diligently and to exercise their authority faithfully under the premise of safeguarding the best interests of the Company. They carried out duties in accordance with the requirements set out in the articles of association of the Company in a standardised manner. During the reporting period, the Company carried out operations according to the law with a standardised management style, and its operating results were objective and true. The Company had an integral, reasonable and effective internal control system, and its operation decision-making process were legal. The connected transactions of the Company have been carried out on fair and reasonable terms that are in the interests of the shareholders of the Company as a whole, and no violation to the interests of the shareholders and the Company has been found. To date, none of the Directors, supervisors, general manager and other senior management had been found abusing their authority, damaging the interests of the Company or infringing upon the interests of its shareholders and employees, nor found to be in breach of any laws and regulations or the articles of association of the Company.

The Supervisory Committee has exercised supervision over the execution of the resolutions of the general meeting and considers that the Board is capable of executing the resolutions of the general meeting diligently.

The Supervisory Committee is satisfied with the performance and the economic benefits achieved by the Company in 2014, and has full confidence in the future development of the Company.

In the coming year, the Supervisory Committee of the Company will continue to perform its duties pursuant to the relevant laws and regulations by adhering to the fiduciary duties and strengthening its supervisory work so as to safeguard and protect the interests of the Company and the shareholders, fulfill its responsibility in an honest and diligent manner and hence achieve good performance in every aspect.

By order of the Supervisory Committee
Xu Jianxin
Chairman

Tianjin, the PRC, 5 June 2015

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Mr. Zhang Jian (張鑑), aged 57, joined the Company as the chairman and general manager in June 2006. He graduated from the semiconductor physics and devices profession (半導體物理與器件專業) of the electronic engineering department of Tianjin University (天津大學) with a bachelor's degree in engineering in 1982. He obtained a master's degree in business administration from the National University of Singapore in 2003 and is a senior electrical engineer accredited by the Tianjin Municipal Engineering Evaluation Committee (天津市工程系列高評委). From 1984 to 1985, he performed administrative secretarial work in Tianjin Economic and Technological Development Area Corporation, the predecessor of Teda Holding. From 1985 to 1987, he worked as a project manager at Teda Industrial Investment Co., Ltd. (天津開發區工業投資公司). From 1987 to 1995, he worked as a deputy manager in Heat and Power Company of Teda Holding (泰達控股熱電公司), a company controlled by Teda Holding, the Controlling Shareholder and an Initial Management Shareholder. From 1995 to 2008, he had been the manager of the management department of Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資控股有限公司). He was a director of Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司) (Stock code: 000695, Shenzhen Stock Exchange), the chairman of the supervisory committee of Tianjin Jinbin Development Co., Ltd. (天津津濱發展股份有限公司) (Stock code: 000897, Shenzhen Stock Exchange), the chairman of Tianjin Yuan Da Xian Dai Logistics Co., Ltd., TEDA General Bonded Warehouse Co., Ltd. and Tianjin TEDA International Freight Forwarding Co., Ltd. (all being member companies of the Group) and the vice chairman of Tianjin Port Gangwan International Automobile Logistics Co., Ltd., Tianjin Ferroalloy Exchange Co., Ltd. and Tianjin Tianxin Automobile Inspection Services Co., Ltd. (天津天鑫機動車檢測服務有限公司). He is currently the chairman of Tianjin Alps Teda Logistics Co., Ltd., Dalian Alps Teda Logistics Co., Ltd., Tianjin Fengtian Logistics Co., Ltd. and Tedahang Cold Chain Logistics Co., Ltd., the director of He Guang Trade and Business Co., Ltd. and the vice president of the China Federation of Logistics and Purchasing and China Society of Logistics. Both Tianjin Jinbin Development Co., Ltd. And Tianjin Binhai Energy & Development Co., Ltd. are affiliated companies of Teda Holding, the Controlling Shareholder and an Initial Management Shareholder.

NON-EXECUTIVE DIRECTORS

Mr. Xu Lifan (許立凡), aged 48, holds the Executive Master of Business Administration (EMBA) and is a senior engineer. He served various positions such as the vice general manager, general manager, party secretary and chairman of Tianjin TEDA Construction Group Co., Ltd. (天津泰達建設集團有限公司) and the party secretary and chairman of Tianjin Jinbin Development Co., Ltd (天津津濱發展股份有限公司) (Stock code: 000897, Shenzhen Stock Exchange). From December 2012 to date, he has been the vice general manager of Tianjin Teda Investment Holding Co., Ltd. (天津泰達投資控股有限公司).

Mr. Cui Xuesong (崔雪松), aged 36, graduated from Tianjin University with a master's degree in management science and engineering. Mr. Cui once served as the office director and the director of the Investment Promotion Department of the Modern Industrial Zone of TEDA. He is currently the deputy manager of the investment management department of Tianjin Teda Investment Holding Co., Ltd. and the director of Tianjin Steel Pipe Group Corporation (天津鋼管集團股份有限公司) and China-Africa TEDA Investment Co., Ltd. (中非泰達投資股份有限公司).

Mr. Tse Ping (謝炳), aged 63, is the Founder and Chairman of Sino Biopharmaceutical Limited, a listed company on the Hong Kong Stock Exchange (stock code 01177). With more than 22 years of pharmaceutical related investment and management experience in China, Mr. Tse is currently a director of Chia Tai Pharmaceutical Investment (Beijing) Co. Ltd., Chia Tai – Tianqing Pharmaceutical Group Co., Ltd., Beijing Tide Pharmaceutical Co., Ltd., Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd., Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd., Jiangsu Chiatai Qing Jiang Pharmaceutical Co., Ltd., Qingdao Chia Tai Haier Pharmaceutical Co., Ltd., Qingdao Chia Tai Haier Medicines Co., Ltd., Qingdao Heng Seng Tang Pharmacy Co., Ltd, Beijing Chia Tai Green Continent Pharmaceutical Co. Ltd., Shanghai Fortune World Development Co., Ltd.(上海富都世界發展有限公司), Tianjin Chiatai Feed Tech Co., Ltd.(天津正大飼料科技有限公司), Syn Energy Technology Co., Ltd.(新興能源科技有限公司) and Chia Tai Overseas Chinese Realty Development Co., Ltd.(正大僑商房地產開發有限公司). Mr. Tse was formerly the vice chairman of C.P. Lotus Corporation and Shenzhen 999 Pharmaceutical Co., Ltd. (深圳三九藥業有限公司), and was involved in the management of Hainan Haiyao Co., Ltd. (海南海藥股份有限公司) (formerly known as Hainan Pharmaceutical Industrial Joint-Stock Company Limited (海南海藥實業股份有限公司)), which is now listed on the Shenzhen Stock Exchange. Mr. Tse was also formerly the chairman of Chia Tai Qingchunbao Pharmaceutical Co., Ltd. which is now a subsidiary of Shanghai Industrial Investment (Holdings) Co., Ltd., the chairman of Xian C.P. Pharmaceutical Co., Ltd. and the executive chairman of TM International Bank Co., Ltd, based in Shanghai. Mr. Tse is still a director of Chia Tai Qingchunbao Pharmaceutical Co., Ltd., a committee member of the Association of Pharmaceutical Biotechnology of China and an honorary professor of Shenyang University of Pharmacy. In January 2008, Mr. Tse was granted the "World Outstanding Chinese Award" in Hong Kong and awarded an honorary doctorate degree from the University of West Alabama. He also received "2007/2008 Fellowship of Asian Knowledge Management Association" from the Asian Knowledge Management Association in December 2008. In June 2010, Mr. Tse was awarded the "2010 Top Ten Most Innovative Leaders of Chinese Enterprises" by the Chinese Association of Productivity Science and China Enterprises News. Mr. Tse was a member of the Ninth, the Tenth and the Eleventh National Committee of the Chinese People's Political Consultative Conference, and is currently the vice chairman of China International Council for the Promotion of Multinational Corporations and China Overseas Chinese Entrepreneurs Association.

Mr. Yang Xiaoping (楊小平), aged 51, is currently the vice president of Charoen Pokphand Group Company Limited, executive director of C.P. Lotus Corporation, senior vice chairman of Chia Tai Group Agro-Industry And Food Business China Area, president of CT Bright Holdings Limited, chairman of Jilin De Da Company Limited and chairman of North-east Asia Modern Agriculture Investment Co., Ltd. He served as vice president of Charoen Pokphand Group Company Limited from May 2006 to March 2014. Mr. Yang is also a member of the twelfth National Committee of the Chinese People's Political Consultative Conference, director of Ping An Insurance (Group) Company of China (中國平安保險集團), deputy dean of China Institute for Rural Studies, Tsinghua University (清華大學中國農村研究院), council of China Association for NGO International Trade (中國民間組織國際交易促進會), vice president of Beijing Association of Enterprises with Foreign Investment (北京市外商投資企業協會), investment promotion advisor to Beijing Municipal Government, president of Jilin Association of Enterprises with Foreign Investment (吉林省外商投資企業協會), standing member of the Eleventh Council of the Chinese Association for International Understanding and chairman of the Connected Transaction Committee under the Board of China Minsheng Investment Corp. Ltd. Mr. Yang owns a bachelor's degree from Jiangxi Institute of Science & Technology (江西工學院).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Xinsheng (程新生), aged 52, is a professor of Business School of Nankai University as well as a Doctor and Postdoctor of Management (accounting). From 2004 to 2005, he was the visiting scholar of University of Alberta in Canada and the assistant executive editor-in-chief of Nankai Business Review and was honored with the awards of outstanding result in social science for several times. In 1994, he became a fellow member of the Chinese Institute of Certified Public Accountants. He was in charge of three research projects in Management funded by National Natural Science Foundation and three projects funded by the Foundation of the Ministry of Education. He also participated in over ten key topic projects funded by National Natural Science Foundation, National Philosophy and Social Science Foundation and the Humanities and Social Sciences Foundation of the Ministry of Education. He has published five books and over 50 articles and has a translated work. He is currently an independent director of Offshore Oil Engineering Co., Ltd. (Stock Code: 600583, Shanghai Stock Exchange).

