



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

INTERIM REPORT
2010

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HIGHLIGHTS

The following are the financial highlights during the six months ended 30 June 2010:

- Total income amounted to approximately RMB1,384,237,000 (corresponding period in 2009: RMB869,441,000), representing an increase of approximately 59.2% as compared with the corresponding period last year.
- Gross profit was approximately RMB74,837,000 (corresponding period in 2009: RMB23,112,000), representing an increase of approximately 223.8% as compared with the corresponding period last year.
- Gross profit margin was approximately 5.41%, representing an increase of approximately 2.75% as compared with 2.66% achieved in the corresponding period last year.
- Profit attributable to equity holders of the Company amounted to approximately RMB43,024,000 (corresponding period in 2009: RMB8,452,000), representing an increase of approximately 409.0% as compared with the corresponding period last year.
- Basic and diluted earnings per share was RMB12 cents.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2010, the Group recorded a turnover of RMB1,384,237,000, representing an increase of RMB514,796,000 or 59% compared with the turnover of RMB869,441,000 of the corresponding period last year. During the reporting period, the materials procurement and related logistics business, logistics and supply chain services for automobiles and their components, and logistics and supply chain services for electronic components of the Group have different extent of growth compared with the corresponding period last year.

For the six months ended 30 June 2010, overall gross profit margin for the Group was 5.41%, representing an increase of 2.75 percentage points as compared with 2.66% of the corresponding period last year. The significant increase in overall gross profit of the Group was mainly due to different extent of growth in the materials procurement and related logistics business, logistics and supply chain services for automobiles and their components, and logistics and supply chain services for electronic components of the Group compared with the corresponding period last year.

For the six months ended 30 June 2010, management expenses for the Group was RMB25,296,000, representing an increase of RMB4,314,000 or 21% as compared with RMB20,982,000 of the corresponding period last year. The increase in management expenses was mainly due to an increase in the overall management costs, as a result of the development of the Group's business and continuous expansion of its business scale.

For the six months ended 30 June 2010, share of results of associates for the Group was RMB15,705,000, representing an increase of RMB9,882,000 or 170% as compared with RMB5,823,000 of the corresponding period last year. The significant increase in share of results of associates was mainly due to remarkable results recorded by Tianjin Port International Automobile Logistics, the associate of the Group, during the reporting period. The Group enjoyed a net profit of RMB16,711,000 according to equity ratio.

For the six months ended 30 June 2010, finance costs for the Group was RMB2,172,000, representing an increase of RMB1,424,000 as compared with RMB748,000 of the corresponding period last year. The increase in finance costs was mainly due to an increase in the scale of the Group's bank loan compared with the corresponding period last year.

For the six months ended 30 June 2010, net profit attributable to the equity holders of the Group amounted to RMB43,024,000, representing an increase of RMB34,572,000 or 409% compared with RMB8,452,000 of corresponding period last year. The main reason for the significant growth in profit of the Group was due to (i) different extent of growth in the materials procurement and related logistics business, logistics and supply chain services for automobiles and their components, and logistics and supply chain services for electronic components of the Group compared with the corresponding period last year; (ii) Share of results of associates by the Group 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. In the first half of 2009, under the global financial crisis and the economic downturn of the PRC, the Group's logistics and supply chain services for automobiles and their components, logistics and supply chain services for electronic components had all decreased by different extent, during the reporting period, the above two businesses had gradually recovered with a significant growth in principal operating income and operating profits compared to the corresponding period last year. Materials procurement and related logistics services maintained a good stage of development, with further expansion of business scale and increased product variety. The container yard at Tianjin Port has commenced operation, while the Group has signed a long-term lease contract with a major customer, the operating results achieved steady growth. 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 transportation of finished automobiles and automobile components

During the period under review, the throughput of the logistics services for domestic finished automobiles reached 235,246 sets, increased by 94,573 sets or 67% compared with corresponding period last year. During the reporting period, the throughput of logistics services of the imported automobile was 12,740 sets, increased by 7,914 sets or 164% compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB462,062,000, representing an increase of RMB165,743,000 or 56% compared with the corresponding period last year.

Logistics and supply chain services for electronic components business

Turnover recorded for the reporting period amounted to RMB248,958,000, representing an increase of RMB101,804,000 or 69% compared with the corresponding period last year.

Materials procurement and related logistics business

Turnover recorded for the reporting period amounted to RMB778,924,000, representing an increase of RMB293,621,000 or 61% compared with corresponding period last year.

