



Tianjin Binhai Teda Logistics
(Group) Corporation Limited*
天津濱海泰達物流集團股份有限公司

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

Stock Code: 8348

FIRST QUARTERLY REPORT

2010

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This report, 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 having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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Highlights

For the three months ended 31 March 2010, the financial highlights were as follows:

- Turnover increased by approximately 100% to RMB581,736,000
- Gross profit increased by approximately 1,574% to RMB51,318,000
- Profit attributable to shareholders increased by approximately 8,581% to RMB21,877,000
- Earnings per share amounted to RMB6.0 cents

Unaudited Consolidated First Quarterly Results of 2010

The board of directors (the "Board") of the Company hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2010 together with the comparative unaudited figures for the corresponding period in 2009.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended 31 March 2010

	Note	Three months ended 31 March	
		2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Turnover	4	581,736	290,915
Cost of sales		(530,418)	(287,850)
Gross profit		51,318	3,065
Other income		1,485	2,086
Administrative expenses		(18,881)	(10,071)
		33,922	(4,920)
Finance costs		(1,010)	(48)
Share of results of associates		6,167	2,702
Profit/(loss) before taxation	5	39,079	(2,266)
Taxation	6	(8,029)	(944)
Profit/(loss) and total comprehensive income/(loss) for the period		31,050	(3,210)
Attributable to:			
Equity holders of the Company		21,877	252
Minority interests		9,173	(3,462)
		31,050	(3,210)
Earnings per share – Basic and diluted (RMB cents)	8	6	0.07

Notes to the Financial Information (Unaudited)

For the three months ended 31 March 2010

1. General

The Company was established as an investment holding company in the People's Republic of China (the "PRC") by its promoters, Tianjin Teda Investment Holding Co., Ltd. ("Teda Holding") and Tianjin Economic and Technological Development Area State Asset Operation Company ("TEDA Asset Company"), as a joint stock limited company on 26 June 2006. 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 oversea listed foreign shares ("H shares") on the Growth Enterprises Market ("GEM") of the Stock Exchange of Hong Kong Limited ("Stock Exchange"), the Company has become 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 hereinafter collectively referred to as the Group ("Group"). The Group is engaged in provision of logistics and supply chain solutions services and materials procurement and related logistics services.

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

2. Basis of preparation

The financial information has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

3. Principal Accounting Policies

The financial information has been prepared on historical cost basis.

The accounting policies used in the preparation of these results are consistent with those used in the annual accounts for the year ended 31 December 2009.

The Group has adopted the new or amended IFRS, amendments of standards and interpretations effective for the accounting periods beginning on or after 1 January 2010. Adoption of such new and amended standards, amendments of standards and interpretations has no material effects on the condensed consolidated financial information, and has caused no material change to the accounting policies of the Group.

4. Segment Information

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

Principal activities of the three reportable segments are as follows:

Logistics and supply chain services for automobiles and their components – Provision of logistics services and supply chain management, i.e. planning, storage and transportation management for automobile and their components;

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

Materials procurement services – Sales of steel and raw materials to customers comprising principally trading companies and provision of related services of transportation management, storage, warehouse supervising and management.

	For the three months ended 31 March 2010					
	Logistics and supply chain services for automobiles and their components RMB'000 (Unaudited)	Logistics and supply chain services for electronic components RMB'000 (Unaudited)	Materials procurement and related logistics services RMB'000 (Unaudited)	Reportable segments subtotal RMB'000 (Unaudited)	All other segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	254,309	116,598	262,312	633,219	7,475	640,694
Inter-segment revenue	(76)	(3,208)	–	(3,284)	(638)	(3,922)
Revenue from external customers	254,233	113,390	262,312	629,935	6,837	636,772
Segment results	24,560	9,759	3,924	38,243	(26)	38,217
Depreciation and amortisation	(2,998)	(3,115)	(251)	(6,364)	(1,237)	(7,601)
Share of results of associates	–	–	(700)	(700)	6,867	6,167
Income tax expense	(5,570)	(2,372)	(1,233)	(9,175)	–	(9,175)

