天 津 濱 海 泰 達 物 流 集 團 股 份 有 限 公 司
Tianjin Binhai Teda Logistics (Group) Corporation Limited*

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

(Stock code: 8348)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, 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.

This announcement, 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 (the "GEM Listing Rules") of the Stock Exchange 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no any other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 14% to RMB2,397,084,000
- The gross margin rate was approximately 4.38%
- Profit attributable to shareholders decreased by approximately 48% to RMB22,732,000
- Earnings per share was RMB0.06

List of the full names and abbreviations of the companies as referred to in this announcement

Tianjin TEDA Investment Holding Co., Ltd.	*TEDA Holding*
Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd.	*Chia Tai Pharmaceutical*
Chia Tai Land Company Limited	*Chia Tai Land*
TEDA General Bonded Warehouse Co., Ltd.	*Bonded Warehouse*
Tianjin Yuan Da Xian Dai Logistics Co., Ltd.	*Yuan Da Logistics*
He Guang Trade and Business Co., Ltd.	*He Guang Trade and Business*
Tedahang Cold Chain Logistics Co., Ltd.	*Tedahang*
Tianjin Fengtian Logistics Co., Ltd.	*Fengtian Logistics*
Tianjin Teda International Freight Forwarding Co., Ltd.	*International Freight Forwarding*
Tianjin Alps Teda Logistics Co., Ltd.	*Tianjin Alps*
Dalian Alps Teda Logistics Co., Ltd.	*Dalian Alps*
Tianjin Port Gangwan International Automobile Logistics Co., Ltd.	*Gangwan Automobile*
Tianjin Tianxin Automobile Inspection Services Co., Ltd.	*Tianxin*
Tianjin Ferroalloy Exchange Co., Ltd.	*Ferroalloy*

ANNUAL RESULTS

The board of directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017, together with the comparative figures for the corresponding period in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000
Revenue	3	**2,397,084**	2,772,369
Cost of sales		**(2,292,028)**	(2,682,819)
Gross profit		**105,056**	89,550
Administrative expenses		**(54,066)**	(58,536)
Other income/(loss) – net	4	**8,309**	15,327
Operating profit		**59,299**	46,341
Finance costs	5	**(17,631)**	(10,427)
Share of results of investments accounted for using the equity method		**17,934**	31,789
Profit before income tax	9	**59,602**	67,703
Income tax expense	6	**(15,651)**	(10,067)
Profit and total comprehensive income for the year		**43,951**	57,636
Profit and total comprehensive income attributable to:			
Owners of the Company		**22,732**	43,383
Non-controlling interests		**21,219**	14,253
		43,951	57,636
Earnings per share (RMB cents)			
– Basic and diluted	8	**6**	12
Dividends	7	**–**	10,629

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**2017 RMB'000**	2016 RMB'000
ASSETS			
Non-current assets			
Land use rights		**91,389**	93,976
Property, plant and equipment		**169,845**	183,492
Investment properties		**66,120**	70,564
Investments accounted for using the equity method		**249,228**	253,794
Available-for-sale financial assets		**16,310**	16,310
		592,892	618,136
Current assets			
Inventories		**25,138**	54,863
Trade and other receivables	10	**1,296,687**	1,375,227
Pledged bank deposits		**165,337**	144,423
Cash and cash equivalents		**552,990**	327,598
		2,040,152	1,902,111
Total assets		**2,633,044**	2,520,247
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital	11	**354,312**	354,312
Other reserves	11	**100,662**	97,564
Retained earnings	11	**396,206**	387,156
		851,180	839,032
Non-controlling interests	11	**103,280**	94,493
Total equity		**954,460**	933,525

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		**5,531**	5,887
Obligations under finance lease		**52,336**	56,875
		57,867	62,762
Current liabilities			
Trade and other payables	12	**1,244,900**	1,293,547
Current income tax liabilities		**8,886**	6,246
Borrowings		**319,995**	193,834
Obligations under finance lease		**46,936**	30,333
		1,620,717	1,523,960
Total liabilities		**1,678,584**	1,586,722
Total equity and liabilities		**2,633,044**	2,520,247
Net current assets		**419,435**	378,151
Total assets less current liabilities		**1,012,327**	996,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. General information

Tianjin Binhai Teda Logistics (Group) Corporation Limited (the "Company") and its subsidiaries (together "the Group") are principally engaged in provision of logistics and supply chain solutions services and trading and related logistics services in the People's Republic of China (the "PRC").

The Company was established as an investment holding company in 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 for the listing of the Company's overseas listed foreign shares ("H shares") on 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.

On 18 November 2011, TEDA Holding entered into a share transfer agreement with Chia Tai Land Company Limited ("Chia Tai Company"), while TEDA Asset Company entered into a share transfer agreement with Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd. ("Chia Tai Pharmaceutical Company"). Accordingly, TEDA Holding and TEDA Asset Company agreed to transfer 28,344,960 (8% of ordinary shares) and 77,303,789 (21.82% of ordinary shares) domestic shares of the Company to Chia Tai Company and Chia Tai Pharmaceutical Company respectively. In 2012, the two aforementioned domestic share transfers were approved by the relevant state-owned assets supervision and administration authorities of the PRC. The registration procedures of the related transfers have been completed on 7 June 2013.

As at 31 December 2017, the Directors of the Company consider TEDA Holding as the immediate holding company and the ultimate holding company of the Company.

These financial statements are presented in Renminbi ("RMB") unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 20 March 2018.

