



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)

Annual Report **2008**  
Stock Code 股份代號: 8348

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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*This report, for which the directors (the “Directors”) of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (1) the information contained in this report is accurate and complete in all material respects and is not misleading; (2) there are no other matters the omission of which would make any statement in 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.*

# CONTENTS

Corporate Information	3
Group Structure	4
Financial Summary	5
Chairman's Statement	6
Management Discussion and Analysis	8
Use of Proceeds	13
Comparison between Business Objectives and Actual Operation Progress	14
Corporate Governance Report	15
Directors' Report	20
Report of the Supervisory Committee	30
Directors, Supervisors and Senior Management	31
Independent Auditor's Report	35
Consolidated Income Statement	37
Consolidated Balance Sheet	38
Consolidated Statement of Changes in Equity	40
Consolidated Cash Flow Statement	41
Notes to the Consolidated Financial Statements	43

# CORPORATE INFORMATION

## Executive Directors

Zhang Jian (Chairman), Sun Quan

## Non-Executive Directors

Zhang Jun, Ding Yi

## Independent Non-Executive Directors

Zhang Limin, Liu Jing Fu, Luo Yongtai

## Supervisors

Xing Jihai, Tian Shuyong, Ren Gang, Lu Xia, Yu Ang, Tong Xin

## General Manager and Deputy General Manager of the Company

Zhang Jian (General Manager), Cao Wei Zhong, Wang Wei

## Company Secretary

Wang Xiao Jun  
(Practising solicitor in Hong Kong)

## Board Committees

### Audit Committee

Zhang Limin (Chairman), Liu Jing Fu, Luo Yongtai

### Remuneration Committee

Luo Yongtai (Chairman), Ding Yi, Liu Jing Fu

### Nomination Committee

Zhang Jian (Chairman), Luo Yongtai, Liu Jing Fu

## Compliance Officer

Zhang Jian

## Authorised Representatives

Zhang Jian, Sun Quan

## Auditors

Deloitte Touche Tohmatsu

## Compliance Advisor

Guotai Junan Capital Limited

## H Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited  
46th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai,  
Hong Kong

## Registered Address

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

## Office and Correspondence Address

No. 39, Bohai Road,  
Tianjin Economic and Technological  
Development Zone  
Postal Code: 300457

## Head Office in Hong Kong

Suite 2208, 22nd Floor, Jardine House  
1 Connaught Place, Central, Hong Kong

## Stock Code

08348

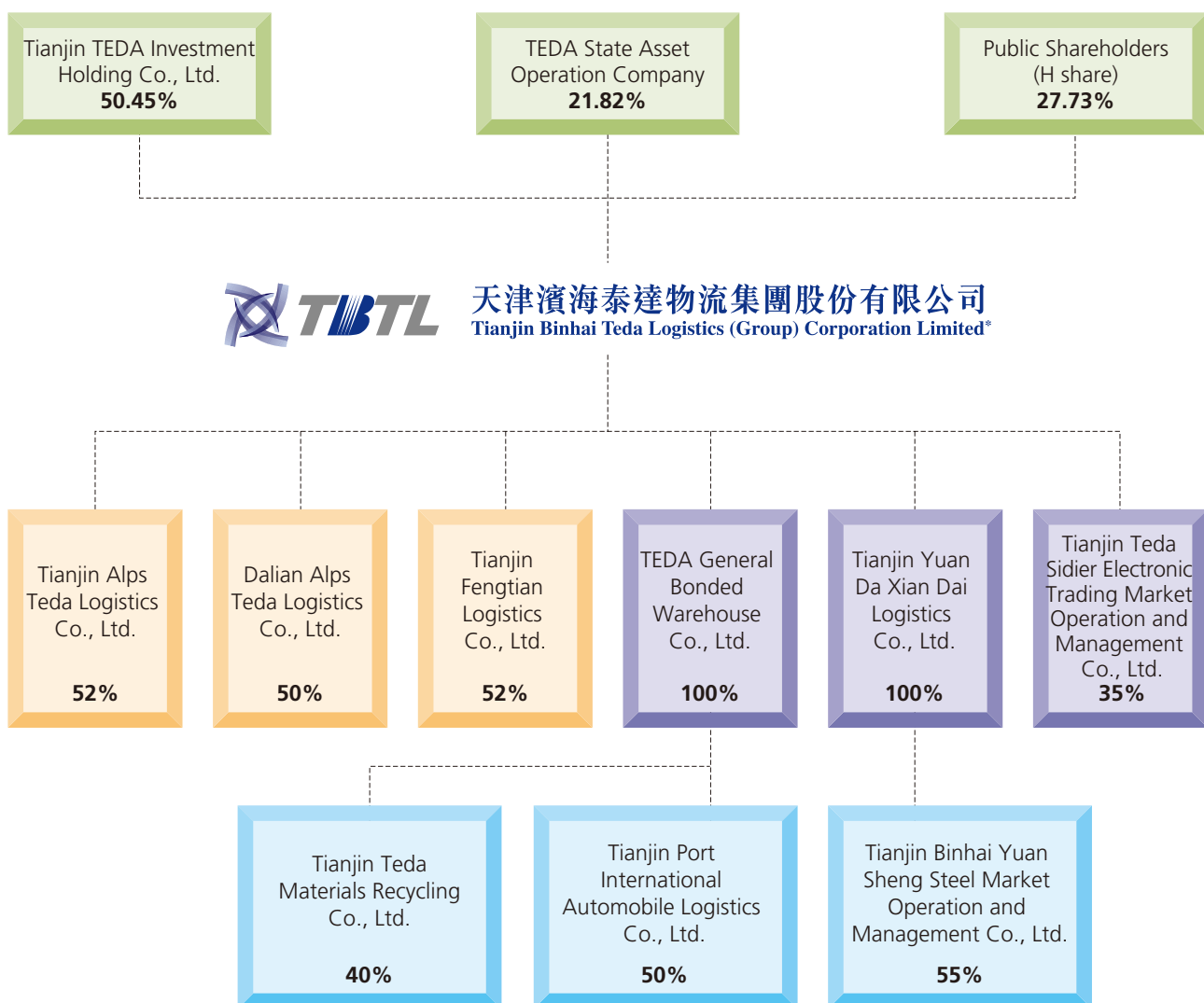
## Company Website

<http://www.tbtl.cn>

## Principal Bankers

Tianjin Cui Heng Plaza Branch of the Industrial and  
Commercial Bank of China  
Tianjin Huang Hai Road Branch of the  
Agricultural Bank of China  
Tianjin Economic and Technological Development Zone  
Branch of the Bank of Communications

# GROUP STRUCTURE



\* For identification purposes only

# FINANCIAL SUMMARY

## Results

The consolidated results of the Company and its subsidiaries (the "Group") for the three years ended 31 December 2008, as extracted from the audited consolidated income statement of the Group, which is prepared in accordance with the IFRS, are summarized as follows:

	2008 RMB'000	2007 RMB'000	2006 RMB'000
Turnover	1,946,833	949,609	709,940
Profit before tax	93,568	120,443	90,306
Income tax	(28,270)	(19,907)	(16,927)
Profit for the year	65,298	100,536	73,379
<b>Profit attributable to:</b>			
Minority interests	16,865	36,165	25,801
Equity holders of the Company	48,433	64,371	47,578
Basic earnings per share	0.15	0.24	0.20

## Assets and Liabilities

The assets and liabilities of the Group for the three years ended 31 December 2008, as extracted from the audited balance sheet of the Group, which is prepared in accordance with the IFRS, are summarized as follows:

	2008 RMB'000	2007 RMB'000	2006 RMB'000
Non-current assets	370,047	283,116	242,469
Current assets	1,087,959	464,092	223,943
Total assets	1,458,006	747,208	466,412
Non-current liabilities	9,153	5,740	–
Current liabilities	877,831	352,845	148,775
Minority interests	72,947	83,537	61,975
Total liabilities and minority interests	959,931	442,122	210,750
Total equity	571,022	388,623	317,637

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of the Company, 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 Procurement and Related Logistic Service

The development of the newly-commenced steel trading and related service 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.

Adhering to its corporate culture and operation mission of "integrity, reputation and responsibility", the Company will bring fruitful returns to the shareholders and different sectors of the society who are supportive to the Group.

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

**Zhang Jian**

Tianjin, PRC, 26 March 2009



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is principally engaged in the provision of supply chain logistic services regarding transportation of finished automobiles and automobile components, electronic components, steel procurement 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 procurement and related logistic 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 Procurement and Related Logistic Services

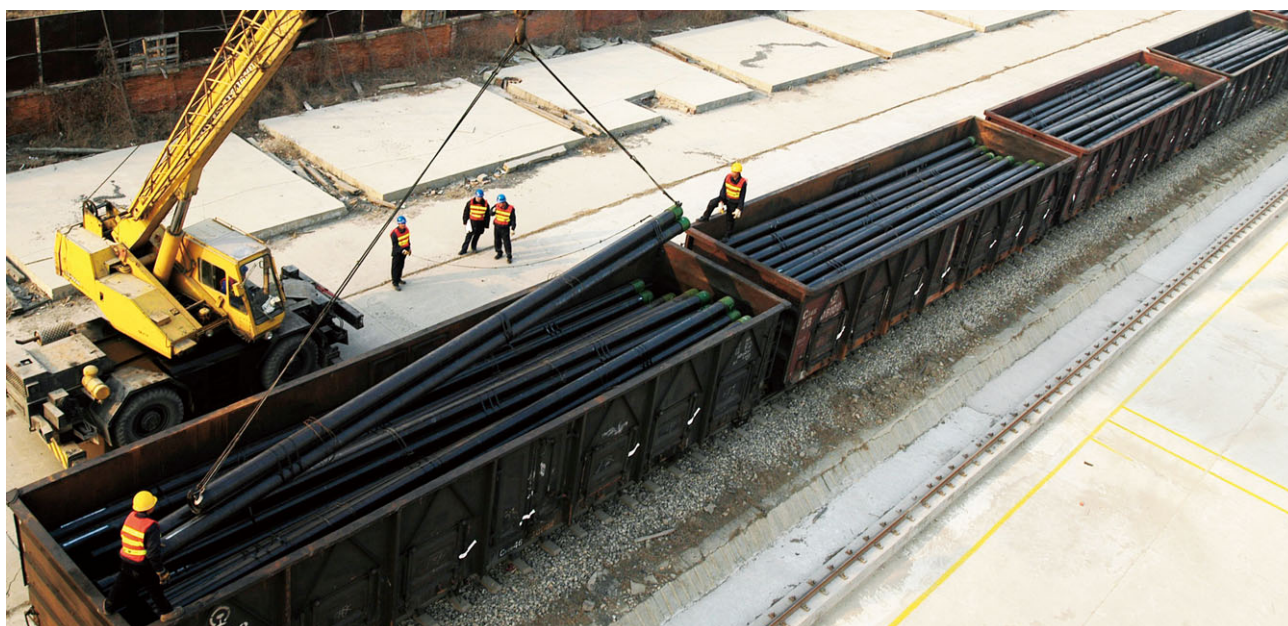
The Group actively developed the steel trading and related logistics services during the reporting period and generated an operating income of approximately RMB929,340,000. This business segment was the major income driver in 2008.

