



天津濱海泰達物流集團股份有限公司

Tianjin Binhai Teda Logistics (Group) Corporation Limited*

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

(Stock code: 8348)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

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This announcement, for which the Directors ("the Director") 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 the GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make the contents of this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purposes only

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 105% to RMB1,946,833,000
- Gross profit decreased by 9.04%
- Profit attributable to shareholders decreased 15,938,000 by 25%
- Earnings per share achieved RMB0.15

ANNUAL RESULTS

The board of directors (the "Board") of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008 and the comparative figures for the corresponding period of 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Turnover	4	1,946,833	949,609
Cost of sales		(1,817,315)	(800,570)
Gross profit		129,518	149,039
Other income	5	15,086	9,734
Other gains and losses		(6,115)	(2,473)
Administrative expenses		(51,782)	(36,261)
Share of results of associates		9,022	1,152
Finance costs	6	(2,161)	(748)
Profit before tax		93,568	120,443
Income tax expense	7	(28,270)	(19,907)
Profit for the year	8	65,298	100,536
Attributable to:			
Equity holders of the Company		48,433	64,371
Minority interests		16,865	36,165
		65,298	100,536
Dividends recognised as distribution during the year:			
Final dividend: nil (2007: RMB6 cents) per ordinary share	9	–	14,947
Earnings per share	10		
– Basic (RMB cents)		15	24

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Non-current Assets			
Property, plant and equipment		238,749	194,364
Land use rights		111,879	64,689
Deposit paid for acquisition of property, plant and equipment		–	187
Deposit paid for acquisition of land use rights		–	11,829
Investment in associates		19,314	11,942
Goodwill		105	105
		370,047	283,116
Current Assets			
Inventories		13,350	68,130
Trade and other receivables	11	766,096	214,823
Land use rights		2,578	1,449
Amounts due from related parties		–	19
Tax recoverable		220	–
Pledged bank deposits		57,856	–
Bank balances and cash		247,859	179,671
		1,087,959	464,092
Current Liabilities			
Trade and other payables	12	822,201	246,094
Amounts due to related parties		5	40,044
Amount due to a minority shareholder of a subsidiary		–	2,393
Dividend payable		17,036	28,119
Taxation payable		11,172	10,082
Bank borrowings		27,417	26,113
		877,831	352,845
Net Current Assets		210,128	111,247
Total Assets less Current Liabilities		580,175	394,363
Capital and reserves			
Share capital		354,312	265,000
Share premium and reserves		143,763	40,086
Equity attributable to equity holders of the Company		498,075	305,086
Minority interests		72,947	83,537
Total Equity		571,022	388,623
Non-current Liabilities			
Deferred tax liability		3,413	–
Deferred income		5,740	5,740
		9,153	5,740
		580,175	394,363

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Group					Attributable to equity holders of parent entity RMB'000	Minority interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Statutory reserves RMB'000	Retained profits RMB'000			
At 1 January 2007	265,000	-	(73,258)	12,717	51,203	255,662	61,975	317,637
Profit for the year and total recognised income for the year	-	-	-	-	64,371	64,371	36,165	100,536
Transfer from retained earning	-	-	-	17,852	(17,852)	-	-	-
Capital contribution by the minority shareholder	-	-	-	-	-	-	4,500	4,500
Dividends	-	-	-	-	(14,947)	(14,947)	(19,103)	(34,050)
At 31 December 2007	265,000	-	(73,258)	30,569	82,775	305,086	83,537	388,623
Profit for the year and total recognised income for the year	-	-	-	-	48,433	48,433	16,865	65,298
Transfer from retained earning	-	-	-	16,686	(16,686)	-	-	-
Dividends	-	-	-	-	-	-	(27,455)	(27,455)
Issue of H shares	89,312	69,530	-	-	-	158,842	-	158,842
Shares issue expense	-	(14,286)	-	-	-	(14,286)	-	(14,286)
At 31 December 2008	354,312	55,244	(73,258)	47,255	114,522	498,075	72,947	571,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. General

The Company was established as an investment holding company in the People's Republic of China (the "PRC") by its promoters, Tianjin Teda Investment Holding Co., Ltd. (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 of 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.

The Company together with its subsidiaries are hereafter collectively referred to as the Group ("Group"). The Group is engaged in provision of logistics and supply chain solutions services and steel trading and related logistic services.

The Group's principal operations are conducted in the PRC. The consolidated financial statements have been presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has applied the following amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB (hereinafter collectively referred to as "IFRSs") which have become effective.