2. Application of new and revised international financial reporting standards ("IFRSs")

2.1 Amendments to IFRSs that are mandatory effective for the current year

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle

Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 7 "Disclosure Initiative"
The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

The Group's liabilities arising from financing activities consist of obligations under finance leases and borrowings.

A reconciliation between the opening and closing balances of these items is provided in note to the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"
The Group has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in way that is consistent with these amendments.

Annual Improvement to IFRSs 2014-2016 Cycle
The Group has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014 – 2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and they have not been early adopted by the Group.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.2 *New and revised IFRSs in issue but not yet effective*

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014 – 2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except for the new and amendments to IFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 9 "Financial Instruments"

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement

Unlisted shares classified as available-for-sale financial assets carried at fair value, these shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on rental and other receivables and fixed deposits with financial institutions. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

IFRS 15 " Revenue from Contracts with Customers"

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

During the year, the Group performed a preliminary assessment on the impact of the adoption of IFRS 15 which is subject to changes arising from a more detailed ongoing analysis. Contract that contains two or more performance obligations would be accounted for separately and this might have an impact on the pattern of revenue and profit recognition. The Group also expects a change in presentation to show refund liability separately from the asset recoverable for estimated sales returns.

IFRS 16 "Leases"

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As set out in note to the consolidated financial statements, total operating lease commitment of the Group in respect of its buildings and motor vehicles as at 31 December 2017 and 2016 was amounting to approximately RMB5,683,000 and RMB4,017,000, respectively. The directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results at this stage but it is expect certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. **Segment information**

The Group reports two 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 income 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 Group's two reportable segments are as follows:

Logistics and supply chain service 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;

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

The investments accounted for using the equity method mainly carry out provision of logistics services, supply chain management; and provision of cold warehouse operating and logistic services.

	For the year ended 31 December 2017				
	Logistics and supply chain service for finished automobiles and components RMB'000	Materials procurement and related logistics services RMB'000	Reportable segments subtotal RMB'000	All other segments RMB'000	Total RMB'000
Revenue	**997,918**	**1,348,408**	**2,346,326**	**63,498**	**2,409,824**
Inter-segment revenue	**–**	**(5,570)**	**(5,570)**	**(7,170)**	**(12,740)**
Revenue from external customers	**997,918**	**1,342,838**	**2,340,756**	**56,328**	**2,397,084**
Segment results	**55,949**	**(4,520)**	**51,429**	**8,038**	**59,467**
Share of results of investments accounted for using the equity method					**17,934**
Unallocated other income					**3,962**
Unallocated corporate expenses					**(4,130)**
Finance costs					**(17,631)**
Profit before income tax					**59,602**
Income tax expense					**(15,651)**
Profit for the year					**43,951**
Other information:					
Depreciation and amortisation	**(10,872)**	**(341)**	**(11,213)**	**(13,373)**	**(24,586)**
Income tax expense	**(15,568)**	**68**	**(15,500)**	**(151)**	**(15,651)**

	For the year ended 31 December 2016				
	Logistics and supply chain service for finished automobiles and components RMB'000	Materials procurement and related logistics services RMB'000	Reportable segments subtotal RMB'000	All other segments RMB'000	Total RMB'000
Revenue	883,152	1,884,370	2,767,522	80,543	2,848,065
Inter-segment revenue	–	(66,302)	(66,302)	(9,394)	(75,696)
Revenue from external customers	883,152	1,818,068	2,701,220	71,149	2,772,369
Segment results	31,376	6,009	37,385	7,343	44,728
Share of results of investments accounted for using the equity method					31,789
Unallocated other income					6,274
Unallocated corporate expenses					(4,661)
Finance costs					(10,427)
Profit before income tax					67,703
Income tax expense					(10,067)
Profit for the year					57,636
Other information:					
Depreciation and amortisation	(12,930)	(467)	(13,397)	(14,767)	(28,164)
Income tax expense	(9,918)	(157)	(10,075)	8	(10,067)

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

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

Geographical information

Over 90% of the Group's operations and non-current assets are located in the PRC, and over 90% of the Group's revenue of the external customers is attributed to the PRC. Therefore, no analyses of geographical segment is presented for the years ended 31 December 2017 and 2016.

Information about major customer

	2017 RMB'000	2016 RMB'000
Customer A	**837,454**	736,671
Customer B	**291,602**	321,954
Customer C (note)	**–**	281,946

Note: No information on turnover for the current year is disclosed for this customer since it contributed less than 10% to the Group's turnover for the year ended 31 December 2017.

4. Other income/(loss) – net

	2017 RMB'000	2016 RMB'000
Government grant (note)	**5,431**	8,540
Interest income from bank deposits	**3,962**	6,274
Net foreign exchange (loss)/gains	**(103)**	818
Net loss on disposal of property, plant and equipment	**(1,090)**	(286)
Others	**109**	(19)
	8,309	15,327

Note: Government grant represents subsidies and awards from local government authorities for the Group's contribution to the development of the local economies.

5. Finance costs

	2017 RMB'000	2016 RMB'000
Interest on borrowings wholly repayable within five years	**9,527**	8,425
Interest on discounted bill receivables	**–**	1,394
Interest on finance lease	**8,104**	608
	17,631	10,427

6. Income tax expense

	2017 RMB'000	2016 RMB'000
Current tax:		
Provision for the year	**15,456**	10,893
Under-provision/(over-provision) in prior years	**195**	(826)
PRC Enterprise Income Tax	**15,651**	10,067

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the Company and the subsidiaries is 25%.

