

**SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.**

The Interim Report for Year 2012

**August 2012**

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## PART I Important Notice

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management guarantee that there are no omissions, misstatement, or misleading information in this report. They are responsible, individually and jointly, for the authenticity, accuracy and integrity of the information herein.

All directors, supervisors and senior management ensure the truthfulness, accuracy and completeness of the contents of this report.

All directors attended the board meeting.

Mr. Fan Zhaoping, Chairman of the Board, and Mdm. Yu Zhongxia, Financial Controller, and Mdm. Sun Yuhui, Financial Manager,, all guarantee the authenticity and integrity of the financial result in this report.

The financial report had not been audited.

The Interim Report is written in both Chinese and English. In case of conflict between the two versions, Chinese version shall prevail.

## PART II Corporate Information

### I. Company Profile

A-share Stock Code		B-share Stock Code	200053
A-share Abbreviation		B-share Abbreviation	Chiwan Base-B
Stock Exchange	Shenzhen Stock Exchange		
Company's Name in Chinese	深圳赤湾石油基地股份有限公司		
Company's Short Name in Chinese	深基地		
Company's Name in English	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.		
Company's Short Name in English	Chiwan Base		
Legal Representative	Mr. Fan Zhaoping		
Registered Address	Chiwan, Shenzhen		
Post Code	518068		
Office Address	14/F, Chiwan Petroleum Building, Shenzhe		
Post Code	518068		

Website	www.chiwanbase.com
E-mail	sa@chiwanbase.com

## II. Contact Person and Method

	Board Secretary	Securities Representative
Name	Song Tao	Li Zizheng
Address	14/F, Chiwan Petroleum Building, Shenzhen, PRC	14/F, Chiwan Petroleum Building, Shenzhen, PRC
Telephone	0755-26694211	0755-26694211
Fax	0755-26694227	0755-26694227
Email	sa@chiwanbase.com	sa@chiwanbase.com

## III. Information Disclosure

Designated Newspapers for Information Disclosure	Securities Times, Hong Kong Commercial Daily
Website for Information Disclosure	www.cninfo.com.cn
Place Of Regular Reports Prepared For Inquiry	14/F, Chiwan Petroleum Building, Shenzhen, PRC

# PART III. Accounting Data and Business Data

## I. Major Financial Indicators

Retroactive Adjustment

Yes  No

Major Financial Data

Unit: RMB

Major Accounting Data	Report Period (Jan to June, 2012)	Last Period (Jan to June, 2011)	Percentage Change (%)
Operating Revenue	266,743,751.01	214,417,103.88	24.40%
Operating Profit	85,693,303.75	66,073,508.54	29.69%
Total Profit	86,112,939.34	66,872,753.29	28.77%
Net Profit Attributed to Shareholders of Listed Company	68,604,658.47	58,272,681.81	17.73%
Net Profit Net of Non-recurring Gain and Loss Attributed to Listed Company	68,289,931.78	57,667,119.90	18.42%
Net Cash Flows from Operating Activities	103,559,134.57	87,316,436.09	18.60%
	June 30, 2012	December 31, 2012	Percentage Change (%)
Total Assets	4,134,893,874.45	3,647,993,280.18	13.35%
Owner's Equity Attributed to Shareholders of Listed Company	1,228,946,451.59	1,160,341,793.12	5.91%

Capital Stock	230,600,000	230,600,000	0%
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#### Major Financial Indicators

Major Financial Indicators	Report Period (Jan to June, 2012)	Last Period (Jan to June, 2011)	Percentage Change (%)
Basic Earnings per Share (RMB/Share)	0.30	0.25	20%
Diluted Earnings per Share (RMB/Share)	0.30	0.25	20%
Basic Earnings per Share Net of Non-recurring Gains and Losses (RMB/Share)	0.30	0.24	25%
Fully Diluted Return on Equity (%)	5.58%	5.42%	0.16%
Weighted Average Return on Equity (%)	5.74%	5.40%	0.34%
Fully Diluted Return on Equity Net of Non-recurring Gains and Losses (%)	5.56%	5.36%	0.20%
Weighted Average Return on Equity Net of Non-recurring Gains and Losses (%)	5.72%	5.03%	0.69%
Net Cash Flows per Share from Operating Activities (RMB/Share)	0.45	0.38	18.42%
	June 30, 2012	December 31, 2011	Percentage Change (%)
Net Assets Per Share Attributed to Shareholders of Listed Company (RMB/Share)	5.33	5.03	5.96%
Liability Ratio (%)	64.14%	61.38%	2.76%

## II. Difference of Accounting Data between Foreign and China Accounting Standards

### 1. Differences of Net Profit and Net Asset between IAS and China Accounting Standards

Applicable     Inapplicable

### 2. Differences of Net Profit and Net Asset between Foreign and China Accounting Standards

Applicable     Inapplicable

### 3. Items of Major Differences

None

### 4. Explanation of Differences of Accounting Data between Foreign and China Accounting Standards

None

## III. Items of Non-recurring Gains & Losses

Applicable     Inapplicable

Item	Amount	Note
Disposal of non-current assets	9,276.22	
Government grants recognized in current year's profit or loss (except for the fixed or quantitative government grants closely related to the enterprise businesses according to the national unified standard)	395,200.00	
Other non-operating revenue and expenditure excluding the above-mentioned items	15,159.37	
Influence on income tax	-104,908.90	
Total	314,726.69	--

## **PART IV. Changes in Capital Stock and Shareholders**

### **I. Changes in Capital Stock**

#### **1. Changes in Capital Stock**

Applicable     Inapplicable

#### **2. Changes in Equity with Trading Limited Conditions**

Applicable     Inapplicable

### **II. Securities Issuance and Listing**

#### **1. Securities Issuance in Last Three Years**

Applicable     Inapplicable

#### **2. Changes in Shares and Its Structure**

Applicable     Inapplicable

#### **3. Existed Employee Shares**

Applicable     Inapplicable

### **III. Shareholders and Actual Controller**

#### **1. Number of Shareholders**

There are 8,672 shareholders at the end of report period.