IAS 39 & IFRS 7 (Amendments)	Reclassification of Financial Assets
IFRIC 11	IFRS2: Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

2. Adoption of new and revised International Financial Reporting Standards *(continued)*

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

IFRSs (Amendments)	Improvements to IFRSs ¹
IAS 1 (Revised)	Presentation of Financial Statements ²
IAS 23 (Revised)	Borrowing Costs ²
IAS 27 (Revised)	Consolidated and Separate Financial Statements ³
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
IAS 39 (Amendment)	Eligible Hedged Items ³
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
IFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
IFRS 3 (Revised)	Business Combinations ³
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ²
IFRS 8	Operating Segments ²
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives ⁴
IFRIC 13	Customer Loyalty Programmes ⁵
IFRIC 15	Agreements for the Construction of Real Estate ²
IFRIC 16	Hedges of a Net Investment in a Foreign Operation ⁶
IFRIC 17	Distribution of Non-cash Assets to Owners ³
IFRIC 18	Transfers of Assets from Customers ⁷

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to IFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods ending on or after 30 June 2009

⁵ Effective for annual periods beginning on or after 1 July 2008

⁶ Effective for annual periods beginning on or after 1 October 2008

⁷ Effective for transfers on or after 1 July 2009

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

4. Turnover and segment information

Turnover represents the net amounts received and receivable for: (1) service income: (a) logistics services and supply chain management and (b) provision of service related to steel trading and (2) sales of goods: (a) sales of resins and electronic components and (b) sales of steel by the Group to outside customers during the fiscal year. An analysis of the Group's revenue during the fiscal year is as follows:

	2008	2007
	RMB'000	RMB'000
Service for logistics and steel trading		
– Logistics services and supply chain management	956,705	853,999
– Provision service related to steel	13,625	245
	970,330	854,244
Sales of goods		
– Sales of steel materials	915,715	30,798
– Sales of resins and electronic components	60,788	64,567
	976,503	95,365
	1,946,833	949,609

Business segments

During the year ended 31 December 2007, the Group commenced the steel trading and related logistic services in order to diversify market risks.

For management purpose, the Group is currently mainly organized into two operating divisions: (i) logistics and supply chain solutions and (ii) steel trading and related logistic services.

Principal activities of the two segments are as follows:

- | | |
|---|--|
| Logistics and supply chain solutions | – Render logistics services and supply chain management i.e. planning, storage and transportation management for automobile components, electronic production materials, finished goods and materials procurement logistics services i.e. purchase and sale of resins and electronic components as a value-added service to the Group's existing customers of logistics and supply chain management at the pre-production stage. |
| Steel trading and related logistic services | – Sales of steel materials to customers comprised principally trading companies and rendering related services of transportation management, storage, warehouse supervising and management. |

4. Turnover and segment information *(continued)*

Business segments *(continued)*

Segment information about the two businesses are presented below.

Consolidated income statement

	Year ended 31 December 2008		
	Logistics and supply chain solutions RMB'000	Steel trading and related logistic services RMB'000	Total RMB'000
Revenue	1,017,493	929,340	1,946,833
Result			
Segment result	81,627	14,219	95,846
Share of results of associates	9,022	–	9,022
Unallocated other income			3,555
Unallocated corporate expenses			(12,694)
Finance costs			(2,161)
Profit before tax			93,568
Income tax expense			(28,270)
Profit for the year			65,298

	Year ended 31 December 2007		
	Logistics and supply chain solutions RMB'000	Steel trading and related logistic services RMB'000	Total RMB'000
Revenue	918,566	31,043	949,609
Result			
Segment result	124,775	(17)	124,758
Share of results of associates	1,152	–	1,152
Unallocated other income			1,454
Unallocated corporate expenses			(6,173)
Finance costs			(748)
Profit before tax			120,443
Income tax expense			(19,907)
Profit for the year			100,536

4. Turnover and segment information *(continued)*

Business segments *(continued)*

Consolidated balance sheet

	At 31 December 2008		
	Logistics and supply chain solutions	Steel trading and related logistic services	Total
	RMB'000	RMB'000	RMB'000
ASSETS			
Segment assets	396,186	794,542	1,190,728
Interests in associates	19,314	–	19,314
Unallocated corporate assets			247,964
Consolidated total assets			1,458,006
LIABILITIES			
Segment liabilities	130,400	697,546	827,946
Unallocated corporate liabilities			59,038
Consolidated total liabilities			886,984