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2017 RMB'000	2016 RMB'000
Profit before income tax	**59,602**	67,703
Tax at the official income tax rate of 25% and 16.5% (2016: 25% and 16.5%)	**15,016**	16,862
Tax effect of:		
– Associates' and joint ventures' results reported, net of tax	**(4,484)**	(7,947)
– Expenses and income not deductible or taxable for taxation purpose	**847**	1,978
– Tax effect of tax losses not recognised	**4,077**	–
– Under-provision/(over-provision) in respect of prior years	**195**	(826)
Income tax expense	**15,651**	10,067

All the end of the Reporting Period, no deferred tax assets or liabilities are recognised in consolidated financial statements as the Group did not have material temporary difference arising between tax bases of assets or liabilities and their carrying amounts.

7. Dividends

	2017	2016
	RMB'000	RMB'000
Interim dividend	**–**	–
Final dividend (note a and b)	**–**	10,629
	–	10,629

Notes:

(a) The directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2017.

(b) On 24 March 2017, the Directors of the Company proposed the payment of final dividend of RMB0.03 per share for the year ended 31 December 2016. The annual general meeting approved and declared the proposal on 12 May 2017. The total amount is approximately RMB10,629,000 and was paid on or before 30 June 2017 to shareholders whose names appeared on the register of members of the Company on 25 May 2017.

(c) The dividends actually paid to owners of the Company for the years ended 31 December 2017 and 2016 were approximately RMB10,584,000 and RMB10,670,000 respectively based on the number of issued shares outstanding at relevant time.

8. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2017	2016
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the Company	**22,732**	43,383
Number of shares (thousands)		
Weighted average number of ordinary shares for calculating basic and diluted earnings per share	**354,312**	354,312

For the years ended 31 December 2017 and 2016, diluted earnings per share are the same as the basic earnings per share as the Company did not have any potential dilutive ordinary shares outstanding during the years ended 31 December 2017 and 2016.

9. Profit before income tax

Profit before income tax is arrived at after charging:

	2017 RMB'000	2016 RMB'000
Auditors' remuneration	**1,760**	1,760
Cost of materials purchased	**1,337,863**	1,806,906
Subcontracting charges	**705,158**	628,728
Employee benefits expenses	**144,272**	152,504
Depreciation	**21,999**	25,577
Transportation	**10,118**	14,354
Fuel	**10,385**	8,919
Operating lease charges	**3,016**	2,406
Business tax	**5,134**	2,340
Amortisation	**2,587**	2,587
Others	**103,802**	95,274
Total cost of sales and administrative expenses	**2,346,094**	2,741,355

10. Trade and other receivables

	2017 RMB'000	2016 RMB'000
Trade receivables	**660,479**	566,300
Less: allowance for impairment	**(930)**	(930)
	659,549	565,370
Bills receivables (note (b))	**143,665**	1,250
	803,214	566,620
Other receivables, deposits and prepayments	**27,427**	31,536
Less: allowance for impairment	**(1,370)**	(620)
	829,271	597,536
Prepayment to suppliers	**468,203**	778,478
Less: allowance for impairment	**(787)**	(787)
Prepayment to suppliers-net	**467,416**	777,691
	1,296,687	1,375,227

Notes:

(a) The balance of the Group's trade and other receivables are denominated in Renminbi.

(b) The bills are non-interest bearing bank acceptance bills with a maximum maturity period of 180 days.

(c) The Group allows an average credit period ranging from 90 to 300 days to its trade customers.

The following is an aging analysis of trade and bills receivables before allowances for impairment at the end of reporting period:

	2017	2016
	RMB'000	RMB'000
0 – 90 days	**627,490**	367,119
91 – 180 days	**119,133**	122,327
181 – 365 days	**38,666**	50,969
Over 365 days	**18,855**	27,135
	804,144	567,550

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

11. Share capital, other reserves, retained earnings and non-controlling interests

	Attributable to owners of the Company					
	Share capital	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016	354,312	94,091	357,916	806,319	84,857	891,176
Profit and total comprehensive income for the year	–	–	43,383	43,383	14,253	57,636
Transfer from retained earnings	–	3,473	(3,473)	–	–	–
Dividends paid	–	–	(10,670)	(10,670)	(4,617)	(15,287)
Balance at 31 December 2016 and 1 January 2017	**354,312**	**97,564**	**387,156**	**839,032**	**94,493**	**933,525**
Profit and total comprehensive income for the year	**–**	**–**	**22,732**	**22,732**	**21,219**	**43,951**
Transfer from retained earnings	**–**	**3,098**	**(3,098)**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**(10,584)**	**(10,584)**	**(12,432)**	**(23,016)**
Balance at 31 December 2017	**354,312**	**100,662**	**396,206**	**851,180**	**103,280**	**954,460**

12. Trade and other payables

	2017	2016
	RMB'000	RMB'000
Trade payables	**242,741**	171,507
Bills payables (note a)	**675,608**	686,441
	918,349	857,948
Deposits from customers	**270,073**	372,389
Other tax payables	**3,324**	2,026
Other payables and accruals	**53,154**	61,184
	1,244,900	1,293,547

Notes:

(a) 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. Management of the Group monitors the repayment of all payables and ensures compliance with credit time frame.