## 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.

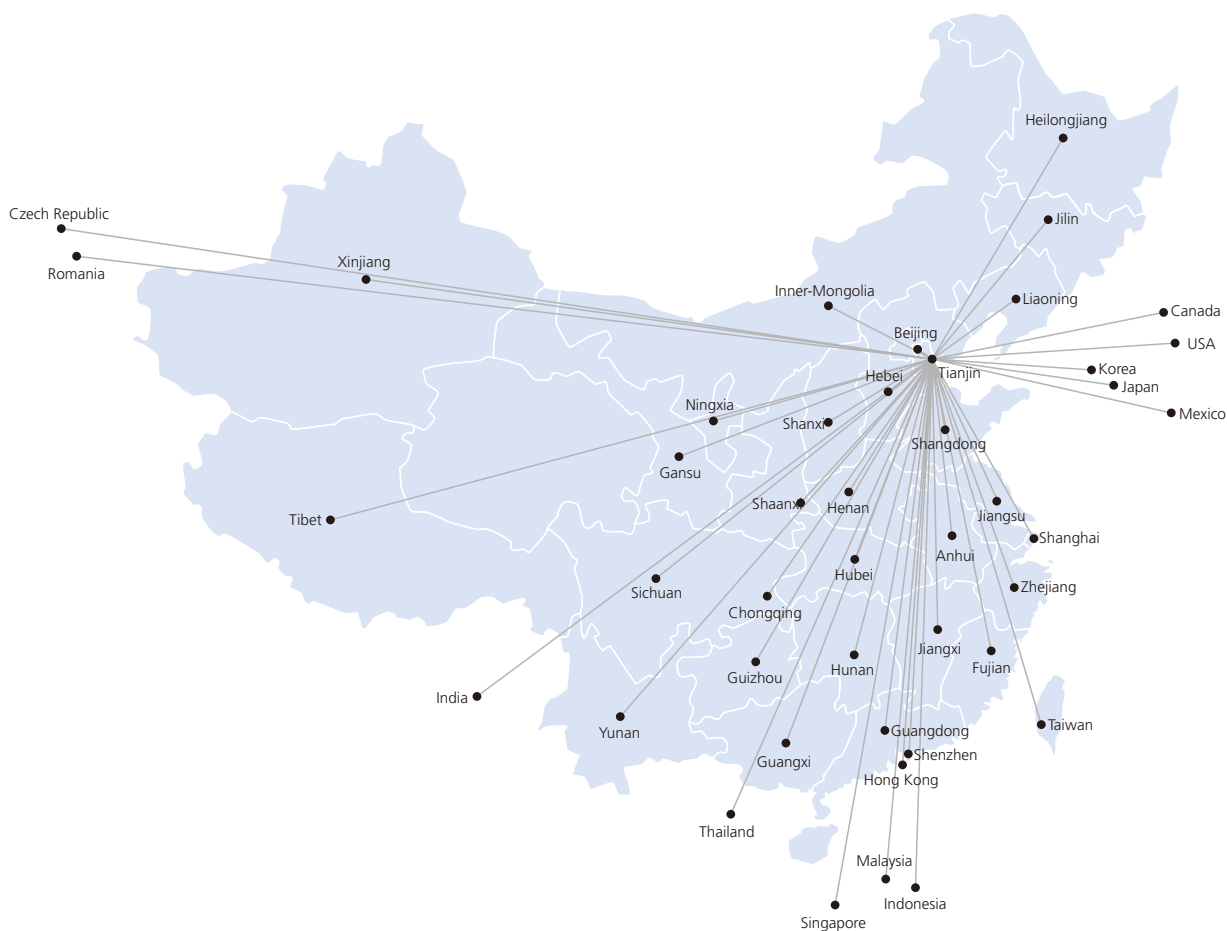
## Transportation and Handling Services

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



## Logistics Services Network

As at 31 December 2008, the logistics services developed by the Group had reached an extensive coverage spanning the following countries and regions. By continuously perfecting its service network, the Group targets to provide more comprehensive logistics services.



## FINANCIAL REVIEW

### Turnover

Turnover of the Group increased by approximately RMB997,224,000 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 procurement 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 procurement and related logistic service business of the Group with lower gross profit margin during the reporting period, which diluted the gross profit margin of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## 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

Details are set out in the section headed Profit Attributable to Shareholders and Dividends contained in the Director's Report on page 20.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 balance 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

During the year ended 31 December 2008, the capital structure of the Group was detailed in the section headed "Share Capital" in the financial report.

## 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 amounts provided to Tianjin Alps Teda Logistics for its liability 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	—
Total	78,702

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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).

	As at 31 December 2008	As At 31 December 2007
Administration	79	77
Finance	46	37
Information Technology	31	7
Sales and Operation	1,490	1,389
Total	1,646	1,510

## 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.

## Pension scheme

Details of the Company's pension scheme are set out in note 39 to the consolidated financial statements.

## Donation

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

## USE OF PROCEEDS

The Company raised a 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 the development 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 was 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 OBJECTIVES AND ACTUAL OPERATION PROGRESS

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

### **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

### **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

### **Logistics infrastructure**

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

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

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

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

## **Actual business progress for the six months ended 31 December 2008**

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).

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

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.

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.

According to the progress of the construction of the new warehouse of Fengtian Logistics, the construction will be completed and commence operation in March 2009.

The Company believes that stringent corporate governance practices could enhance creditability and transparency and are in the interests of the shareholders of the Company. The Company has established a complete set of code on corporate governance practices – “Handbook of Corporate Governance Practices” pursuant to the requirements of the GEM Listing Rules. 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.

The Group has adopted a code of dealing in securities by the Directors of the Group, which was formulated in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules for the purpose of setting out its own required standards for assessment of the conduct of the Directors in dealings in the securities of the Group. Upon enquiries made to each Director by the Company, all Directors confirmed that they have complied with the code of dealing in securities by the Directors.

The following summarizes details of the corporate governance of the Company.

## The Board

The Board of the Company currently comprises 7 Directors which include 2 executive Directors, 2 non-executive Directors and 3 independent non-executive Directors. Among which, Zhang Jian is the Chairman; Zhang Jian and Sun Quan are executive Directors; Zhang Jun and Ding Yi being non-executive Directors and Zhang Limin, Luo Yongtai and Liu Jing Fu are independent non-executive Directors. Details of the members of the Board are set out under the section headed “Directors, Supervisors and Senior Management”. The major responsibilities of the Board include formulating the business plans and investment advices; and convening general meetings and signing resolutions proposed in the general meetings. The interest of the Shareholders and the Company is the primary concern of all Board members. Directors should always comply with the relevant laws and regulations in a due diligence manner.

All the independent non-executive Directors appointed by the Company are from the logistics industry and have extensive experience in finance or enterprise management and other professional areas. Acting in a due and careful manner, independent directors also need to safeguard the interests of the Company and the Shareholders by providing independent advices related to connected transactions and material issues of the Company and providing professional recommendations for the long-term, stable development of the business of the Company.

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

After reassessment of the independence of the independent non-executive Directors by the Company in February 2009, the Company considered that each of the independent non-executive Directors has complied with all independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

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

The Board has held 5 regular meetings in 2008 to discuss and decide on material strategies, material operating issues, financial issues and other matters as required in the Articles of the Company. The Company has kept the detailed minutes of the businesses discussed in the relevant meetings.



## The Board *(continued)*

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

	Number of meeting attended/held	Attendance
<b>Executive Directors</b>		
Zhang Jian	5/5	100%
Sun Quan	5/5	100%
<b>Non-executive Directors</b>		
Zhang Jun		
(*Zhang Jun has appointed Sun Quan to attend the 13th Board meeting)	5/5	100%
Ding Yi	5/5	100%
<b>Independent non-executive Directors</b>		
Zhang Limin		
(*Zhang Limin has appointed Sun Quan to attend the 12th Board meeting and appointed Zhang Jian to attend the 14th Board meeting)	5/5	100%
Luo Yongtai	5/5	100%
Liu Jing Fu		
(*Liu Jing Fu has appointed Zhang Jian to attend the 12th Board meeting and appointed Sun Quan to attend the 14th Board meeting)	5/5	100%

## Chairman and Chief Executive Officer

Under the Code Provision A.2.1, the roles of chairman (the "Chairman") of the Board and chief executive officer (the "CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and the CEO should be clearly stipulated 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.

## The Three Committees of the Board

The Company implements specific terms of reference for the audit committee, remuneration committee and nomination committee, whereby the powers and responsibilities of each committee are clearly defined.

### (1) *Audit committee*

The Company has set up an audit committee pursuant to the requirements under Rule 5.28 of the GEM Listing Rules and the "Guidelines for the Establishment of Audit Committees" promulgated by the Hong Kong Institute of Certified Public Accountants, with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules. The audit committee currently comprises of all independent non-executive directors namely Mr. Zhang Limin, Mr. Liu Jing Fu and Mr. Luo Yongtai, among which the chairman of the committee, Mr. Zhang Limin, has the competent professional qualification and financial experience. The members of the audit committee convene meetings regularly with the management and external auditors and review the internal audit report and the annual accounts of the Group. The audit committee has reviewed the audited financial statements for the year ended 31 December 2008 and has recommended approval to the Board. In 2008, the audit committee held a total of 3 meetings with an average attendance of 100%. The Company has reported its principal activities to the audit committee in the meeting. For the year ended 31 December 2008, the Company has complied with the requirements of Rules 5.28 of the GEM Listing Rules in respect of the audit committee.

### (2) *Remuneration committee*

The Company has also set up a remuneration committee which is responsible for the formulation of policies in relation to human resources management, the review of the remuneration policies and the setting up of the remuneration packages of senior management and managers, the proposals and establishment of annual and long-term performance conditions and objectives as well as the review and governance of the remuneration packages of all executives and the implementation of the employee benefits scheme. The remuneration committee currently comprises of Mr. Luo Yongtai (chairman), Mr. Liu Jing Fu and Mr. Ding Yi. A majority of the remuneration committee are independent non-executive directors of the Company.

During the reporting period, the remuneration committee of the Company has convened one meeting.

### (3) *Nomination committee*

The nomination committee currently has three members, with Mr. Zhang Jian being the chairman and Mr. Luo Yongtai and Mr. Liu Jing Fu being the members. A majority of the nomination committee are independent non-executive directors of the Company.

During the reporting period, the nomination committee of the Company has convened one meeting.

## Term of Office and Re-election

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

## Supervisory Committee

The supervisory committee comprises 6 members, 4 of whom are independent supervisors and 2 are the staff representative supervisors of the Group. The responsibility of the supervisory committee is to monitor the Board and its members and senior management so as to protect the interests of the Shareholders. In 2008, the supervisory committee has reviewed the financial position and the legal compliance of the operations of the Company and has conducted due diligence review of the senior management by convening meetings of supervisory committee and attending Board meetings and general meetings. It has duly performed its duties according to detailed cautions principles.

## Internal Control

During 2008, the Company highly emphasized on internal control and continued to adopt various initiatives to control and monitor the business of the Company and prevent potential risks. The particulars of which are as follows:

### 1. Financial control

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

The internal auditors of the Company are responsible for monitoring the day-to-day financial management of the Company, and the provision of advice and recommendation for improvements to the financial management department and the general managers.

The audit committee of the Company has held 3 meetings to liaise and discuss with the auditors and the financial management department on the financial management, financial statements and auditing of the Company.

### 2. Operational control

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

### 3. Compliance control

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

The Company conducts regular statistics compilations in respect of connected transactions between different departments pursuant to the GEM Listing Rules so as to ensure that the implementation and the procedures of connected transactions and disclosure of information are in compliance with the requirements of the GEM Listing Rules.

### 4. Risk management

The Company has adopted appropriate measures to manage its investment, guarantee, litigations and material projects so as to standardize the operations of the Company and minimize risks.

## Relationship with Shareholders

The Board intends to encourage and maintain on-going communication with the shareholders through various channels. The Company's annual general meeting provides a good opportunity for the Directors to meet and communicate with the shareholders. All Directors shall use their best endeavors to attend the annual general meeting so as to reply enquiries of the shareholders.

