



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

2012 First Quarterly Report

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 8348



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

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Highlights

For the three months ended 31 March 2012, the financial highlights were as follows:

- Turnover decreased by approximately 12% to RMB517,795,000
- Gross profit decreased by approximately 7% to RMB31,470,000
- Profit attributable to shareholders decreased by approximately 26% to RMB15,389,000
- Earnings per share amounted to RMB4 cents

Unaudited Consolidated First Quarterly Results of 2012

The board of directors (the "Board") of the Company hereby announces the unaudited results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2012 together with the comparative unaudited figures for the corresponding period in 2011.

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended 31 March 2012

	Note	Three months ended 31 March	
		2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Turnover	4	517,795	590,374
Cost of sales		(486,325)	(556,552)
Gross profit		31,470	33,822
Other income		2,810	9,846
Administrative expenses		(14,520)	(18,013)
		19,760	25,655
Finance costs		(4,132)	(1,882)
Share of results of associates		8,270	5,957
Profit before taxation	5	23,898	29,730
Taxation	6	(3,443)	(4,885)
Profit for the period		20,455	24,845
Attributable to:			
Owners of the parent		15,389	20,774
Non-controlling interests		5,066	4,071
Earnings per share	8		
Basic (RMB cents)		4	6
Diluted (RMB cents)		4	6

Notes to the Financial Information (Unaudited)

For the three months ended 31 March 2012

1. General

The Company was established as an investment holding company in the People's Republic of China (the "PRC") by its promoters, Tianjin Teda Investment Holding Co., Ltd. ("Teda Holding") and Tianjin Economic and Technological Development Area State Asset Operation Company ("TEDA Asset Company"), as a joint stock limited company on 26 June 2006. Both Teda Holding and TEDA Asset Company are controlled by Tianjin Economic and Technological Development Area Administrative Commission ("TEDA Administrative Commission").

Pursuant to the group reorganisation (the "Reorganisation") in preparation of the listing of the Company's overseas listed foreign shares ("H shares") on the Growth Enterprise 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 hereinafter collectively referred to as the Group ("Group"). The Group is engaged in provision of logistics and supply chain solutions services and materials procurement and related logistics services.

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

2. Basis of Preparation

The financial information has been prepared to comply with the applicable disclosure requirements of Chapter 18 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

3. Principal Accounting Policies

The accounting policies used in the interim financial information are consistent with those used in the preparation of the Company's consolidated annual financial statements for the year ended 31 December 2011.

The Group has adopted the new or amended IFRS, amendments of standards and interpretations effective for the accounting periods beginning on or after 1 January 2012. Adoption of such new and amended standards, amendments of standards and interpretations has no material effects on the condensed consolidated financial information, and has caused no material change to the accounting policies of the Group.

4. Segment Information

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

Principal activities of the three reportable segments are as follows:

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

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

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

	For the three months ended 31 March 2012					
	Logistics and supply chain services for finished automobiles and components RMB'000 (Unaudited)	Logistics and supply chain services for electronic components RMB'000 (Unaudited)	Materials procurement and related logistics services RMB'000 (Unaudited)	Reportable segments subtotal RMB'000 (Unaudited)	All other segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	285,016	129,232	156,780	571,028	11,655	582,683
Inter-segment revenue	-	-	-	-	(272)	(272)
Revenue from external customers	285,016	129,232	156,780	571,028	11,383	582,411
Segment results	12,237	12,096	(908)	23,425	221	23,646
Depreciation and amortisation	(3,216)	(1,680)	(1,508)	(6,404)	(1,447)	(7,851)
Share of results of associates	-	-	523	523	7,747	8,270
Income tax expense	(1,773)	(3,340)	-	(5,113)	-	(5,113)

For the three months ended 31 March 2011

	Logistics and supply chain services for finished automobiles and components RMB'000 (Unaudited)	Logistics and supply chain services for electronic components RMB'000 (Unaudited)	Materials procurement and related logistics services RMB'000 (Unaudited)	Reportable segments subtotal RMB'000 (Unaudited)	All other segments RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue	247,377	119,602	274,882	641,861	10,032	651,893
Inter-segment revenue	(6)	(2,700)	–	(2,706)	(362)	(3,068)
Revenue from external customers	247,371	116,902	274,882	639,155	9,670	648,825
Segment results	9,864	9,083	9,649	28,596	1,116	29,712
Depreciation and amortisation	(3,075)	(1,921)	(1,205)	(6,201)	(1,561)	(7,762)
Share of results of associates	–	–	(95)	(95)	6,052	5,957
Income tax expense	(1,516)	(2,237)	(2,031)	(5,784)	(218)	(6,002)