(b) The aging analysis of the trade payables and bills payables at the end of the Reporting Period is as follows:

	2017	2016
	RMB'000	RMB'000
0 – 90 days	**646,675**	517,571
91 – 180 days	**256,737**	339,544
181 – 365 days	**7,266**	335
Over 365 days	**7,671**	498
	918,349	857,948

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the audited consolidated financial results of the Group for the year ended 31 December 2017 to all shareholders.

Results of the year

For the year ended 31 December 2017 (the "Year"), turnover of the Group amounted to approximately RMB2,397,084,000 (2016: RMB2,772,369,000), representing a decrease of approximately 14% as compared with the corresponding period of last year. Profit attributable to the shareholders was approximately RMB22,732,000 (2016: RMB43,383,000) and the earnings per share was approximately RMB0.06 (2016: RMB0.12).

As at 31 December 2017, the total assets and current assets of the Group were approximately RMB2,633,044,000 (2016: RMB2,520,247,000) and approximately RMB2,040,152,000 (2016: RMB1,902,111,000), respectively, representing increases of RMB112,797,000 and RMB138,041,000 as compared with 31 December 2016, respectively. Our net assets attributable to the parent company and net assets per share at the end of the year were approximately RMB851,180,000 (2016: RMB839,032,000) and approximately RMB2.40 (2016: RMB2.37), respectively, both representing an increase of 1% as compared with 31 December 2016.

Review for the year

In 2017, the global economy experienced a moderate recovery, while the international environment remained complicated and ever-changing. The trend of protectionism and deglobalization continued to present a threat to the global economic growth, with uncertainties in the prospect of economic growth. The Chinese economy remained under the "new normal" pattern, where the economic growth shifted from investment and export-driven model to domestic consumption-oriented model, and the domestic economy was still going through a crucial period for structural adjustment, thus the foundation for development was not yet solid. New progress was achieved in the supply-side structural reform, and efforts have been stepped up to push forward the implementation of de-capacity, deleverage and cost reduction measures. The deleverage policy in the financial sector gradually took effect, which caused certain impact on the financing channels and funding costs of the enterprises. The government continued to enhance supervision over environment and fire-control measures, and placed greater emphasis on environmental protection and public security, leading to more stringent requirements on companies' operation. With the further implementation of regulation measures on overloading transportation by the PRC government, the logistics transportation industry is undergoing profound changes, causing significant impact on certain areas such as transportation resources, transportation costs and means of transportation. The logistics industry is still in the process of adjustments in the midst of explorations.

Under the general work guideline of "advancing forward through development and innovation" and the work strategy of "enhancing business presence, deepening joint-venture cooperation, promoting capital operation and accelerating system construction" put forward by the Group at the beginning of the year, we strove to push ahead business development alongside with industry reform and promote stable development of the Group under an unfavorable macro-environment, delivering mixed performances across all business segments for the year, with slight decrease in the overall operating results as compared to the previous year.

Adjusting development strategy to align with industry development

With intense reform in the logistics industry, the Group proactively explored its business, carried out extensive cooperation with industry players, shared logistics resources, innovated business models, improved logistics efficiency and saved logistics costs, creating a win-win situation and laying a foundation for business adjustment and upgrade.

During the year, by further adjusting the development approach of its materials procurement business, and sticking to the principle of "Acting wisely by carefully weighing advantages and disadvantages", the Group took proactive measures to mitigate business risks. The Group stepped up efforts to develop cold chain business, and further enhanced business collaboration among its subsidiaries. Furthermore, the Group actively pushed forward the transformation of logistics transportation in line with the strategic development trend of the country, and made great effort to develop sea-railway intermodal transportation business by leveraging on its resources and advantage in railway transportation, so as to extend its service coverage from ports to inner land, providing customers with one-stop and door-to-door sea-railway intermodal transportation logistics services, which have been recognised by the customers. As a future business development direction, efforts will be made to expand and optimize such logistics transportation mode.

Enhancing the construction of national automobile logistics network

During the Reporting Period, the Group continued to push forward the establishment of a comprehensive vehicle transportation network combining the "sea, river, railway and road" transportation with Eastern China, Northern China and Southwestern China as the major hubs. The Group also continued to develop the river transportation business with its branch company in Changshu City as its base in Eastern China, a number of automobile brands shipment loading and unloading services were successively launched during the year, leading to rapid expansion of business scale. Our previous efforts to explore this business segment started to show positive effect. Through gradual optimization and improvement, business operation was improved to ensure loading and unloading efficiency, work safety and service quality, receiving strong recognition from the customers. During the year, the Group continued to promote the development of railway transportation of commercial vehicles to virtually cover all the major routes across the country, providing sea-railway intermodal transportation for exported commercial vehicles for the first time. As the development direction of logistics transportation transformation in China, the Group continued to push forward the development of the integrated intermodal transportation network combining the "sea, river, railway and road" transportation.

Continuously improving internal management

To further strengthen communication with the Board and give full play to the respective specialized committees under the Board, the Group has newly established the Office of the Board, which is responsible for daily communication, liaison, notification and other affairs with the Board and the supervisory committee between sessions of the Board meeting and reports to the Board.

The Group stepped up efforts in talent cultivation to avail itself of outstanding talents. During the year, the Group made human resources adjustments to the senior management as well as the comprehensive management department and the risk management department and promoted outstanding employees, so as to offer them a platform to demonstrate their talents and support the future development of the Group.