	At 31 December 2007		
	Logistics and supply chain solutions	Steel trading and related logistic services	Total
	RMB'000	RMB'000	RMB'000
ASSETS			
Segment assets	430,482	113,179	543,661
Interests in associates	11,942	–	11,942
Unallocated corporate assets			191,605
Consolidated total assets			747,208
LIABILITIES			
Segment liabilities	123,931	127,947	251,878
Unallocated corporate liabilities			106,707
Consolidated total liabilities			358,585

4. Turnover and segment information *(continued)*

Business segments *(continued)*

Other information

	Year ended 31 December 2008		
	Logistics and supply chain solutions	Steel trading and related logistic services	Total
	RMB'000	RMB'000	RMB'000
Capital additions	46,096	62,836	108,932
Depreciation for property, plant and equipment	21,280	202	21,482
Amortisation for land use rights	1,561	593	2,154
Allowance for bad and doubtful debts	223	–	223
Loss on disposal of property, plant and equipment	1,012	–	1,012

	Year ended 31 December 2007		
	Logistics and supply chain solutions	Steel trading and related logistic services	Total
	RMB'000	RMB'000	RMB'000
Capital additions	52,949	443	53,392
Depreciation for property, plant and equipment	17,958	51	18,009
Amortisation for land use rights	1,344	–	1,344
Allowance for bad and doubtful debts	709	–	709
Write-down of inventories	512	–	512
Loss on disposal of property, plant and equipment	633	–	633

No geographical segment information is presented as all of the Group's turnover and profit are derived within the PRC and assets of the Group and the customers of the Group are mostly located in the PRC, which is considered as one geographic location with similar risks and returns.

5. Other income

	2008 RMB'000	2007 RMB'000
Interest income	3,555	1,454
Subsidy income (note)	11,295	7,967
Compensation income	–	14
Others	236	299
	15,086	9,734

Note: During the year, the Group received subsidies and awards from local government authorities for its contribution to the development of the local economies. The Group obtained a government grant amounting to RMB10,878,000 (2007: RMB7,505,000) according to "Provisional Regulations on Modern Services and Development of Tianjin Economic and Technological Development Area" (Guan Wei Hui Ling No. 114) ("天津經濟技術開發促進現代服務與發展的暫行規定") (管委會令No. 114) to assist the Company.

6. Finance costs

	2008 RMB'000	2007 RMB'000
Interest on bank borrowings wholly repayable within five years	2,161	748

7. Income Tax Expense

	2008 RMB'000	2007 RMB'000
The charge comprises the PRC enterprise income tax ("EIT"):		
Current tax		
– the Company and subsidiaries	19,788	14,364
– jointly controlled entities	5,069	5,543
	24,857	19,907
Deferred tax		
– the Company	3,413	–
	28,270	19,907

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No.63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group and the jointly controlled entities except for as stated below were reduced from 33% to 25% from 1 January 2008 onwards.

	Notes	2008 EIT rate	2007 EIT rate
Subsidiary			
Tianjin Fengtian Logistics Co., Ltd. ("Tianjin Fengtian Logistics")			
天津豐田物流有限公司	(i)	18%	15%
Jointly controlled entity			
Tianjin Alps Teda Logistics Co., Ltd. ("Tianjin Alps Teda Logistics")			
天津泰達阿爾卑斯物流有限公司	(i)	18%	15%

Notes:

- (i) Pursuant to the relevant approval by the tax authorities, both Tianjin Fengtian Logistics and Tianjin Alps Teda Logistics, which are recognised as manufactory foreign investment enterprises, entitled a preferential tax rate of 15% since 2005. Upon the Implementation Regulation of the New Law, a five-year transitional period has been granted to the entity that previously enjoys the preferential tax rate of 15%. The applicable tax rate of these two entities is changed to 18% started from 1 January 2008.

8. Profit for the year

Profit for the year has been arrived at after charging:

	2008	2007
	RMB'000	RMB'000
Depreciation for property, plant and equipment	21,482	18,009
Amortisation for land use rights	2,154	1,344
Total depreciation and amortisation	23,636	19,353
Auditors' remuneration	1,254	747
Write-down of inventories	–	512
Employee benefits expense	86,501	59,980
Listing expenses	14,286	3,877
Loss on disposal of property, plant and equipment	1,012	633
Net foreign exchange losses	4,880	1,131
Allowance for bad and doubtful debts	223	709

9. Dividends

	2008	2007
	RMB'000	RMB'000
Dividends recognised as distribution during the year:		
Final dividend: nil (2007: RMB 6 cents) ordinary per share	–	14,947

No dividend was paid or proposed during 2008, nor has any dividend been proposed since the balance sheet date.

The amount for the year ended 31 December 2007 represented the dividend declared by the Company.