Mr. Mei Xingbao (梅興保), aged 65, graduated from Renmin University of China with a major in Agricultural Economy Management in 1982. He is currently the external supervisor of the Bank of China, the independent director of Sino Biopharmaceutical Ltd. and a member of the 12th CPPCC National Committee. From October 2003 to May 2010, Mr. Mei served as vice president and president of China Orient Asset Management Corporation. He previously served as Vice Mayor of People's Municipal Government of Zhangjiajie in Hunan Province, Deputy Director General of Economic and Trade Commission of Hunan Province.

Mr. Japhet Sebastian Law (羅文鈺), aged 62, was appointed as an independent non-executive director in August 2012. He is also a member of the Remuneration Committee of the Company, obtained his Doctorate degree of Philosophy in mechanical/industrial engineering from the University of Texas at Austin in 1976. He joined the Chinese University of Hong Kong in 1986. Mr. Law was the Associate Dean and subsequently the Dean of the Faculty of Business Administration of the Chinese University of Hong Kong from 1993 until 2002 and retired from the University of Hong Kong on 1 August 2012. Prior to returning to Hong Kong, Mr. Law was the director of Operations Research at the Cullen College of Engineering and director of Graduate Studies in Industrial Engineering at the University of Houston, and was also involved with the U.S. Space Program in his career with McDonnell Douglas and Ford Aerospace in the United States. Mr. Law has consulted with various corporations in Hong Kong and overseas. He is also active in public services, having served as a member of the Provisional Regional Council of The Government of the Hong Kong Special Administrative Region and various other committees, and is also active on the boards of profit, non-profit and charitable organisations in Hong Kong and overseas. Mr. Law is currently an independent non-executive director of Beijing Capital International Airport Co., Ltd. (Stock Code: 00694), Tianjin Port Development Holdings Limited (Stock Code: 03382), Regal Hotels International Holdings Limited (Stock Code: 00078), Shougang Fushan Resources Group Limited (Stock Code: 00639) and Binhai Investment Company Limited (Stock Code: 02886), being companies whose shares are listed on the main board of the Hong Kong Stock Exchange; and Global Digital Creations Holdings Limited (Stock Code: 08271), Shanghai La Chapelle Fashion Co., Ltd. (Stock Code: 06116) and the Company (Stock Code: 08348), being companies whose shares are listed on the GEM of the Hong Kong Stock Exchange. Mr. Law was also an independent non-executive director of First China Financial Holdings Limited (Stock Code: 08123), a company whose shares are listed on the GEM of the Hong Kong Stock Exchange, from June 2005 to October 2008. From July 2010 to July 2013, he was the independent non-executive director of Cypress Jade Agricultural Holdings Limited (Stock Code: 00875).

Mr. Zhou Zisheng (周自盛), aged 66, is an associate professor of economics and a fellow of China National Democratic Construction Association. He once served as the Deputy Director of the Financial Commission of Xicheng District of Beijing Municipality, a member of Financial Commission of Beijing Municipality, the Deputy Secretary and the Director of Practice Standards Working Committee of Securities Association of China. From December 2009 to February 2014, Mr. Zhou served as the independent director of Sihuan Pharmaceutical Company Limited (四環藥業股份有限公司) (Stock Code: 000605, Shenzhen Stock Exchange).

SUPERVISORS

Shareholder Representative Supervisor

Ms. Xu Jianxin (徐建新), aged 50, was the solicitor of Tianjin Teda Law Firm, the legal advisor of Tianjin Teda Investment Holding Co., Ltd., the deputy director and legal advisor of the office of Tianjin Teda Investment Holding Co., Ltd. and the chairman of the supervisory committee of Sihuan Pharmaceutical Company Limited (四環藥業股份有限公司). She is currently serving as the head of the Legal Affairs and Internal Audit Department of Tianjin Teda Investment Holding Co., Ltd. and the secretary to the board of directors of Tianjin Teda Investment Holding Co., Ltd. She is concurrently holding the position of the chairman of the supervisory committee of Tianjin Jinbin Development Co. Ltd, the supervisor of Tianjin Seamless Steel Pipe (Group) Corporation Limited (天津無縫鋼管集團有限公司), the supervisor of Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司), the supervisor of Northern International Trust Co., Ltd. (北方國際信託股份有限公司), the supervisor of Tianjin Teda International (Group) Holding Company Limited (天津市泰達國際控股(集團)有限公司) and the director of Bohai Industrial Investment Fund Management Co., Ltd.

Mr. Hai Tianmin (海天敏), aged 59. Mr. Hai graduated from Finance Department at Hubei Institute of Finance and Economics in 1983. From 1984 to 1987, he was the general manager of Jiaoqu sub-branch in Nanning Guangxi. From 1988 to 1989, he was the general manager of the investment department of Guangxi Trust and Investment Corporation (廣西信託投資公司). From 1990 to 1991, he was the president of Beijing Yuegui Restaurant (北京粵桂餐廳). From 1991 to 1998, he was formerly the executive deputy general manager of Chia Tai International Finance Co., Ltd., the executive deputy president and chief of the investment decision committee of Chia Tai Pharmaceutical Group, a director of Hong Kong Fortune Ltd., (a Hong Kong-listed wholly-owned subsidiary of Chia Tai Group), a director of Tianjin Taifeng Industrial Park Investment Co., Ltd., the executive deputy president of Chia Tai Tianfu Group (正大天福集團), the vice chairman of Chia Tai Freda Biopharmaceutical Co., Ltd., a director of Lianyungang Chia Tai-Tianqing Pharmaceutical Co., Ltd., a director of Ankang Chia Tai Pharmaceutical Co., Ltd., a director of Xian C.P. Pharmaceutical Co., Ltd., the chairman of Hainan Tigerlily Pharmaceutical Co., Ltd. (海南萱華藥業有限公司) and a director of Wuxi Chia Tai Kepuli Co., Ltd.(無錫正大科普利有限公司). From 1998 to 2002, he was the president of Shenzhen Lingdun Technology Co., Ltd. (深圳靈頓科技有限公司). From 2002 to 2005, he was the managing director of Guangxi Liuzhou Mining Exploration Co., Ltd. (廣西柳州地區礦業勘察有限公司). From 2006 to 2007, he was the executive deputy president of Chia Tai Energy Chemical Group Limited. From 2007 to 2009, he was the managing director of Jiangsu Yangzhou Jewellery City Development Co., Ltd. (江蘇揚州珠寶城開發有限公司). From 30 October 2009 to October 2012, he was the managing director of Guangxi Nanning Lianmei Agriculture and Technology Co., Ltd. (廣西省南寧市連美農業科技有限公司). Since 2012, he has been the assistant to the president of Sino Biopharmaceutical Limited (a listed company on the Hong Kong Stock Exchange, stock code: 01177) and responsible for assisting the president in managing the overall operations of the group. With more than 30 years of finance, investment and enterprise management experience, Mr. Hai is currently the executive deputy president of Chia Tai Energy Chemical Group Limited. From April 2014 to date, he has been the executive vice president of Chia Tai Oversea Chinese Realty Development Co., Ltd. (正大僑商房地產開發有限公司). From July 2014 to date, he has also been the managing director of Chia Tai Energy Materials (Dalian) Co., Ltd. (正大能源材料(大連)有限公司).

Mr. Wang Rui (王蕤), aged 52, is a senior engineer. He graduated from Tianjin Shipping Technical Institute (天津水運技校) and the Department of Mechanical Engineering of Tianjin Technology and Education College (天津職業技術師範學院) in 1981 and 1987, respectively. He completed a bachelor course majoring in administrative management at Tianjin University in 2000 and obtained a master's degree in transportation planning and management from Dalian Maritime University (大連海事大學) in 2009. Mr. Wang had been a trainee teacher at Tianjin Shipping Technical Institute from 1983 to 1985; successively a teacher, the deputy department head and department head of Tianjin Port Staff Training Centre (天津港職工培訓中心) from 1987 to 1996. He held the positions of the deputy general manager and general manager of Tianjin Port Storage & Transportation Co., Ltd. (天津港儲運股份有限公司) from 1996 to 2006; and the general manager of Tianjin Port International Logistics Development Co., Ltd. (天津港國際物流發展有限公司) from 2006 to 2010. Mr. Wang has been an executive director and deputy general manager of Tianjin Port Development Holdings Limited (天津港發展控股有限公司) (Stock code: 3382, Hong Kong Stock Exchange) since 2010.

STAFF REPRESENTATIVE SUPERVISORS

Mr. Tang Zhizhong (唐志忠), aged 46, graduated from the Department of Industrial Management of Tianjin University of Finance and Economics with a bachelor's degree in economics in 1991 and obtained the master's degree in international shipping and transport logistics from School of Economics of the Hong Kong Polytechnic University in 2005. He once served with Tianjin Municipal Bureau of Labor and Social Security, the Working Committee and the Administrative Committee of Tianjin Economic and Technological Development Area. From 2005 to 2012, he served as head of the business management department, assistant to the general manager and executive deputy general manager of Tianjin Fengtian Logistics Co., Ltd. He is currently the general manager of the comprehensive management department of the Group.

Mr. Yuan Baolei (苑寶磊), aged 30, graduated from the information and computer science major and the enterprise management major of Beijing Jiaotong University with a bachelor's degree in science and a master's degree in management in 2007 and 2009 respectively. He joined Bank of Hebei Company Limited in July 2009 and served as the investor relations officer of the office of the board of directors. He joined the Group in February 2012 and is currently head of the investment planning department of the Group.

SENIOR MANAGEMENT

Mr. Zhang Jian (張艦), aged 57, executive Director and general manager of the Company. He is responsible for the overall management of operation, liaison with major customers and planning for business development of the Group. Please see his biography set out in the sub-section headed "Executive Director" above.