## 2. Top Ten Shareholders

√Applicable    □Inapplicable

Top Ten Shareholders						
Name (full name)	Character	Ratio (%)	Shares	Non-tradable Shares	Impawnd or Frozen Shares	
					Status	Shares
CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	State-owned Legal Person	51.79%	119,420,000	119,420,000	Impawnd or Frozen	0
China Logistics Holding (12) PTE.LTD.	Foreign Legal Person	19.90%	45,890,000	0	Impawnd or Frozen	0
CHINA MECHANTS SECURITIES (HONGKONG) LTD	State-owned Legal Person	1.37%	3,159,803	0	Impawnd or Frozen	Unknown
GUOTAI JUNAN SECURIES (HONG KONG) LIMITED	Foreign Legal Person	0.41%	937,950	0	Impawnd or Frozen	Unknown
LI SHU CHUN	Domestic Natural Person	0.30%	681,720	0	Impawnd or Frozen	Unknown
WU CHI LI	Foreign Natural Person	0.25%	575,800	0	Impawnd or Frozen	Unknown
LI MING YA	Domestic Natural Person	0.24%	550,480	0	Impawnd or Frozen	Unknown
MATTHEWS CHINA DIVIDEND FUND	Foreign Legal Person	0.21%	473,116	0	Impawnd or Frozen	Unknown
PAN BO	Domestic Natural Person	0.17%	392,100	0	Impawnd or Frozen	Unknown
CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	Foreign Legal Person	0.17%	390,002	0	Impawnd or Frozen	Unknown

### Top Ten Tradable Shareholders

√Applicable    □Inapplicable

Name (full name)	shares	Type and Number	
		Type	Number
China Logistics Holding (12) PTE.LTD.	45,890,000	B	45,890,000
CHINA MECHANTS SECURITIES (HONGKONG) LTD	3,159,803	B	3,159,803
GUOTAI JUNAN SECURIES (HONG KONG) LIMITED	937,950	B	937,950
LI SHU CHUN	681,720	B	681,720
WU CHI LI	575,800	B	575,800
LI MING YA	550,480	B	550,480
MATTHEWS CHINA DIVIDEND FUND	473,116	B	473,116

PAN BO	392,100	B	392,100
CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED	390,002	B	390,002
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	369,300	B	369,300

Explanation for the Affiliated Relations or United Action of the Top Ten Shareholders

Among the top ten shareholders, the domestic legal entity shareholder, China Nanshan Development (Group) Incorporation, has no affiliated relations with other shareholders and does not fall into the scope of united action person stipulated by “Regulation of Information Disclosure of the Change of Shareholding of listed company”. It is unknown that whether other shareholders fall into the scope of united action person.

Strategic investor became top ten shareholders by placing new shares.

Applicable     Inapplicable

### 3. Controlling Shareholder and Actual Controller

#### (1) Changes of Controlling Shareholder and Actual Controller

Applicable     Inapplicable

#### (2) Introduction of Controlling Shareholder and Actual Controller

New Actual Controller

Yes     No

Name of Actual Controller	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION
Type of Actual Controller	Other

Explanation:

Controlling Shareholder: China Nanshan Development (Group) Incorporation

Legal Representative: Fu Yuning

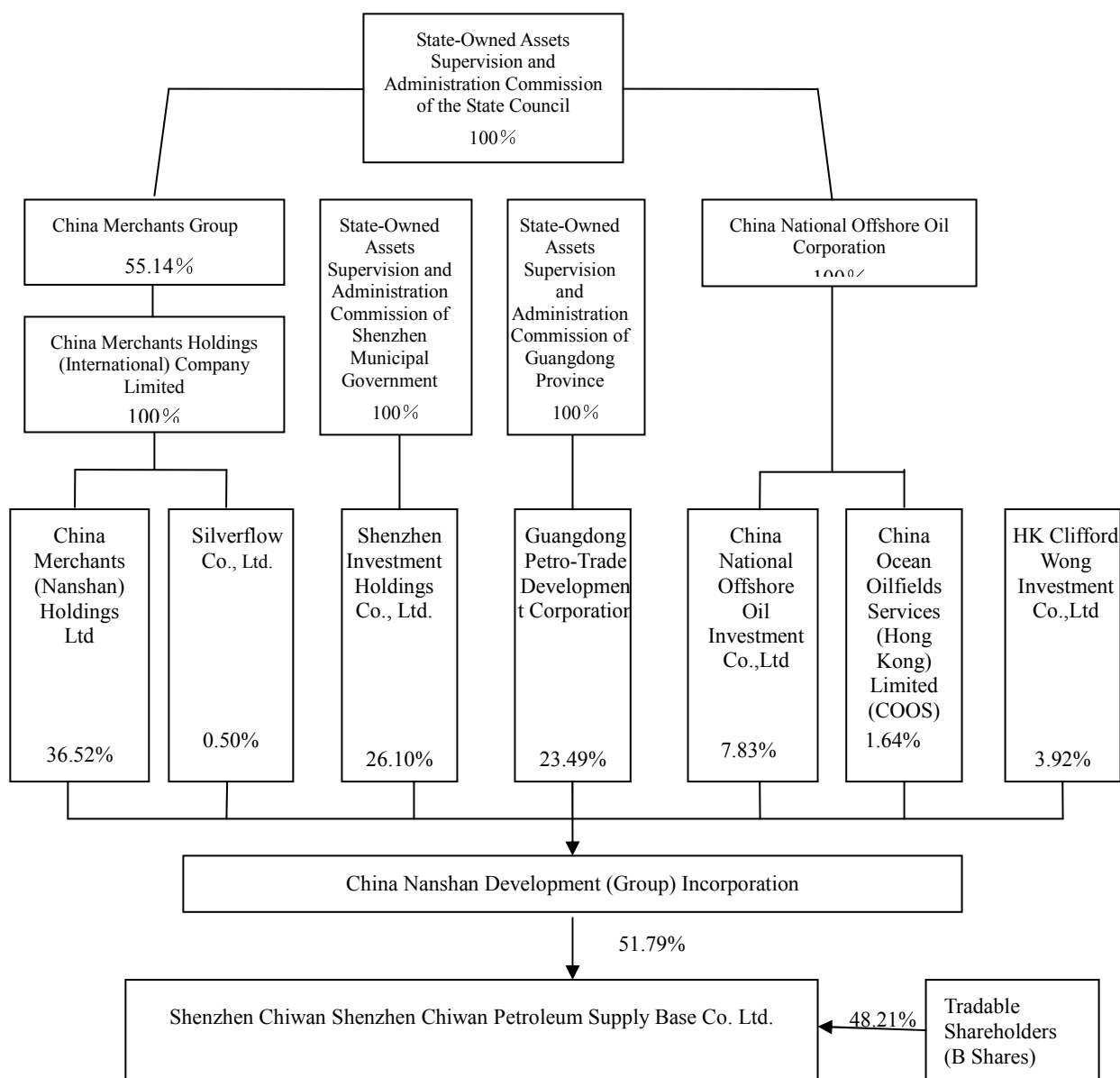
Registration Date: September 28, 1982

Registration Capital: RMB 900 million

Business Scope: Land development, port service and transportation, as well as related industry, commerce, real estate and tourism and bonded warehouses



**(3) Chart of Actual Controller and the Company**



**(4) Actual Controller controlled the Company by trust or other asset management method.**

Applicable     Inapplicable

**4. Other shareholders with more than 10% shares.**

Applicable     Inapplicable

Shareholder's Name	Legal Representative	Register Date	Main Business	Registered Capital
China Logistics Holding (12) Pte. Ltd.	Schwartz Jeffrey Howard	November 11, 2010	Investment	100 USD
Explanation	None			

**IV. Convertible Corporate Bonds**

Applicable     Inapplicable

## PART V. Directors, Supervisors and Senior Management

### I. Changes of Shares held by Directors, Supervisors and Senior Management

Name	Position	Gender	Age	Office Term	Shares Held on Jan 1, 2012	Increase	Decrease	Shares Held on Jun 30, 2012	Number of Shares with Trading Limit Conditions	Number of Stock Options	Change Reason	Whether receiving remuneration from shareholder or other related companies
Fan Zhaoping	Chairman	Male	58	2011.1.6—2013.5.13	11,600	0	0	11,600	8,700	0	None	Yes
Ming Zhi Mei	Vice Chairman	Male	40	2011.4.20--2013.5.13	0	0	0	0	0	0	None	Yes
Tian Junyan	Director	Male	50	2010.5.13—2013.5.13	0	0	0	0	0	0	None	Yes
Han Guimao	Director	Male	62	2010.5.13—2013.5.13	10,000	0	0	10,000	7,500	0	None	Yes
Kent Yang	Director	Male	43	2011.4.20--2013.5.13	0	0	0	0	0	0	None	Yes
Liu Wei	Director/ GM	Male	46	2012.6.1-2012.5.13	55,900	0	0	55,900	41,925	0	None	No
Ren Yongping	Director/ Deputy GM	Male	59	2010.5.13—2013.5.13	118,000	0	0	118,000	88,500	0	None	No
Lin Shaodong	Independent Director	Male	66	2010.5.13—2013.5.13	0	0	0	0	0	0	None	No
Zhang Limin	Independent Director	Male	57	2010.5.13—2013.5.13	0	0	0	0	0	0	None	No
Zhou Chengxin	Independent Director	Male	57	2010.5.13—2013.5.13	0	0	0	0	0	0	None	No
Cui Zhongfu	Independent	Male	50	2010.5.13—2013.5.13	0	0	0	0	0	0	None	No

	Director												
Guo Songhua	Supervisor Convenor	Female	54	2012.3.26—2013.5.13	0	0	0	0	0	0	0	None	Yes
Chen Lei	Supervisor	Male	36	2011.4.20—2013.5.13	0	0	0	0	0	0	0	None	Yes
Chen Hong	Supervisor	Male	52	2012.6.1—2013.5.13	0	0	0	0	0	0	0	None	Yes
Li Hongwei	Supervisor	Male	44	2011.4.20—2013.5.13	0	0	0	0	0	0	0	None	Yes
Kong Peng	Supervisor	Male	40	2010.5.13—2013.5.13	0	0	0	0	0	0	0	None	No
Sun Wujiang	Supervisor	Male	45	2010.5.13—2013.5.13	0	0	0	0	0	0	0	None	No
Liu Fu	Supervisor Convenor	Male	66	2010.5.13—2012.3.26	0	0	0	0	0	0	0	None	Yes
Wang Jianjiang	Deputy GM	Male	55	2011.2.21—Now	0	0	0	0	0	0	0	None	No
Yu Zhongxia	Deputy GM/ Financial Controller	Female	49	2011.11.21—Now	65,182	0	0	65,182	48,887	0	0	None	No
Fu Jialin	Deputy GM	Male	51	2011.11.21—Now	71,100	0	0	71,100	53,325	0	0	None	No
Song Tao	Board Secretary	Male	33	2012.3.26—Now	0	0	0	0	0	0	0	None	No
Total	--	--	--	--	--	331,782	0	0	331,782	248,837	0	--	--

Equity Incentive for Directors, Supervisors and Senior Management

Applicable     Inapplicable

## II. Posts

Posts in Shareholder's Company

√ Applicable    □ Inapplicable

Name	Company Name	Position	Office Term	Whether receiving remuneration from shareholder
Fan Zhaoping	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Senior Vice President	1998.12.8--Now	Yes
Tian Junyan	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	President	2011.1.4--Now	Yes
Han Guimao	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Vice Director	2011.1.4--Now	Yes
Guo Songhua	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Financial Controller	2007.9.12--Now	Yes
Chen Hong	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Chief Engineer	2007.9.12--Now	Yes
Li Hongwei	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	GM of Business Management Department	2009.3.19--Now	Yes
Explanation	None			

Other Posts

√ Applicable    □ Inapplicable

Name	Company Name	Post
Fan Zhaoping	Chiwan Wharf Holdings Co., Ltd.	Director
	Chiwan Container Terminal Co., Ltd.	Director
	Shenzhen Southseas Grains Industries Limited	Director
Ming Zhi Mei	Global Logistic Properties	CEO & Jointed Founder
	Eastern Bell Venture Capital	Founder & Chairman
Tian Junyan	Nanshan Real Estate Developing Co., Ltd.	Chairman
	YAHGEE Modular House Co., Ltd	Chairman
	Chixiao Enterprise Co., Ltd.	Chairman
	Shenzhen Chiwan Oriental Logistics Ltd	Chairman
	Chiwan Wharf Holdings Co., Ltd.	Director
Han Guimao	Shenzhen Chiwan Sembawang Engineering Co., Ltd.	Vice Chairman
	Shanghai Matsuo Steel Structure Co., Ltd.	Chairman