10. Earnings Per Share

The calculating of basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings

	2008	2007
	RMB'000	RMB'000
Earnings for the purpose of basic earnings per share (Profit for the year attributable to equity holders of the Company)	48,433	64,371

Number of shares

	2008	2007
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	324,733	265,000

There are no diluted earnings per share presented for the periods as there are no potential ordinary shares outstanding.

11. Trade and Other Receivables

	2008	2007
	RMB'000	RMB'000
Trade receivables	188,363	147,235
Less: impairment loss recognised	(537)	(569)
	187,826	146,666
Bills receivables (note)	349,134	2,500
	536,960	149,166
Prepayments to suppliers	205,363	44,585
Other receivables	24,288	21,332
Less: impairment loss recognised	(515)	(260)
Total trade and other receivables	766,096	214,823

The Group allows an average credit period ranged from 30 to 90 days to its trade customers. The following is an aged analysis of the trade and bills receivables, net of impairment losses recognised at the reporting date.

Note: The bills are non-interest bearing bank acceptance bills with a maximum maturity period of six months.

Bills receivable outstanding at the balance sheet date amounted to RMB324,134,000 (31 December 2007: nil) have been endorsed to the Group's trade creditors and RMB24,000,000 (31 December 2007: nil) have been discounted with a bank with recourse. The Group continues to recognise the endorsed bills as bills receivable. Such endorsed bills have not been applied to reduce the amounts of related trade creditors.

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

	2008	2007
	RMB'000	RMB'000
0 – 90 days	515,493	148,379
91 – 180 days	20,720	508
181 – 365 days	732	205
1 – 2 years	15	74
	536,960	149,166

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 96% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the internal credit scoring system used by the Group.

12. Trade and Other Payables

	2008	2007
	RMB'000	RMB'000
Trade payables (note i)	426,915	97,739
Bills payables (note ii)	272,000	101,750
	698,915	199,489
Deposits from customers	54,698	25,910
Other payables	68,588	20,695
Total trade and other payables	822,201	246,094

Notes:

- (i) At the balance sheet date, the Group has endorsed bank acceptance bills to certain creditors amounted to RMB324,134,000 (31 December 2007: nil). The related trade payables will only be derecognised when the relevant bills were settled.
- (ii) 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. The management of the Group monitors the repayment of all payables and ensures compliance with credit timeframe. The aged analysis of the trade payables and bills payables at the balance sheet dates is as follows:

	2008	2007
	RMB'000	RMB'000
0 – 90 days	694,447	178,226
91 – 180 days	1,361	18,697
181 – 365 days	1,194	1,418
1 – 2 years	1,855	707
Over 2 years	58	441
	698,915	199,489

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the audited consolidated financial results of the Group for the year ended 31 December 2008 to all shareholders.

RESULTS OF THE YEAR

During the year ended 31 December 2008 (this "Year"), turnover of the Group amounted to approximately RMB1,946,833,000 (2007: RMB949,609,000), representing an increase of approximately 105% as compared to the corresponding period last year. Profit attributable to the shareholders amounted to approximately RMB48,433,000 (2007: RMB64,371,000), while basic earnings per share reached approximately RMB0.15 (2007: RMB0.24).

As at 31 December 2008, total assets and current assets of the Group were approximately RMB1,458,006,000 (2007: RMB747,208,000) and approximately RMB1,087,959,000 (2007: RMB464,092,000) respectively, representing increases of 95% and 134% respectively as compared to that recorded as at 31 December 2007. Net assets and net assets per share at the end of the period amounted to approximately RMB571,022,000 (2007: RMB388,623,000) and approximately RMB1.76 (2007: RMB1.47) respectively, up 47% and 20% respectively as compared to that as at 31 December 2007.

REVIEW FOR THE YEAR

Listing in Hong Kong

In April 2008, the Company had been successfully listed on GEM board in Hong Kong, demonstrating the realization of capital expansion and structure optimization of the Company as well as enhancing the recognition and social influence of the Company.

Steel trading and related logistic services

The development of the newly-commenced steel trading and related logistic services business of the Company had gradually become mature in 2008 with sales increasing to approximately RMB929,340,000 and gross profit amounted to approximately RMB14,219,000. The share of profit contribution generated by this business to the total profit of the Company had shown rapid increase, reflecting the diversified operating income and earning structure of the Company.

Market Expansion

During the reporting period, the Company continued to implement its aggressive customer retention and development strategies, thereby the number of customers of the Group and its principal subsidiaries had reached 749 as at 31 December 2008, representing an increase of approximately 7% as compared to the corresponding period in 2007.