Mr. Jia Wenxuan (賈文軒), aged 39, holds a master's degree in Social and Information Studies of the Gunma University, Japan. He qualified as an intermediate accountant and an asset liquidator of Japan in April 2001 and then an enterprise internal auditor in September 2007. He obtained the qualification for serving as the secretary of board from the Shanghai Stock Exchange in September 2014. He joined the Company in September 2010, and currently serves as the joint company secretary, secretary of the Board and general manager of the investment planning department of the Company. Mr. Jia currently is also the chairman of Tianjin Teda International Freight Forwarding Co., Ltd. (天津泰達國際貨運代理有限公司), the vice chairman of Tianjin Ferroalloy Exchange Co., Ltd. and the director of Tianjin Fengtian Logistics Co., Ltd., Tedahang Cold Chain Logistics Co., Ltd. (泰達行(天津)冷鏈物流有限公司), Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd..

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
TIANJIN BINHAI TEDA LOGISTICS (GROUP) CORPORATION LIMITED
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 112, which comprise the consolidated and Company statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT

AUDITORS' RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2013 were audited by previous auditors who expressed an unqualified opinion on those statements on 21 March 2014.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 4 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Revenue	6	**3,069,499**	2,683,423
Cost of sales	9	**(2,964,388)**	(2,588,574)
Gross profit		**105,111**	94,849
Administrative expenses	9	**(55,122)**	(55,461)
Other income	7	**17,465**	13,879
Other (losses)/gains – net	8	**(438)**	1,209
Operating profit		**67,016**	54,476
Finance costs	11	**(11,555)**	(11,614)
Share of profit of investments accounted for using the equity method	12b	**23,110**	26,318
Profit before income tax		**78,571**	69,180
Income tax expense	13	**(16,295)**	(13,096)
Profit/total comprehensive income for the year		**62,276**	56,084
Profit/total comprehensive income attributable to:			
Owners of the Company		**51,214**	47,003
Non-controlling interests		**11,062**	9,081
		62,276	56,084
Earnings per share (RMB cents)	14		
– Basic and diluted		**14**	13
Dividends	29	**28,345**	35,430

The notes on pages 45 to 112 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	**2014** **RMB'000**	2013 RMB'000
ASSETS			
Non-current assets			
Land use rights	16	**99,150**	101,737
Property, plant and equipment	17	**194,460**	201,854
Investment properties	18	**79,452**	83,896
Investments accounted for using the equity method	12b	**246,640**	272,321
Available-for-sale financial assets	12c	**16,310**	–
		636,012	659,808
Current assets			
Inventories	20	**26,335**	125,378
Trade and other receivables	21	**1,261,760**	1,033,713
Amounts due from related parties		**–**	8,000
Pledged bank deposits	22	**225,962**	138,214
Cash and cash equivalents	22	**301,307**	238,090
		1,815,364	1,543,395
Total assets		**2,451,376**	2,203,203
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	23	**354,312**	354,312
Other reserves	24	**89,103**	82,918
Retained earnings	25	**348,489**	317,632
		791,904	754,862
Non-controlling interests		**88,061**	87,818
Total equity		**879,965**	842,680

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income	28	**6,597**	6,951
		6,597	6,951
Current liabilities			
Trade and other payables	26	**1,450,047**	1,067,650
Amounts due to related parties		**–**	1,600
Current income tax liabilities		**9,869**	14,322
Borrowings	27	**104,898**	270,000
		1,564,814	1,353,572
Total liabilities		**1,571,411**	1,360,523
Total equity and liabilities		**2,451,376**	2,203,203
Net current assets		**250,550**	189,823
Total assets less current liabilities		**886,562**	849,631

The consolidated financial statements on pages 38 and 112 were approved by the Board of Directors on 4 June 2015 and were signed on its behalf.

Xu Lifan	**Zhang Jian**
Director	*Director*

The notes on pages 45 to 112 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Land use rights	16	**47,040**	48,180
Property, plant and equipment	17	**2,382**	2,855
Investment properties	18	**67,247**	71,138
Investments in subsidiaries	12a	**180,321**	180,321
Investments in jointly controlled entities	12b	**170,941**	170,941
Investments in associates	12b	**13,500**	33,500
Available-for-sale financial assets	12c	**16,310**	–
		497,741	506,935
Current assets			
Inventories	20	**25,960**	125,370
Trade and other receivables	21	**1,087,449**	857,631
Amounts due from subsidiaries	12a	**42,644**	21,884
Amounts due from related parties		**–**	8,000
Pledged bank deposits	22	**225,662**	137,714
Cash and cash equivalents	22	**189,875**	161,117
		1,571,590	1,311,716
Total assets		**2,069,331**	1,818,651
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	23	**354,312**	354,312
Other reserves	24	**85,563**	81,166
Retained earnings	25	**150,606**	125,838
Total equity		**590,481**	561,316

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
LIABILITIES			
Current liabilities			
Trade and other payables	26	**1,348,571**	952,581
Amounts due to subsidiaries	12a	**39,116**	28,367
Amounts due to related parties		**–**	1,600
Current income tax liabilities		**1,163**	4,787
Borrowings	27	**90,000**	270,000
		1,478,850	1,257,335
Total liabilities		**1,478,850**	1,257,335
Total equity and liabilities		**2,069,331**	1,818,651
Net current assets		**92,740**	54,381
Total assets less current liabilities		**590,481**	561,316

The consolidated financial statements on pages 38 and 112 were approved by the Board of Directors on 4 June 2015 and were signed on its behalf.

Xu Lifan
Director

Zhang Jian
Director

The notes on pages 45 to 112 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company					
	Share capital RMB'000	**Other reserves (Note 24)** RMB'000	**Retained earnings** RMB'000	**Total** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
Balance at 1 January 2013	354,312	77,746	297,053	729,111	83,358	812,469
Total comprehensive income for the year	–	–	47,003	47,003	9,081	56,084
Capital contribution by non-controlling interests	–	6	–	6	1,956	1,962
Transfer from retained earnings	–	5,166	(5,166)	–	–	–
Dividends paid	–	–	(21,258)	(21,258)	(6,577)	(27,835)
Balance at 31 December 2013 and 1 January 2014	**354,312**	**82,918**	**317,632**	**754,862**	**87,818**	**842,680**
Total comprehensive income for the year	**–**	**–**	**51,214**	**51,214**	**11,062**	**62,276**
Transfer from retained earnings	**–**	**6,185**	**(6,185)**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(14,172)**	**(14,172)**	**(10,819)**	**(24,991)**
Balance at 31 December 2014	**354,312**	**89,103**	**348,489**	**791,904**	**88,061**	**879,965**

The notes on pages 45 to 112 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	30	**348,232**	(68,563)
Interest received		**6,488**	4,841
Interest paid		**(11,555)**	(11,614)
Income tax paid		**(20,748)**	(1,485)
Net cash generated from/(used in) operating activities		**322,417**	(76,821)
Cash flows from investing activities			
Increase in pledged bank deposits		**(87,748)**	(15,207)
Purchase of property, plant and equipment		**(14,212)**	(10,523)
Proceeds from disposal of property, plant and equipment		**1,300**	1,179
Proceeds from disposal of an associate		**3,984**	–
Dividends received from investments accounted for using the equity method		**27,569**	48,983
Net cash (used in)/generated from investing activities		**(69,107)**	24,432
Cash flows from financing activities			
Proceeds from borrowings		**114,898**	270,000
Repayments of borrowings		**(280,000)**	(210,000)
Capital contributions by non-controlling interests		**–**	1,962
Dividends paid to owners of the Company		**(14,172)**	(38,973)
Dividends paid to non-controlling interests		**(10,819)**	(6,577)
Net cash (used in)/ generated from financing activities		**(190,093)**	16,412
Net increase/(decrease) in cash and cash equivalents		**63,217**	(35,977)
Cash and cash equivalents at 1 January		**238,090**	274,067
Cash and cash equivalents at 31 December		**301,307**	238,090

The notes on pages 45 to 112 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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. (天津泰達投資控股有限公司) ("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. In 2012, 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.

As at 31 December 2014, the Directors of the Company consider TEDA Holding as the immediate holding company and the ultimate holding company of the Company.

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 4 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board (the "IASB"). These consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(d) provides information on any changes in accounting policies resulting from initial application relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2. BASIS OF PREPARATION *(Continued)*

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Group's principal operations are conducted in the PRC. The consolidated financial statements have been presented in RMB, which is the Company's functional and the Group's presentation currency.

(d) Application of New and Revised International Financial Reporting Standards

The Group has adopted the following revised IFRSs for the first time for the current year's consolidated financial statements.

IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
IAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets·
IAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC-Int 21	Levies

The nature of the impending changes in accounting policy on adoption is described below.

Amendments to IFRS 10, IFRS 12 AND IAS 27 Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. BASIS OF PREPARATION *(Continued)*

(d) Application of New and Revised International Financial Reporting Standards *(Continued)*

Amendments to IFRS 10, IFRS 12 AND IAS 27 Investment Entities *(Continued)*

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. BASIS OF PREPARATION *(Continued)*

(d) Application of New and Revised International Financial Reporting Standards *(Continued)*

IFRIC – Int 21 Levies

The Group has applied IFRIC – Int 21 Levies for the first time in the current year. IFRIC – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interest in Joint Operations[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual IFRSs financial statements beginning on or after 1 January 2016, with early application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

The directors of the Company anticipate that the application of other IFRSs will have no material impact on the results and the financial positions of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(a) Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(b) Investment in associates and joint ventures *(Continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(b) Investment in associates and joint ventures *(Continued)*

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's senior management that makes strategic decisions.

(d) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(d) Foreign currencies *(Continued)*

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(e) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, the depreciation rate per annum is as follows:

Buildings	3.17% – 4.5%
Machinery	9% – 18%
Furniture and office equipment	18% – 19%
Motor vehicles	9% – 19%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 5).