	Penglai Jutal Offshore Engineering Heavy Industries Co., Ltd.	Director
Kent Yang	Global Logistic Properties	Director & GM
Liu Wei	Shenzhen Chiwan Offshore Petroleum Equipment Repair & Manufacture Co., Ltd.	Director
	Shenzhen Chiwan Sembawang Engineering Co., Ltd.	Director
Lin Shaodong	China Offshore Oilfields Services Ltd.	Special Advisor
	Huatai Insurance Group	Independent Director
Zhang Limin	China Auditing Society	Vice President
	Shenzhen Expressway Co., Ltd.	Independent Director
	Tianjin Benefo Electric Co., Ltd.	Independent Director
Zhou Chengxin	Shenzhen Legal Research Institute	Director
	China Aviation Sanxin Co., Ltd.	Independent Director
	Eternal Asia Supply Chain Management Ltd.	Independent Director
Cui Zhongfu	China Federation of Logistics and Purchasing	Vice Chairman and Secretary General
	Sinotrans Air Transportation Development Co., Ltd.	Independent Director
Guo Songhua	Shenzhen Southsea Food Industries Limited	Vice Chairman
	Shenzhen Southseas Grains Industries Limited	Vice Chairman
	Chixiao Enterprise Co.,Ltd	Director
	Shenzhen Haiqin Engineering Management Co., Ltd.	Director
	Changsha Nanshan Real Estate Development Co., Ltd.	Director
	Chiwan Development (Hong Kong) Co., Ltd.	Director
	Nanshan Development (Hong Kong) Co., Ltd.	Director
	Chiwan Development (Singapore) Co., Ltd.	Director
	Chiwan Wharf Holdings Co., Ltd.	Supervisor
Chen Lei	Global Logistic Properties	Senior Vice President
Explanation	None	

### III. The Remuneration of Directors, Supervisors and Senior Management

Approval Procedure of Remuneration for Directors, Supervisors and Senior Management	Independent directors' allowance is approved by General Shareholders' Meeting. The remuneration of senior management is approved by Board of Directors.
Remuneration Standard for	Independent Directors' allowance is RMB 100,000 per year and is approved by

Directors, Supervisors and Senior Management	the Second Extraordinary Shareholders' Meeting in 2012. Senior management is appointed by the Board of Directors. Remuneration standard for senior management is decided by their abilities, performance, etc.
Payment for Directors, Supervisors and Senior Management	Four Independent Directors, Director & GM(Liu Wei), Director& Deputy GM(Ren Yongping), two employee Supervisors and Senior Management draw their salaries, bonuses and other welfares from the Company, while all the others draw the payment from their respective shareholder party instead of the Company.

#### IV. Changes of Directors, Supervisors and Senior Management

Name	Post	Status	Date	Reason
Liu Wei	Director	Elected by 2011 Annual General Meeting	June 1, 2012	Work Adjustment
Liu Fu	Supervisor Convenor	Resignation	March 26, 2012	Retirement
Guo Songhua	Supervisor Convenor	Elected by the Fifth Session of the Sixth Board of Supervisors	March 26, 2012	Work Adjustment
Chen Hong	Supervisor	Elected by 2011 Annual General Meeting	June 1, 2012	Work Adjustment
Liu Wei	GM	Appointed by the Sixth Session of the Sixth Board of Directors	March 26, 2012	Work Adjustment
Song Tao	Board Secretary	Appointed by the Sixth Session of the Sixth Board of Directors	March 26, 2012	Work Adjustment

#### V. Employee

Number of Employee	490
Number of retiree which the Company needs to pay salary	4
Structure	
Type	Number
Manufacturing Employee	331
Sales Employees	32
Technical Employees	11
Financial Employees	37
Administrative Employees	79
Education	
Type	Number
Master Degree and Above	27

Bachelor Degree	110
College Degree	86
High School and Below	267

Explanation: None

## **PART VI. The Report of Board of Directors**

### **I. Business Discussion and Analysis**

#### **Business Scope and Brief Information**

Business scopes of the Company are providing logistics services for the petroleum exploration, development and operation in South China Sea, providing services of logistics parks by holding subsidiaries and manufacture and maintenance services of offshore engineering by joint stock companies.

In the first half year of 2012, the Company achieved revenue of RMB 266.74 million, an increase of 24% compared with same period of last year; the net profit was RMB 73.89 million (including net profit attributable to non-controlling interests), an increase of 35% compared with same period of last year.

The Reason of Increase of Operating Revenue and Net Profit:

1. Good performance of offshore oil logistics services led to the increase of operating revenue and net profit.
2. Newly operated warehouses (Mingjiang, Langfang) this year and warehouses (Shanghai 18#, Kunshan 12# and Longquan Baowan) operated last year made the revenue increase. The increase of rent price was also the reason of increase of operating revenue and net profit.
3. In the report period, the performance of CSE and Penglai Jutal were good, which led to the increase of investment income for the Company compared with the same period of last year.

#### **Business Plan for the Second Half Year, Risk and Measures**

The business of offshore oil logistics services is expected to maintain the steady development trend. The work plan for offshore oil logistics services is as follows: fully taking the advantages of the deep water resources, achieving the strategic transformation of a sole shallow-water functional base to an integrated deep-water base, continuously focusing on the development of Huizhou base and minimizing the adverse effects for the Company.

The work plan for Baowan Logistics is as follows: strengthening the strategic cooperation with key clients; strengthening investment management and shortening the project development cycle; continuously developing value-added services; improving profitability of logistics parks by strengthening marketing ability.

The Company shall continue to focus on the operation management of CSE and support its development.