Other logistics services business

Turnover recorded for the reporting period amounted to RMB15,080,000, representing an increase of RMB3,139,000 or 26% compared with corresponding period last year.

Outlook and Prospects

According to the report of the China Federation of Logistics and Purchasing, the overall national economy performed remarkably in the first half of 2010. Domestic demand remained relatively strong upon the overall performance of the economy. However, the pace of growth reduced and the increase of industrial output began to fall. The continuous increase in exports began to slow down gradually and the pressure from inflation continued to show evidences of mitigation. However, the domestic and international environment faced by us is still complicated and there are many uncertainties subsisting in the economic development. Notwithstanding the ever-increasing demand from the public for logistics services in aggregate, the rise in costs for labour, fuel and land use right led to more intensive competition among the logistics enterprises. The gradual increase in cost further reduced the profit margin of the logistics enterprises.

During the reporting period, growth resumed in the Company in terms of operating income and profit. On the one hand, such growth was attributable to the gradual recovery of domestic and international business environment. At the same time, such growth was also benefitted from the endeavours devoted by the Company in the expansion for the scope of business and the continuous and in-depth development regarding the enhancement in operation and management and the optimization of our own infrastructure. Such growth was primarily reflected from the segments related to electronics and automobiles business that are linked to consumption, in particular the throughput of logistics services of the imported automobiles. However, this business was affected by the amendment of state policies concerning imports and exports. It is very likely that there will be a substantial extent of fall in the second half of the year. In addition, being affected by factors such as the appreciation of Renminbi, the rise in labour cost as well as the macro-economic market conditions and economic policies imposed by the State, we remain cautious about the annual results of the Company by the second half of the year.

The Company will devote more efforts to integrate internal and external resources to the Group, and will continue to promote the external exchange for the development of existing projects. The Company is now conducting preliminary works at Phase 2 of Tianjin Port Operations Centre (formerly known as Taigang land lot) for construction purpose. Broad research and negotiation were kicked off proactively for the development and method of cooperation in respect of projects on hand. At the same time, the Company also actively sought to use the import and export inspection site designated by the Customs at Tianjin Development Zone as part of the yard. In addition, in order to further expand the materials procurement business, the Company actively developed new business types and further extended logistics services on the basis of consolidating and developing existing customer base and service types. Influence of the Company in the region expanded and created conditions for tapping into the business operations and cooperating opportunities in great depth.

Outlook and Prospects (Continued)

The Company will continue to devote its endeavours in consolidating existing market, so as to better tackle the ever-changing domestic and international economic positions as well as keen competition in the market. We will continue to expand our scope of business, develop quality customers, effectively integrate and deploy various resources, seek new sources to enhance profits. In the meantime, the Company will continue to enhance various management mechanisms, standardize business operation so as to effectively prevent operation risks.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's working capital was generally financed by internally generated net cash inflow and bank borrowings. As at 30 June 2010, total assets of the Group amounted to RMB1,831,926,000. Amongst which, current assets amounted to RMB1,363,456,000, and non-current assets were RMB468,470,000. The Group's total liabilities were RMB1,171,640,000, of which current liabilities amounted to RMB1,166,238,000, and non-current liabilities amounted to RMB5,402,000. Total equity amounted to RMB660,286,000, of which equity interest attributable to the Group amounted to RMB577,976,000 and minority interests amounted to RMB82,310,000.

CHARGE ON ASSETS OF THE GROUP

During the period under review, there has been no charge on assets of the Group.

GEARING RATIO

At 30 June 2010, the Group's gearing ratio was approximately 64% (31 December 2009: approximately 66%), which was measured by the total liabilities over the total assets.

FOREIGN CURRENCY RISK

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

The Group has no significant investments except those in the PRC. The Group, however, may be exposed to certain extent of foreign currency risks mainly as (i) The holding subsidiaries of the Group, Tianjin Alps Teda Logistics Co., Ltd., Dalian Alps Teda Logistics Co., Ltd. and Tianjin Fengtian Logistics Co., Ltd., have foreign currency business for both United States Dollars or Japanese Yen; (ii) the proceeds from the issue of H shares by the Group was denominated in Hong Kong dollars 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 and will be used by batches based on its stated use, thus it may be exposed to certain extent of exchange rate risks. With the raised funds in HK Dollars being fully utilized, the exchange rate risk for HK Dollars no longer exists. For the six months ended 30 June 2010, the Group had an exchange loss of RMB597,000 due to the appreciation of Renminbi.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

During the reporting period, there was no substantial acquisition and disposal by the Group.