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains/(losses) – net' in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(f) Investment property

Investment property, principally comprising buildings and properties, is held for long-term rental yields and that is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at cost less accumulated depreciation and impairment. Depreciation of investment property is calculated to write-off that cost, less estimated net residual value and accumulated impairment losses, if any, on a straight-line basis over their estimated useful lives ranging from 20 to 30 years.

(g) Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisations and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for and over the remaining lease term.

(h) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(h) Financial instruments *(Continued)*

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from related parties, pledged bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past, as well as observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(h) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(h) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties and borrowings are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expenses is recognised on an effective interest basis other than financial liabilities classified as at fair value though profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(i) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Inventories

Inventories which consist of cargos are stated at the lower of cost and net realisable value. Cost is determined using actual cost. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(k) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity owners.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(n) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(o) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(o) Current and deferred income tax *(Continued)*

(ii) Deferred income tax *(Continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(p) Employee benefits

Payments to a state-managed retirement benefit scheme are dealt with as payment to defined contribution plan which are charged as an expense when employees have rendered service entitling them to contribution.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(q) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Sales of raw materials are recognised when the goods are delivered and title has passed.

(ii) Sales of services

Revenue from rendering of logistics services for finished vehicles, supply chain management for automobile components and parts, warehousing services and related logistics services for steel trading are recognised upon the completion of services due to the short duration of the service period.

For sales of services, revenue is recognised in accounting period in which the services rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

(iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the period of the lease.

(iv) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY *(Continued)*

(s) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(t) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(u) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's major financial assets and liabilities include trade and other receivables, bank balances and cash, amounts due from related parties, trade and other payables, amounts due to related parties and bank borrowings. The risks associated with these financial assets and liabilities include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risks

(i) Foreign exchange risk

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, United States dollars ("USD") and Australian dollar ("AUD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The management do not expect the net foreign currency risk from these activities to be significant and hence, the Group do not presently hedge the foreign exchange risks. The Group periodically review liquid assets and liabilities held in currencies other than the functional currencies of the respective subsidiaries to evaluate its foreign exchange risk exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

At 31 December 2014, if RMB had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been RMB212,000 (2013: RMB192,000) higher/lower.

At 31 December 2014, if RMB had weakened/strengthened by 10% against the AUD with all other variables held constant, post-tax profit for the year would have been RMB424,000 (2013: nil) lower/higher.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly bank balances and cash and bank borrowings. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates for interest bearing bank balances and variable-rate bank borrowings at the reporting date and on the assumption that the amount of assets and liabilities outstanding at the reporting date was outstanding for the whole year.

If interest rates on bank balances and variable-rate bank borrowings had been 100 basis points (2013:100 basis points)higher/lower and all other variables were held constant, post-tax profit for the year will increase/decrease by about RMB3,000,000 (2013: RMB800,000).

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted procedures in monitoring its credit risk.

As at 31 December 2014, the Group's exposure to credit risk relates mainly to:

– the carrying amount of the trade and other receivables and cash and cash equivalents as stated in the consolidated statement of financial position; and

– the financial guarantees provided by the Group as disclosed in Note 32

The Group's current credit practices include assessment and evaluation of customer's credit reliability and periodic review of their financial status to determine credit limit to be granted. The Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

At 31 December 2014 and 2013, the ten largest debtors accounted for approximately 84% and 89% of the Group's total trade receivables respectively. In order to minimise the credit risk, management of the Group has delegated a team responsible for determination the credit limits, credit approvals and other monitoring procedures on customers to ensure that follow-up action is taken to recover overdue debts. The Group reviews the recoverable amounts of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The directors of the Company consider that the Group's credit risk is adequately managed.

The credit risk on bank balances and cash is limited because majority of the counterparties are state-owned banks with good reputation or banks with high credit rating.

Maximum exposure to credit risk before collateral held or other credit enhancements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

The Group

	The Group Maximum exposure	
	2014	2013
	RMB'000	RMB'000
Credit risk exposure relating to off-balance sheet items:		
– Financial guarantees	**191,108**	196,881
At 31 December	**191,108**	196,881

The Company

	The Company Maximum exposure	
	2014	2013
	RMB'000	RMB'000
Credit risk exposure relating to off-balance sheet items:		
– Financial guarantees	**206,006**	196,881
At 31 December	**206,006**	196,881

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company are required to pay. The tables include both interest and principal cash flows.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The Group

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2014							
Trade and other payables		727,609	447,737	–	–	1,175,346	1,175,346
Bank borrowings	5.49%	26,720	80,172	–	–	106,892	104,898
Financial guarantees		101,637	89,471	–	–	191,108	–
		855,966	617,380	–	–	1,473,346	1,280,244

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2013							
Trade and other payables		481,572	404,483	–	–	886,055	886,055
Amount due to related parties		1,600	–	–	–	1,600	1,600
Bank borrowings	6.08%	34,075	73,085	173,487	–	280,647	270,000
Financial guarantees		101,638	95,243	–	–	196,881	–
		618,885	572,811	173,487	–	1,365,183	1,157,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The Company

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2014							
Trade and other payables		631,969	447,737	–	–	1,079,706	1,079,706
Amounts due to subsidiaries		39,116	–	–	–	39,116	39,116
Bank borrowings	5.16%	21,350	70,550	–	–	91,900	90,000
Financial guarantees		106,932	99,074	–	–	206,006	–
		799,367	617,361	–	–	1,416,728	1,208,822

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 moths but not more than 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities							
As at 31 December 2013							
Trade and other payables		370,848	404,483	–	–	775,331	775,331
Amounts due to subsidiaries		28,367	–	–	–	28,367	28,367
Amounts due to related parties		1,600	–	–	–	1,600	1,600
Bank borrowings	6.08%	34,075	73,085	173,487	–	280,647	270,000
Financial guarantees		101,638	95,243	–	–	196,881	–
		536,528	572,811	173,487	–	1,282,826	1,075,298

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.2 Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to share holders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as bank borrowings.

The Group monitors it capital structure on the basis of gearing ratio. the Group's gearing ratio (ratio of short-term bank loans to total equity) is 12% (2013: 32%). There were no changes in the Group's approach to capital management during the year.

4.3 Fair value estimation

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities as recorded in the consolidated financial statements approximate their fair values at the end of the reporting period.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Allowances for bad and doubtful debts

Management makes assessments on the recoverability of trade and other receivable based on objective evidence, taking into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flow is less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade and other receivables, net of allowance for doubtful debts, is about RMB1,261,760,000 (2013: RMB1,033,713,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

Critical accounting estimates and assumptions *(Continued)*

(b) *Income taxes*

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(c) *Impairment of property, plant and equipment*

The Group assesses whether there are any indicators of impairment for an asset at the end of each reporting period. The asset is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, an estimation of the value in use of the cash-generating units to which the asset is allocated will be required. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

(d) *Useful lives and residual values of property, plant and equipment*

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

(e) *Impairment of inventories*

The Group makes provision for inventories based on an assessment of the net realisable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realisable value is lower than the cost of inventories. The identification of slow-moving stock and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT *(Continued)*

Critical judgements in applying the company's accounting policies

(f) Impairment of available-for-sale equity investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

6. SEGMENT INFORMATION

The Group reports two operating segments; these are managed independently by the responsible segment management bodies in line with the products and services offered and the distribution channels and customer profiles involved. Components of entity are defined as segments on the basis of the existence of segment managers with revenue and segment results (profit before tax less interest income, finance cost and corporate expenses) responsibility who report directly to the Group's senior management who make strategic decisions.

Principal activities of the 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 services – Sales of raw materials to customers comprising principally trading companies and provision of related services of transportation management, storage, warehouse supervising and management.

The investments accounted for using the equity method mainly carry out provision of logistics services, supply chain management and agency service for electronics components; and provision of cold warehouse operating and logistic services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. SEGMENT INFORMATION *(Continued)*

	For the year ended 31 December 2014				
	Logistics and supply chain service for finished automobiles and 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	917,903	2,086,838	3,004,741	98,959	3,103,700
Inter-segment revenue	(60)	(14,894)	(14,954)	(19,247)	(34,201)
Revenue from external customers	917,843	2,071,944	2,989,787	79,712	3,069,499
Segment results	30,392	21,245	51,637	13,212	64,849
Share of results of investments accounted for using the equity method					23,110
Unallocated other income					6,488
Unallocated corporate expenses					(4,321)
Finance costs					(11,555)
Profit before income tax					78,571
Income tax expense					(16,295)
Profit for the year					62,276
Other information:					
Depreciation and amortisation	(13,216)	(183)	(13,399)	(14,215)	(27,614)
Income tax expense	(8,083)	(4,769)	(12,852)	(3,443)	(16,295)

6. SEGMENT INFORMATION *(Continued)*

	For the year ended 31 December 2013				
	Logistics and supply chain service for finished automobiles and 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	904,752	1,716,567	2,621,319	76,553	2,697,872
Inter-segment revenue	(17)	–	(17)	(14,432)	(14,449)
Revenue from external customers	904,735	1,716,567	2,621,302	62,121	2,683,423
Segment results	31,838	21,777	53,615	(615)	53,000
Share of results of investments accounted for using the equity method					26,318
Unallocated other income					4,841
Unallocated corporate expenses					(3,365)
Finance costs					(11,614)
Profit before income tax					69,180
Income tax expense					(13,096)
Profit for the year					56,084
Other information:					
Depreciation and amortisation	(13,445)	(183)	(13,628)	(14,598)	(28,226)
Income tax expense	(8,809)	(3,744)	(12,553)	(543)	(13,096)

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 consolidated statement of profit or loss and other comprehensive income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. SEGMENT INFORMATION *(Continued)*

Geographical information

Over 90% of the Group's operations and non-current assets are located in the PRC, and over 90% of the Group's revenue of the external customers is attributed to the PRC. Therefore, no analyses of geographical segment is presented for the years ended 31 December 2014 and 2013.