In order to further regulate file management, the Group issued the "File Management System" and "File Management Rules" during the year, and completed the renovation of the file room and upgrading of file management software, so as to process and maintain files in accordance with the relevant requirements.

Under the leadership of the audit committee of the Board, the Group further enhanced its internal auditing function. The Group implemented more stringent requirements for compliance management, and led by the internal audit department to strengthen institutionalized construction of the management department of the group companies and the relevant subsidiaries. The Group also extended internal auditing to the relevant subsidiaries, and carried out economic accountability auditing on departing general manager of the relevant subsidiaries.

The Group continued to push forward the information system construction. The Group continued to establish the OA-based integrated application platform offering information on financial and business affairs, so as to enhance management synergies. Furthermore, the Group pushed forward the multi-application of OA system in its headquarters, wholly-owned subsidiaries, controlling subsidiaries and invested companies, and achieved real-time information transmission by connecting the enterprise Wechat account with the OA systems. With the successful implementation of file management information system, the Group has improved its file management. The Group actively explored the application of the new technology "Internet+", providing new support for the development of the relevant business.

The Group continued to strengthen the long-term mechanism of safety management. By emphasizing employees to take responsibility and actual actions instead of empty talking at meetings, the Group strove to enhance production safety. Always taking employee safety as top priority and sticking to stringent regulations, the Group stepped up effort to promote production safety culture, optimize safety production process and define safety production discipline and requirements. During the year, the Group launched a series of activities under the theme of "production safety month", including organizing training on fire control related knowledge, engaging experts to conduct safety inspections on its subsidiaries and holding emergency drills, so as to promote safety culture construction in all fronts. Efforts were made to implement safety management, with an aim to facilitate smooth production and operation.

The Group attached great importance to social responsibility. The Company put great emphasis on green operation and production safety, and focused on talent cultivation and participation in public welfare activities. We continued to promote improvement and optimization in our daily management and business activities, so as to reduce resources consumption and impact on the environment. During the year, in addition to ISO9000 quality management system certification, the Group obtained ISO14001:2015 environment management system certification.

Prospect and outlook

In 2018, the global economy is expected to continue to recover, with a large number of instabilities and uncertainties. The policy adjustments implemented by major economies and the spillover effect therefrom will bring about uncertainties, coupled with rising protectionism and geo-political risks. The Chinese economy has entered into a crucial stage which is characterized with transformation of development mode, optimization of economic structure and shifting in growth drivers, with many challenges ahead. It is certain that the Chinese economy will continue to slow down in 2018. The government will deepen adjustments to national institutes, and continue to push ahead the supply-side structural reform, in an effort to promote the shift to high quality economic growth. The government will continue to enhance environment control. As the implementation of regulation measures on overloading transportation has entered into a new phase, the logistics industry will also face challenges such as economic downturn and rising costs and expenses. The Group will take proactive measures to deal with the adjustment changes made during the year and continue to adhere to the strategy of cooperation and innovation. Focusing on the general work guideline of "advancing forward through development and innovation", the Group intends to take the following measures in the coming year:

The Group will continue to push ahead the development of integrated business combining the "sea, river, railway and road" transportation. In 2018, the logistics industry will continue to push forward reform. With the penetration of new measures for the new era and the implementation of industry reform, the Group will adhere to the development strategy of integrated logistics business, continue to adjust resources allocation, seek for new business partners and innovate business models. In light of the new characteristics and new trend of logistics development in China, the Group will push forward the establishment of an integrated transportation network combining the "sea, river, railway and road" transportation, and step up efforts to develop sea-railway intermodal transportation business, with an aim to build up the core competitiveness of the Group for business development in the new era.

The Group will continue to promote the development of two major industrial platforms, i.e. automobiles and cold chain food. The Group will continue to reinforce its automobile and cold chain (daily necessary food) segments, which represent the two major industry development platforms of the Company. Through resources consolidation and joint-venture cooperation, and focusing on these two business platforms, the Group will extend its business to the upstream and downstream segments of the supply chain and develop new business products, while consolidating its existing businesses at the same time. The Group will continue to improve the nationwide automobile logistics network and river-sea intermodal transportation system, and consolidate the integrated vehicle transportation network combining the "sea, river, railway and road" transportation with Eastern China, Northern China and Southwestern China as the major hubs. By expanding and leveraging on our existing advantages in technology, network and facilities, the Group will expand its services to cover the whole supply chain of automobile industry, and explore domestic and overseas customer resources beyond Japanese car brand. Through cooperation with outstanding enterprises in the industry, the Group will develop new business products by leveraging on the industry position and resources of Tedahang. Furthermore, the Group will introduce capital resources and business resources to change the situation of single variety of business, so as to promote the sustainable development of Tedahang.

In terms of materials procurement and logistics business, the Group will keep abreast with the policy movement and economy performance to adjust the development strategy of the materials procurement business. Adhering to the business development strategy of "tactic operation with flexible approaches", the Group will adjust product categories of bulk commodity trade business, scale down the materials procurement business, mitigate business risks and step up efforts in innovation and development of the physical logistics business.

In terms of traditional logistics business, the Group will continue to push ahead the transformation and upgrading of the traditional business, introduce new business resources and projects through various means such as joint-venture cooperation and business innovation and further enrich the portfolio of logistics products.

Affected by fluctuations in exchange rate and increase in costs and expenses, the logistics and supply chain services for electronic components business witnessed decline in operating results for 2017. Looking forward, by keeping abreast with the development trend of the electronic product industry, the Group will promptly push ahead transformation of services and products, explore new customers, expand business areas, improve service quality and seize market development opportunities to promote stable development of its business.