## Relationship with Investors

In respect of any disclosable and significant matters, the Company will make timely, accurate and complete disclosure in newspapers and websites as specified by the relevant regulatory authorities pursuant to the disclosure requirements under the GEM Listing Rules in order to safeguard the right to information and participation of the Shareholders.

The Company has established a specialized department responsible for investor relations. Placing strong emphasis on the communication with investors, the Company considers that maintaining on-going and open communications with investors could enhance investors' understanding of and confidence to the Company.

## Accountability and Audit

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

The Company has appointed Deloitte Touche Tohmatsu as international auditors of the Company for the year 2008. Fees for audit and non-audit services provided by the above auditors to the Group for the year ended 31 December 2008 amounted to RMB1,080,000 and RMB120,000 respectively.

## GENERAL MEETINGS

The general meeting of the Company has the highest authority. The Company convened an extraordinary general meeting on 8 October 2008 to consider and approve the resolutions relating to continuing connected transactions and amendments to the Articles of Association. The Company highly values the functions of the general meeting as it is considered to be a direct and effective communication channel between the Board and investors of the Company, and thus encourages all Shareholders to attend the general meetings. The Articles of the Company has express provisions in respect of the rights of the Shareholders including the rights to attend, to receive notices of, and to vote in general meetings.

# DIRECTORS' REPORT

The Board is pleased to announce the annual report and audited consolidated financial statements of the Group for the year ended 31 December 2008.

## Principal Activities

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

## Results

The financial highlights of the year are set out on page 5 of this annual report. Discussion and analysis of the results and financial position of the Group for the year are set out on pages 8 to 12 of this annual report.

## CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2008 prepared in accordance with the International Financial Reporting Standards ("IFRS") are set out on page 37 to 42 of this annual report.

## PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND DIVIDENDS

For the year ended 31 December 2008, profit attributable to the equity holders of the Company was approximately RMB48,433,000 (dividend for the financial year ended 31 December 2007: RMB14,947,000). The Board did not recommend payment of final dividend for the financial year ended 31 December 2008 at the annual general meeting.

## RESERVES

Details of movements in the reserves of the Group and the Company during the year and details of the distributable reserves of the Company as at 31 December 2008 are set out in note 31 to the consolidated financial statements prepared in accordance with the IFRS.

## STATUTORY RESERVE FUNDS

Details of the statutory reserve funds are set out in note 31 to the consolidated financial statements prepared in accordance with the IFRS.

## PROPERTIES

Particulars of movements in properties of the Group and the Company during the year are set out in note 14 to the consolidated financial statements prepared in accordance with the IFRS.

## EMPLOYEES' PENSION SCHEME

Details of the employees' pension scheme of the Company are set out in note 39 to the consolidated financial statements prepared in accordance with the IFRS.

## MATERIAL CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save and except the agreement for the assignment of the land use right in respect of an industrial land entered into between the Company and Teda Construction on 29 July 2008, there is no material contract between the Group and the controlling shareholders or its subsidiaries during the year.

## Financial Summary

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

## Subsidiaries and Associates

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

## Capitalized Interests

For the year ended 31 December 2008, no capitalization of interest of the Company had been made.

## Share Capital

1. On 30 April 2008, the Company issued 88,600,000 H shares of RMB1.00 each at a price of HK\$1.98 per H share by way of placing to Hong Kong investors.
2. On 28 May 2008, as a result of the exercise of over-allotment option by the Lead Manager, the Company issued 712,000 H shares of RMB1.00 each at a price of HK\$1.98 per H share.
3. In accordance with the relevant approval from the State-owned Assets Supervision and Administration Commission of the State Council, Teda Holding and TEDA Assets Company had during the period converted 6,234,989 and 2,696,211 domestic shares held by them respectively into equal number of H shares, and jointly transferred 8,931,200 shares to the National Council for Social Security Fund of the PRC for retention upon the completion of placing of the Company.
4. There was no subsequent change in the Company's share capital during the year ended 31 December 2008. Details are set out in note 28 to the consolidated financial statements.

## Pre-emptive Rights

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

## Directors and Supervisors

The Directors and Supervisors in office during the year and up to the date of this report are as follows:-

### Executive Directors

Zhang Jian (chairman)  
Sun Quan

### Date of appointment

30 April 2008  
30 April 2008

### Non-executive Directors

Zhang Jun  
Ding Yi

30 April 2008  
30 April 2008

### Independent Non-executive Directors

Zhang Limin  
Liu Jing Fu  
Luo Yongtai

30 April 2008  
30 April 2008  
30 April 2008

### Supervisors

Xing Jihai  
Tian Shuyong  
Ren Gang  
Lu Xia  
Yu Ang  
Tong Xin

30 April 2008  
30 April 2008  
30 April 2008  
30 April 2008  
30 April 2008  
30 April 2008

## Confirmation of Independence

The Company has received from each of its independent non-executive directors annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules.

## Directors' and Supervisors' Service Contracts

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

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

## Directors' Interests in Contracts

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

## Directors' Remuneration and the Five Highest Paid Individuals

Details of the directors' remuneration and the five highest paid individuals are set out in note 11 to the consolidated financial statements of this report.

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

## 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:



## Substantial Shareholders and Persons holding Interests and Short Position in the Shares and Underlying Shares of the Company *(continued)*

### 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.

## Share Appreciation Rights Incentive Scheme

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

## Major Customers and Suppliers

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

同方環球(天津)物流有限公司	29.13%
天津華銘泰建材有限公司	12.40%
天津嘉普龍商貿有限公司	8.98%
上海龍納物貿有限公司	6.78%
天津巨金峰工貿有限公司	5.29%
<hr/>	
Five largest customers in total	62.58%

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

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

山西中陽鋼鐵有限公司	15.12%
天津冶金軋一鋼鐵集團有限公司	9.60%
唐山鋼鐵股份有限公司	4.62%
天津泰峰鋼鐵有限公司	4.20%
北京首鋼股份有限公司	3.91%
<hr/>	
Five largest suppliers in total	37.45%

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

Save as disclosed above, none of the directors, their associates or, to the knowledge of the Board, shareholders who held 5% or more of the share capital of the Company had any beneficial interest in any of the five largest customers and five largest suppliers of the Group.

## 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 are required to be disclosed in the annual report of the Company:

### Background

1. On 18 April 2008, the Company entered into a master service agreement with Toyota Tsusho ("Toyota Services Supply Agreement"), pursuant to which the Company shall provide logistics services and supply chain solutions for automobile and car components to Toyota Tsusho for a period up to 31 December 2010. For details please see the Prospectus. Such transaction constitutes a continuing connected transaction.
2. On 18 April 2008, the Company entered into a master service agreement with Toyota Tsusho ("Toyota Services Purchase Agreement"), pursuant to which Toyota Tsusho shall provide technological consultation and assistance services to a Company for a period up to 31 December 2010. For details please see the Prospectus. Such transaction constitutes a continuing connected transaction.
3. On 18 April 2008, the Company entered into a master service agreement with Alps Logistics ("Alps Services Supply Agreement"), pursuant to which the Company shall provide logistics services and supply chain solutions to Alps Logistics for a period up to 31 December 2010. For details please see the Prospectus. Such transaction constitutes a continuing connected transaction.
4. On 18 April 2008, the Company entered into a master service agreement with Alps Logistics ("Alps Services Purchase Agreement"), pursuant to which Alps Logistics shall provide overseas freight forwarding and warehousing services, the license over the use of the warehouse management system and information technology system to the Company for a period up to 31 December 2010. Such transaction constitutes a continuing connected transaction.
5. On 18 April 2008, the Group entered into a master service agreement with Dalian Alps Teda Logistics ("Dalian Alps Services Purchase Agreement"), pursuant to which Dalian Alps Teda Logistics shall provide bonded warehousing, customs clearance and road freight forwarding services to the Group. Such transaction constitutes a continuing connected transaction.

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has granted a waiver (the "Waiver") in relation to the Toyota Services Supply Agreement, the Toyota Services Purchase Agreement, the Alps Services Supply Agreement, the Alps Services Purchase Agreement and the Dalian Alps Services Purchase Agreement (the "Framework Agreements") to the Company for a period of three years ending 31 December 2010, from strict compliance with the requirements of (i) disclosure by way of announcement, and (ii) disclosure by way of announcements, circular to shareholders and/or subject to independent shareholders' approval, in respect of the continuing connected transactions as set out in the Prospectus.

6. On 29 July 2008, the Company entered into the Agreement for Assignment of the land Use Right in respect of the Industrial Land with Tianjin Teda Construction Group Co., Ltd. ("Teda Construction"), at an aggregate consideration of RMB16,600,000. For details please see the announcement of the Company issued on 19 August 2008. Such transaction constitutes a connected transaction.

## Reasons

Toyota Tsusho, which holds approximately 36.2% interest in Tianjin Fengtian Logistics, a non-wholly owned subsidiary of the Company, is a substantial shareholder of a subsidiary of the Company. Therefore, under the GEM Listing Rules, Toyota Tsusho and its associates (as defined in the GEM Listing Rules) are connected persons of the Company.

Alps Logistics, which holds 48% interest in Tianjin Alps Teda Logistics, a non-wholly owned subsidiary of the Company, is a substantial shareholder of a subsidiary of the Company. Therefore, under the GEM Listing Rules, Alps Logistics and its associates (as defined in the GEM Listing Rules) are connected persons of the Company. Dalian Alps Teda Logistics, being an associate of Alps Logistics which holds 50% equity interest thereof, is also considered a connected person of the Company.

Teda Holdings is one of the controlling shareholders of the Company. Teda Construction is a wholly-owned subsidiary of Teda Holdings, thus, Teda Construction is deemed to be a connected person of Teda Holdings and, under the GEM Listing Rules, also deemed to be a connected person of the Company.

The independent non-executive Directors, Zhang Limin, Luo Yongtai and Liu Jing Fu, have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement with terms which are fair and reasonable and in the interests of the Shareholders as a whole.

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

## Pricing

The pricing under the Framework Agreements should be determined in accordance with the following principles:

- (a) the prices fixed by the PRC government on certain types of products and services;
- (b) where there is no government fixed price but there exists a government indicative prices, the government indicative prices;
- (c) where there is neither government fixed price nor government indicative price, the market price; or
- (d) where none of the above is applicable, the price agreed between the parties after arm's length negotiations.

The Framework Agreements between the Company and the connected parties have been conducted on normal commercial terms or on terms no less favourable than those available to independent third parties, under prevailing market conditions, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Annual caps and actual figures of non-exempted continuing connected transactions of the Company

Transaction	Annual Caps for the year ended 31 December 2008 (RMB'000)	Actual Figures for the year ended 31 December 2008 (RMB'000)
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 strictly complied with the requirements of Chapter 20 of the GEM Listing Rules.

### Litigation

As at 31 December 2008, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and, no litigation, arbitration or claim of material importance is pending or threatened against the Company or any of its subsidiaries.

### Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2008, neither the Company nor any of its subsidiaries had purchased, redeemed or sold or cancelled any listed securities of the Company.

### Public Float

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

### Trust Deposits

As at 31 December 2008, neither the Company nor any of its subsidiaries had placed any trust deposits with any financial institutions within and outside the PRC, nor failed to collect any time deposits upon maturity.

## COMPLIANCE ADVISOR'S INTERESTS

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 for 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).

## Donation

During the year, the Company and its subsidiaries had made donation of approximately RMB312,400.

## Auditors

The accompanying consolidated financial statements had been audited by Deloitte Touche Tohmatsu. The Company will propose in the forthcoming annual general meeting for the re-appointment of Deloitte Touche Tohmatsu as the international auditor of the Company for 2009.