In respect of the expansion of service network and logistic services, Tianjin Alps Teda had commenced its commissioned customs declarations, storage and distribution businesses in the Shanghai Songjiang Export Processing Zone, and had established a direct long-haul freight route to Songjiang. TEDA General Bonded Warehouse had also started to provide its customers with one-stop supply chain services covering storage, claim of bill of lading, customs declaration to customs inspections.

Construction Progress of the Logistic Infrastructures

The construction of the container stacking yard and warehouse facilities of the Company at Tianjin Port is underway and is expected to be completed in the third quarter of 2009. The storage and warehouse facilities of Yuan Da Logistics are under re-construction and will be completed in the second quarter of 2009, while the warehouse facilities of Fengtian Logistics had already commenced operation in March 2009. The newly-built warehouse facilities of Tianjin Alps Teda had reached the latter stage of construction and will commence operation during the first half of 2009.

Awards

During the reporting period, the Company obtained non-physically secured credit facilities of approximately RMB870,000,000 in aggregate granted by various financial institutions including the Agricultural Bank of China, the Company was also being awarded the “Enterprise of Integrity” (信貸誠信企業) from the Tianjin Association of Bankers. Meanwhile, the Group had been weighted AAA under the credit rating of logistic enterprises for the year 2008 by the China Federation of Logistics and Purchasing. At the “Sixth Forum of the Logistic Enterprises of the PRC and the 2008 Annual Meeting of the Logistic Enterprises of the PRC” (第六屆中國物流企業家論壇暨2008中國物流企業年會), I myself had the honour to be awarded the “Ten Men of the Year among the Logistics Industry in the PRC” (中國物流十大年度人物) by the China Federation of Logistic and Purchasing.

These honours represented the accreditation and recognition of the Group from both the industry and the public, which helped to pave a solid foundation for the future expansion and cooperation of the Company.

PROSPECTS

With 2009 being a year of global economic turbulence, the instable economy will inevitably affect the sentiment of the logistic industry. We are fully aware that the sluggish economy will have a certain extent of influence on the existing business and profit margin of the Company. Facing such severe challenge, we are committed to leverage on the macro-economic controls and logistic stimulation policies implemented by the PRC government, to syncretize the geographical edge of the Tianjin Binhai New Area, as well as continue to build on the existing logistic technology, logistic network and customer group;

- exploring, innovating and enhancing the governance standard of the Company so as to create a favorable environment for the healthy and rapid development of the Company;
- securing customers by all means, actively identifying innovative logistic services and logistic models in order to enhance the strength of the Company and its influence to the industry;
- minimizing procurement business risks and optimizing risk control system;
- actively facilitating the establishment of various logistics infrastructure so as to pave a solid ground for the long-term development of the Company;
- extending the implementation of information management in order to gradually build up an automatic and network-based management and operation system.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the provision of supply chain logistic services regarding transportation of finished automobiles and automobile components, electronic components, steel trading and related logistic services and bonded warehouse services. The major customers of the Group include 同方環球（天津）物流有限公司，天津華銘泰建材有限公司，天津嘉普龍商貿公司，上海龍納物貿有限公司，天津巨金峰工貿有限公司，天津夏翔商貿有限公司，浙江新盈鋼鐵貿易有限公司，豐田通商（天津）有限公司，天津市聯琪鋼鐵貿易有限公司，大連阿爾卑斯電子有限公司。

Leveraging on the development of Tianjin Binhai New Area and building on its established logistics and supply chain management services business regarding transportation of finished automobiles, automobile components, electronic components, etc., the Group activity explored a new business – steel trading and related logistics services.

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

Benefiting from the growth in turnover of the transportation of domestically made and imported automobiles during the reporting period, the operating income generated from the logistics and supply chain services regarding transportation of finished automobile and automobile components as at 31 December 2008 was approximately RMB754,237,000, up approximately RMB66,345,000 or 9.6% as compared to the corresponding period last year.

Logistics and Supply Chain Services for Electronic Components

During the reporting period, the electronic components logistics service realized an operating income of approximately RMB229,385,000, representing an increase of approximately RMB17,031,000 or 8% as compared to the corresponding period last year.

Steel Trading and Related Logistic Services

The Group actively developed the steel trading and related services during the reporting period and generated an operating income of approximately RMB929,340,000. This business segment was the major income driver in 2008.

Bonded Warehouse Services

During the reporting period, this segment generated an operating income of approximately RMB19,470,000, up approximately RMB1,589,000 or 8.9% as compared to the corresponding period last year.