Information about major customers

	2014	2013
	RMB'000	RMB'000
Customer A	**742,780**	717,837
Customer B	**452,919**	577,171

7. OTHER INCOME

	2014	2013
	RMB'000	RMB'000
Government grant (note)	**10,977**	8,492
Interest income from bank deposits	**6,488**	4,841
Others	**–**	546
	17,465	13,879

Note: Government grant represents subsidies and awards from local government authorities for the Group's contribution to the development of the local economies.

8. OTHER (LOSSES)/GAINS – NET

	2014	2013
	RMB'000	RMB'000
Losses on disposal of interest in an associate	**(928)**	–
Net foreign exchange gains	**445**	456
Gains on disposal of property, plant and equipment	**319**	176
Others	**(274)**	577
	(438)	1,209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. EXPENSES BY NATURE

Profit before income tax is arrived at after charging:

	2014	2013
	RMB'000	RMB'000
Auditors' remuneration	**1,400**	1,600
Cost of materials purchased	**2,021,969**	1,684,108
Subcontracting charges	**662,476**	646,575
Employee benefit expense (Note 10)	**152,318**	147,948
Depreciation	**25,027**	25,639
Transportation	**14,274**	15,097
Fuel	**18,748**	20,046
Operating lease charges	**3,558**	3,585
Business tax	**2,938**	2,838
Amortisation	**2,587**	2,587
Others	**114,215**	94,012
Total cost of sales and administrative expenses	**3,019,510**	2,644,035

10. EMPLOYEE BENEFIT EXPENSE

	2014	2013
	RMB'000	RMB'000
Wages and salaries	**100,075**	94,024
Employer's contribution to pension scheme	**47,329**	48,758
Others	**4,914**	5,166
Total employee benefit expense	**152,318**	147,948

(a) Directors' and chief executive's emoluments

	2014	2013
	RMB'000	RMB'000
Directors' fees	**600**	600
Other emoluments:		
– Salaries and allowances	**1,400**	1,399
– Performance related bonuses	**462**	660
– Retirement benefit scheme contributions	**51**	45
	2,513	2,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The remuneration of every director and the chief executive for the year ended 31 December 2014 is set out below:

	Directors' fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contribution RMB'000	Total RMB'000
The Chief executive and director:					
Zhang Jian (note d)	–	1,400	462	51	1,913
Non-executive directors:					
Zhang Jun (resigned on 21/6/2014)	25	–	–	–	25
Hu Jun (resigned on 21/6/2014)	25	–	–	–	25
Tse Ping	50	–	–	–	50
Yang Xiaoping	50	–	–	–	50
Xu Lifan (appointed on 21/6/2014)	25	–	–	–	25
Cui Xuesong (appointed on 21/6/2014)	25	–	–	–	25
Independent non-executive directors:					
Liu Jingfu (resigned on 21/6/2014)	50	–	–	–	50
Luo Yongtai (resigned on 21/6/2014)	50	–	–	–	50
Zhang Limin (resigned on 21/6/2014)	50	–	–	–	50
Japhet Sebastian Law	100	–	–	–	100
Cheng Xinsheng (appointed on 21/6/2014)	50	–	–	–	50
Mei Xingbao (appointed on 21/6/2014)	50	–	–	–	50
Zhou Zisheng (appointed on 21/6/2014)	50	–	–	–	50
	600	1,400	462	51	2,513

10. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The remuneration of every director and the chief executive for the year ended 31 December 2013 is set out below:

	Directors' fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contribution RMB'000	Total RMB'000
The Chief executive and director:					
Zhang Jian (note d)	–	1,399	660	45	2,104
Non-executive directors:					
Zhang Jun (resigned on 21/6/2014)	50	–	–	–	50
Hu Jun (resigned on 21/6/2014)	50	–	–	–	50
Tse Ping	50	–	–	–	50
Yang Xiaoping	50	–	–	–	50
Independent non-executive directors:					
Liu Jingfu (resigned on 21/6/2014)	100	–	–	–	100
Luo Yongtai (resigned on 21/6/2014)	100	–	–	–	100
Zhang Limin (resigned on 21/6/2014)	100	–	–	–	100
Japhet Sebastian Law	100	–	–	–	100
	600	1,399	660	45	2,704

(b) The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2013: four) individuals during the year are as follows:

	2014 RMB'000	2013 RMB'000
Employees		
– Salaries and allowances	**2,902**	2,676
– Performance related bonus	**–**	100
– Retirement benefit scheme contribution	**–**	45
	2,902	2,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(c) No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waived any emoluments in the year ended 31 December 2014.

(d) Zhang Jian is the chief executive and also the executive director of the Group.

(e) The emoluments of the Group's senior management fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
RMB300,000 – RMB800,000		
(equivalent to HK$380,000 – HK$1,000,000)	**3**	3
RMB800,000 – RMB1,600,000		
(equivalent to HK$1,000,000 – HK$2,000,000)	**1**	–
RMB1,600,000 – RMB2,400,000		
(equivalent to HK$2,000,000 – HK$3,000,000)	**–**	1

11. FINANCE COSTS

	2014	2013
	RMB'000	RMB'000
Interest on borrowings wholly repayable within five years	**11,555**	11,614

12a. INVESTMENTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY

(a) Investments in subsidiaries

	2014	2013
	RMB'000	RMB'000
Investments, at cost:		
Unlisted shares	**180,321**	180,321

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12a. INVESTMENTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY *(Continued)*

(a) Investments in subsidiaries *(Continued)*

The following is a list of the principal subsidiaries at 31 December 2014:

Name of company	Place of incorporation and kind of legal entity	Principal activities	Registered capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Tianjin Fengtian Logistics Co., Ltd.("TFL")	China, limited liability company	Transportation of finished vehicles and supply chain management services	USD8,645,600	52%	52%	48%
TEDA General Bonded Warehouse Co., Ltd.	China, limited liability company	Warehouse operations and logistic services	RMB80,000,000	100%	100%	–
Tianjin Yuan Da Xian Dai Logistics Co., Ltd.	China, limited liability company	Logistic services	RMB20,000,000	100%	100%	–
He Guang Trade and Business Co., Ltd. ("He Guang")	Hong Kong, limited liability company	International trading	HK$100,000	100%	100%	–
Tianjin TEDA International Freight Forwarding Co., Ltd.	China, limited liability company	International transportation agency service	RMB5,000,000	51%	51%	49%

(b) Amounts due from/(to) subsidiaries

	2014 RMB'000	2013 RMB'000
Amounts due from subsidiaries	**42,644**	21,884
Amounts due to subsidiaries	**(39,116)**	(28,367)

The amounts due from subsidiaries are unsecured, repayable on demand and are denominated in Renminbi. The interest rate of the amounts due from subsidiaries is 6%-6.6%.(2013:6%-6.6%)

The amounts due to subsidiaries are unsecured, interest free, repayable on demand and are denominated in Renminbi.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12a. INVESTMENTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY *(Continued)*

(c) Material non-controlling interests

The total non-controlling interest for the year is RMB88,061,000 (2013:RMB87,818,000), of which RMB87,662,000 (2013:RMB87,515,000) is for TFL. The non-controlling interests in respect of Tianjin TEDA International Freight Forwarding Co., Ltd. is not material.

Summarised financial information on subsidiaries with non-controlling interests that are material to the Group

Set out below are the summarised financial information for TFL.

Summarised statement of financial position

	2014 RMB'000	2013 RMB'000
Current		
Assets	**182,275**	193,168
Liabilities	**(96,493)**	(114,159)
Total current net assets	**85,782**	79,009
Non-current assets	**96,847**	103,314
Net assets	**182,629**	182,323

Summarised statement of profit or loss and other comprehensive income

	2014 RMB'000	2013 RMB'000
Revenue	**917,903**	904,752
Profit before income tax	**30,929**	32,213
Income tax expense	**(8,083)**	(8,809)
Profit/total comprehensive income for the year	**22,846**	23,404
Total comprehensive income allocated to non-controlling interests	**10,966**	11,234
Dividends paid to non-controlling interests	**10,819**	6,577

12a. INVESTMENTS IN AND AMOUNTS DUE FROM/(TO) SUBSIDIARIES – COMPANY *(Continued)*

(c) Material non-controlling interests *(Continued)*

Summarised financial information on subsidiaries with non-controlling interests that are material to the Group *(Continued)*

Summarised statement of cash flows

	2014 RMB'000	2013 RMB'000
Cash flows from operating activities		
Cash generated from operations	**45,798**	44,691
Income tax paid	**(3,435)**	(2,450)
Net cash generated from operating activities	**42,363**	42,241
Net cash used in investing activities	**(6,439)**	(4,463)
Net cash used in financing activities	**(22,540)**	(13,702)
Net increase in cash and cash equivalents	**13,384**	24,076
Cash and cash equivalents at beginning of year	**55,805**	31,729
Cash and cash equivalents at end of year	**69,189**	55,805

The information above is the amount before inter-company eliminations.

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the statement of financial position are as follows:

The Group	2014 RMB'000	2013 RMB'000
Associates	**29,252**	47,901
Joint ventures	**217,388**	224,420
At 31 December	**246,640**	272,321

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

The Company	2014 RMB'000	2013 RMB'000
Associates	**13,500**	33,500
Joint ventures	**170,941**	170,941
At 31 December	**184,441**	204,441

The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:

	2014 RMB'000	2013 RMB'000
Associates	**16,693**	20,620
Joint ventures	**6,417**	5,698
For the year ended 31 December	**23,110**	26,318

(a) Investment in associates

	2014 RMB'000	2013 RMB'000
At 1 January	**47,901**	62,532
Disposal of investment in an associate (note i)	**(4,912)**	–
Share of results of associates	**16,693**	20,620
Transfer to available-for-sale financial assets	**(16,310)**	–
Dividends received	**(14,120)**	(35,251)
At 31 December	**29,252**	47,901

Note:

i. During the year, the Company disposed of the investment in an associate, namely Tianjin Port International Automobile Logistics Co., Ltd. for consideration of approximately RMB3,984,000.