For the three months ended 31 March 2009

	Logistics and supply chain services for automobiles and their components RMB'000 (Unaudited)	Logistics and supply chain services for electronic components RMB'000 (Unaudited)	Materials procurement and related logistics services RMB'000 (Unaudited)	Reportable segments subtotal RMB'000 (Unaudited)	All other segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	119,348	58,836	135,939	314,123	8,127	322,250
Inter-segment revenue	(19)	(2,142)	-	(2,161)	(1,680)	(3,841)
Revenue from external customers	119,329	56,694	135,939	311,962	6,447	318,409
Segment results	(5,526)	(3,191)	2,913	(5,804)	(1,316)	(7,120)
Depreciation and amortisation	(3,151)	(1,329)	(129)	(4,609)	(1,029)	(5,638)
Share of results of associates	-	-	(217)	(217)	2,918	2,701
Income tax expense	-	(71)	(850)	(921)	(57)	(978)

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

A reconciliation of segment revenue and profit/(loss) for the three months ended 31 March 2010 is provided as follows:

	Three months ended 31 March	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Reportable income	629,935	311,962
Share of revenue of joint ventures	(55,036)	(27,494)
Other segments	6,837	6,447
Revenue of the Group	581,736	290,915
Reportable segment results	38,243	(5,804)
Share of segment results of joint ventures	(4,713)	1,548
	33,530	(4,256)
Other segments	(26)	(1,316)
Segment total	33,504	(5,572)
Share of results of associates	6,167	2,701
Unallocated other income	988	1,015
Unallocated corporate expenses	(570)	(362)
Finance costs	(1,010)	(48)
Profit/(loss) before income tax	39,079	(2,266)
Income tax expense	(8,029)	(944)
Profit/(loss) and total comprehensive income/(loss) for the period	31,050	(3,210)

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

5. Profit/(LOSS) Before Taxation

Profit/(loss) before taxation is arrived after charging:

	Three months ended 31 March	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Depreciation of property, plant and equipment	5,317	4,994
Amortisation of prepaid lease payments included in administrative expenses	294	260
Exchange loss	195	183

6. Taxation

	Three months ended 31 March	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
The Company and its subsidiaries	6,803	907
Jointly controlled entities	1,226	37
Total	8,029	944

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

Pursuant to the relevant approval by the tax authorities, both Tianjin Fengtian Logistics, a subsidiary of the Group, and Tianjin Alps Teda Logistics, a jointly controlled entity of the Group, which are recognised as manufactory foreign investment enterprises, have been entitled to a preferential tax rate of 15% since 2005. Upon the implementation of the Law of the PRC on Enterprise Income Tax in 2008, a five-year transitional period has been granted to entities that previously enjoyed the preferential tax rate of 15%, over which the tax rate will gradually be increased to the standard rate of 25%. The applicable tax rate for both entities is 22% for 2010 (2009: 20%).

Pursuant to the relevant approval by the tax authorities, TEDA General Bonded Warehouse Co., Ltd., a subsidiary of the Group is recognised as a new high-tech enterprise, entitled a preferential tax rate of 15% for 2010. The preferential tax treatment is subject to review by the relevant tax authority on an annual basis.

7. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2010 (three months ended 31 March 2009: Nil).

8. Earnings Per Share – Basic and Diluted

	Three months ended 31 March	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Profit for the period attributable to equity holders of the Company and earnings for the purpose of calculating basic and diluted earnings per share	21,877	252

	Number of shares Three months ended 31 March	
	2010 '000 (unaudited)	2009 '000 (unaudited)
Weighted average number of shares for the purpose of calculating basic and diluted earnings per share	354,312	354,312

9. Share Capital and Reserves

	Attributable to equity holders of the Group							
	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Other reserves RMB'000 (Unaudited)	Statutory reserves RMB'000 (Unaudited)	Retained profits RMB'000 (Unaudited)	Attributable to equity holders of parent entity RMB'000 (Unaudited)	Minority interests RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2009	354,312	55,244	(73,258)	47,255	114,522	498,075	72,947	571,022
Profit and total comprehensive income for the period	-	-	-	-	252	252	(3,462)	(3,210)
At 31 March 2009	354,312	55,244	(73,258)	47,255	114,774	498,327	69,485	567,812
At 1 January 2010	354,312	55,244	(73,258)	52,907	159,919	549,124	85,069	634,193
Profit and total comprehensive income for the period	-	-	-	-	21,877	21,877	9,173	31,050
Dividends	-	-	-	-	(14,172)	(14,172)	(13,705)	(27,877)
Transfers	-	-	-	3,712	(3,712)	-	-	-
At 31 March 2010	354,312	55,244	(73,258)	56,619	163,912	556,829	80,537	637,366

Management Discussion and Analysis

Financial Review

For the three months ended 31 March 2010, the Group recorded a turnover of RMB581,736,000, representing an increase of RMB290,821,000 or approximately 100% compared with the turnover of RMB290,915,000 of the corresponding period last year. The substantial increase in turnover of the Group was mainly due to the significant growth achieved in our three business segments, namely logistics and supply chain services for automobiles and their components; logistics and supply chain services for electronic components; and materials procurement and related logistics business.