	Three months ended 31 March	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Revenue for reportable segments	571,028	639,155
Revenue attributable to joint venture partners	(64,616)	(58,451)
Other segments	11,383	9,670
Revenue of the Group	517,795	590,374
Reportable segment results	23,425	28,596
Segment results attributable to joint venture partners	(6,048)	(4,542)
Other segments	17,377	24,054
Total segments	17,598	25,170
Share of results of associates	8,270	5,957
Unallocated other income	2,537	1,100
Unallocated corporate expenses	(375)	(615)
Finance costs	(4,132)	(1,882)
Profit before income tax	23,898	29,730
Income tax expense	(3,443)	(4,885)
Profit for the period	20,455	24,845

5. Profit Before Taxation

	Three months ended 31 March	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Depreciation of property, plant and equipment	6,150	6,147
Amortisation of prepaid lease payments included in administrative expenses	512	305
Exchange loss	94	203

6. Taxation

	Three months ended 31 March	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
The Company and its subsidiaries	1,773	3,766
Jointly controlled entities	1,670	1,119
Total	3,443	4,885

7. Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2012 (three months ended 31 March 2011: Nil).

8. Earnings Per Share – Basic and Diluted

	Three months ended 31 March	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Profit for the period attributable to equity holders of the Company and earnings for the purpose of calculating basic and diluted earnings per share	15,389	20,774

	Number of shares Three months ended 31 March	
	2012 '000 (unaudited)	2011 '000 (unaudited)
Weighted average number of shares for the purpose of calculating basic and diluted earnings per share	354,312	354,312

9. Share Capital and Reserves

	Attributable to owners of the parent							Total
	Share capital	Share premium	Other reserves	Statutory reserves	Retained profits	Attributable to equity holders of parent entity	Non-controlling interests	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At 1 January 2011	354,312	55,244	(73,258)	66,862	212,653	615,813	92,433	708,246
Profit and total comprehensive income for the period					20,774	20,774	4,071	24,845
Dividends						-	(16,985)	(16,985)
Transfers				2,300	(2,300)	-		-
At 31 March 2011	354,312	55,244	(73,258)	69,162	231,127	636,587	79,519	716,106
At 1 January 2012	354,312	55,244	(73,258)	73,726	279,224	689,248	86,781	776,029
Profit and total comprehensive income for the period					15,389	15,389	5,066	20,455
Dividends						-		-
Transfers						-		-
At 31 March 2012	354,312	55,244	(73,258)	73,726	294,613	704,637	91,847	796,484

Management Discussion and Analysis

Financial Review

For the three months ended 31 March 2012, the Group recorded a turnover of RMB517,795,000, representing a decrease of RMB72,579,000 or 12% compared with the turnover of RMB590,374,000 for the corresponding period last year. The decrease in turnover was mainly due to the decline in our materials procurement business as compared to the corresponding period last year.

For the three months ended 31 March 2012, overall gross profit margin for the Group was 6.08%, substantially the same as compared with 5.73% of the corresponding period last year.

For the three months ended 31 March 2012, net profit attributable to the equity holders of the Group amounted to RMB15,389,000, representing a decrease of RMB5,385,000 or 26% as compared with RMB20,774,000 of the corresponding period last year. The decrease in the net profit attributable to the equity holders was mainly because no subsidy income was received at the end of the reporting period while the Group had received subsidy income of RMB8,073,000 granted by the Finance Bureau of Tianjin Economic and Technological Development Area in the first quarter last year.