CONTINGENT LIABILITIES

At 30 June 2010, the Group had no material contingent liabilities.

EMPLOYEES

As at 30 June 2010, the Group employed 1,843 employees (corresponding period in 2009: 1,638 employees). During the reporting period, staff costs, including directors' and supervisors' remunerations, amounted to approximately RMB52,872,000 (corresponding period in 2009: approximately RMB36,984,000). The Group's remuneration and bonus of employees are basically determined by the provisions under the Group's remuneration policy and performance assessment of individual employee.

UNAUDITED CONSOLIDATED INTERIM RESULTS OF 2010

The board of Directors (the “Board”) of the Company and its subsidiaries (collectively the “Group”) is pleased to announce the unaudited results of the Group for the six months ended 30 June 2010 together with the unaudited comparative figures for the corresponding period of 2009, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2010

	Notes	Three months ended 30 June		Six months ended 30 June	
		2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Turnover	4	802,501	578,526	1,384,237	869,441
Cost of sales	7	(778,982)	(558,479)	(1,309,400)	(846,329)
Gross profit		23,519	20,047	74,837	23,112
Other income	5	1,446	1,953	2,931	4,039
Administrative expenses	7	(6,415)	(10,911)	(25,296)	(20,982)
Finance costs	6	(1,162)	(700)	(2,172)	(748)
Share of results of associates		9,538	3,121	15,705	5,823
Profit before income tax		26,926	13,510	66,005	11,244
Income tax expense	8	(4,006)	(2,284)	(12,035)	(3,228)
Profit/total comprehensive income		22,920	11,226	53,970	8,016
Profit/total comprehensive income attributable to					
Equity holders of the Company		21,147	8,200	43,024	8,452
Minority interests		1,773	3,026	10,946	(436)
		22,920	11,226	53,970	8,016
Earnings per share					
Basic and Diluted (RMB Cents)	10	6	2	12	2

CONDENSED CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2010

	Notes	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Assets			
Non-current assets			
Land use rights		114,849	115,765
Property, plant and equipment	11	211,997	213,736
Investment properties		91,273	90,550
Deposits paid upon acquisition of land use rights		7,820	7,820
Interests in associates		42,426	45,040
Goodwill		105	105
		468,470	473,016
Current assets			
Inventories		144,510	101,036
Trade and other receivables	12	914,197	968,387
Amount due from an associate		6,242	5,088
Pledged bank deposits		109,167	78,015
Bank balances and cash		189,340	246,560
		1,363,456	1,399,086
Total assets		1,831,926	1,872,102
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	354,312	354,312
Other reserves		48,847	34,893
Retained earnings		174,817	159,919
		577,976	549,124
Minority interests		82,310	85,069
Total equity		660,286	634,193

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	Notes	30 June 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (audited)
Liabilities			
Non-current liabilities			
Deferred income		5,402	5,514
		5,402	5,514
Current liabilities			
Trade and other payables	13	1,082,714	1,134,164
Amounts due to an associate		330	437
Taxation payable		10,478	13,380
Bank borrowings	14	72,716	84,414
		1,166,238	1,232,395
Total liabilities		1,171,640	1,237,909
Total equity and liabilities		1,831,926	1,872,102
Net current assets		197,218	166,691
Total assets less current liabilities		665,688	639,707

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2010*

	Attributable to equity holders of the Group							Total
	Share capital	Share premium	Other reserves	Statutory reserves	Retained earnings	Total	Minority interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2009 (audited)	354,312	55,244	(73,258)	47,255	114,522	498,075	72,947	571,022
Total comprehensive income for the period	-	-	-	-	8,452	8,452	(436)	8,016
Transaction with owners								
Transfer	-	-	-	5,654	(5,654)	-	-	-
Total transactions with owners	-	-	-	5,654	(5,654)	-	-	-
At 30 June 2009 (unaudited)	354,312	55,244	(73,258)	52,909	117,320	506,527	72,511	579,038
At 1 January 2010 (audited)	354,312	55,244	(73,258)	52,907	159,919	549,124	85,069	634,193
Total comprehensive income for the period	-	-	-	-	43,024	43,024	10,946	53,970
Transaction with owners								
Dividend	-	-	-	-	(14,172)	(14,172)	(13,705)	(27,877)
Transfer	-	-	-	13,954	(13,954)	-	-	-
Total transactions with owners	-	-	-	13,954	(28,126)	(14,172)	(13,705)	(27,877)
At 30 June 2010 (unaudited)	354,312	55,244	(73,258)	66,861	174,817	577,976	82,310	660,286