Transportation and Handling Services

During the reporting period, this segment generated an operating income of approximately RMB14,401,000 (2007: RMB439,000).

FINANCIAL REVIEW

Turnover

Turnover of the Group increased by approximately RMB977,224,000 from approximately RMB949,609,000 in 2007 to approximately RMB1,946,833,000 for the year ended 31 December 2008, representing an increase of 105%. The substantial increase in the turnover was mainly attributable to the Group's effort in developing the steel trading and related logistic services business.

For the year ended 31 December 2008, gross profit margin of the Group decreased by 9.04% from 15.69% in 2007 to 6.65%. This was mainly due to the higher turnover of the newly developed steel trading and related logistic services of the Group with lower gross profit margin during the reporting period, which diluted the gross profit margin of the Group.

Administrative expenses

The administrative expenses of the Group amounted to approximately RMB51,782,000 in 2008, representing an increase of approximately RMB15,521,000, or 42.8% as compared to approximately RMB36,261,000 in 2007. The main reason of the substantial increase in administrative expenses was that part of the listing expenses arising from the Group's successful listing in Hong Kong during the year was charged to the current administrative expenses.

Finance costs

The Group's finance costs for the year increased approximately RMB1,413,000 from approximately RMB748,000 last year to approximately RMB2,161,000. The main reason for the increase was that the Group drew down part of the short-term bank borrowings to finance its liquidity. As at 31 December 2008, the Group has repaid the short-term bank borrowings in full.

Taxation expenses

The taxation expenses of the Group for 2008 were approximately RMB28,270,000 as compared to approximately RMB19,907,000 for the corresponding period last year.

Earnings attributable to the equity holders of the Company

During the reporting period, earnings attributable to the equity holders of the Group was approximately RMB48,433,000, representing a decrease of RMB15,938,000 or 25% as compared to that of last year, the decrease in earnings is mainly attributable to the increases in administration expenses, finance cost and taxation expenses to various extent as compared to those of last year.

Dividend

The Board does not propose the payment of a final dividend for the year ended 31 December 2008 (dividend for the year end 31 December 2007: RMB14,947,000).

Liquidity and financial resources

For the year ended 31 December 2008, the Group maintained a sound financial position. As at 31 December 2008, the cash and bank balances of the Group was approximately RMB247,859,000 (31 December 2007: RMB179,671,000). As at 31 December 2008, the total assets of the Group was approximately RMB1,458,006,000 (31 December 2007: RMB747,208,000). Capital was sourced from current liabilities of approximately RMB877,831,000 (31 December 2007: RMB352,845,000), non-current liabilities of approximately RMB9,153,000 (31 December 2007: RMB5,740,000), shareholder's equity attributable to the shareholders of the Group of approximately RMB498,075,000 (31 December 2007: RMB305,086,000) and minority interests of approximately RMB72,947,000 (31 December 2007: RMB83,537,000).

Capital structure

Since 30 April 2008, the shares of the Company have been listed on GEM, there has been no change in the capital structure of the Company. The capital of the Company comprises only ordinary shares.

Loans and borrowings

As at 31 December 2008, the balance of the bank loans of the Group was approximately RMB27,417,000 (31 December 2007: RMB26,113,000).

Gearing ratio

As at 31 December 2008, the ratio of total liabilities to total assets of the Group was 61% (31 December 2007: 48%) and the Group's gearing ratio (a ratio of short-term bank loans to total equity) was 4.8% (31 December 2007: 6.7%).

Pledge of assets

As at 31 December 2008, the Group had collateralised borrowings in relation to discounted bills amounted to RMB24,000,000.

Foreign currency risks

The Group may be exposed to certain extent of foreign currency risks as the proceeds from the issue of H shares by the Group was denominated in Hong Kong dollar and was placed in a Hong Kong Dollars account with commercial banks in the PRC pursuant to the regulations of the relevant foreign exchange administrative authority of the PRC. Save as mentioned above, at present, with limited foreign currency transactions, the relevant effect on the Group is minimal.

Contingent liabilities

As at 31 December 2008, the Group has outstanding guarantee with no fixed amount provided to Tianjin Alps Teda Logistics for its liabilities arising on the air freight logistics operation.

Capital commitments

As at 31 December 2008, the Group had the following capital commitments:

	2008
	RMB'000
Property, plant and equipments	
Contracted for but not provided	78,702
Approved but not contracted	—
	<hr/>
Total	<u>78,702</u>

Major acquisition or disposal of subsidiaries and associated companies

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

Employees

As at 31 December 2008, the Company employed 1,646 employees (31 December 2007: 1,510).