Efforts will be made to strengthen internal management of the Group. The Group will strengthen internal management, perfect its appraisal mechanism and further enhance system construction, so as to improve management level. The Group will also further improve internal auditing function by enhancing internal audit and carrying out internal auditing on the relevant subsidiaries, with an aim to set a solid management foundation. Furthermore, the Group will step up efforts to cultivate outstanding key junior staff and young cadres, build up talent reserve through training of existing staff and introduction of new talents, and establish talent management system of the Group, offering a platform for the staff to demonstrate their talents. The Group will further reinforce information security management, and improve the rules and regulations on information security management, with an aim to establish the network security management system. The Group will strive to establish an information system with vertical interchange and horizontal coordination within the Group by continuing to push ahead the construction of the business and OA integrated system, finished automobiles warehousing management information system, courtyard visualized management system, bonded warehouse yard and business management system as well as cold chain business system of Tedahang, so as to enhance the core competitiveness and support the development of the Group in the future.

In 2018, in line with the general trend of economic development and logistics transformation, and leveraging on the opportunities arising from policy adjustment, the Group will uphold the development philosophy of "advancing steadily" and adhere to the development strategy of integrated logistics business. The Group will remain cautious and focus on overcoming operational risks and alleviating staff pressure. Furthermore, the Group will continue to strengthen cooperation with third parties, innovate business models, adjust its business structure and take various measures to improve its profitability. Focusing on the logistics resources at the key hubs, the Group will continue to push ahead the establishment of national integrated logistics network, and create new core competitive strength, so as to lay a solid foundation for the sustainable development of business in the future. Despite of all the challenges ahead, the Company is still confident in its development in the future.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Highlights

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, cold chain logistics services and other services such as bonded warehouse, container yard, supervision, agency and transportation services. The major customers of the Group include: Tong Fang Global (Tianjin) Logistics Co., Ltd.* (同方環球(天津)物流有限公司), Tangshan Donghua Steel Group Co., Ltd.* (唐山東華鋼鐵企業集團有限公司), Hebei Jizhong Tangneng Trade Co., Ltd.* (河北冀中唐能貿易有限公司), Tianjin Tongguang Group Digital Communication Co., Ltd.* (天津通廣集團數字通信有限公司), Guoben (Shanghai) Enterprise Development Company Limited* (國本(上海)企業發展有限公司), etc.

During the Reporting Period, the overall operating results of the Group was affected due to the further implementation of industrial structural adjustment by the government, increased efforts in pushing forward the deleverage policy on the financial sector, tightening monetary and fiscal policies and the sharp fluctuations in the RMB exchange rate. Under the backdrop of industrial structural adjustment and de-capacity policy in China, the Group continued to adjust the business structure of bulk commodity procurement business and compressed the scale of the business, which resulted in slump in the operating income and operating profits from the materials procurement and related logistics services business in the Reporting Period. The operating results of the bonded warehouse, transportation and supervision business decreased as compared with the corresponding period last year. The branch company in Changshu City continued to record losses in the Reporting Period with improvement in its performance as compared with the corresponding period last year. Affected by exchange rate fluctuations and increased operating costs and expenses, the operating results of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. (both associated companies of the Group) declined, leading to a decrease in investment income. Due to the decrease in the amount of meat inspection, there was an increase in losses in the operating results of Tedahang Cold Chain Logistics Co., Ltd as compared to last year, resulting in a decrease in the Company's investment income as compared with the corresponding period last year.

While consolidating the traditional logistics service businesses, the Group has actively expanded new areas of the logistics businesses, made use of synergy of its internal resources and acquired quality infrastructure logistics resources to achieve steady but yet rapid growth.

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

During the Reporting Period, the principal businesses income amounted to RMB997,918,000, representing an increase as compared to last year. The logistics services for the imported automobiles recorded a stable growth, driving substantial growth in the operating results of that segment, with a year-on-year increase of 78%.

Materials Procurement and Related Logistics Services

During the Reporting Period, the principal business income from the materials procurement and related logistics services amounted to RMB1,342,838,000, representing a decrease of RMB475,230,000 or 26% as compared with last year.

Warehouse, Supervision, Agency and Other Incomes

During the Reporting Period, other services such as bonded warehouse, container yard, supervision, agency and transportation services recorded an operating income of RMB56,328,000, representing a decrease of RMB14,821,000 or 21% as compared with last year.

Logistics and Supply Chain Services for Electronic Components (Conducted Through Investments in Joint Ventures)

During the Reporting Period, the logistics and supply chain services for electronic components business of the Group's associates maintained stable performance as compared with last year, and its operating income was basically the same with last year. However, affected by exchange rate fluctuations and increased expenses, Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. witnessed substantial decrease in profit. During the Reporting Period, their operating income amounted to RMB800,837,000, representing an increase of 1%, and the net profit amounted to RMB40,007,000, representing a decrease of 38%.

Financial Review

Turnover

For the year ended 31 December 2017, turnover of the Group was RMB2,397 million, representing a decrease of RMB375 million or 14% as compared to RMB2,772 million last year. The decrease in turnover is mainly attributable to the decrease in materials procurement and related logistics services as compared to last year.