## Disclosure under Chapter 17 of the GEM Listing Rules

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

By the order of the Board

**Zhang Jian**

Tianjin, the PRC, 26 March 2009

# REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

Pursuant to the “Company Law of the People’s Republic of China”, the relevant laws and regulations and the articles of association of the Company, the Supervisory Committee of the Company (the “Supervisory Committee”), under its fiduciary duty, has taken up an responsible role to work reasonably and cautiously with integrity and diligence to protect the interests of the Company and its shareholders.

During the year, the Supervisory Committee had duly reviewed the operational and development plans of the Company, and provided reasonable opinions and recommendations to the Board. It also constantly monitored the Company’s financial status and governed the code of practices of the Directors, general managers and senior management. Supervisory Committee has made stringent supervision on whether any material and concrete decision made by the management of the Company is in compliance with the laws and regulations of the PRC and the articles of association of the Company, and whether it is in the interests of its shareholders.

Through its efforts made on supervision and inspections during 2008, the Supervisory Committee considers that the members of the Board, the general manager and other senior management of the Company all strictly observed their fiduciary duties, to act diligently and to exercise their authority faithfully under the premise of safeguarding the best interests of the Company. They carried out duties in accordance with the requirements set out in the articles of association of the Company in a standardized manner with an internal control system that is constantly enhancing. The transactions between the Company and connected parties are carried out on fair and reasonable terms that are in the interests of the shareholders of the Company as a whole. To date, none of the directors, general manager and other senior management had been found abusing their authority, damaging the interests of the Company or infringing upon the interests of its shareholders and employees, nor found to be in breach of any laws and regulations or the articles of association of the Company.

The Supervisory Committee is satisfied with the performance and the economic benefits achieved by the Company in 2008, and has full confidence in the future development of the Company.

The Supervisory Committee has duly reviewed and agreed with various proposals including the report of the directors and the audited financial statements to be submitted by the Board at the 2008 annual general meeting.

By order of the Supervisory Committee

**Xing Jihai**

*Chairman*

Tianjin, the PRC, 26 March 2009

## Executive Directors

**Mr. Zhang Jian (張艦)**, aged 51, is the chairman and general manager of the Company. He joined the Company as the chairman of the Board in June 2006. He graduated from the semiconductor physics and devices profession (半導體物理與器件專業) of the electronic engineering department of Tianjin University (天津大學) with a bachelor degree in engineering in 1982. He obtained a master degree in business administration from the National University of Singapore in 2003 and is a senior electrical engineer accredited by the Tianjin Municipal Engineering Evaluation Committee (天津市工程系列高評委). From 1984 to 1985, he performed administrative secretarial work in Tianjin Economic and Technological Development Area Corporation, the predecessor of Teda Holding. From 1985 to 1987, he worked as a project manager at Teda Industrial Investment Co., Ltd. (天津開發區工業投資公司). From 1987 to 1995, he worked as a deputy manager in Heat and Power Company of Teda Holding (泰達控股熱電公司), a company controlled by Teda Holding, the Controlling Shareholder and an Initial Management Shareholder. From 1995 to 23 April 2008, he had been the manager of the investment management department of Teda Holding. He was a former director of Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司) (Stock code: 000695), a company listed on the Shenzhen Stock Exchange. He is currently the chairman of Tianjin Alps Teda Logistics, Dalian Alps Teda Logistics, Tianjin Fengtian Logistics, Yuan Da Logistics, TBW and Tianjin Teda Sidier Electronic Trading Market Operation and Management Co., Ltd. and the vice chairman of Tianjin Port Automobile Logistics, the former chairman of the supervisory committee of Tianjin Jinbin Development Co., Ltd (天津津濱發展股份有限公司) (Stock code: 000897), a company listed on the Shenzhen Stock Exchange. Both Tianjin Jinbin Development Co., Ltd. and Tianjin Binhai Energy & Development Co., Ltd. are affiliated companies of Teda Holding, the Controlling Shareholder and an Initial Management Shareholder. Save as disclosed, each of them was independent of and not related to any member of the Binhai Logistics Group.

**Mr. Sun Quan (孫泉)**, aged 43, is an executive Director of the Company. He joined the Company in June 2006. He graduated from the international economics faculty of Nankai University (南開大學) with a bachelor degree in economics in 1988. He obtained a master degree in economics from Nankai University and a master degree in business administration from Roosevelt University of Chicago, the United States of America in 1999 and 2004 respectively. From 1997 to 2001, he worked in the planning department of Tianjin Economic and Technological Development Area Corporation and was responsible for corporate development strategy research and operational management planning. He was a former director of Water Company of Teda Holding (泰達控股自來水公司), Gas Company of Teda Holding (泰達控股燃氣公司) and Heat and Power Company of Teda Holding (泰達控股熱電公司), all being controlled by Teda Holding, the Controlling Shareholder and an Initial Management Shareholder. He joined Teda Holding in 2001 and is currently working as the deputy manager of the assets management department of Teda Holding. He is currently a director of Tianjin Alps Teda Logistics, Dalian Alps Teda Logistics and Tianjin Fengtian Logistics. Mr. Sun did not hold any directorship in any listed company during the Track Record Period.

## Non-executive Directors

**Mr. Ding Yi (丁一)**, aged 44, is a non-executive Director. He joined the Company in October 2006. He graduated from the school of industrial management engineering of Institute of Technology (天津理工學院) (currently known as Tianjin University of Technology (天津理工大學)) and obtained a bachelor degree in engineering in 1989. From 1989 to 1993, he worked in the Heat and Power Company of Teda Holding (泰達控股熱電公司). From 1993 to 1997, he worked in the operation management office of Tianjin Economic and Technological Development Area Corporation. From 1997 to 1999, he worked in the office of general manager of Tianjin Economic and Technological Development Area Corporation. From 1999 to 2001, he worked in the investment management department of Tianjin Economic and Technological Development Area Corporation. From 2001 to present, he has been working as the director and general manager of Tianjin Jinbin Expressway Management Co., Ltd. (天津津濱高速管理有限公司), an Independent Third Party and established in the PRC. Mr. Ding did not hold any directorship in any listed company during the Track Record Period.

**Mr. Zhang Jun (張軍)**, aged 42, joined the Company as a non-executive Director in October 2006. He obtained a bachelor degree in education from Beijing Normal University (北京師範大學) and completed a postgraduate course on international economics at Nankai University (南開大學) in 1990 and 1998 respectively. He also completed a postgraduate course on business administration at TEDA College Nankai University (南開大學泰達學院) in 2001. From 1992 to 2001, he worked in the General Office of the TEDA Administrative Commission (天津經濟技術開發區管理委員會辦公室). From 2001 to present, he has been working in Teda Holding. Mr. Zhang did not hold any directorship in any listed company during the Track Record Period.



## Independent non-executive Directors

**Mr. Zhang Limin (張立民)**, aged 54, joined the Company as an independent non-executive Director in September 2006. Mr. Zhang is an independent non-executive Director who fulfills the requirements under Rule 5.05(2) of the GEM Listing Rules. He obtained a doctoral degree in economics from Tianjin Institute of Finance and Economics (天津財經學院) (currently known as Tianjin University of Finance and Economics (天津財經大學)) in 1992. He is a professor in accounting accredited by Teaching Duties Evaluation Committee of Tianjin Higher Education Bureau (天津高教局教師職務評委會) and a qualified teacher for institutes of higher learning accredited by the Department of Education of Guangdong Province (廣東省教育廳). Mr. Zhang is also a non-practising member of the Chinese Institute of Certified Public Accountants, a member and joint vice-chairman of the fifth executive committee of the China Audit Society and vice chairman of the fourth executive committee of Guangdong Provincial Audit Society. He is a professor of Accounts of the School of Economic Management at Beijing Jiaotong University (北京交通大學經濟管理學院會計教授) and part time professor at Sun Yat-sen University (中山大學). Since 2000, Mr. Zhang has been working as deputy chief accountant and has undertaken professional technical advisory duties at Shenzhen Pengcheng Certified Public Accountants. He has been involved in the auditing of financial statements of banks and listed companies and relevant business advisory work. He is an independent director of Shenzhen Airport Co., Ltd (深圳市機場股份有限公司) (Stock code: 000089, a company listed on the Shenzhen Stock Exchange) and Shenzhen Expressway Company Limited (Stock code: 600548, a company listed on the Shanghai Stock Exchange). He is also a director of SORL Auto Parts Inc. (Stock symbol: SORL), a company listed on the NASDAQ Global Market. He was a former independent director of China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司) (Stock code: 200039, a company listed on the Shenzhen Stock Exchange), Shenzhen Chiwan Wharf Holdings Limited (深圳赤灣港航股份有限公司) (Stock code: 000022) and Shenzhen Changcheng Investment Holding Co., Ltd (深圳市長城投資控股股份有限公司) (Stock code: 000042). Save as disclosed above, Mr. Zhang did not hold any directorship in any listed company during the Track Record Period.

**Mr. Luo Yongtai (羅永泰)**, aged 63, joined the Company as an independent non-executive director in September 2006. He obtained a doctor degree in economic science (specialized in industry) from the National Academy of Sciences of Ukraine in 2003. He is a professor in management engineering accredited by Teaching Title Evaluation Committee of Tianjin Education Committee (天津教委教師職稱評委會) and a qualified higher education teacher recognized by the PRC Education Committee. He is the chair professor and tutor of postgraduates of the profession of management of Tianjin University of Finance and Economics (天津財經大學). He was a former independent director of Tianjin Reality Development (Group) Company Limited (天津市房地產發展(集團)股份有限公司) (Stock code: 600322) and currently an independent director of Tianjin Quanye Bazaar (Group) Co., Ltd. (天津勸業場(集團)股份有限公司) (Stock code: 600821), both being companies listed on the Shanghai Stock Exchange. He is also an independent director of Tianjin TEDA Co., Ltd. (天津泰達股份有限公司) (Stock code: 000652, a company listed on the Shenzhen Stock Exchange) and Sichuan Datong Gas Development Co., Ltd (四川大通燃氣開發股份有限公司) (Stock code: 000593), and an independent non-executive director of Zhongyu Gas Holdings Limited (中裕燃氣控股有限公司) (Stock code: 8070), a company listed on the GEM of the Stock Exchange. Save as disclosed above, Mr. Luo did not hold any directorship in any listed company during the Track Record Period.

**Mr. Liu Jing Fu (劉景福)**, aged 46, joined the Company as an independent non-executive Director in September 2006. He obtained a master degree in business administration from Nankai University (南開大學) in 2000. He is a senior engineer accredited by the Ministry of Railways of the PRC. He is a member of the Standardization Administration of the PRC (中國國家標準化管理委員會). He is currently the chairman of China Railway Modern Logistics Technology Co., Ltd. (中鐵現代物流科技股份有限公司), a state-owned enterprise established in the PRC. Mr. Liu is also a visiting professor at Beijing Jiaotong University (北京交通大學), 中國財經政法大學 and Beijing Technology and Business University. Mr. Liu has accumulated years of experience in the management of the operation of logistics business. Save as disclosed above, Mr. Liu did not hold any directorship in any listed company during the Track Record Period.