Administration	79	77
Financial	46	37
Information Technology	31	7
Sales and Marketing	1,490	1,389
	<hr/>	<hr/>
Total	1,646	1,510
	<hr/>	<hr/>

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 to reward the contributions of employees to the Company. Other staff benefits include pension insurance, unemployment insurance, labour injury insurance, medical insurance, maternity insurance and housing fund, etc.

Donation

During the year, the Company and its subsidiaries has made donations of approximately RMB312,400 (2007: RMBnil).

Use of Proceeds

The Company raised total net proceeds of approximately HK\$152,300,000 from placing on 30 April 2008 and over-allotment on 28 May 2008. The Company had applied the proceeds in accordance with the usage disclosed in the prospectus published on 24 April 2008 (the "Prospectus").

As at 31 December 2008, the Company has applied the proceeds as follows:

- approximately RMB20,000,000 was used to repay the bank facilities which were applied to finance the development of storage and warehousing facilities on the land at Tianjin Economic and Technological Development Area;
- approximately RMB63,944,000 was used to acquire the land at Tianjin Port, develop the container stacking yard and construct warehousing facilities thereon (approximately RMB38,644,000 of which was used to acquire the land at Tianjin Port);
- approximately RMB2,000,000 was used for the development of information technology systems, the balance will be injected according to progress;
- approximately RMB2,000,000 was used for the general working capital of the Group.

As at 31 December 2008, the actual amount of proceeds used by the Company were approximately RMB87,944,000 in aggregate and the remaining net proceeds had been placed with the commercial banks in the PRC. The Board believes that the remaining net proceeds will be used according to the intended usages as set out in the Prospectus.

Comparison between business objective and actual operation progress

Business objectives for the six months ended 31 December 2008 set out in the Prospectus of the Company

Actual business progress for the six months ended 31 December 2008

Business Development

To consolidate and expand procurement services by strengthening the relevant logistics infrastructure through the installation of loading and unloading facilities for rail transportation in Tianjin Binhai New Area and expanding the freight forwarding network

This business has achieved considerable progress with gross profits of approximately RMB9,720,000 recorded during the period under review (this business has not yet commenced in the corresponding period last year).

Sales and marketing

To secure and improve the existing services of provision of logistics and supply chain solutions when the expanded warehousing facilities of Tianjin Fengtian Logistics become fully operational

Fengtian Logistics newly leased a warehouse at Tianjin Economic and Technological Development Area Zone with an area of approximately 10,000 sq.m. and recorded turnover of approximately RMB2,500,000 as at 31 December 2008.

Logistics infrastructure

To expand Binhai Logistics Group's network of warehousing facilities, purchasing ancillary equipment and developing information technology system

By the end of 2008, the area of the warehousing facilities was expanded with major equipment and automobile information system added and new capital injected for network improvement.

To complete Binhai Logistics Group's development of container stacking yard and the construction of the warehousing facilities and commence operation at Tianjin Port

Approximately RMB25,300,000 was used to develop the container stacking yard and the construction of the warehouse facilities at Tianjin Port. The construction of the container stacking yard and warehouse facilities of the Company at Tianjin Port is underway and is expected to be completed in the third quarter of 2009.

To complete the construction of warehousing facilities of Tianjin Fengtian Logistics and commence its operation

According to the progress of the construction of the new warehouse of Fengtian Logistics, the construction works will be completed and commence operated by March 2009.

The comparison of business objectives and actual operation progress for the six months ended 30 June 2008 was set out in the Company's interim report of 2008.

OTHER CORPORATE INFORMATION

Competition and Conflict of Interests

Competing Interests

None of the Directors, management shareholders, substantial shareholders of the Company or their respective associates have interest in business that compete 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

Pursuant to Chapter 20 of the GEM Listing Rules, details of the following connected transactions of the Group:

The annual caps and actual figures in respect of the non-exempted continuing connected transactions of the Company

	Annual Caps for the year ended 31 December 2008 RMB'000	Actual Figures for the year ended 31 December 2008 RMB'000
Transaction		
1. Toyota Services Supply Agreement	55,000	54,224
2. Toyota Services Purchase Agreement	1,100	212
3. Alps Services Supply Agreement	101,000	100,996
4. Alps Services Purchase Agreement and Dalian Alps Services Purchase Agreement	58,000	13,510

During the reporting period, the Group has duly complied with the requirements of Chapter 20 of the GEM Listing Rules.

The independent non-executive Directors, Zhang Limin, Luo Yongtai and Liu Jing Fu , have reviewed the above continuing connected transactions and confirm 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 strictly complied with the requirements of Rule 20.38 of the GEM Listing Rules.