Cost of sales and gross profit

For the year ended 31 December 2017, the cost of sales of the Group was RMB2,292 million, representing a decrease of RMB391 million or 15% as compared to RMB2,683 million of the corresponding period of last year, which was broadly in line with the decrease of turnover for the year.

For the year ended 31 December 2017, gross profit margin of the Group was 4.38%, 1.15 percentage points higher than last year.

Administrative expenses

The administrative expenses of the Group amounted to RMB54,066,000 in 2017, representing a decrease of RMB4,470,000 or 7.6% as compared to RMB58,536,000 last year. The Group will continue to strengthen its control over part of its administrative expenses.

Finance costs

The Group's finance costs during 2017 amounted to RMB17,631,000, representing an increase of RMB7,204,000 or 69% as compared to RMB10,427,000 last year. The Group will continue to improve the efficiency of capital utilisation and strive for the most favorable conditions for bank credits, so as to reduce the overall finance costs.

Taxation expenses

The taxation expenses of the Group for 2017 were RMB15,651,000, representing an increase of RMB5,584,000 or 55% as compared to RMB10,067,000 last year. The increase in taxation expenses was mainly attributable to the substantial increase in the income tax expenses of Tianjin Fengtian Logistics Co., Ltd (a subsidiary of the Group) as compared to last year.

Share of results of joint ventures and associates

The share of results of joint ventures and associates of the Group for 2017 was RMB17,934,000, representing a decrease of RMB13,855,000 or 44% as compared to RMB31,789,000 last year, which was mainly due to the substantial decrease in the operating results of Tianjin Alps Teda Logistics Co., Ltd. and Dalian Alps Teda Logistics Co., Ltd. (both of which are associated companies of the Group) as compared to last year.

Profit for the year and earnings attributable to the equity holders of the Company

For the year ended 31 December 2017, total profits for the period amounted to RMB43,951,000, representing a decrease of RMB13,685,000 or 24% as compared to last year. Earnings attributable to the equity holders of the Company were RMB22,732,000, decreased by RMB20,651,000 or 48% as compared to RMB43,383,000 of last year. The decrease in earnings attributable to the equity holders of the Company was mainly due to the decrease in the operating results of the materials procurement and related logistics services of the Company as compared to the corresponding period of last year and the decrease in investment income, coupled with the increase in finance cost of RMB7,204,000 or 69% as compared to last year.

Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (corresponding period of 2016: RMB0.03).

Liquidity and financial resources

For the year ended 31 December 2017, the Group maintained a sound financial position. As at 31 December 2017, the cash and bank balances of the Group were RMB552,990,000 (31 December 2016: RMB327,598,000). As at 31 December 2017, the total assets of the Group were RMB2,633,044,000 (31 December 2016: RMB2,520,247,000). Capital was sourced from current liabilities of RMB1,620,717,000 (31 December 2016: RMB1,523,960,000), non-current liabilities of RMB57,867,000 (31 December 2016: RMB62,762,000), shareholder's equity attributable to the shareholders of the Group of RMB851,180,000 (31 December 2016: RMB839,032,000) and minority interests of RMB103,280,000 (31 December 2016: RMB94,493,000).

Capital structure

For the year ended 31 December 2017, there was no change in the capital structure of the Group. The share capital of the Company comprised only ordinary shares.

Loans and borrowings

As at 31 December 2017, the balance of bank loans of the Group was RMB319,995,000 (31 December 2016: RMB193,834,000).

Gearing ratio

As at 31 December 2017, the ratio of total liabilities to total assets of the Group was 64% (31 December 2016: 63%). The gearing ratio (ratio of loans (including borrowings and financial lease liabilities) to total equity) of the Group was 44% (31 December 2016: 30%).

Charge on assets

As at 31 December 2017, the charge on assets of the Group was as follows:

On 8 November 2016, Bonded Warehouse, a wholly-owned subsidiary of the Group, entered into a financial lease agreement with Huayun Finance Leasing Company Limited* (華運金融租賃股份有限公司) ("Huayun Leasing") at the consideration of RMB91,000,000, and entered into a mortgage in favour of Huayun Leasing to guarantee the principal payment under the finance lease agreement. The mortgaged assets are certain properties and facilities of Bonded Warehouse with a net value of approximately RMB109,436,000.

On 11 May 2017, Bonded Warehouse, a wholly-owned subsidiary of the Group, further entered into a financial lease agreement with Tianyin Finance Leasing Company Limited* (天銀金融租賃有限公司) ("Tianyin Leasing") at the consideration of RMB55,000,000, and entered into a mortgage in favour of Tianyin Leasing to guarantee the principal payment under the finance lease agreement. The mortgaged assets are yards and facilities of Bonded Warehouse with a net value of approximately RMB55,469,000.

Exchange loss or gain

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

The Group has no significant investments outside Mainland China. The Group, however, may be exposed to certain extent of foreign currency exchange loss or gain mainly because the Group and its subsidiaries, Tianjin Fengtian Logistics Co., Ltd and Tianjin TEDA International Freight Forwarding Co., Ltd., have transactions denominated in United States Dollar, Japanese Yen and Hong Kong Dollar. For the 12 months ended 31 December 2017, the Group had an exchange loss of RMB103,000 after offsetting the exchange gains with exchange losses.

Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

Operating lease commitments

As at 31 December 2017, the Group had the following operating lease commitments:

The Group as lessee

The Group	**2017** **RMB'000**
Within one year	**3,547**
In the second to fifth year	**2,136**
Over five years	**–**
	5,683

The Group as lessor

The Group	**2017** **RMB'000**
Within one year	**10,281**
In the second to fifth year	**13,484**
Over five years	**–**
	23,765

Material Acquisition or Disposal of Subsidiaries, Associates and Joint Ventures

During the year, there was no material acquisition or disposal of subsidiaries and associates by the Group.

Employees

As at 31 December 2017, the Group employed 2,345 employees (31 December 2016: 2,329).

	As at 31 December 2017	As at 31 December 2016
Administration	**335**	304
Finance	**62**	69
Consulting Technology	**12**	13
Sale and Operation	**1,936**	1,943
Total	**2,345**	2,329

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 employees. Also, a discretionary bonus based on individual performance during the year will be distributed as a reward for the contributions made by the employees to the Company. Other employee benefits include pension insurance, unemployment insurance, labour injury insurance, medical insurance, maternity insurance and housing fund.

OTHER CORPORATE INFORMATION

Competition and Conflict of Interests

Competing Interests

None of the Directors, management shareholders or substantial shareholders of the Company or their respective associates has interest in business that competes or may compete with the business of the Group or has any other conflicts of interests with the Group.

Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 31 December 2017, none of the Directors, supervisors or chief executives of the Company had any interest and short positions in the shares, underlying shares or debentures of the Company and 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 the directors and supervisors 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 2017, none of the directors, supervisors or chief executives held 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 others to subscribe for any securities in any member of the Group, or had any interest, directly or indirectly, in any assets acquired or leased or proposed to be acquired since 1 January 2017.

Substantial Shareholders and Persons Holding Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as is known to the Directors, supervisors and chief executives of the Company, as at 31 December 2017, the following persons had interests or short positions in the shares and the underlying shares of the Company which were required to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or had, directly or indirectly, been interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company ; or which were required to be recorded in the register specified in Section 336 of the SFO pursuant to such Section:

Long position in shares of the Company

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	150,420,051 (L) Domestic shares	58.74%	42.45%
Chia Tai Pharmaceutical Investment (Beijing) Co., Ltd.	Beneficial owner	77,303,789 (L) Domestic shares	30.19%	21.82%
Chia Tai Land Company Limited	Beneficial owner	28,344,960 (L) Domestic shares	11.07%	8%
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 7 June 2013, Tianjin Teda Investment Holding Co., Ltd. and Tianjin Economic and Technological Development Area State Asset Operation Company transferred 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 and completed the transfer of the shares. So far as is known to the Directors, chief executives and supervisors of the Company, as at 31 December 2017, 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 were 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 (BVI) Holdings Limited 正大集團(BVI)控股有限公司	Interest of corporation controlled by a substantial shareholder	28,344,960 (L) Domestic shares	11.07%	8%
CPG Overseas Company Limited	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%

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 December 2017, no other persons (other than the Directors or chief executives or supervisors of the Company) had interests or short positions which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or had, directly or indirectly, been interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company and/or any subsidiary of the Company; or which were required to be recorded in the register specified in Section 336 of the SFO pursuant to such Section.

Corporate governance report

The Company believes that stringent corporate governance practices could enhance credibility and transparency and are in the interests of the shareholders of the Company. The Company has established a complete set of code on corporate governance practices – "Handbook of Corporate Governance Practices" pursuant to the requirements of the GEM Listing Rules. Save as disclosed below, the Company has complied with all the requirements of the Corporate Governance Code ("the Code") set out in Appendix 15 of the GEM Listing Rules throughout the reporting year, save for the deviation of Code A.2.1 and Code A.6.7.

Pursuant to the code provision A.2.1, the roles of the chairman of the Board (the "Chairman") and the 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 established and set out in writing.

As at 31 December 2017, the roles of the Chairman and the CEO of the Company have been performed by Mr. Zhang Jian and he has been responsible for the management of the Board and the operation of 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 believes 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 considers that, at this moment, it is not necessary to separate the roles of the Chairman and the CEO. However, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to decide whether the roles of the Chairman and the CEO should be separated.

Audit Committee

The Company has 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" prepared by the Hong Kong Institute of Certified Public Accountants, and its duties and responsibilities have been properly laid down in writing under the requirements of Rule 5.29 of the GEM Listing Rules. The audit committee currently comprises Mr. Zhou Zisheng (chairman), Mr. Cheng Xinsheng and Mr. Japhet Sebastian Law (all being independent non-executive Directors), among which Mr. Cheng Xinsheng, has the relevant 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 quarterly, interim and annual results of the Group. The audit committee reviewed the audited financial statements for the year ended 31 December 2017 and recommended approval to the Board. In 2017, the audit committee held a total of 7 meetings to review the financial information and the risk management and internal control system of the Company. For the year ended 31 December 2017, the Company complied with the requirements of Rules 5.28 of the GEM Listing Rules in respect of the audit committee.

Securities Transaction by the Directors

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 5.68 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.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, or redeemed or sold or cancelled any listed securities of the Company.

Preliminary Results Announcement

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary results announcement.

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

Tianjin, 20 March 2018

As at the date of this announcement, the Board comprises of Mr. Zhang Wang as executive director; Mr. Cui Xuesong, Miss Tse, Theresa Y Y and Mr. Yang Xiaoping as non-executive directors; and Mr. Cheng Xinsheng, Mr. Chia Pun Kok, Mr. Japhet Sebastian Law and Mr. Zhou Zisheng as independent non-executive directors.

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

* *For identification purpose only*