**The business performance is 20% lower or higher than the disclosed profit forecast.**

Yes     No

#### **Review of Business Segments**



### 1. Offshore Oil Logistics Services

In the first half year of 2012, it achieved operating revenue of RMB 149.02 million, an increase of 24% compared with the same period of last year and net profit of RMB 60.49 million, an increase of 16% compared with the same period of last year.

### 2. Logistics Services

(1) Shenzhen Baowan: It achieved operating revenue of RMB 7.38 million, a decrease of 18% compared with the same period of last year and net profit of RMB 0.33 million, a decrease of 81% compared with the same period of last year. The decrease was caused by the decrease of import and export. The occupancy rate is 73% by the end of June 30, 2012.

(2) Shanghai Baowan: It achieved operating revenue of RMB 37.77 million, an increase of 10% compared with the same period of last year and net profit of RMB 21.08 million, an increase of 13% compared with the same period of last year. The occupancy rate is 100% by the end of June 30, 2012.

(3) Guangzhou Baowan: It achieved operating revenue of RMB 3.50 million, a decrease of 2% compared with the same period of last year and net profit of RMB -0.27 million, a decrease of 160% compared with the same period of last year. The decrease of net profit was caused by the increase of expenditure by Plat A. The occupancy rate of Plot B is 100% by the end of June 30, 2012.

(4) Kunshan Baowan: It achieved operating revenue of RMB 21.60 million, an increase of 17% compared with the same period of last year and net profit of RMB 8.13 million, an increase of 42% compared with the same period of last year. The occupancy rate is 100% by the end of June 30, 2012.

(5) Tianjin Baowan: It achieved operating revenue of RMB 23.64 million, an increase of 7% compared with the same period of last year and net profit of RMB 6.28 million, an increase of 18% compared with the same period of last year. The occupancy rate is 98% by the end of June 30, 2012.

(6) Chengdu Xindu Baowan: It achieved operating revenue of RMB 7.81 million, an increase of 19% compared with the same period of last year and net profit of RMB 1.53 million, an increase of 87% compared with the same period of last year. The occupancy rate is 97% by the end of June 30, 2012.

(7) Chengdu Longquan Baowan: It achieved operating revenue of RMB 7.89 million and net profit of RMB 1.32 million with a sharp increase compared with same period of last year. The occupancy rate is 100% by the end of June 30, 2012.

(8) Mingjiang: It was put into operation in April 2012. It achieved operating revenue of RMB 5.20 million and net profit of RMB 1.46 million. The occupancy rate is 100% by the end of June 30, 2012.

(9) Langfang Baowan: It was put into operation in May 2012. It achieved operating revenue of RMB 2.93 million and net profit of RMB -1.20 million. The occupancy rate is 93% by the end of June 30, 2012.

### 3. Investment Companies

(1) CSE: The Company holds 32% equity of CSE. In the first half year of 2012, CSE's investment income for the Company is RMB 18.38 million, an increase of 87% compared with the same period of last year.

(2) CPEC: The Company holds 20% equity of CPEC. Due to the decrease of business volume, CPEC's investment income for the Company is RMB -0.49 million.

### **Risks for Future Development**

Find the details in business discussion and analysis.

## 1. Main Business Lines

### (1) Main Business Lines by Industries and Products

Unit: RMB

By Industries or Products	Operating Revenue	Operating Cost	Gross Profit Rate (%)	Increase or Decrease of Operating Revenue over the Same Period of Last Year (%)	Increase or Decrease of Operating Cost over the Same Period of Last Year (%)	Increase or Decrease of Gross Profit Rate over the Same Period of Last Year (%)
By Industries						
Warehouse and Storage	169,017,335.47	67,686,043.79	59.95%	20.83%	35.43%	-4.32%
Loading and Unloading Services	50,431,003.36	22,878,944.67	54.63%	38.13%	30.11%	2.80%
Harbor Management	33,929,660.73	6,236,019.46	81.62%	28.44%	25.64%	0.41%
Office Leasing	13,365,041.45	3,859,308.59	71.12%	15.11%	38.01%	-4.79%

Description of Main Business Lines by Industries and Products: None

Description of Sharp Increase or Decrease of Gross Profit Rate: None

### (2) Main Business Lines by Regions

Unit: RMB

Region	Operating Revenue	Increase or Decrease of Operating Revenue over the Same Period of Last Year (%)
South China	159,903,066.18	20.53%
East China	64,569,923.76	22.06%
North China	26,570,285.52	20.52%
Southwest China	15,699,765.55	130.71%

Description of Main Business Lines by Regions: None

Description of Main Business Lines by Structure: None

### **(3) Description of Major Changes of Main Business Lines and Its Structure**

√ Applicable     Inapplicable

### **(4) Description of Changes of Profitability of Main Business Lines Compared with the Same Period of Last Year**

√ Applicable     Inapplicable

### **(5) Analysis of Major Changes of Profit Compared with the Same Period of Last Year**

√ Applicable     Inapplicable

### **(6) Main Business and Net Profit of Joint Invested Company Which Contributed to 10% or More Net Profit to the Company**

√ Applicable     Inapplicable

Chiwan Sembawang Engineering Co., Lte is a Chinese-foreign joint invested company with registered capital of USD 30 million, in which the Company holds 32% shares. Chiwan Sembawang has entrance to the deep water channel and good wharf and is capable of transporting large ocean and land steel structure to ships and manufacturing large bridges, jackets, platform, etc. In the first half year of 2012, Chiwan Sembawang achieved net profit of RMB 57.43 million.