## SUPERVISORS

### Shareholder representative supervisors

**Mr. Xing Jihai (邢吉海)**, aged 57, joined the Company as a shareholder representative supervisor of the Company in September 2006. He is the chairman of the supervisory committee of the Company. He completed a professional certificate course in the financial accounting profession of 天津市經濟管理幹部學院 (currently known as Tianjin Polytechnic University 天津工業大學) in 1995. He also completed a postgraduate course on business administration at TEDA College Nankai University (南開大學泰達學院) in 2001 and is an accountant in industrial accounting accredited by Tianjin First Light Industry Bureau Accounting Profession Medium Intermediary Duties Evaluation Committee (一輕局會計專業中級職務評委會). He has working experience in the field of financial accounting for over 30 years. From 1997 to 2000, he was the section chief of the Financial Bureau of Teda. From 2000 to present, he has been working as the director of the finance center and supervisor of Teda Holding. He is also a director of Tianjin Jinbin Development Co., Ltd. (天津津濱發展股份有限公司) (Stock code: 000897) and Tianjin TEDA Co., Ltd. (天津泰達股份有限公司) (Stock code: 000652), both being companies listed on the Shenzhen Stock Exchange as well as the chairman of the supervisory committee of Tianjin Binhai Energy & Development Co., Ltd. (天津濱海能源發展股份有限公司) (Stock code: 000695), a company listed on the Shenzhen Stock Exchange.

**Mr. Tian Shuyong (田樹勇)**, aged 39, was appointed as a shareholder representative supervisor of the Company in October 2006. He graduated from the computer and application profession of Northeast Heavy Machinery College (東北重型機械學院) (currently known as Yanshan University (燕山大學)) and obtained a bachelor degree in engineering in 1992. He then obtained a master degree in business administration from Nankai University (南開大學) in 2002. From October 2002 to present, he has been working as a project manager of TEDA Asset Company.

## INDEPENDENT SUPERVISORS

**Mr. Ren Gang (任剛)**, aged 45, joined the Company as an independent supervisor in July 2007. He graduated from the profession of law of China Central Radio and TV University (中央廣播電視大學) (in cooperation with China University of Political Science and Law (中國政法大學)) in 2006. From October 1986 to present, he has been working at the Law Office of the TEDA (泰達律師事務所) as solicitor and partner.

**Ms. Lu Xia (呂霞)**, aged 41, joined the Company as an independent supervisor of the Company in July 2007. She graduated from the economic management profession of the Correspondence Institute of the Party School of the Central Committee of the Chinese Communist Party (中共中央黨校函授學院) and completed a postgraduate course in the financial management profession at Nankai University (南開大學) in 2002. She is a senior accountant appraised by the Tianjin Municipal Accounting Profession Senior Duties Evaluation Committee (天津市會計專業高級職務評審委員會). She is currently working in Tianjin Optical Electrical Group Co., Ltd. (天津光電集團有限公司) as deputy general manager and its group companies as director and supervisor.

## STAFF REPRESENTATIVE SUPERVISORS

**Mr. Yu Ang (俞昂)**, aged 37, joined the Company as a staff representative supervisor of the Company in July 2007. He graduated from the college of online education of the Beijing Jiaotong University (北京交通大學) majoring in electronic commerce in 2006. He is currently a project manager at the business development department of the Company and has been appointed by the Company to take up the duties of general manager of Yuan Da Logistics.

**Mr. Tong Xin (同心)**, aged 29, joined the Company in 2006. He was appointed as a staff representative supervisor of the Company in July 2007. He obtained a degree in law from Tianjin Normal University (天津師範大學) in 2003 and further registered for the postgraduate study of private law with the Faculty of Law and Economy of University of Savoie (法國國立薩瓦大學經濟與法學學院研究院) for the university year 2005/2006. From January 2007 to July 2007, he worked in the administrative office of Yuan Da Logistics as supervisor of legal affairs. He is currently an officer in the Investment and Strategic Planning department (legal affairs) of the Company.

## SENIOR MANAGEMENT

**Mr. Zhang Jian (張艦)**, aged 51, executive Director, and the general manager of the Company. He is responsible for the overall management of operation, liaison with major customers and planning for business development of the Group. Please see his biography set out in the sub-section headed "Executive Directors" above.

**Mr. Cao Wei Zhong (曹衛中)**, aged 38. He was from the Beijing Jiaotong University (北京交通大學) in 1994. From 2002 to 2007, Mr. Cao had been the investment manager, general manager of the Shanghai branch, general manager of the Tianjin branch, chief operating executive of the China Railway Modern Logistics Technology Co. Ltd. (中鐵現代物流科技股份有限公司). Mr. Cao is the deputy general manager of Binhai Teda Logistics.

**Mr. Wang Wei (王維)**, aged 36. He graduated from the Fudan University (復旦大學) with Law degree in 1996 and obtained a master degree of management from the Peking University (北京大學) in 1999. Afterwards, he was awarded a master degree of professional accountancy from the University of Indiana (印弟安那大學) in 2003. From 2003 to 2008, Mr. Wang engaged in providing auditing and risk advisory services. Mr. Wang is a Certified Public Accountant of the American Institute of Certified Public Accountants and a Certified Internal Auditor of the Institute of Internal Auditor. He joined the Group in 2008, Mr. Wang has been acting as the secretary of the Board, deputy general manager and manager of investment and strategic planning department.

**Mr. Liu Li Ming (劉利明)**, aged 53, joined the Group in 1996. From 1986 to 1989, Mr. Liu was the manager of Tianjin Development Area Storage Centre. From 1989 to 1995, Mr. Liu was the minister of Tianjin Development Area Storage Centre. He is the operation controller of the Group and is the deputy general manager of Tianjin Fengtian Logistics. He is also a director of TBW.

## Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF  
**TIANJIN BINHAI TEDA LOGISTICS (GROUP) CORPORATION LIMITED**  
天津濱海泰達物流集團股份有限公司  
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 88, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

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

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

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

# INDEPENDENT AUDITOR'S REPORT



## Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

## **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 March 2009

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Turnover	5	<b>1,946,833</b>	949,609
Cost of sales		<b>(1,817,315)</b>	(800,570)
Gross profit		<b>129,518</b>	149,039
Other income	6	<b>15,086</b>	9,734
Other gains and losses	7	<b>(6,115)</b>	(2,473)
Administrative expenses		<b>(51,782)</b>	(36,261)
Share of results of associates	18	<b>9,022</b>	1,152
Finance costs	8	<b>(2,161)</b>	(748)
Profit before tax		<b>93,568</b>	120,443
Income tax expense	9	<b>(28,270)</b>	(19,907)
Profit for the year	10	<b>65,298</b>	100,536
Attributable to:			
Equity holders of the Company		<b>48,433</b>	64,371
Minority interests		<b>16,865</b>	36,165
		<b>65,298</b>	100,536
Dividends recognised as distribution during the year:			
Final dividend: nil (2007: RMB6 cents) per ordinary share	12	–	14,947
Earnings per share	13		
– Basic (RMB cents)		<b>15</b>	24

# CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
<b>Non-current Assets</b>			
Property, plant and equipment	14	238,749	194,364
Land use rights	15	111,879	64,689
Deposit paid for acquisition of property, plant and equipment		–	187
Deposit paid for acquisition of land use rights	16	–	11,829
Investment in associates	18	19,314	11,942
Goodwill	17	105	105
		<b>370,047</b>	283,116
<b>Current Assets</b>			
Inventories	20	13,350	68,130
Trade and other receivables	21	766,096	214,823
Land use rights	15	2,578	1,449
Amounts due from related parties	22(a)	–	19
Tax recoverable		220	–
Pledged bank deposits	23	57,856	–
Bank balances and cash	23	247,859	179,671
		<b>1,087,959</b>	464,092
<b>Current Liabilities</b>			
Trade and other payables	24	822,201	246,094
Amounts due to related parties	22(b)	5	40,044
Amount due to a minority shareholder of a subsidiary	25	–	2,393
Dividend payable	26	17,036	28,119
Taxation payable		11,172	10,082
Bank borrowings	27	27,417	26,113
		<b>877,831</b>	352,845
<b>Net Current Assets</b>		<b>210,128</b>	111,247
<b>Total Assets less Current Liabilities</b>		<b>580,175</b>	394,363

# CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Capital and reserves			
Share capital	28	354,312	265,000
Share premium and reserves	31	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	32	3,413	–
Deferred income	33	5,740	5,740
		9,153	5,740
		580,175	394,363

The consolidated financial statements on pages 37 to 88 were approved and authorised for issue by the board of directors on 26 March 2009 and are signed on its behalf by:

**Zhang Jian**  
DIRECTOR

**Sun Quan**  
DIRECTOR



# 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 (Note 31)	Statutory reserves RMB'000 (Note 31)	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 (note 31)	–	–	–	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 (note 31)	–	–	–	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

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	2008 RMB'000	2007 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	93,568	120,443
Adjustments for:		
Interest income	(3,555)	(1,454)
Finance costs	2,161	748
Depreciation for property, plant and equipment	21,482	18,009
Amortisation for land use rights	2,154	1,344
Loss on disposal of property, plant and equipment	1,012	633
Allowance for bad and doubtful debts	223	709
Write-down of inventories	–	512
Share of results of associates	(9,022)	(1,152)
Operating cash flows before movements in working capital	108,023	139,792
Decrease (increase) in inventories	54,780	(55,689)
Increase in trade and other receivables	(551,496)	(95,419)
Decrease in amounts due from related parties	19	36
Increase in trade and other payables	570,061	163,012
Decrease in amounts due to related parties	(39)	(2,509)
Net cash from operations	181,348	149,223
Interest received	3,555	1,454
Income tax paid	(23,987)	(15,162)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>160,916</b>	<b>135,515</b>
<b>INVESTING ACTIVITIES</b>		
Dividends received from associates	1,650	–
Purchase of property, plant and equipment	(64,159)	(38,214)
Receipt of government grants	–	5,740
Purchase of land use rights	(38,644)	(11,287)
Deposit paid for acquisition of land use rights	–	(11,829)
Proceeds from disposal of property, plant and equipment	3,596	797
Increase in pledged bank deposits	(57,856)	–
Investment in an associate	–	(7,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(155,413)</b>	<b>(61,793)</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

	2008 RMB'000	2007 RMB'000
<b>FINANCING ACTIVITIES</b>		
New bank and other borrowings raised	44,000	38,355
Repayment of bank borrowings	(42,696)	(18,099)
Interest paid	(2,244)	(1,087)
Dividends paid to shareholders	(14,947)	–
Dividends paid to minority shareholders	(23,591)	(9,600)
Proceeds from issue of H shares	158,842	–
Expenses on issue of shares	(14,286)	–
Capital contribution from minority shareholder of a subsidiary	–	4,500
Advance from a minority shareholder of a subsidiary	–	5,500
Payment to a minority shareholder of a subsidiary	(2,393)	(3,107)
Repayment to a related party	(40,000)	–
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>62,685</b>	16,462
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>68,188</b>	90,184
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>179,671</b>	89,487
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		
Bank balances and cash	247,859	179,671

# 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 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. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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

<sup>1</sup> 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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>4</sup> Effective for annual periods ending on or after 30 June 2009

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>6</sup> Effective for annual periods beginning on or after 1 October 2008

<sup>7</sup> 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 the GEM of Stock Exchange and by the Hong Kong Companies Ordinance.

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or during the year are included in the consolidated income statement from the effective date of acquisition, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that minority has a binding obligation and is able to make an additional investment to cover the losses.

#### Goodwill

Goodwill arising on an acquisition of a jointly controlled entity (which is accounted for using proportionate consolidation) represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant jointly controlled entity at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a jointly controlled entity is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 3. Significant accounting policies *(continued)*

### **Goodwill** *(continued)*

On subsequent disposal of a jointly controlled entity the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

### **Interests in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

### **Jointly controlled entities**

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognised its interests in jointly controlled entities using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar items, line by line, in the consolidated financial statements.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a jointly controlled entity (see above).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 3. Significant accounting policies *(continued)*

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

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

Sales of steel materials and sales of resins and electronic components are recognised when the goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at cost less accumulated depreciation and any identified impairment losses.