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

Business Review

The principal businesses of the Group are logistics and supply chain services for finished automobiles and components, logistics and supply chain services for electronic components, materials procurement and related logistics services, and other services such as bonded warehouse, supervision and agency services. During the reporting period, our logistics and supply chain services for finished automobiles and components, logistics and supply chain services for electronic components and other services such as bonded warehouse, supervision and agency services grew steadily, with the turnover and operating profits from these businesses increased by different levels as compared to the corresponding period last year. Being affected by the domestic macro economic environment and monetary policy and the Group's further enhancement of risk control, the materials procurement and related logistics services business declined, with its turnover and operating profits recorded moderate decreases as compared to the corresponding period last year.

As to the logistics infrastructure construction, the refrigeration storage project of Tedahang Cold Chain Logistics Co., Ltd. (泰達行(天津)冷鏈物流公司), a wholly-owned subsidiary of the Group, proceeded steadily as scheduled and is expected to be completed and start operation within the year.

In consolidating the traditional logistics businesses, the Group has actively expanded new areas of the logistics businesses, and acquired quality infrastructure logistics resources to achieve steady but yet rapid growth.

Logistics and supply chain services for finished automobiles and components

During the reporting period, the throughput of the logistics services for domestic finished automobiles reached 140,480 sets, increased by 11,080 sets or 8% compared with the corresponding period last year. During the reporting period, the throughput of logistics services of the imported finished automobiles was 9,159 sets, increased by 3,357 sets or 58% compared with the corresponding period last year. Turnover recorded for the reporting period amounted to RMB285,016,000, representing an increase of RMB37,645,000 or 15% compared with the corresponding period last year.

Logistics and supply chain services for electronic components

Turnover recorded for the reporting period amounted to RMB129,232,000, representing an increase of RMB12,330,000 or 11% compared with the corresponding period last year.

Materials procurement and related logistics services

Turnover recorded for the reporting period amounted to RMB156,780,000, representing a decrease of RMB118,102,000 or 43% compared with the corresponding period last year.

Other services such as bonded warehouse, supervision, agency services

Turnover recorded for the reporting period amounted to RMB11,383,000, representing an increase of RMB1,713,000 or 18% compared with the corresponding period last year.

Prospects

The global environment was complicated and challenging in the first quarter of the year, while the domestic economic growth and growth of demand had slowed down. The overall performance of the domestic logistics industry remained stable, with the social logistics demand showing a modestly-slowdown-to-stabilizing trend. Being affected by various negative factors such as rising costs, slowdown of logistics demand, capital strains and lower price of logistics services, the profitability remained at a low level.

During the reporting period, the operating result of the Group recorded a decrease as compared to that of the corresponding period last year. The decrease was mainly due to the decline in our materials procurement and related logistics service businesses, which resulted in certain degree of decrease in its turnover and operating profits as compared to the corresponding period last year. Meanwhile, our logistics and supply chain services for finished automobiles and components, logistics and supply chain services for electronic components and other services such as bonded warehouse, supervision and agency services grew steadily, with the turnover and operating profits from these businesses increased by different levels as compared to the corresponding period last year.

The Company will actively develop operation concepts and keep on optimizing its business structure to enhance operation and management standard, taking proactive measures to cope with the fierce market competition and impacts of various negative factors both at home and abroad. Furthermore, the Company will speed up the construction of the Cold Chain Logistics Centre at Tianjin Port and vigorously exploit new businesses in the cold chain logistics and other logistics fields, with an aim to consolidate and foster our competitive position and advantage in the industry.

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

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

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

So far as is known to the Directors, as at the date of this report (i.e. 31 March 2012), none of the Directors, supervisors and chief executives of the Company or any of their spouses and children under 18 years of age had any interest in the shares of the Company, or has been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or to purchase shares of the Company.

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 March 2012, the following persons (other than the directors, chief executives and supervisors of the Company) had interests or short positions in the shares and underlying shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required to be recorded in the register referred to in Section 336 of the SFO:

Long Position in Shares

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in the same class of shares	Approximate percentage of shareholding to the Company's total issued share capital
Tianjin Teda Investment Holding Co., Ltd.	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%
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%