## **2. Internal Control System Related to Fair Value**

√ Applicable     Inapplicable

## **3. Foreign Currency Financial Assets and Liability**

√ Applicable     Inapplicable

## **II. Investment of the Company**

### **1. Description of Overall Use of Raised Capital**

√ Applicable     Inapplicable

### **2. Promised Projects of Raised Capital**

√ Applicable     Inapplicable

### **3. Projects of the Changed Raised Capital**

√ Applicable     Inapplicable

#### 4. Important Non-raised Capital's Projects

Applicable Inapplicable

Unit RMB Million

Name	First Disclosure Date	Amount	Progress	Earnings
Langfang Baowan Logistics Park	July 14, 2006	248	It is put into operation in May 2012.	In the first half year of 2012, it achieved operating revenue of RMB 2.93 million and net profit of RMB -1.20 million.
Mingjiang Logistics Park	January 26, 2010	353	It is put into operation in April 2012.	In the first half year of 2012, it achieved operating revenue of RMB 5.20 million and net profit of RMB 1.46 million.
Chengdu Longquan Baowan Logistics Park	April 20, 2007	361	Seven warehouses had finished construction and put into operation. Other warehouses were under construction.	In the first half year of 2012, it achieved operating revenue of RMB7.89 million and net profit of RMB 1.32 million.
Guangzhou Baowan Logistics Park Plot A	March 28, 2012	480	In preparation.	N/A
Total		1,442	--	--
Description of Important Non-raised Capital's Projects				
None				

#### III. Changes of Business Plan for the Second Half Year in 2012

Applicable Inapplicable

#### IV. Forecast of Business Performance for January to September, 2012

The warning and explanation of deficit probability by the end of next report period or considerable change of net profit over the same period of last year.

Applicable Inapplicable

#### V. The Board of Directors' Description of Non-standard Audit Report Compiled by Certified Public Accountant

Applicable Inapplicable

## **VI. The Board of Directors' Description of Changes of Non-standard Audit Report Compiled by Certified Public Accountant Last Year**

Applicable     Inapplicable

## **VII. The Board of Directors' Discussion of Reasons and Influence for Changes of Accounting Policy, Accounting Estimation and Correction of Major Accounting Error.**

Applicable     Inapplicable

## **VIII. Implementation of Cash Distribution Policy**

According to the notice issued by CSRC, the Board of Directors communicated with independent directors and tradable shareholders and made a research about shareholder's return. The Eleventh Tele-communication Meeting of the Sixth Board of Directors reviewed and approved the Report of Shareholder's Return Program, which explained the content and reason of shareholder's return, the decision procedure of profit distribution and cash distribution.

The Eleventh Tele-communication Meeting of the Sixth Board of Directors and the Second Extraordinary Shareholders' Meeting in 2012 reviewed and approved the Proposal on Revision of the Articles of Association, which specified the principle, form and decision procedure of profit distribution.

During the process in researching shareholder's return and revising Articles of Association, independent directors issued their opinions and the Company heard small shareholders' advices by phones and e-mail.

Please find the details in Securities Times, Hong Kong Commercial Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) on August 3 and August 23, 2012.

## **IX. Profit Distribution**

Applicable     Inapplicable

## **X. The Company's retained earnings at the end of year 2011 were positive and did not implement cash dividend scheme.**

Applicable     Inapplicable

## **XI. Establishment and Implementation of Registration System of Undisclosed Information Insiders**

The Company established registration system of undisclosed information insiders in accordance with relative regulations. In the report period, the Company strictly implemented the registration system, registered the insiders timely.

## **XII. Other Disclosure Issue**

### **Special Explanation and Independent Opinions from Independent Directors on the Fund Occupancy by the Related Parties and External Guarantee.**

According to the Notice on Regulating the Fund Dealings between a Listed Company and its Related Parties and Several Issues Concerning External Guarantee Offered by Listed Companies (ZHENG JIAN FA (2003) No. 56) and the Notice on Reinforcing Information Disclosure of Fund Occupancy and Illegal Guarantee for Listed Companies (SHEN ZHENG JU FA (2004) 338), we inspected the Company's external guarantee and fund occupancy by related parties. We, as the independent directors of Shenzhen Chiwan Petroleum Supply Base Co., Ltd, hereby present the special explanation and independent opinions on the fund occupancy by the related parties and external guarantee as follows:

In the report period, the fund dealings between the Company and its related parties were normal financial payments. There was no guarantee for the holding shareholders, and other companies, or illegal fund occupancy.

## **XIII. The Company's Liability, Credit Changes and Cash Plan for Future Debt**

Applicable     Inapplicable

# **PART VII. Significant Events**

## **I. Governance**

During the report period, the Company had continuously observed Company Law, Securities Law, and Guidelines of Corporate Governance for Listed Company and relevant regulations to improve and enhance its corporate governance.

### **1. Special Activities of Corporate Governance**

According to the requirements of CSRC Shenzhen Bureau, the Sixth Tele-communication Meeting of the Sixth Board of Directors has reviewed and approved the Implementation Scheme of Internal Control on April 22, 2011. According to the implementation scheme, the Company finished the construction of internal control system, self-assessment and audit work in 2011.

In accordance with related requirements, the Sixth Session of the Sixth Board of Directors reviewed and approved the Self-assessment Report of Internal Control for Year 2011. The Company also appointed Ernest & Young Accounting Firm to audit the validity of internal control of the Company.

The Company drew up work plan of internal control for year 2012.

### **2. Non-normative Corporate Governance**

According to the requirements of Ministry of Finance and Accounting Standards for Enterprises, the Company provided financial reports monthly to its controlling shareholders, Nanshan Group, for compiling consolidated financial statements. In accordance with requirements of the Supplementary Notice on Strengthened Supervision of Non-Standard Behaviors in Corporate Governance Including Providing Undisclosed Information to Controlling Shareholders and Effective Controller, the Board of Directors reviewed and approved the Resolution on Regular

Submission of Financial Statements to the Controlling Shareholders on the Second Tele-communication Meeting of the Fifth Board of Directors. Nanshan Group and the Company signed the commitment letter respectively, and the Company provided the insiders' list to CSRC Shenzhen Bureau for record as well.

In the report period, the Company submitted 6 financial reports to Nanshan Group on date of 8 to 15 of every month. It also submitted the Information Form for Undisclosed Information in terms of timeliness, accuracy and integrity to CSRC Shenzhen Bureau for record.

## **II. Execution of Profit Distribution Scheme, Dividend Stock from Contributed Capital Surplus and New Share Issuance**

Applicable     Inapplicable

Dividend distribution scheme for year 2011 was approved by 2011 Annual General Meeting convened on June 2, 2012, where the cash dividend of RMB 1.58 (including tax) was distributed for every 10 shares based on total capital stock of 230.6 million shares. By now, the scheme had been implemented. The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on July 18, 2012.

Neither profit would be distributed nor would capital surplus be transferred into share capital in the semi-annual 2012.