Depreciation is provided to write off the cost of the items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment losses. Construction in progress is classified to the appropriate category of property, plant and equipment when completed are ready for intended use. Depreciation of the assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Items of property, plant and equipment are depreciated over their estimated useful lives and after taking into account their estimated residual value, using straight-line basis at the following rates per annum:

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 3. Significant accounting policies *(continued)*

### Leasehold land and buildings under development for future owner-occupied purpose

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a land use right and amortised over a straight-line basis over the lease term.

### Leasing

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

### The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

### Borrowing Costs

All borrowings costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

### Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 3. Significant accounting policies *(continued)*

### Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are reported separately as "other income".

### Retirement benefits costs

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

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

### Inventories

Inventories which consist of steel and other materials are stated at lower of cost and net realisable value. Cost is calculated using the weighted average method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 3. Significant accounting policies *(continued)*

### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

The Group's financial assets are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

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

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For trade and other receivables that are not assessed to be impaired individually, they are subsequently assessed for impairment on a collective basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 3. Significant accounting policies *(continued)*

### *Financial instruments (continued)*

#### *Impairment of financial assets (continued)*

For financial assets carried at amortised cost, an impairment loss is recognised in the consolidated income statement where there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of trade and other receivables and amounts due from related parties is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables and amounts due from related parties are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

#### *Financial liabilities and equity*

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

#### *Financial liabilities*

Financial liabilities (including amounts due to related parties, dividend payable, trade and other payables, amount due to minority shareholder of a subsidiary and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

#### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 3. Significant accounting policies *(continued)*

### Financial instruments *(continued)*

#### Financial guarantee Contracts

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

## 4. Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management makes various estimates and judgements (other than those involving estimates) based on past experience, expectations of the future and other information. The key source of estimation uncertainty and the critical judgement that can significantly affect the amounts recognised in the consolidated financial statements in the next twelve months is disclosed below.

#### Allowances for bad and doubtful debts

When there is objective evidence of impairment loss trade and other receivable, the Group takes into consideration the estimation of future cash flow. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flow is less than expected, a material impairment loss may arise. As at 31 December 2008, the carrying amount of trade and other receivable is RMB766,096,000 (2007: RMB214,823,000) (net of allowance for doubtful debts of RMB1,052,000) (2007: RMB829,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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

### Business segments

During the year ended 31 December 2007, the Group commenced the steel trading and related logistics 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 logistics 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 logistics service | – | Sales of steel materials to customers comprised principally trading companies and rendering related services of transportation management, storage, warehouse supervising and management.  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 5. Turnover and segment information *(continued)*

### Business segments *(continued)*

Segment information about the two businesses is presented below.

#### Consolidated income statement

	Year ended 31 December 2008		
	Logistics and supply chain solutions	Steel trading and related logistics services	Total
	RMB'000	RMB'000	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	Steel trading and related logistics services	Total
	RMB'000	RMB'000	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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 5. Turnover and segment information (continued)

Business segments (continued)

Consolidated balance sheet

	At 31 December 2008		
	Logistics and supply chain solutions RMB'000	Steel trading and related logistics services RMB'000	Total RMB'000
<b>ASSETS</b>			
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
<b>LIABILITIES</b>			
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 RMB'000	Steel trading and related logistics services RMB'000	Total RMB'000
<b>ASSETS</b>			
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
<b>LIABILITIES</b>			
Segment liabilities	123,931	127,947	251,878
Unallocated corporate liabilities			106,707
Consolidated total liabilities			358,585



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 5. Turnover and segment information *(continued)*

*Business segments (continued)*

*Other information*

	Year ended 31 December 2008		
	Logistics and supply chain solutions RMB'000	Steel trading and related logistics services RMB'000	Total 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 RMB'000	Steel trading and related logistics services RMB'000	Total 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 6. 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
	<b>15,086</b>	<b>9,734</b>

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.

## 7. Other gains and losses

	2008 RMB'000	2007 RMB'000
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
	<b>6,115</b>	<b>2,473</b>

## 8. Finance costs

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 9. 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
	<b>24,857</b>	19,907
Deferred tax (note 32)		
– the Company	3,413	–
	<b>28,270</b>	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
<b>Subsidiary</b>			
Tianjin Fengtian Logistics Co., Ltd. ("Tianjin Fengtian Logistics") 天津豐田物流有限公司	(i)	18%	15%
<b>Jointly controlled entity</b>			
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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 9. Income Tax Expense (continued)

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2008 RMB'000	2007 RMB'000
Profit before tax	93,568	120,443
Tax at the domestic income tax rate of 25% (2007: 33%)	23,392	39,746
Tax effect of share of results of associates	(2,255)	(380)
Tax effect of expenses not deductible for tax purpose	2,197	1,672
Tax effect of tax losses not recognised (note a)	1,576	557
Utilisation of tax losses previously not recognised (note b)	(1,254)	(1,441)
Tax effect of preferential tax rates of a subsidiary/jointly controlled entity	(4,898)	(20,247)
Effect of tax on distributions	6,099	–
Increase in deferred tax liability resulting from undistributed profits of subsidiary	3,413	–
Tax charge and effective tax rate for the year	28,270	19,907

Notes:

- a. The amounts represent tax effect of tax losses not recognised by the Company and Tianjin Binhai Yuan Sheng Steel Market Operation and Management Co., Ltd. (天津濱海元盛鋼材市場經營管理有限公司) (“Yuan Sheng”). Those tax losses could be utilised to offset with future taxable profits within five years from the year the tax loss arose.
- b. The amounts represent the tax effect of tax losses utilised but not recognised in previous years by the Company and TEDA General Bonded Warehouse Co., Ltd. (天津開發區泰達公共保稅倉有限公司) (“TEDA Warehouse”).

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 10. Profit for the year

Profit for the year has been arrived at after charging:

	2008 RMB'000	2007 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

## 11. Directors' and employees' emoluments

	2008 RMB'000	2007 RMB'000
Directors' fee	270	310
Other emoluments for executive directors		
– salaries and allowances	326	–
– performance related bonus (note)	337	–
– retirement benefits scheme contributions	9	–
	942	310

Note: The performance related bonus is determined by reference to the individual performance of the directors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 11. Directors' and employees' emoluments (continued)

The emoluments paid or payable to each of the seven (2007: seven) directors were as follows:

	Directors' fees RMB'000	Salaries and allowances RMB'000	Performance related bonus RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2008					
Zhang Jian 張艦	–	326	337	9	672
Zhang Jun 張軍	30	–	–	–	30
Sun Quan 孫泉	30	–	–	–	30
Ding Yi 丁一	30	–	–	–	30
Liu Jingfu 劉景福	60	–	–	–	60
Luo Yongtai 羅永泰	60	–	–	–	60
Zhang Limin 張立民	60	–	–	–	60
	270	326	337	9	942
For the year ended 31 December 2007					
Zhang Jian 張艦	30	–	–	–	30
Zhang Jun 張軍	30	–	–	–	30
Sun Quan 孫泉	30	–	–	–	30
Ding Yi 丁一	30	–	–	–	30
Liu Jingfu 劉景福	60	–	–	–	60
Luo Yongtai 羅永泰	60	–	–	–	60
Zhang Limin 張立民	70	–	–	–	70
	310	–	–	–	310

Of the five individuals with the highest emoluments in the Group, one (2007: nil) is director of the Company whose emoluments are included in the disclosures as above. The emoluments of the remaining four (2007: five) individuals were as follows:

	2008 RMB'000	2007 RMB'000
Employees		
– salaries and allowances	1,356	1,556
– performance related bonus	23	34
– retirement benefits scheme contributions	29	28
	1,408	1,618

The emoluments of each of the four highest paid individuals in the Group during the current year were below RMB882,000 (2007: RMB936,000) (equivalent to HK\$1,000,000).

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments in the year ended 31 December 2008.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 12. Dividends

	2008 RMB'000	2007 RMB'000
Dividends recognised as distribution during the year:		
Final dividend: nil (2007: RMB6 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.

## 13. 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 RMB'000	2007 RMB'000
Earnings for the purpose of basic earnings per share (Profit for the year attributable to equity holders of the Company)	<b>48,433</b>	64,371

### Number of shares

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 14. Property, plant and equipment

	<b>Buildings</b>	<b>Machinery</b>	<b>Furniture and office equipment</b>	<b>Motor vehicles</b>	<b>Construction in progress</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>COST</b>						
At 1 January 2007	140,083	20,373	14,758	30,583	6,680	212,477
Additions	546	3,366	4,972	3,918	18,302	31,104
Transfer	10,315	6,397	503	4,963	(22,178)	–
Disposals	(353)	(504)	(507)	(1,016)	–	(2,380)
At 31 December 2007	150,591	29,632	19,726	38,448	2,804	241,201
Additions	2,359	4,334	3,383	9,372	51,027	70,475
Transfer	3,594	359	32	9,244	(13,229)	–
Disposals	(1,265)	(1,198)	(2,565)	(3,781)	–	(8,809)
At 31 December 2008	155,279	33,127	20,576	53,283	40,602	302,867
<b>ACCUMULATED DEPRECIATION</b>						
At 1 January 2007	7,891	4,374	4,034	13,479	–	29,778
Provided for the year	6,076	2,996	3,160	5,777	–	18,009
Eliminated on disposals	(48)	(20)	(370)	(512)	–	(950)
At 31 December 2007	13,919	7,350	6,824	18,744	–	46,837
Provided for the year	6,631	3,735	3,403	7,713	–	21,482
Eliminated on disposals	(523)	(633)	(1,062)	(1,983)	–	(4,201)
At 31 December 2008	20,027	10,452	9,165	24,474	–	64,118
<b>CARRYING VALUES</b>						
At 31 December 2008	135,252	22,675	11,411	28,809	40,602	238,749
At 31 December 2007	136,672	22,282	12,902	19,704	2,804	194,364



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 15. Land Use Rights

	2008 RMB'000	2007 RMB'000
<b>CARRYING AMOUNT</b>		
At beginning of the year	66,138	56,195
Additions (note)	50,473	11,287
Charged to income statement	(2,154)	(1,344)
At end of the year	114,457	66,138

Note: During the year, the Company has acquired the land use right of RMB50,473,000 from Tianjin Port International Logistics Development Co., Ltd., which is a state-controlled entities in the PRC. Details are set out in note 38(d).

Analysis of the carrying amount of land use rights is as follows:

	2008 RMB'000	2007 RMB'000
Land use rights	114,457	66,138
Less: Portion to be charged to income statement in the coming twelve months and grouped under current assets	(2,578)	(1,449)
Non-current portion	111,879	64,689

The land use rights are situated in the PRC and amortised over their lease periods. As at 31 December 2008, the land use rights have remaining lease periods ranging from 38 to 49 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 16. Deposit paid for acquisition of land use right

	2008 RMB'000	2007 RMB'000
Deposit paid for acquisition of land use right to Tianjin Port International Logistics Development Co., Ltd. (note)	–	10,460
Incidental costs	–	1,369
	–	11,829

Note: The acquisition of land use right has been completed during the current year and the deposit has been transferred to land use right.

## 17. Goodwill

	RMB'000
Balance at 31 December 2008 and 2007	
Amount recognised from acquisition of additional 2% interest in Tianjin Alps Teda Logistics	105

The directors of the Company assessed the recoverable amount of the goodwill and consider that the goodwill is not impaired.