Set out below are the associates of the Group as at 31 December 2014, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investment in associates *(Continued)*

Nature of investment in associates as at 31 December 2014 and 2013

Name of company	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Directly held:				
Tianjin Port Gangwan International Automobile Logistics Co., Ltd. ("Gangwan Automobile")	China	40%	Carrying out the Group's automobile storage and related services	Equity
Tianjin Tianxin Automobile Inspection Services Co., Ltd.("Tianxin")	China	30%	Carrying out the Group's vehicle inspection services	Equity

The associates of the Group are private companies and there are no quoted market prices available.

There are no contingent liabilities relating to the Group's interest in the associates.

Summarised financial information for associates

Set out below are the summarised financial information for the associates of the Group which are accounted for using the equity method and the share of the profits are material to the Group.

Summarised statement of financial position

	Gangwan Automobile		Tianxin	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Current				
Cash and cash equivalents	**38,705**	34,261	**28,619**	22,605
Other current assets	**9,560**	3,599	**840**	775
Total current assets	**48,265**	37,860	**29,459**	23,380
Current liabilities	**(4,136)**	(5,248)	**(861)**	(2,240)
Total current net assets	**44,129**	32,612	**28,598**	21,140
Non-current assets	**4,000**	4,464	**4,735**	3,645
Net assets	**48,129**	37,076	**33,333**	24,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(a) Investment in associates *(Continued)*

Summarised financial information for associates *(Continued)*

Summarised statement of profit or loss and other comprehensive income

	Gangwan Automobile		Tianxin	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**156,846**	125,790	**37,349**	25,746
Depreciation and amortisation	**(592)**	(225)	**(603)**	(482)
Interest income	**972**	670	**91**	54
Profit before income tax	**51,061**	42,458	**21,835**	18,860
Income tax expense	**(10,707)**	(10,344)	**(5,287)**	(4,715)
Profit/total comprehensive income for the year	**40,354**	32,114	**16,548**	14,145
Dividends received from associates	**11,720**	10,000	**2,400**	2,400

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

Summarised financial information

	Gangwan Automobile		Tianxin	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Opening net assets at 1 January	**37,076**	29,962	**24,785**	18,640
Profit for the year	**40,354**	32,114	**16,548**	14,145
Dividend	**(29,301)**	(25,000)	**(8,000)**	(8,000)
Closing net assets at 31 December	**48,129**	37,076	**33,333**	24,785
Interest in associates	**19,252**	14,830	**10,000**	7,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures

	2014 **RMB'000**	2013 RMB'000
At 1 January	**224,420**	232,454
Share of profits of joint ventures	**6,417**	5,698
Dividend received	**(13,449)**	(13,732)
At 31 December	**217,388**	224,420

The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investment in joint ventures 2014 and 2013

Name of company	**Place of business/ country of incorporation**	**% of ownership interest**	**Nature of the relationship**	**Measurement method**
Tedahang Cold Chain Logistics Co., Ltd. ("Tedahang")	China	60%	Carrying out the Group's cold warehouse operating and logistic services	Equity
Tianjin Alps Teda Logistics Co., Ltd. ("Tianjin Alps")	China	50%	Carrying out the Group's supply chain management services	Equity
Dalian Alps Teda Logistics Co., Ltd. ("Dalian Alps ")	China	50%	Carrying out the Group's materials procurement logistics and supply chain management services	Equity

The joint ventures of the Group are private companies and there are no quoted market prices available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures *(Continued)*

Summarised financial information for joint ventures

Set out below are the summarised financial information for joint ventures that are material to the Group which are accounted for using the equity method:

Summarised statement of financial position

	Tedahang		**Tianjin Alps**	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Current				
Cash and cash equivalents	**10,443**	42,348	**117,380**	107,629
Other current assets	**15,226**	11,780	**106,623**	101,369
Total current assets	**25,669**	54,128	**224,003**	208,998
Financial liabilities	**(36,394)**	(2,848)	**–**	–
Other current liabilities	**(9,606)**	(24,384)	**(51,670)**	(43,890)
Total current liabilities	**(46,000)**	(27,232)	**(51,670)**	(43,890)
Total current net assets	**(20,331)**	26,896	**172,333**	165,108
Non-current				
Assets	**349,933**	363,572	**41,300**	40,153
Financial liabilities	**(154,523)**	(190,603)	**(1,885)**	(1,233)
Other non-current liabilities	**(22,053)**	(23,697)	**–**	–
Total non-current liabilities	**(176,576)**	(214,300)	**(1,885)**	(1,233)
Total non-current net assets	**173,357**	149,272	**39,415**	38,920
Net assets	**153,026**	176,168	**211,748**	204,028

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures *(Continued)*

Summarised financial information for joint ventures *(Continued)*

Summarised statement of profit or loss and other comprehensive income

	Tedahang		Tianjin Alps	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Revenue	**31,674**	37,875	**427,602**	376,503
Depreciation and amortisation	**(13,232)**	(14,763)	**(4,788)**	(6,856)
Interest income	**326**	–	**–**	388
Interest expense	**(11,676)**	(10,879)	**(87)**	–
(Losses)/profit before income tax	**(23,142)**	(23,217)	**44,035**	46,548
Income tax expense	**–**	–	**(11,315)**	(11,637)
Total comprehensive (losses)/income for the year	**(23,142)**	(23,217)	**32,720**	34,911
Dividends received from joint venture	**–**	–	**12,499**	13,732

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures.

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the joint ventures are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12b. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

(b) Investment in joint ventures *(Continued)*

Summarised financial information for joint ventures *(Continued)*

Summarised financial information

	Tedahang		Tianjin Alps	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1 January	**176,168**	199,385	**204,028**	196,581
(Losses)/profit for the year	**(23,142)**	(23,217)	**32,720**	34,911
Dividend	**–**	–	**(24,999)**	(27,464)
At 31 December	**153,026**	176,168	**211,749**	204,028
Interest in joint ventures	**91,816**	105,701	**105,875**	102,014
Fair value adjustments on land use rights, property, plant and equipment	**(10,659)**	(10,914)	**–**	–
Carrying value	**81,157**	94,787	**105,875**	102,014

At the end of reporting period, the jointly controlled entities do not have any outstanding contingent liabilities.

12c. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group and the Company

	2014	2013
	RMB'000	RMB'000
Non-current		
Unlisted equity investment at cost (note)	**16,310**	–

Note: During the year 2014, the Group lost the significant influence of an associate, namely Tianjin Ferroalloy Exchange Co., Ltd so the investment transferred to available-for-sale financial assets at the fair value at the date of transaction.

13. INCOME TAX EXPENSE

	2014	2013
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	**16,295**	13,096

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

13. INCOME TAX EXPENSE *(Continued)*

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

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:

	2014 **RMB'000**	2013 RMB'000
Profit before income tax	**78,571**	69,180
Tax at the official income tax rate of 25% and 16.5% (2013: 25%)	**19,797**	17,295
Tax effect of:		
– Associates' and joint ventures' results reported, net of tax	**(5,778)**	(6,580)
– Expenses not deductible for taxation purpose	**2,501**	1,019
– Utilisation of previously unrecognised tax losses	**(225)**	–
– Tax losses for which deferred tax assets are not recognised	**–**	1,362
Income tax expense	**16,295**	13,096

At the end of the reporting period, no deferred tax assets or liabilities are recognised in consolidated financial statements as the Group did not have material temporary difference, arising between tax bases of assets or liabilities and their carrying amounts.

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014 **RMB'000**	2013 RMB'000
Earnings		
Profit attributable to owners of the Company	**51,214**	47,003
Number of shares (thousands)		
Weighted average number of ordinary shares for calculating basic and diluted earnings per share	**354,312**	354,312

For the years ended 31 December 2014 and 2013, diluted earnings per share are the same as the basic earnings per share as the Company did not have any potential dilutive ordinary shares outstanding during the years ended 31 December 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

15. PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB43,337,000 (2013: RMB43,437,000).

16. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

The Group	**2014** **RMB'000**	2013 RMB'000
At the beginning of the year	**101,737**	104,324
Amortisation charge for the year	**(2,587)**	(2,587)
At the end of the year	**99,150**	101,737

The Company	**2014** **RMB'000**	2013 RMB'000
At the beginning of the year	**48,180**	49,320
Amortisation charge for the year	**(1,140)**	(1,140)
At the end of the year	**47,040**	48,180

Note: All the land use rights of the Group are situated in the PRC and are amortised over their lease periods. As at 31 December 2014, the land use rights have remaining lease periods ranging from 32 to 43 years.

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For the year ended 31 December 2014

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Furniture and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
The Group						
Cost						
At 1 January 2013	194,506	35,988	20,268	76,051	1,214	328,027
Additions	256	17	3,679	2,056	4,483	10,491
Transfer	(594)	(14)	745	3,052	(3,189)	–
Disposals	–	(4,875)	(887)	(1,900)	–	(7,662)
At 31 December 2013 and 1 January 2014	194,168	31,116	23,805	79,259	2,508	330,856
Additions	51	2,493	1,387	280	9,959	14,170
Transfer	1,029	–	2,148	4,196	(7,373)	–
Disposals	–	(130)	(815)	(3,541)	–	(4,486)
At 31 December 2014	195,248	33,479	26,525	80,194	5,094	340,540
Accumulated depreciation						
At 1 January 2013	40,030	22,420	12,908	39,108	–	114,466
Charge for the year	8,600	2,426	2,616	7,553	–	21,195
Transfer	(203)	(30)	233	–	–	–
Disposals	–	(4,155)	(791)	(1,713)	–	(6,659)
At 31 December 2013 and 1 January 2014	48,427	20,661	14,966	44,948	–	129,002
Charge for the year	7,313	2,048	3,649	7,573	–	20,583
Disposals	–	(117)	(732)	(2,656)	–	(3,505)
At 31 December 2014	55,740	22,592	17,883	49,865	–	146,080
Net book values						
At 31 December 2014	139,508	10,887	8,642	30,329	5,094	194,460
At 31 December 2013	145,741	10,455	8,839	34,311	2,508	201,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
The Company			
Cost			
At 1 January 2013	1,741	4,127	5,868
Additions	727	–	727
At 31 December 2013 and 1 January 2014	2,468	4,127	6,595
Additions	322	–	322
At 31 December 2014	2,790	4,127	6,917
Accumulated depreciation			
At 1 January 2013	1,012	1,804	2,816
Charge for the year	177	747	924
At 31 December 2013 and 1 January 2014	1,189	2,551	3,740
Charge for the year	271	524	795
At 31 December 2014	1,460	3,075	4,535
Net book values			
At 31 December 2014	1,330	1,052	2,382
At 31 December 2013	1,279	1,576	2,855

Note:

The Group is in the process of applying for the title to certain buildings with original cost of approximately RMB9,000,000 as at 31 December 2014 (2013: RMB9,000,000). The directors of the Company believe that the title documents will be obtained in due course without significant additional cost.