## **III. Material Litigation or Arbitration**

Applicable     Inapplicable

There was no material litigation or arbitration in the report period.

## **IV. Bankruptcy and Recombination**

Applicable     Inapplicable

## **V. The Statement of Holding Shares of Other Listed Company and Financial Company**

### **1. Securities Investment**

Applicable     Inapplicable

Explanation: None

### **2. Holding Shares of Other Listed Company**

Applicable     Inapplicable

Explanation: None

### **3. Holding Shares of Non-listed Financial Company**

Applicable     Inapplicable

Explanation: None

#### **4. Selling and Buying of Other Listed Company**

Applicable     Inapplicable

Explanation: None

### **VI. Assets Transaction**

#### **1.Assets Acquisition**

Applicable     Inapplicable

Explanation: None

#### **2. Sales of Assets**

Applicable     Inapplicable

Explanation: None

#### **3. Assets Substitution**

Applicable     Inapplicable

Explanation: None

#### **4. Combination of Enterprises**

Applicable     Inapplicable

#### **5. The Influence of Business Operation and Financial Status after the Announcement of Assets Recombination, Acquisition and Sales**

Applicable     Inapplicable

### **VII. The Explanation of Increasing Shares or Proposed to Increase Shares by Controlling Shareholder**

Applicable     Inapplicable

### **VIII. Implementation and Influence of Equity Incentives**

Applicable     Inapplicable



## IX. Important Connected Transactions

### 1. Connected Transactions Involving Daily Operation

√ Applicable   □ Inapplicable

Transaction Party	Relationship	Type of Connected Transaction	Contents	Pricing Principle	Price (Unit: RMB 0,000)	Amount (Unit: RMB 0,000)	Ratio of Same Type of Transaction (%)	Settlement	Effect for Profit	Market Price (Unit: RMB 0,000)	Reasons of Difference Between Transaction Price and Market Price
Nanshan Group	Parent Company	Receiving Services	Renting Land and Building, Receiving Power Supply	Negotiation	495.1	495.1	45.97%	Bank Settlement	Increase Cost	495.1	N/A
Chiwan Wharf	Subsidiary of Parent Company	Receiving Services	Renting Land and Building	Negotiation	582	582	54.03%	Bank Settlement	Increase Cost	582	N/A
Nanshan Group	Parent Company	Providing Services	Renting Office	Negotiation	230.64	230.64	17.26%	Bank Settlement	Increase Revenue	230.64	N/A
Chiwan Wharf	Subsidiary of Parent Company	Providing Services	Renting Office	Negotiation	103.1	103.1	7.71%	Bank Settlement	Increase Revenue	103.1	N/A
Total				--	--	1,410.84	124.97%	--	--	--	--
Large Amount Return of Goods				N/A							
Necessity of Connected Transaction				The connected transaction is normal business activity and is necessary for the Company's operation. The							

	price is based on market price. It does not damage other shareholders' interest.
--	--

#### Connected Transaction Involving Daily Operation

Transaction Party	Providing Services		Receiving Services	
	Amount (Unit: RMB 0,000)	Ratio of Same Type of Transaction (%)	Amount (Unit: RMB 0,000)	Ratio of Same Type of Transaction (%)
Nanshan Group	230.64	17.26%	495.1	45.97%
Chiwan Wharf	103.1	7.71%	582	54.03%
<b>Total</b>	<b>333.74</b>	<b>24.97%</b>	<b>1,077.1</b>	<b>100%</b>

In which the amount of providing services to controlling shareholders and its subsidiaries is RMB 3.34 million.

#### 2. Connected Transactions of Assets Acquisition and Sales

Applicable     Inapplicable

#### 3. Important Connected Transactions of Joint Investment

Applicable     Inapplicable

Joint Investment Parties	Relationship	Invested Company	Main Business	Registration Capital (Unit: RMB Million)	Assets Scale	Net Profit (Unit: RMB Million)	Progress of Projects Under Construction
Nanshan Group, Chiwan Wharf and Yahgee Modular	Parent Company and Its Subsidiaries	China Nanshan Development Group Finance Company ( Tentative Name)	Note 1	500	N/A	0	N/A

Note 1: Business Scope: providing consultations of finance services to its members, providing approved insurance agency services, providing guarantee to its members etc.

#### Explanation of Important Connected Transactions of Joint Investment

In order to boarder financing channel and improve funds efficiency, the Tenth Tele-communication Meeting of the Sixth Board of Directors and the First Extraordinary Shareholders' Meeting in 2012 reviewed and approved to establish China Nanshan Development Group Finance Company (tentative name) with Nanshan Group, Chiwan Wharf and Yahgee Modular. The registration capital is RMB 500 million, in which Nanshan Group contributes RMB 200 million, the Company, Chiwan Wharf and Yahgee Modular contributes RMB 100 million respectively.

Please find the details on Securities Times, Hong Kong Commercial Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) on June 11 and June 28, 2012.

#### 4. Connected Claims and Liabilities

√ Applicable    □ Inapplicable

Connected Party	Relationship	Providing Funds to Connected Party (Unit: RMB 0,000)						Receiving Funds from Connected Party (Unit: RMB 0,000)					
		Opening Balance	Incurred Amount	Repaid Amount	Ending Balance	Interest Revenue	Interest Expenditure	Opening Balance	Incurred Amount	Repaid Amount	Ending Balance	Interest Revenue	Interest Expenditure
Non-operational													
(1) Nanshan Group---Long-term Payables	Parent Company							14,013	1,726		15,739		392
(2) Nanshan Group---Other Non-current Liabilities	Parent Company							70,000			70,000		2,279
Total								84,013	1,726	0	85,739		2,671
Incurred Amount of Providing Funds to Controlling Shareholders and Its Subsidiaries		0											
In which the incurred amount of non-operational connected claims and liabilities		0											
Balance of Providing Funds to Controlling		0											

Shareholders and Its Subsidiaries	
In which the balance of non-operational connected claims and liabilities	0
Reasons	(1) Long-term payables are construction funds of logistics parks paid by Nanshan Group; (2) Other non-current liabilities are borrowings from Nanshan Group in 2011, in which RMB 650 million for logistics parks construction and RMB 50 million for operation.