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2010*

	Six months ended 30 June	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Net cash generated from operating activities	8,474	56,771
Net cash used in investing activities	(23,946)	(79,586)
Net cash (used in)/generated from financing activities	(41,748)	21,652
Net decrease in cash and cash equivalents	(57,220)	(1,163)
Cash and cash equivalents at 1 January	246,560	247,859
Cash and cash equivalents at 30 June represented by bank balances and cash	189,340	246,696

NOTES TO THE FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 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 for the listing of the Company's overseas listed foreign shares ("H shares") on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited ("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 hereinafter collectively referred to as the Group ("Group"). The Group is engaged in the 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 condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and the disclosure requirements of the GEM Listing Rules of the Stock Exchange.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

3. Principal Accounting Policies

The accounting policies used in these condensed consolidated interim financial statements are consistent with those applied in the Group's financial statements for the year ended 31 December 2009.

3. Principal Accounting Policies (Continued)

The Group has adopted the new or amended IFRS, amendments of standards and interpretations effective for the accounting periods beginning on or after 1 July 2009. Adoption of such new and amended standards, amendments of standards and interpretations has no material effects on the condensed consolidated interim financial statements, and has caused no material change to the accounting policies of the Group.

4. Segment information

	For the six months ended 30 June 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	462,187	255,279	778,924	1,496,390	16,456	1,512,846
Inter-segment revenue	(125)	(6,321)	–	(6,446)	(1,376)	(7,822)
Revenue from external customers	462,062	248,958	778,924	1,489,944	15,080	1,505,024
Segment results	29,127	21,418	10,766	61,311	600	61,911
Other information for reportable segments:						
Depreciation and amortisation	(5,972)	(3,117)	(508)	(9,597)	(2,978)	(12,575)
Share of results of associates			(1,006)	(1,006)	16,711	15,705
Income tax expense	(6,604)	(5,024)	(2,718)	(14,346)	(114)	(14,460)

4. Segment information (Continued)

	For the three months ended 30 June 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	207,878	138,681	516,612	863,171	8,981	872,152
Inter-segment revenue	(49)	(3,113)	–	(3,162)	(738)	(3,900)
Revenue from external customers	207,829	135,568	516,612	860,009	8,243	868,252
Segment results	4,567	11,659	6,842	23,068	626	23,694
Other information for reportable segments						
Depreciation and amortization	(2,974)	(2)	(257)	(3,233)	(1,741)	(4,974)
Share of results of associates	–	–	(306)	(306)	9,844	9,538
Income tax expense	(1,034)	(2,652)	(1,485)	(5,171)	(114)	(5,285)

4. Segment information (Continued)

	For the six months ended 30 June 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	296,352	151,992	485,303	933,647	16,097	949,745
Inter-segment revenue	(33)	(4,837)	–	(4,870)	(4,156)	(9,026)
Revenue from external customers	296,319	147,155	485,303	928,777	11,941	940,718
Segment results	3,199	4,042	3,340	10,581	(2,934)	7,647
Other information for reportable segments:						
Depreciation and amortisation	(6,575)	(2,697)	(267)	(9,539)	(2,748)	(12,287)
Share of results of associates			(411)	(411)	6,234	5,823
Income tax expense	(668)	(1,754)	(954)	(3,376)	(696)	(4,072)

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.

4. Segment information (Continued)

	For the three months ended 30 June 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	177,004	93,156	349,364	619,524	7,970	627,495
Inter-segment revenue	(14)	(2,695)	–	(2,709)	(2,476)	(5,185)
Revenue from external customers	176,990	90,460	349,364	616,815	5,494	622,310
Segment results	8,725	7,233	427	16,385	(1,618)	14,767
Other information for reportable segments						
Depreciation and amortisation	(3,424)	(1,368)	(138)	(4,930)	(1,719)	(6,649)
Share of results of associates	–	–	(194)	(194)	3,316	3,122
Income tax expense	(668)	(1,683)	(104)	(2,455)	(639)	(3,094)

4. Segment information (Continued)

A reconciliation of segment revenue and profit/(loss) for the six months ended 30 June 2010 is provided as follows:

	For the three months ended 30 June 2010 RMB'000 (unaudited)	For the three months ended 30 June 2009 RMB'000 (unaudited)	For the six months ended 30 June 2010 RMB'000 (unaudited)	For the six months ended 30 June 2009 RMB'000 (unaudited)
Revenue for reportable segments	860,009	616,815	1,489,944	928,777
Revenue attributable to joint ventures partners	(65,751)	(43,783)	(120,787)	(71,277)
Other segments	8,243	5,494	15,080	11,941
Revenue of the Group	802,501	578,526	1,384,237	869,441
Segment results for reportable segments	23,068	16,385	61,311	10,581
Segment results attributable to joint ventures partners	(5,623)	(3,487)	(10,336)	(1,939)
Other segments	17,445 626	12,898 (1,618)	50,975 600	8,642 (2,934)
Segment total	18,071	11,280	51,575	5,708
Share of results of associate	9,538	3,122	15,705	5,823
Unallocated other income	800	807	1,788	1,822
Unallocated corporate expenses	(321)	(998)	(891)	(1,360)
Finance costs	(1,162)	(700)	(2,172)	(748)
Profit before income tax	26,926	13,510	66,005	11,244
Income tax expense	(4,006)	(2,284)	(12,035)	(3,228)
Profit for the period	22,920	11,226	53,970	8,016

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

5. Other income

	Three months ended 30 June		Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Interest income	800	807	1,788	1,822
Others	646	1,146	1,143	2,217
	1,446	1,953	2,931	4,039

6. Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Interest on bank borrowings	1,162	700	2,172	748

7. Expenses by nature

	Three months ended 30 June		Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	4,845	5,426	10,162	10,420
Amortisation of prepaid lease payments	288	1,031	582	1,291
Exchange loss	402	(58)	597	125
Other expenses	880	4,512	13,955	9,146
Costs of sales	778,982	558,479	1,309,400	846,329
Total cost of sales and administrative expenses	785,397	569,390	1,334,696	867,711

8. Income tax expense

	Three months ended 30 June		Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Current income tax				
– the Company and its subsidiaries	2,633	1,410	9,436	2,317
– jointly controlled entities	1,373	874	2,599	911
Total	4,006	2,284	12,035	3,228

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.

9. Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

10. Earnings per share

	Three months ended 30 June		Six months ended 30 June	
	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)	2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Profit attributable to equity holders of the Company	21,147	8,200	43,024	8,452
	Number of shares Three months ended 30 June		Number of shares Six months ended 30 June	
	2010 '000	2009 '000	2010 '000	2009 '000
Weighted average number of ordinary shares for calculating basic and diluted earnings per share	354,312	354,312	354,312	354,312

There are no diluted earnings per share as there are no potential ordinary shares outstanding for the three months and six months ended 30 June 2009 and 2010.

11. Property, plant and equipment

During the period, the Group spent approximately RMB11,113,000 (six months ended 30 June 2009: RMB44,708,000) on acquisition of property, plant and equipment.

12. Trade and other receivables

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Trade receivables	174,680	176,741
Less: impairment loss recognised	(1)	(46)
	174,679	176,695
Bills receivables	1,000	447,778
	175,679	624,473
Prepayments to suppliers	728,365	327,306
Other receivables	10,153	17,124
Less: impairment loss recognised	–	(516)
Total trade and other receivables	914,197	968,387

As at 30 June 2010, the ageing analysis of trade and bills receivables is as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
0 – 90 days	163,953	339,925
91 – 180 days	9,438	282,984
181 – 365 days	755	722
1 – 2 years	1,455	842
Over 2 years	78	–
	175,679	624,473

13. Trade and other payables

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Trade payables	127,661	546,935
Bills payables	545,596	390,075
Deposits from customers	673,257	937,010
Other payables	276,762	160,398
	132,695	36,756
Total trade and other payables	1,082,714	1,134,164

As at 30 June 2010, the ageing analysis of trade and bills payables is as follows:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
0 – 90 days	312,997	817,357
91 – 180 days	357,419	118,803
181 – 365 days	1,392	158
1 – 2 years	867	364
Over 2 years	582	328
	673,257	937,010

14. Borrowings

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Short-term bank borrowings	72,716	84,414
Bank acceptance bills discounted with recourse	–	–
	72,716	84,414

15. Share capital

	Number of shares		Amount RMB'000
	Domestic shares	H shares	
At 31 December 2009 and 30 June 2010	256,068,800	98,243,200	354,312

16. Capital commitments

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
The Company and subsidiaries	8,860	–
Jointly controlled entities	–	19,656
	8,860	19,656

17. Related party disclosures*a. Transactions/balances with other state-controlled entities in the PRC*

The Group operates in an economic environment current 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 this reporting period, 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 the end of this reporting period, majority of the Group's cash and bank balances and borrowings are with state controlled banks.

b. Compensation of key management personnel

The short-term benefits paid or payable by the Group to directors and other members of key management of the Company during the six months ended 30 June 2010 amounted to RMB1,372,000 (six months ended 30 June 2009: RMB1,207,000).

c. Transaction with associates

	Three months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rental income	1,297	467	2,592	544

COMPARISON BETWEEN THE BUSINESS OBJECTIVES AND THE ACTUAL OPERATION PROGRESS

The following is the comparison of the actual operation progress as at 30 June 2010 with the business objectives as stated in the Company's prospectus dated 30 April 2008 (the "Prospectus").