Depreciation expense of RMB19,000,000 (2013: RMB18,000,000) has been charged in 'Cost of sales' and RMB2,000,000 (2013: RMB3,000,000) in 'administrative expenses'.

Construction work in progress as at 31 December 2014 mainly comprises trucks under modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. INVESTMENT PROPERTIES

	2014 RMB'000	2013 RMB'000
The Group		
At the beginning of the year	**83,896**	88,340
Depreciation charge for the year	**(4,444)**	(4,444)
At the end of the year	**79,452**	83,896

	2014 RMB'000	2013 RMB'000
The Company		
At the beginning of the year	**71,138**	75,029
Depreciation charge for the year	**(3,891)**	(3,891)
At the end of the year	**67,247**	71,138

Fair value

As at 31 December 2014, the Group had no unprovided contractual obligations for future repairs and maintenance (2013: Nil).

All investment properties of the Group and the Company are warehouses located in the PRC. Based on market comparables and future discounted rental income, the directors believe that the fair value of these warehouses at 31 December 2014 is approximately RMB244,000,000 (2013: RMB220,000,000).

19. FINANCIAL INSTRUMENTS

(a) By Category – Group

	2014 RMB'000	2013 RMB'000
Assets as per consolidated statement of financial position		
Loans and receivables		
– Trade and other receivables excluding prepayments	**462,072**	389,145
– Amounts due from related parties	**–**	8,000
– Pledged bank deposits	**225,962**	138,214
– Cash and cash equivalents	**301,307**	238,090
Total	**989,341**	773,449
Available-for-sale financial assets	**16,310**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

19. FINANCIAL INSTRUMENTS *(Continued)*

(a) By Category – Group *(Continued)*

	2014 RMB'000	2013 RMB'000
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost		
– Borrowings	104,898	270,000
– Amounts due to related parties	–	1,600
– Trade and other payables excluding deposits from customer and statutory liabilities	1,175,346	1,064,355
Total	1,280,244	1,355,955

(b) By Category – Company

	2014 RMB'000	2013 RMB'000
Assets as per statement of financial position		
Loans and receivables		
– Trade and other receivables excluding prepayments	298,248	217,098
– Amounts due from subsidiaries	42,644	21,884
– Amounts due from related parties	–	8,000
– Pledged bank deposits	225,662	137,714
– Cash and cash equivalents	189,875	161,117
Total	756,429	545,813
Available-for-sale financial assets	16,310	–

	2014 RMB'000	2013 RMB'000
Liabilities as per statement of financial position		
Other financial liabilities at amortised cost		
– Borrowings	90,000	270,000
– Amounts due to subsidiaries	39,116	28,367
– Amounts due to related parties	–	1,600
– Trade and other payables excluding deposits from customer and statutory liabilities	1,079,733	952,506
Total	1,208,849	1,252,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

20. INVENTORIES

The Group	2014 RMB'000	2013 RMB'000
Brass	**17,094**	124,905
Tomato sauce	**8,547**	–
Other materials	**694**	473
	26,335	125,378

The Company	2014 RMB'000	2013 RMB'000
Brass	**17,094**	124,905
Tomato sauce	**8,547**	–
Other materials	**319**	465
	25,960	125,370

No significant inventory is stated at net realisable value at 31 December 2014 (2013: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

21. TRADE AND OTHER RECEIVABLES

The Group	2014 RMB'000	2013 RMB'000
Trade receivables	427,140	331,781
Less: allowance for impairment	(930)	(930)
	426,210	330,851
Bills receivables (note (b))	5,711	17,630
	431,921	348,481
Other receivables	30,771	40,830
Less: allowance for impairment	(620)	(166)
	462,072	389,145
Prepayment to suppliers	800,475	644,568
Less: allowance for impairment	(787)	–
Prepayment to suppliers-net	799,688	644,568
	1,261,760	1,033,713

The Company	2014 RMB'000	2013 RMB'000
Trade receivables	288,414	190,133
Less: allowance for impairment	(930)	(930)
	287,484	189,203
Bills receivables (note (b))	3,011	15,000
	290,495	204,203
Other receivables	7,753	12,895
	298,248	217,098
Prepayment to suppliers	789,988	640,533
Less: allowance for impairment	(787)	–
Prepayment to suppliers-net	789,201	640,533
	1,087,449	857,631

21. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) The balance of the Company's and 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 end of reporting period:

The Group	**2014 RMB'000**	2013 RMB'000
0 – 90 days	**376,379**	285,514
91 – 180 days	**41,091**	61,215
181 – 365 days	**10,214**	1,314
Over 1 year	**5,167**	1,368
	432,851	349,411

The Company	**2014 RMB'000**	2013 RMB'000
0 – 90 days	**240,066**	144,970
91 – 180 days	**40,435**	59,214
181 – 365 days	**9,975**	–
Over 1 year	**949**	949
	291,425	205,133

Before accepting any new customer, the Group assess the potential customer's credit quality and defines credit limits by customer.

(d) Aging of trade receivables which are past due but not impaired is as follows:

The Group	**2014 RMB'000**	2013 RMB'000
91 – 180 days	**41,091**	61,215
181 – 365 days	**10,214**	1,314
Over 1 year	**4,237**	438
	55,542	62,967

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

21. TRADE AND OTHER RECEIVABLES *(Continued)*

(d) Aging of trade receivables which are past due but not impaired is as follows: *(Continued)*

The Company	**2014 RMB'000**	2013 RMB'000
91 – 180 days	**40,005**	59,214
181 – 365 days	**9,875**	–
Over 1 year	**19**	19
	49,899	59,233

The Company and the Group have not provided for impairment loss on the above balances as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The Group does not hold any collateral over these balances. In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date.

(e) Allowances on past due trade receivables are made based on estimated irrecoverable amounts by reference to past default experience and objective evidences of impairment determined by the difference between the carrying amount and the present value of the estimate future cash flow discounted at the original effective interest rate.

Movement in impairment loss on trade and other receivables recognised is as follows:

The Group	**2014 RMB'000**	2013 RMB'000
At the beginning of the year	**1,096**	243
Provision for impairment	**1,241**	853
At the end of the year	**2,337**	1,096

22. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

The Group	2014 RMB'000	2013 RMB'000
Cash at bank and on hand	**301,307**	238,090
Pledged bank deposits (note (c))	**225,962**	138,214

The Company	2014 RMB'000	2013 RMB'000
Cash at bank and on hand	**189,875**	161,117
Pledged bank deposits (note (c))	**225,662**	137,714

(a) The Company's and the Group's bank balances and cash denominated in currencies other than the functional currencies of the relevant group entities were as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Currency:				
– US Dollars	**2,825**	1,748	**1**	1
– Japanese Yen	**12**	74	**–**	–

(b) Bank balances carry interest at market rate, the effective interest rates of the bank balances during the year are as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Effective interest rate (per annum)	**0.35%-2.8%**	0.35%-2.8%	**0.35%-2.8%**	0.35%-2.8%

(c) Pledged bank deposits represents pledge to banks to secure bills payable of RMB1,036,000,000 (2013: RMB687,000,000) issued by the Company and the Group.

The pledged deposits carry fixed interest rate ranging from 2.8% to 3.3% (2013: 2.8%-3.3%) per annum. The pledged bank deposits will be released upon the settlement of relevant bills payable.

(d) Renminbi is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government. Cash at banks earn interest at floating rates based on daily bank deposits rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. SHARE CAPITAL

	2014			2013		
	Domestic shares	**H-shares**	**Total**	Domestic shares	H-shares	Total
	RMB'000	**RMB'000**	**RMB'000**	RMB'000	RMB'000	RMB'000
At the beginning and the end of the year	**256,069**	**98,243**	**354,312**	256,069	98,243	354,312

24. OTHER RESERVES

The Group	**Share premium** RMB'000	**Statutory reserves** (note a) RMB'000	**Other reserves** (note b) RMB'000	**Total** RMB'000
At 1 January 2013	55,244	63,122	(40,620)	77,746
Capital contribution by non-controlling interests	–	–	6	6
Transfer from retained earnings	–	5,166	–	5,166
At 31 December 2013	55,244	68,288	(40,614)	82,918
Transfer from retained earnings	–	6,185	–	6,185
At 31 December 2014	55,244	74,473	(40,614)	89,103

The Company	**Share premium** RMB'000	**Statutory reserves** (note a) RMB'000	**Total** RMB'000
At 1 January 2013	55,244	21,551	76,795
Transfer from retained earnings	–	4,371	4,371
At 31 December 2013	55,244	25,922	81,166
Transfer from retained earnings	–	4,397	4,397
At 31 December 2014	55,244	30,319	85,563

24. OTHER RESERVES *(Continued)*

(a) Statutory reserves

Reserve fund and Enterprise expansion fund

According to the relevant PRC rules and their articles of association, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund. The percentages to be appropriated to the Reserve Fund and Enterprise Expansion Fund are determined by the board of directors. Upon approval, the Reserve Fund can be used to offset accumulated losses or be converted into capital.