For the three months ended 31 March 2010, overall gross profit for the Group was 8.82%, representing an increase of 7.77 percentage points as compared with 1.05% of the corresponding period last year. The significant increase in overall gross profit of the Group was mainly due to the substantial growth achieved in our three business segments, namely logistics and supply chain services for automobiles and their components; logistics and supply chain services for electronic components; and materials procurement and related logistics business. The overall gross profit margin increased accordingly.

For the three months ended 31 March 2010, net profit attributable to the equity holders of the Group amounted to RMB21,877,000, representing an increase of RMB21,625,000 or 8,581% compared with RMB252,000 of corresponding period last year. The main reason for the significant growth in profit of the Group was due to the fact that, under the influence of the global financial crisis, the performances of the logistics and supply chain services for automobiles and their components, logistics and supply chain services for electronic components both hit the doldrums during the first quarter of 2009. However, these two business segments recovered substantially with significant growth recorded for revenue from principal businesses and operating profits over those in the same period of last year. In addition, the materials procurement and related logistics business also recorded significant growth as compared to that in the same period of last year.

During the period under review, the Company did not purchase any derivative instrument for investment or other purpose.

Business review

The principal businesses of the Group are logistics and supply chain services for automobiles and their components, logistics and supply chain services for electronic components, materials procurement and related logistics services, and other warehouse, supervision, agency services. During the period under review, the logistics and supply chain services for automobiles and their components and the logistics and supply chain services for electronic components businesses of the Group have bottomed out and the revenue from the principal businesses and the operating profits recorded significant growth as compared to those in the same period of last year. The materials procurement and related logistics services maintained satisfactory growth momentum. In consolidating the traditional logistics businesses, the Group has actively expanded new areas of logistics businesses and acquired quality infrastructure logistics resources to achieve steady and yet rapid growth.

Logistics and supply chain services for automobiles and their components

During the period under review, the throughput of the logistics services for domestic automobiles reached 135,126 sets, increased by 88,847 sets or 192% compared with corresponding period last year. During the period under review, the throughput of logistics services of the imported automobiles was 7,874 sets, increased by 6,338 sets or 413% compared with corresponding period last year. Turnover recorded for the period under review amounted to RMB254,233,000, representing an increase of RMB134,904,000 or 113% compared with corresponding period last year.

Logistics and supply chain services for electronic components business

Turnover recorded for the period under review amounted to RMB113,390,000, representing an increase of RMB56,696,000 or approximately 100% compared with corresponding period last year.

Materials procurement and related logistics business

Turnover recorded for the period under review amounted to RMB262,312,000, representing an increase of RMB126,373,000 or approximately 93% compared with corresponding period last year.

Warehouse, supervision, agency and other incomes

Turnover recorded for the period under review amounted to RMB6,837,000, representing an increase of RMB390,000 or approximately 6% compared with corresponding period last year.

Prospects

Based on the analysis of the report jointly issued by China Federation of Logistics & Purchasing and China Logistics Information Center, during the first quarter of 2010, as the domestic economy achieved faster growth, the logistics operations began to pick up with further growth momentum. Active fiscal policies and moderately relaxed monetary policies, particularly austerity measures implemented to maintain steady and yet fast economic growth, adjust economic structure and manage inflation expectations, will accelerate the change of economic development and enhance quality and efficiency of economic growth, generating opportunities for the logistics operations to maintain sustainable and fast growth.