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

As at 31 December 2008, none of the directors, chief executives or supervisors of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

As at 31 December 2008, none of the directors, chief executives or supervisors of the Company hold any beneficial interests in the equity interests of any member of the Group, or had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, or had any interest, directly or indirectly, in any assets acquired or disposed of or leased by or to any member of the Group or proposed to be acquired or disposed of or leased by or to any member of the Group since 31 December 2007.

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

So far as is known to the directors, chief executives and supervisors of the Company, as at 31 December 2008, the following person (other than the directors, chief executives and supervisors of the Company) had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required to be recorded in the register referred to in Section 336 of the SFO:

Long position in Shares

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in the same class of shares	Approximate percentage of shareholding to the Company's total issued share capital
Tianjin Teda Investment Holding Company Limited	Beneficial owner	178,765,011 (L) Domestic shares	69.81%	50.45%
Tianjin Economic and Technological Development Area State Asset Operation Company	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Tianjin Port Development Holdings Limited	Beneficial owner	20,000,000 (L) H shares	20.36%	5.64%
Edmond de Rothchild Asset Management (Note 2)	Investment manager	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%
Guotai Junan Assets (Asia) Limited	Investment manager	8,714,000 (L) H shares	8.86%	2.46%

Note:

1. The letter "L" denotes the shareholders' long position in the share capital of the Company.
2. Edmond de Rothchild Asset Management was deemed to be interested in the 20,000,000 H shares directly owned by Edmond de Rothchild Asset Management Hong Kong Limited by virtue of its 100% shareholding in Edmond de Rothchild Asset Management Hong Kong Limited.

Save as disclosed in this report, so far as is known to the directors and chief executives of the Company, as at 31 December 2008, no any other persons (other than directors or chief executives or supervisors of the Company) had interests or short positions which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or, which were required to be recorded in the register referred to in Section 336 of the SFO.

Corporate governance report

The Company believes that stringent corporate governance practices could enhance credibility and transparency and are in the interests of the shareholders of the Company. The Company has established a complete set of Code on Corporate Governance Practices – "Handbook of Corporate Governance Practices" in pursuant to the requirements of the GEM Listing Rules. During the reporting year, the Company has complied with all the requirements of the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules.

Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices ("the Code") as set out in appendix 15 of the GEM Listing Rules throughout the period under review, except for the following deviations:

The code provision A 2.1 stipulates that the roles of the chairman of the Board (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

As at 31 December 2008, the roles of the Chairman and the CEO of the Company have been performed by Mr. Zhang Jian and he is responsible for the management of the operation of the Board and 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 believed 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 considered 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.

Audit Committee

The Company has established an audit committee with terms of reference, which clearly defined the powers and duties of the committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Company, as well as providing opinion and recommendation to the Directors of the Company.

The audit committee comprises three Independent Non-Executive Directors, namely Mr. Liu Jing Fu, Mr. Zhang Limin and Mr. Luo Yongtai. Mr. Zhang Limin is the chairman of the audit committee. The audit committee has reviewed the audited consolidated results of the Group for the year under review and respective recommendation and opinion have been made.

Securities Transaction by Directors

The Company has not adopted the model code for securities transactions by directors. However, having made specific enquiry of all Directors of the Company, the Company did not aware any directors' incompliance with the code of conduct regarding securities transactions by the directors as set out in rules 5.48 to 5.67 of the GEM listing rules during the period under review.

Purchase, Sale or Redemption of securities

During the period under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any listed securities of the Company.

Interest of Compliance Advisor

The Company has appointed Guotai Junan Capital Limited as its compliance advisor pursuant to Rule 6A.19 of the GEM Listing Rules. The term of the appointment commenced on the Listing Date and will end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date (i.e. the date of despatch of the annual report of the Company in respect of its results of the financial year ending 31 December 2010), subject to early termination.

As at 31 December 2008, as notified by Guotai Junan Capital Limited, none of Guotai Junan Capital Limited, its directors, its employees or associates had any interest in the Company's securities (including share options and other rights to subscribe for the Company's securities).

As at the date of this announcement, the Board of directors of the company comprises Mr. Zhang Jian and Mr. Sun Quan as Executive Directors; Mr. Zhang Jun and Mr. Ding Yi as Non-Executive directors; and Mr. Liu Jing Fu, Mr. Zhang Limin and Mr. Luo Yongtai as Independent Non-Executive directors.

By the Order of the Board

Tianjin Binhai Teda Logistics (Group) Corporation Limited

Zhang Jian

Chairman

Tianjin, 26 March 2009

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