## 18. Interests in associates

	2008 RMB'000	2007 RMB'000
Capital contribution, at cost	9,620	9,620
Share of post-acquisition profits, net of dividends received	9,694	2,322
	19,314	11,942

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 18. Interests in associates (continued)

As at 31 December 2008 and 2007, the Group had interests in the following associates:

Name of Company	Date of establishment	Place of establishment and operation	Fully paid/registered capital	Attributable equity interests of the Group	Principal activities
<b>Directly-owned associate</b>					
Tianjin Teda Sidier Electronic Trading Market Operation and Management Co., Ltd. ("TEDA Sidier") 天津泰達斯迪爾電子交易市場經營管理有限公司	11 September 2007	PRC	RMB20,000,000	35%	Operation of electronics platform for trading business
<b>Indirectly-owned associate</b>					
Tianjin Port International Automobile Logistics Co., Ltd. ("Tianjin Port Automobile Logistics") 天津港國際汽車物流有限公司	27 March 2006	PRC	RMB5,000,000	50%	Provision of automobile storage and related services
Tianjin Teda Material Recycling Co., Ltd. ("Tianjin Material") 天津泰達物資回收有限公司	6 April 2006	PRC	RMB300,000	40%	Inactive

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 18. Interests in associates *(continued)*

The summarised consolidated financial statements in respect of the Group's associates are set out below:

	2008 RMB'000	2007 RMB'000
Total assets	47,855	32,011
Total liabilities	4,614	2,067
Net assets	43,241	29,944
Group's share of net assets of associates	19,314	11,942

	2008 RMB'000	2007 RMB'000
Revenue	62,141	17,388
Profit for the year	16,597	2,304
Group's share of result of associates for the year	9,022	1,152

The results and assets and liabilities of associates, which are held through the holding company or its subsidiary, have been equity-accounted for in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 19. Investments in jointly controlled entities

As at 31 December 2008 and 2007, the Group had interests in the following significant jointly controlled entities:

Name of Company	Date of establishment	Place of establishment and operation	Fully paid/ registered capital	Attributable equity interests of the Group (note b)	Principal activities
<b>Directly-owned jointly controlled entity</b>					
Tianjin Alps Teda Logistics (note a)	27 October 1992	PRC	USD6,000,000	52%	Provision of supply chain management services
Dalian Alps Teda Logistics Co., Ltd ("Dalian Alps Teda Logistics") 大連泰達阿爾卑斯物流有限公司 (note a)	21 March 2003	PRC	USD2,400,000	50%	Material procurement logistics and provision of supply chain management services

Notes:

- (a) Pursuant to the joint venture agreements, all key financial and operating decisions of Tianjin Alps Teda Logistics require the unanimous consent of the Group and the other venture.
- (b) Pursuant to articles of association of the jointly controlled entity, the percentage of profit sharing is the same as the percentage of equity interests of the Group.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using proportionate consolidation with the line-by-line reporting format is set out below:

	2008 RMB'000	2007 RMB'000
Current assets	98,422	100,953
Non-current assets	27,725	22,114
Current liabilities	33,040	39,809
Income	238,005	220,282
Expenses	218,944	200,473
Net profit	19,061	19,809

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 19. Investments in jointly controlled entities (continued)

At the balance sheet date, the jointly controlled entities do not have any outstanding contingent liabilities.

During the period from 1 January 2007 up to 17 October 2007, TEDA Holding, one of the shareholders of the Company, provided guarantee to Tianjin Alps Teda Logistics for its liability arising on air freight logistics operation. The Company has replaced TEDA Holding to provide the above-mentioned guarantee to Tianjin Alps Teda Logistics for the period from 18 October 2007 to 18 October 2010 (note 37).

## 20. Inventories

	2008 RMB'000	2007 RMB'000
Raw materials	11,431	8,601
Steel materials	1,919	59,529
	<b>13,350</b>	68,130

## 21. Trade and other receivables

	2008 RMB'000	2007 RMB'000
Trade receivables	188,363	147,235
Less: impairment loss recognised	(537)	(569)
	<b>187,826</b>	146,666
Bills receivables (note)	349,134	2,500
	<b>536,960</b>	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	<b>766,096</b>	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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 21. Trade and other receivables *(continued)*

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 (note 27). 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 RMB'000	2007 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
	<b>536,960</b>	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.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of RMB21,467,000 (2007: RMB787,000) which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

	2008 RMB'000	2007 RMB'000
91 – 180 days	20,720	508
181 – 365 days	732	205
1 – 2 years	15	74
	<b>21,467</b>	787

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 21. Trade and other receivables (continued)

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

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

The Group's trade receivables denominated in currencies other than functional currencies of the relevant group entities were as follows:

	2008 RMB'000	2007 RMB'000
<b>Currency</b>		
United States Dollars	18,057	25,438
Japanese Yen	12	82
Euro	322	–

Movement in impairment loss recognised is as follows:

	2008 RMB'000	2007 RMB'000
Balance as at beginning of the year	829	120
Impairment losses recognised	223	709
Balance at end of the year	1,052	829

At 31 December 2008 and 2007, the allowance for doubtful debts represents individually impaired trade and other receivables.

At 31 December 2008, included in the Group's other receivables balances are debtors with carrying amounts of RMB3,227,000 (2007: RMB2,702,000), which are overdue for one year for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 22. Amounts due from (to) related parties

### (a) Amounts due from related parties

Name of related parties	Notes	2008 RMB'000	2007 RMB'000
Tianjin Economic and Technological Development Area Import and Export Corporation ("TEDA I/E") 天津經濟技術開發區進出口公司	(i)	-	19

Note:

- (i) Amount due from TEDA I/E, which is a wholly-owned subsidiary of TEDA Holding, is of trade nature and is aged within 90 days. The maximum outstanding balance due from TEDA I/E of RMB19,000 in 2007 has been settled during the current year.

### (b) Amounts due to related parties

Name of related parties	Notes	2008 RMB'000	2007 RMB'000
TEDA Administrative Commission	(i)	-	40,000
Dalian Alps Teda Logistics	(ii)	-	24
Tianjin Alps Teda Logistics	(ii)	5	1
TEDA I/E	(iii)	-	19
		<b>5</b>	<b>40,044</b>

Notes:

- (i) Amount represents non-trade advance from TEDA Administrative Commission which is the controlling equity owner of the Company. The amount was repaid by the Company during the current year.
- (ii) The amounts represent trade balances due to Dalian Alps Teda Logistics and Tianjin Alps Teda Logistics after elimination of the Group's proportionate share of the corresponding amounts of these jointly controlled entities.
- (iii) Amount due to TEDA I/E is of trade nature and has been repaid by the Group during the current year.

The non-trade balances due to related parties are unsecured, non-interest bearing and have no fixed repayable terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 23. Bank Balances and Cash/pledged Bank Deposits

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

	2008 RMB'000	2007 RMB'000
<b>Currency</b>		
United States Dollars	11,042	7,394
Japanese Yen	220	300
Euro	1,323	–
HK Dollars	55,231	–

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

	2008	2007
Effective interest rate	0.01%~0.36%	0.72%~1.15%

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB57,856,000 (2007: RMB nil) have been pledged to secure bills payable and are therefore classified as current asset.

The pledged deposits carry fixed interest rate of 1.98% (2007: nil) per annum. The pledged bank deposits will be released upon the settlement of relevant bills payable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 24. Trade and other payables

	2008 RMB'000	2007 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 RMB'000	2007 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 24. Trade and other payables (continued)

The Group's trade payables denominated in currencies other than functional currencies of the relevant group entities were as follows:

	2008 RMB'000	2007 RMB'000
<b>Currency</b>		
United States Dollars	12,102	16,039
Euro	10	–
	<b>12,112</b>	16,039

## 25. Amount due to a minority shareholder of a subsidiary

The opening balance represents non-trade advance from a minority shareholder, which was unsecured, non interest bearing and repayable on demand. The amount was fully repaid as at 31 December 2008.

## 26. Dividend payable

	2008 RMB'000	2007 RMB'000
The amount represents dividend payable to the following parties:		
TEDA Holding	–	10,463
TEDA Asset Company	–	4,484
Minority shareholders of a subsidiary	17,036	13,172
	<b>17,036</b>	28,119

## 27. Bank borrowings

	2008 RMB'000	2007 RMB'000
Short term bank borrowings repayable within one year	3,417	26,113
Bank acceptance bills discounted with recourse (note)	24,000	–
	<b>27,417</b>	26,113

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 27. Bank borrowings (continued)

	2008 RMB'000	2007 RMB'000
Analysed into:		
Secured	24,000	1,000
Unsecured	3,417	25,113
Total	27,417	26,113

Note: At the balance sheet date, the Group has discounted bank acceptance bills amounting to RMB24,000,000 (31 December 2007: nil) with a bank at a discount rate of 2.7%.

The Group's borrowings that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	2008 RMB'000	2007 RMB'000
USD	3,417	5,113

Alps Logistics Co., Ltd., the joint venture partner of Dalian Alps Teda Logistics, provided a corporate guarantee to Dalian Alps Logistics in relation to bank borrowings amounted to RMB3,417,000 (2007: RMB5,113,000) as at 31 December 2008.

The range of interest rates paid for short term bank loans during the year was as follows:

	2008	2007
Floating interest rate	3.29% to 5.71%	5.508% to 7.29%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 28. Share Capital of the Company

	2008			2007	
	Number of shares			Number of Domestic shares '000	Amount RMB'000
	Domestic shares '000	H shares '000	Amount RMB'000		
At beginning of year	265,000	–	265,000	265,000	265,000
Issue of H shares by placing (note a)	–	88,600	88,600	–	–
Issue of H shares under over-allotment option (note b)	–	712	712	–	–
Conversion from domestic shares to H shares (note c)	(8,931)	8,931	–	–	–
At end of year	256,069	98,243	354,312	265,000	265,000

Notes:

- (a) On 30 April 2008, the Company issued 88,600,000 H shares with a nominal value of RMB1.00 each, at a price of HK\$1.98 (RMB1.78) per H share by way of placing to Hong Kong investors.
- (b) On 28 May 2008, as a result of the exercise of the over-allotment option by the lead manager, the Company issued 712,000 H shares with a nominal value of RMB1.00 each, at a price of HK\$1.98 (RMB1.76) per H share.
- (c) In accordance with the relevant approval from State-owned Assets Supervision and Administration Commission of the State Council, 6,234,989 Domestic shares and 2,696,211 Domestic shares held by TEDA Holding and TEDA Assets Company respectively were converted, during the period, into equal number of H shares, and altogether transferred to the National Council for Social Security Fund of the PRC for retention until the completion of the placing of the Company's shares.

## 29. Capital risk management

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

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated financial statements.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 30. Financial instruments

### (a) Categories of financial instruments

	2008 RMB'000	2007 RMB'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	802,111	346,776
<b>Financial liabilities</b>		
Amortised cost	806,076	312,051

### (b) Financial risk management objectives and policies

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

### (c) Market risk

The Group's activities expose it primarily to the market risks including interest rate risk (see (d) below) and foreign currency risk (see (e) below).

There has been no change to the Group's exposure to these market risks or the manner in which it manages and measures the risks.

### (d) Interest rate risk management

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 30. Financial instruments *(continued)*

### (d) Interest rate risk management *(continued)*

If interest rates on bank balances and variable-rate bank borrowings had been 100 basis points (2007: 100 basis points) higher/lower and all other variables were held constant, the potential effect on post-tax profit for the year is as follows:

	At 31 December	
	2008	2007
	RMB'000	RMB'000
Increase/decrease in post-tax profit for the year	2,082	1,029

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposures do not reflect the exposure during the current year.

### (e) Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date were set out in note 21 and note 23, and monetary liabilities at the reporting date were set out in note 24 and note 27.

The Group is mainly exposed to foreign currency risk between USD/RMB and HK\$/RMB. The following table details the Group's sensitivity to a 10% (2007: 10%) increase in RMB against USD and Hong Kong Dollars. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities and adjusts the translation at the year end.