The operating income and profit of the Group for the first quarter grew substantially as compared to those in the same period of last year. However, as such growth was mainly recorded in the segment of logistics and supply chain services for automobiles and their components, particularly due to the growth of the logistics services for automobiles, it could not fully reflect the impact of the improvement in the macro-economy on all our business segments. Under the external and domestic economic factors such as import/export trade policies and RMB exchange rate fluctuations, the management will remain prudent towards the business development for the year. We will continue to regulate business operations, enhance management standards and innovation capabilities. In addition to strengthening the traditional logistics services, we will actively expand the scope of business and accumulate extensive resources to establish a solid foundation for future development.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Share Capital of the Company and its Associates

During the period under review, none of the Directors, supervisors and chief executive of the Company or their respective associates (within the meaning of the GEM Listing Rules) held interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required to be notified to the Company and the Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were otherwise required to be notified to the Company and Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Directors', Supervisors' and Chief Executives' Rights to Acquire Shares or Debentures of the Company

So far as is known to the Directors, as at the date of this report, none of the Directors, the Supervisors and chief executives of the Company or any of their spouses and children under 18 years of age had any interest in the shares of the Company, or has been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or to purchase shares of the Company.

Interests of Substantial Shareholders

So far as is known to the Directors, supervisors and chief executive of the Company, as at 31 March 2010, the following person (other than a Director or a Supervisor or chief executive of the Company) held or deemed to hold interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or were directly or indirectly interested in 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:

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in same class of shares	Approximate percentage of shareholding in the Company's total issued share capital
Tianjin Teda Investment Holding Company Limited	Beneficial owner	178,765,011 shares (L) Domestic shares	69.81%	50.45%
Tianjin Economic and Technological Development Area State Asset Operation Company	Beneficial owner	77,303,789 shares (L) Domestic shares	30.19%	21.82%
Tianjin Port Development Holdings Limited	Beneficial owner	20,000,000 shares (L) H shares	20.36%	5.64%
Edmond de Rothchild Asset Management (Note 2)	Investment manager	13,682,000 shares (L) H shares	13.93%	3.86%
Hongkong Topway Trading Co., Limited	Beneficial owner	10,000,000 shares (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 shares (L) H shares	9.09%	2.52%

Notes:

- The letter "L" denotes the long position in the share capital of the Company.
- Edmond de Rothchild Asset Management was interested in 13,682,000 H shares of the Company directly held by Edmond de Rothchild Asset Management Hong Kong by virtue of its 100% shareholding in Edmond de Rothchild Asset Management Hong Kong.

Save as disclosed above, the Directors are not aware of any persons (other than a Director or a Supervisor or chief executive of the Company) who held, or deemed to hold interests or short positions in the shares and underlying shares of the Company 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 recorded in the register required to be kept by the Company under Section 336 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 as at the date of this report.

Competition and Conflict of Interests

None of the Directors, management shareholders, substantial shareholders of the Company nor their respective associates have interests in business that compete or may compete with the business of the Group and any other conflicts of interests with the Group.

Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices ("the CG Code") as set out in appendix 15 of the GEM Listing Rules during the period under review, except for the following deviations: According to code provision A.2.1, the roles of the chairman of the Board ("Chairman") and the chief executive officer ("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 March 2010, Mr. Zhang Jian was both the Chairman and CEO of the Company who is responsible for managing the Board and the Group's business. The Board of Directors considered that Mr. Zhang Jian understands the business operation of the Group well and could make decisions which are in the best interest of the shareholders as a whole in a timely manner. The combination of the roles of Chairman and CEO could effectively formulate and implement the strategies of the Group and respond quickly to the ever-changing markets. The Board also considered that there is no imminent need to separate the roles into two individuals. However, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the position of Chairman and CEO is necessary.

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. Zhang Limin, Mr. Liu Jingfu and Mr. Luo Yongtai. Mr. Zhang Limin is the chairman of the audit committee. The audit committee has reviewed the Company's unaudited results for the period under review and respective recommendation and opinion have been made.

Securities Transactions by Directors

The Company has not adopted the model code for securities transactions by directors. However, having made specific enquiry to all Directors, the Company was not aware of any directors not in compliance with the rules and standards for transactions and 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 Listed Securities of the Company

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

Interest of Compliance Adviser

The Company has appointed Guotai Junan Capital Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. The term of the appointment commenced on the Listing Date and will be ended 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 March 2010, 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 the other rights to subscribe the Company's securities).

As at the date of this report, the executive Directors are Mr. Zhang Jian and Mr. Wang Wei; the non-executive Directors are Mr. Zhang Jun, Mr. Hu Jun, Mr. Ding Yi and Mr. Zhang Jinming; and the independent non-executive Directors are Mr. Zhang Limin, Mr. Liu Jingfu and Mr. Luo Yongtai.

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

Tianjin, the PRC
11 May 2010