Statutory surplus reserve

The Company and certain of its subsidiaries are domestic limited liability companies established under the PRC Company Law. According to the relevant PRC rules and their articles of association, statutory surplus reserve should be appropriated from net profit of management account under China Accounting Standard before distribution. The amount of appropriation should be 10% of profit after taxation, calculated in accordance with the PRC accounting rules and regulations, applicable to enterprises in the PRC, of the Company and its subsidiaries. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the entity's registered capital. Statutory surplus reserve can be used to make up prior year losses, to expand operation or to increase share capital. The Company or its subsidiaries may capitalise the statutory surplus reserve by way of bonus issues provided that the amount of the statutory surplus reserve remaining after such appropriation shall not be less than 25% of the registered capital of the Company or its subsidiaries.

(b) Other reserves

Other reserves as at 31 December 2014 and 2013 represent the difference between the paid up capital of the subsidiaries of the Group and the nominal value of the Company's shares issued in exchange for the equity interest in the subsidiaries upon the reorganisation of the Group prior to listing.

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25. RETAINED EARNINGS

	The Group RMB'000	**The Company** RMB'000
At 1 January 2013	297,053	108,030
Profit for the year	47,003	43,437
Dividends paid	(21,258)	(21,258)
Statutory reserves	(5,166)	(4,371)
At 31 December 2013 and 1 January 2014	317,632	125,838
Profit for the year	51,214	43,337
Dividends paid	(14,172)	(14,172)
Statutory reserves	(6,185)	(4,397)
At 31 December 2014	348,489	150,606

26. TRADE AND OTHER PAYABLES

The Group	**2014** **RMB'000**	2013 RMB'000
Trade payables	**88,171**	145,632
Bills payables (note a)	**1,035,761**	687,484
	1,123,932	833,116
Deposits from customers	**269,515**	178,300
Tax payables	**5,186**	3,295
Other payables	**51,414**	52,939
	1,450,047	1,067,650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

26. TRADE AND OTHER PAYABLES *(Continued)*

The Company	2014 RMB'000	2013 RMB'000
Trade payables	**1,769**	46,249
Bills payables (note a)	**1,035,761**	687,484
	1,037,530	733,733
Deposits from customers	**268,073**	177,175
Tax payables	**765**	75
Other payables	**42,203**	41,598
	1,348,571	952,581

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 time frame.

(b) The aging analysis of the trade payables and bills payables at the end of reporting period is as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
0 – 90 days	**563,885**	532,255	**477,947**	437,960
91 – 180 days	**558,795**	296,295	**558,617**	295,745
181 – 365 days	**798**	496	**744**	–
Over 1 year	**454**	4,070	**222**	28
	1,123,932	833,116	**1,037,530**	733,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

27. BORROWINGS

The Group	2014 RMB'000	2013 RMB'000
Current		
Short term bank borrowings	**104,898**	270,000
Carrying amounts repayable (note d)		
– within 1 year	**104,898**	270,000
– more than 1 year but within 2 years	**–**	–
– more than 2 years but within 5 years	**–**	–
– over than 5 years	**–**	–
	104,898	270,000
Less: Amounts classified as current liabilities due within 1 year or contain a repayment on demand clause	**(104,898)**	(270,000)
Amounts classified as non-current liabilities	**–**	–
Analysed into:		
– Unsecured	**104,898**	270,000

The Company	2014 RMB'000	2013 RMB'000
Current		
Short term bank borrowings		
– Unsecured	**90,000**	270,000
Carrying amounts repayable (note d)		
– within 1 year	**90,000**	270,000
– more than 1 year but within 2 years	**–**	–
– more than 2 years but within 5 years	**–**	–
– over than 5 years	**–**	–
	90,000	270,000
Less: Amounts classified as current liabilities secured due within 1 year or contain a repayment on demand clause	**(90,000)**	(270,000)
	–	–
Analysed into:		
– Unsecured	**90,000**	270,000

27. BORROWINGS *(Continued)*

(a) The effective annual interest rates of the borrowings at the reporting date were as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Effective rate	**5.49%**	6.08%	**5.16%**	6.08%

(b) The carrying amounts of the borrowings approximate their fair values as at 31 December 2014 either due to their short-term maturity or because they bear interest at prevailing market rates throughout their maturity period.

(c) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**90,000**	270,000	**90,000**	270,000
US dollar	**14,898**	–	**–**	–
	104,898	270,000	**90,000**	270,000

(d) The amounts due are based on scheduled repayment dates.

28. DEFERRED INCOME

	2014	2013
	RMB'000	RMB'000
Government grant received	**6,597**	6,951

The government grant from TEDA Administrative Commission were received in respect of its acquisition of land use rights and the project of inspection and storage centre. The government grants are recognised as deferred income and are released to income over the periods necessary to match them with the related costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

29. DIVIDENDS

The dividends paid in 2014 and 2013 were RMB14,172,480 (RMB0.04 per share) and RMB38,974,320 (RMB0.11 per share) respectively.

	2014	2013
	RMB'000	RMB'000
First interim dividend (note a)	**17,716**	10,629
Second interim dividend	**–**	10,629
Third interim dividend	**–**	7,086
Final dividend (note b)	**10,629**	7,086
	28,345	35,430

Note:

(a) On 24 November 2014, the Directors of the Company proposed the distribution of a first interim dividend of RMB0.05 per share. The extraordinary general meeting approved and declared the proposal on 12 January 2015. The total amount is approximately RMB17,716,000 and was paid in March 2015 to shareholders whose names appeared on the register of members of the Company on 21 January 2015.

(b) On 4 June 2015, the Directors of the Company proposes the payment of final dividend of RMB0.03 per share for the year ended 31 December 2014 (2013: RMB0.02 per share). These financial statements do not reflect this dividend payable.

30. CASH GENERATED FROM OPERATIONS

	2014 **RMB'000**	2013 RMB'000
Profit before tax	**78,571**	69,180
Adjustment for:		
Interest income	**(6,488)**	(4,841)
Finance costs	**11,555**	11,614
Depreciation for property, plant and equipment	**20,583**	21,195
Depreciation for investment properties	**4,444**	4,444
Amortisation of land use rights	**2,587**	2,587
Provision of allowance of trade and other receivables	**1,241**	853
Reversal of inventory impairment	**–**	(556)
Gain on disposal of property, plant and equipment	**(319)**	(176)
Deferred income amortisation	**(354)**	(357)
Loss on disposal of an associate	**928**	–
Share of profit of investments accounted for using equity method	**(23,110)**	(26,318)
Operating cash flow before changes in working capital:		
Inventories	**99,043**	20,731
Trade and other receivables	**(229,288)**	(392,696)
Amounts due from related parties	**8,000**	1,491
Trade and other payables	**382,439**	222,686
Amounts due to related parties	**(1,600)**	1,600
Net cash generated from/(used in) operations	**348,232**	(68,563)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

31. COMMITMENTS

(i) The Group leases various offices warehouses and vehicles under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The Group's future aggregate minimum lease rental expenses in respect of non-cancellable operating leases are as follows:

Buildings	**2014 RMB'000**	2013 RMB'000
Within one year	**806**	1,798
In the second to fifth year inclusive	**–**	806
	806	2,604

Motor vehicles	**2014 RMB'000**	2013 RMB'000
Within one year	**2,122**	2,011
In the second to fifth year inclusive	**1,409**	–
	3,531	2,011

The Company has no significant operating lease expenses commitments.

(ii) The future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

The Group	**2014 RMB'000**	2013 RMB'000
Within one year	**8,188**	3,785
In the second to fifth year inclusive	**19,320**	18
Over fifth year	**4,680**	–
	32,188	3,803

The Company	**2014 RMB'000**	2013 RMB'000
Within one year	**2,764**	3,559
In the second to fifth year inclusive	**–**	–
	2,764	3,559

32. FINANCIAL GUARANTEE LIABILITIES

At 31 December 2014, the Group has outstanding guarantee of RMB159,000,000 provided to Tedahang, a joint venture with 60% interest owned by the Group, for its bank borrowing facilities of RMB350,000,000. The borrowings drawn down by the joint venture as at 31 December 2014 was RMB191,000,000.

At 31 December 2014, the Company has outstanding guarantee of RMB231,000,000 provided to He Guang, a subsidiary of the Group, for its bank borrowing facilities of USD40,000,000. The bank borrowings drawn down by the subsidiary as at 31 December 2014 was RMB15,000,000.

The Directors of the Company consider that the fair value of this outstanding financial guarantee is insignificant at initial recognition and the possibility of default is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and on the reporting date as at 31 December 2014.

33. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in consolidated financial statements, the Group had the following material transactions with related parties:

(a) Sales of goods and services

	2014 **RMB'000**	2013 RMB'000
Sales of goods	**4,853**	15,754

(b) Purchase of goods and services

	2014 **RMB'000**	2013 RMB'000
Purchase of goods	**4,688**	15,385
Advertisements (note (i))	**–**	2,000

Note:

(i) In 2013, the Company entered into an advertisement agreement with Tianjin Teda Football Club Co., Ltd. ("Tianjin Football"), a subsidiary of Teda Holding with a consideration of RMB2,000,000. Pursuant to the agreement, Tianjin Football agreed to place the Company's advertisements during the Chinese Super League 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

33. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Transactions/balances with other state owned enterprises in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as "state-controlled entities"). The directors of the Company consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

During the year, the Group's significant transactions with these state controlled entities include purchases of raw materials for trading purposes and fuel for transportation vehicles used in the logistics business. As at year end, majority of the Group's cash and bank balances and borrowings are with state controlled banks.

(d) Key management compensation

The details of remuneration of key management personnel are set out in Note 10.

(e) For the transactions constitute connected transactions under GEM Listing Rules, please refer to "Connected Transactions and Continuing Connected Transactions" under "Directors' Report".

34. AUTHORISATION OF ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 4 June 2015.