	USD and HK Dollars Impact	
	2008	2007
	RMB'000	RMB'000
Decrease in post-tax profit for the year		
USD	1,022	779
HK Dollars	4,142	–

For a 10% (2007: 10%) weakening of RMB against USD and Hong Kong Dollars, there would be an equal and opposite impact on the profit.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 30. Financial instruments *(continued)*

### (f) Credit risk management

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

As at 31 December 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the contingent liabilities in relation to the financial guarantees provided by the Group as disclosed in note 37.

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

At 31 December 2008 and 2007, the ten largest debtors accounted for approximately 84% and 83% of the Group's total trade receivables respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination the credit limits, credit approvals and other monitoring procedures on customers to ensure that follow-up action is taken to recover overdue debts, the Group reviews the recoverable amounts of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

### (g) Liquidity risk management

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

As at 31 December 2008, the Group has available unutilised bills and short-term bank borrowings facilities of approximately RMB466,000,000 (2007: RMB234,801,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 30. Financial instruments *(continued)*

### (g) Liquidity risk management *(continued)*

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

	Weighted average interest rate %	Less than 3 months RMB'000	Over 3 months but not more than 6 months RMB'000	Over 6 months but not more than 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>Non-derivative financial liabilities</b>						
As at 31 December 2008						
Trade and other payables (note)	-	558,618	203,000	-	761,618	761,618
Amounts due to related parties	-	5	-	-	5	5
Dividend payable	-	17,036	-	-	17,036	17,036
Bank borrowings	6.24	3,631	24,000	-	27,631	27,417
		579,290	227,000	-	806,290	806,076
<b>Non-derivative financial liabilities</b>						
As at 31 December 2007						
Trade and other payables (note)	-	215,382	-	-	215,382	215,382
Amounts due to related parties	-	40,044	-	-	40,044	40,044
Amounts due to a minority shareholder of a subsidiary	-	2,393	-	-	2,393	2,393
Dividend payable	-	28,119	-	-	28,119	28,119
Bank borrowings	6.29	6,113	-	21,258	27,371	26,113
		292,051	-	21,258	313,309	312,051

Note: The amount includes bank acceptance bills endorsed to certain creditors (note 24).

### (h) Fair value of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at cost on amortised cost in the consolidated financial statements approximate their fair values at the balance sheet date due to the short maturity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 31. Reserves

### (a) Statutory reserves

#### *Reserve Fund and Enterprise Expansion Fund*

The jointly controlled entities of the Group and a subsidiary of the Company are sino-foreign equity joint venture. According to the relevant PRC rules and their article of associations, appropriations from net profit should be made to the Reserve Fund and the Enterprise Expansion Fund. The percentages to be appropriated to the Reserve Fund and Enterprise Expansion Fund are determined by the respective board of directors of jointly controlled entities and the subsidiary. Upon approval, the Reserve Fund can be used to offset accumulated losses or be converted into capital.

During the year ended 31 December 2008 and 2007, a range of 4% to 10% from net profits of management account under PRC GAAP was appropriated for Reserve Fund and a range of 4% to 15% from net profits of management account under PRC GAAP was appropriated for Enterprise Expansion Fund by a subsidiary and the jointly controlled entities.

At 31 December 2008 and 2007, the amounts of Reserve Fund attributable to the Group including that of a subsidiary and the proportionate share of jointly controlled entities were RMB15,872,000 and RMB11,718,000 respectively. In addition, at 31 December 2008 and 2007, the amounts of Enterprise Expansion Fund attributable to the Group including that of a subsidiary and the proportionate share of jointly controlled entities were RMB18,629,000 and RMB12,438,000 respectively.

#### *Statutory surplus reserve*

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

On 27 July 2007, the Company held the general meeting of shareholders and resolved to transfer of 10% and 20% of profit after tax in 2006, prepared under the PRC accounting rules and regulations, applicable to enterprises in the PRC, amounting to RMB2,135,000 to the statutory surplus reserve and amounting to RMB4,271,000 to discretionary surplus reserve respectively.

On 25 April 2008, the Company held the general meeting of shareholders and resolved to transfer of 10% of profit after tax in 2007, prepared under the PRC accounting rules and regulations, applicable to enterprises in the PRC, amounting to RMB6,341,000 to the statutory surplus reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 31. Reserves (continued)

### (b) Other reserves

Other reserves as at 31 December 2008 and 2007 represent the difference between the paid up capital of the subsidiaries and the proportion share of the jointly controlled entities of the Group and the nominal value of the Company's shares issued in exchange for the equity interest in the subsidiaries and the jointly controlled entities upon the Reorganisation.

## 32. Deferred tax liability

The following is the deferred tax balance recognised and movement thereon during the current and prior year:

### Deferred tax liability:

	Undistributed profits of subsidiary RMB'000
At 1 January 2007 and 31 December 2007	–
Charge to consolidated income statement for the year	3,413
At 31 December 2008	3,413

Deferred tax assets not recognised in respect of tax losses amounting to RMB8,647,000 (2007: RMB5,575,000) that will expire within five years as at 31 December 2008 amounted to RMB2,162,000 (2007: RMB1,840,000).

In the opinion of the directors, no deferred tax assets in respect of these tax losses were recognised upon losses incurred due to unpredictability of future profitability of respective group entities.

## 33. Deferred income

	2008 RMB'000	2007 RMB'000
Government grants received	5,740	5,740

The Group has received government grants amounting to RMB5,740,000 from TEDA Administrative Commission in respect of the Company's acquisition of land use rights in 2007. The government grants are recognised as deferred income that is released to income over the periods necessary to match them with the related costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 34. Operating lease commitments

Minimum lease payments paid under operating leases during the periods:

	2008 RMB'000	2007 RMB'000
Premises	11,677	2,704
Motor vehicles	9,273	3,053
Total	20,950	5,757

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008 RMB'000	2007 RMB'000
Within one year	9,283	5,757
In the second to fifth years inclusive	2,377	401
Total	11,660	6,158

Operating lease payment represents rentals payable by the Group for its business operation. Leases are mostly negotiated for an average terms of two years.

## 35. Capital commitments

	At 31 December	
	2008 RMB'000	2007 RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment and land use right contracted for but not provided in the consolidated financial statements		
– the Company and subsidiaries	75,010	42,719
– jointly controlled entities	3,692	31
Total	78,702	42,750

## 36. Pledge of assets

As at 31 December 2008, the Group pledged bank deposits amounting to RMB57,856,000 (2007: nil) to secure bills payable (note 23). In addition, the Group had collateralized borrowings in relation to discounted bills amounted to RMB24,000,000 (note 27) at 31 December 2008.

As at 31 December 2007, the Group had pledged buildings and land use right having carrying amounts of approximately RMB35,059,000 and RMB31,479,000 respectively to secure banking facilities granted. The pledge was released in January 2008.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 37. Contingent liabilities

At 31 December 2008, the Company has outstanding guarantee with no fixed amounts provided to Tianjin Alps Teda Logistics for its liability arising on the air freight logistics operation (note 19).

The directors of the Company consider that the fair values of this outstanding financial guarantee is insignificant at initial recognition and the possibility of the default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and on the balance sheet as at 31 December 2008 and 2007.

## 38. Related party transactions

Save as the transactions with the related parties as disclosed below, the Group also had balances with the related parties at the balance sheet date which are set out in note 22.

### (a) Transactions with TEDA Asset Company

During the year ended 31 December 2008, the Group disposed certain transportation machinery and equipments with net book value of RMB3,038,000 to TEDA State Asset Company which is the shareholder of the Company at a consideration of RMB3,021,000.

### (b) Transactions with Tianjin TEDA Construction Group Co., Ltd

During the year ended 31 December 2008, the Company signed a purchase contract with Tianjin TEDA Construction Group Co., Ltd (天津泰達建設集團有限公司) which is a subsidiary of TEDA Administrative Commission for acquiring land use rights and buildings amounting to RMB15,000,000. As at 31 December 2008, the transaction was not completed.

### (c) Transaction with a jointly controlled entity

During the Relevant Periods, a subsidiary of the Company has received logistic services income from a jointly controlled entity:

	2008 RMB'000	2007 RMB'000
Services income	65	62

### (d) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 38. Related party transactions *(continued)*

### (d) Transactions/balances with other state-controlled entities in the PRC *(continued)*

For the purpose of this report, the Group has identified the nature and quantified the amounts of its material transactions with state-controlled entities during the year, and material transactions/balances with other state-controlled entities are as follows:

#### (i) Material transactions

	2008 RMB'000	2007 RMB'000
Purchase of fuel	16,415	8,007
Water and electricity expenses	4,579	4,881
Deposit paid for acquisition of land use rights	–	11,829
Payment for acquisition of land use rights (note)	38,644	–
Purchase of steel	479,111	–

Note: During the year, the Group acquired of the land use right, amounting to RMB50,473,000, from Tianjin Port International Logistics Development Co., Ltd by completing the payment of RMB38,644,000. The land will be used as container stacking yard.

#### (ii) Material balances

	2008 RMB'000	2007 RMB'000
Bank balances	185,110	127,678
Pledged bank deposits	57,700	–
Trade and other receivables	99,300	786
Trade and other payables	687	43,963
Bank borrowings	4,600	1,000

### (e) Compensation of key management personnel

The details of remuneration of key management personnel, represents emolument of directors of the Company paid during the year are set out in note 11.

## 39. Retirement benefits scheme

The Group participates in a defined contribution retirement scheme organised by the relevant local government authority in the PRC. Certain employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The local government authority is responsible for the pension liabilities to these retired employees. The Group is required to make monthly contributions to the retirement scheme up to the time of retirement of the eligible employees, at 20% of the local standard basic salaries.

As at 31 December 2008, the Group had no significant obligation apart from the contribution as be stated above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 40. Subsidiaries

Details of the Company's subsidiaries at 31 December 2008 and 31 December 2007 are as follows:

Name of Company	Date of establishment	Place of establishment and operation	Fully paid/registered capital	Attributable equity interests of the Group	Principal activities
<b>Directly-owned subsidiary</b>					
Tianjin Fengtian Logistics Co., Ltd 天津豐田物流有限公司	19 July 1996	PRC	USD8,645,600	52%	Transportation of finished vehicle and supply chain management services
TEDA General Bonded Warehouse Co., Ltd 天津開發區泰達公共保稅倉有限公司	1 December 2001	PRC	RMB80,000,000	100%	Warehouse operation and logistic services
Tianjin Yuan Da Xian Dai Logistics Co., Ltd 天津元大現代物流有限公司	18 December 2006	PRC	RMB10,000,000	100%	Logistic services
<b>Indirectly- owned subsidiary</b>					
Tianjin Binhai Yuan Sheng Steel Market Operation and Management Co., Ltd. 天津濱海元盛鋼材市場經營管理有限公司	14 September 2007	PRC	RMB10,000,000	55%	Storage operation

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

## 41. Balance sheet information of the company

Balance sheet information of the Company at the balance sheet date includes:

	2008 RMB'000	2007 RMB'000
Unlisted investments in subsidiaries	209,111	209,111
Other non-current assets	137,016	80,211
Bank balances and cash	192,618	57,690
Other current assets	635,412	128,147
<b>Total assets</b>	<b>1,174,157</b>	475,159
Deferred tax liability	3,413	–
Taxation payable	4,443	–
Bank borrowing	24,000	20,000
Other current liabilities	697,548	182,909
<b>Total liabilities</b>	<b>729,404</b>	202,909
Share capital (note 28)	354,312	265,000
Reserves	90,441	7,250
<b>Total equity</b>	<b>444,753</b>	272,250