On 18 November 2011, Tianjin Teda Investment Holding Co., Ltd. entered into a share transfer agreement with Chia Tai Land Company Limited, while Tianjin Economic and Technological Development Area State Asset Operation Company entered into a share transfer agreement with Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd.. Accordingly, Tianjin Teda Investment Holding Co., Ltd. and Tianjin Economic and Technological Development Area State Asset Operation Company agreed to transfer 28,344,960 and 77,303,789 domestic shares of the Company held by them to Chia Tai Land Company Limited and Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd., respectively. In accordance with the relevant requirements and regulations for state-owned assets administration of the PRC, the two aforementioned domestic share transfers are pending for approval by the relevant state-owned assets supervision and administration authorities of the PRC. So far as is known to the directors, chief executives and supervisors of the Company, as at 31 March 2012, the deemed interests of Chia Tai Land Company Limited, Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. and their associates under Part XV of the SFO are as follows:

Name	Capacity	Number and class of shares (Note 1)	Approximate percentage of shareholding in the same class of shares	Approximate percentage of shareholding to the Company's total issued share capital
Chia Tai Land Company Limited 正大置地有限公司	Beneficial owner	28,344,960 (L) Domestic shares	11.07%	8%
Fortune (Shanghai) Limited 富泰(上海)有限公司	Interest of corporation controlled by a substantial shareholder	28,344,960 (L) Domestic shares	11.07%	8%
Charoen Pokphand Group Co., Ltd.	Interest of corporation controlled by a substantial shareholder	28,344,960 (L) Domestic shares	11.07%	8%
Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. 正大製藥投資(北京)有限公司	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Sino Biopharmaceutical Limited 中國生物製藥有限公司	Interest of corporation controlled by a substantial shareholder	77,303,789 (L) Domestic shares	30.19%	21.82%
Tse Ping	Interest of corporation controlled by a substantial shareholder	77,303,789 (L) Domestic shares	30.19%	21.82%
Cheng Cheung Ling	Interest of a substantial shareholder's child under 18 or spouse	77,303,789 (L) Domestic shares	30.19%	21.82%

Note:

1. The letter "L" denotes the shareholders' long position in the share capital of the Company.

Save as disclosed in this report, so far as is known to the directors and chief executives of the Company, as at 31 March 2012, 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 the Company and/or any subsidiary of the Company or, which were required to be recorded in the register referred to in Section 336 of the SFO.

Competition and Conflict of Interests

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

Code on Corporate Governance Practices

The Company has complied with the code provisions in the Code on Corporate Governance Practices (“the CG Code”) as set out in Appendix 15 of the GEM Listing Rules during the period under review, except for the following deviations: according to code provision A.2.1, the roles of the chairman of the Board (“Chairman”) and the chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

As at 31 March 2012, Mr. Zhang Jian was both the Chairman and CEO of the Company who is responsible for managing the Board and the Group’s business. The Board of Directors considered that Mr. Zhang Jian understands the business operation of the Group well and could make decisions which are in the best interest of the shareholders as a whole in a timely manner. The combination of the roles of Chairman and CEO could effectively formulate and implement the strategies of the Group and respond quickly to the ever-changing markets. The Board also considered that there is no imminent need to separate the roles into two individuals. However, the Board will continue to review the effectiveness of the Group’s corporate governance structure to assess whether the separation of the position of Chairman and CEO is necessary.

Audit Committee

The Company has established an audit committee with terms of reference, which clearly defined the powers and duties of the committee. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Company, as well as providing opinion and recommendation to the Directors of the Company. The audit committee comprises three Independent Non-Executive Directors, namely Mr. Zhang Limin, Mr. Liu Jingfu and Mr. Luo Yongtai. Mr. Zhang Limin is the chairman of the audit committee. The audit committee has reviewed the Company’s unaudited results for the reporting period and respective recommendation and opinion have been made.

Securities Transactions by Directors

The Company has not adopted the model code for securities transactions by directors. However, having made specific enquiry to all Directors, the Company was not aware of any Directors not in compliance with the rules and standards for transactions and the code of conduct regarding securities transactions by the directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules during the reporting period.

Purchase, Sale or Redemption of Securities

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

As at the date of this report, the executive Director is Mr. Zhang Jian; the non-executive Directors are Mr. Hu Jun, Mr. Zhang Jun, Mr. Wang Jincal and Mr. Chen Fang; and the independent non-executive Directors are Mr. Zhang Limin, Mr. Luo Yongtai and Mr. Liu Jingfu.

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

Tianjin, the PRC
10 May 2012

* For identification purposes only