The business objectives stated
in the Prospectus

Actual operation progress for the Period
ended 30 June 2010

Business development

To develop efficient integrated freight forwarding logistics services by sea, highway and railway spanning across Eastern and Northern Asia

During the reporting period, such project has achieved steady progress.

To reinforce the procurement services for resins, electronic production materials and steel and to explore the possibility to diversify the services mix

A robust growth was staged during the reporting period. The principal operating income and operating profits of materials procurement and related logistics services were RMB778,924,000 and RMB16,580,000 respectively.

Service sales and marketing

To secure and improve existing services of provision of logistics and supply chain solutions and procurement services

Considerable progress during the reporting period, with steady growth in operating results.

To develop the customer base of the roll-on/roll-off logistics services for containers and container cargoes at Tianjin Port

The container yard at Tianjin Port has signed a lease contract with a major customer, recording operating income of RMB3,380,000 during the reporting period.

Logistics infrastructure

To strengthen existing logistics infrastructure (including road and sea freight forwarding facilities and operational equipment) outside Binhai Logistics Group at Binhai New Area

During the reporting period, tremendous effort was made to develop such project.

USE OF PROCEEDS GENERATED FROM LISTING ON GEM

The Group raised a total net proceeds of approximately HK\$162,300,000 through the placing on 30 April 2008 and the exercise of over-allotment option on 28 May 2008. From the date of listing on GEM to 30 June 2010, the amount has been applied according to the purposes set out in the Prospectus with details 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 a land situated at TEDA.
- Approximately RMB109,400,000 was used to acquire the land situated at Tianjin Port for the development of the container stacking yard and construction of warehousing facilities thereon.
- Approximately RMB8,000,000 was used for the development of information technology systems.
- Approximately RMB6,000,000 was used for the general working capital of the Group.

As at 30 June 2010, the amount of raised funds used by the Company was approximately RMB143,400,000 in aggregate, thus the raised funds for listing has been fully utilized.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATES

During the relevant period, 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 ("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 Chapter 571 of the SFO (including interests or short positions which they have been taken or deemed to have under the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were otherwise required to be notified to the Company and Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, supervisors and chief executives of the Company, as at 30 June 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 any class of share capital carrying rights to vote in any circumstances at general meetings of any members of the Group:

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in the same class of shares	Approximate percentage of shareholding in 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	12,754,000 (L) H shares	12.98%	3.60%
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%

Notes:

1. The letter "L" denotes the shareholders' long position in the share capital of the Company.
2. Edmond de Rothchild Asset Management was interested in 12,754,000 H shares of the Company directly held by Edmond de Rothchild Asset Management Hong Kong Limited by virtue of its 100% shareholding in Edmond de Rothchild Asset Management Hong Kong Limited.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS (Continued)

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 or 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 any class of share capital carrying rights to vote at the general meetings of any members 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 competes 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 throughout the period under review, except for the following deviations: According to code provision A.2.1, 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 CEO should be clearly established and set out in writing.

As at 30 June 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 considers that Mr. Zhang Jian understands the business operation of the Group well and can make decisions which are in the interest of the shareholders as a whole in a timely manner. The Company considers that the combination of the roles of Chairman and CEO can effectively formulate and implement the development strategies of the Group and react swiftly to changes in the market. The Board also considers that there is no immediate need to separate the roles of Chairman and CEO. 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 defines 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 Board of the Company. The audit committee comprises three Independent Non-Executive Directors, namely Mr. Zhang Limin, Mr. Liu Jing Fu 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 reporting period 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 of all Directors, the Company did not aware any Directors' non-compliance 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 this reporting period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

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

INTERESTS 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 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 for the financial year ending 31 December 2010), subject to early termination.

As at 30 June 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 for the Company's securities).

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

By order of the Board

Tianjin Binhai Teda Logistics (Group) Corporation Limited

Zhang Jian

Chairman

Tianjin, the PRC
9 August 2010