Occupation of Funds in the Report Period

Applicable     Inapplicable

By the end of report period, the Company did not finish the clean-up work of occupation of non-operational funds and the Board of Directors proposed a solution.

Applicable     Inapplicable

## **5. Other Important Connected Transaction**

The Connected Transaction of Renting East Coastline Land from Nanshan Group

To implement the development strategy and improve the profitability of offshore petroleum logistics services, the Sixth Session of the Sixth Board of Directors and 2011 Annual General Meeting approved the Company to rent east coastline land with total area of 68,700 m<sup>2</sup> ( including 196m wharf) from Nanshan Group.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on March 28, 2012 and June 2, 2012.

## **X. Important Contracts and Implementation**

### **1. Custodian, Contracted and Lease**

#### **(1) Custodian**

Applicable     Inapplicable

#### **(2) Contracted**

Applicable     Inapplicable

#### **(3) Lease and Rental**

Applicable     Inapplicable

### **2. Guarantee**

Applicable     Inapplicable

### 3. Trust Management

√ Applicable   □ Inapplicable

Unit: RMB 0,000

Trust Party	Amount	Beginning Date	Ending Date	Determination of Reward	Withdraw of Principal	Actual Revenue in This Report Period	Actual Revenue	Approval Procedure	Amount of Provision for Impairment	Connected Transaction	Relationship
Bank of China	10,000	November 25, 2011	February 27, 2012	Negotiation	10,000	162.2	162.2	Yes	0	No	N/A
Bank of China	10,000	November 25, 2011	March 12, 2012	Negotiation	10,000	186.4	186.4	Yes	0	No	N/A
Bank of China	10,000	November 25, 2011	March 19, 2012	Negotiation	10,000	198.5	198.5	Yes	0	No	N/A
China Merchants Bank	6,962	December 1, 2011	February 14, 2012	Negotiation	6,962	94.2	94.2	Yes	0	No	N/A
Bank of China	10,000	February 28, 2012	May 28, 2012	Negotiation	10,000	137.6	137.6	Yes	0	No	N/A
Bank of China	13,000	April 6, 2012	July 6, 2012	Negotiation				Yes	0	No	N/A
Bank of China	10,000	June 19, 2012	September 19, 2012	Negotiation				Yes	0	No	N/A
<b>Total</b>	<b>599,962</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>46,962</b>	<b>778.9</b>	<b>778.9</b>	<b>--</b>		<b>--</b>	<b>--</b>

Unrecovered Principal and Revenue	0
Explanation	<p>On June 7, 2012, the Tenth Tele-communication Meeting of the Sixth Board of Directors reviewed and approved the Proposal on Purchase of Financial Products by Short-term Idle Fund, and authorized the management to use short-term idle fund to purchase financial products within the amount of RMB 400 million. The term of investment is within June 30, 2015. The details were published on Securities Times, Hong Kong Commercial Daily and website of <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> on June 1, 2012.</p> <p>The principal of RMB 130 million financial product of Bank of China had recovered on July 6 and got profit of RMB 1.12 million.</p>

#### **4. Implementation of Important Contracts Involving Daily Operation: None**

#### **5. Other Important Contracts**

√ Applicable    □ Inapplicable

##### **(1) The Project of Plot A of Guangzhou Baowan**

To meet the logistics demand in Guangzhou, the Sixth Session of the Sixth Board of Directors and 2011 Annual General Meeting reviewed and approved the construction of Plot A of Guangzhou Baowan with land area of 152 Mu and investment of RMB 480 million. Guangzhou Baowan Logistics Co., Ltd., the subsidiaries of Blogis Holding, is responsible for its construction and operation.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on March 28, 2012 and June 2, 2012.

##### **(2) The Project of Tianjin Xiqing Baowan Logistics Park**

To meet the logistics demand in Bo-hai Rim and perfect the network of Blogis logistics, the Sixth Session of the Sixth Board of Directors and 2011 Annual General Meeting reviewed and approved the construction of Tianjin Xiqing Baowan Logistics Park with the land area of 280 Mu and initial investment of RMB 358 million. Blogis Holding planned to register Tianjin Xiqing Baowan International Logistics Co., Ltd (tentatively named) with the registered capital of RMB 150 million to operate Tianjin Xiqing Baowan Logistics Park.

Now the project has finished industrial and commercial registration and acquired business license. The registered company name is Tianjin Qingwu Baowan International Logistics Co., Ltd. and the registered capital is RMB 50 million.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on March 28, 2012, June 2 and August 2, 2012.

##### **(3) The Project of Shenyang Baowan Logistics Park**

To meet the logistics demand in Shenyang and perfect the network of Blogis logistics, the Sixth Session of the Sixth Board of Directors and 2011 Annual General Meeting reviewed and approved the construction of Shenyang Baowan Logistics Park with the land area of 478 Mu and initial investment of RMB 513 million. Blogis Holding planned to register Shenyang Baowan International Logistics Co., Ltd (tentatively named) with the registered capital of RMB 150 million to operate Shenyang Baowan Logistics Park.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on March 28, 2012 and June 2, 2012.

##### **(4) Changes of the Construction of Chengdu Longquan Baowan Logistics Park**

2006 Annual General Meeting reviewed and approved to construct Chengdu Longquan Baowan Logistics Park with the investment budget of RMB 202 million. In 2009, 2008 Annual General Meeting reviewed and approved to change the investment budget to RMB 300 million. Until now, there are four warehouses finished construction and put into operation. The other warehouses are under construction.

Due to the changes of land area, increase of the price of construction materials and labor cost, the Sixth Session of the Sixth Board of Directors and 2011 Annual General Meeting reviewed and approved to change the investment budget from RMB 300 million to RMB 361 million.



The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on March 28, 2012 and June 2, 2012.

#### (5) The Project of Wuhan Hannan Baowan Logistics Park

To achieve the Company's development strategy and perfect the network of Blogis logistics, the Tenth Tele-communication Meeting of the Sixth Board of Directors and the First Extraordinary Shareholders' Meeting reviewed and approved the construction of Wuhan Hannan Baowan Logistics Park with the land area of 490 Mu and initial investment of RMB 543 million. Blogis Holding planned to register Wuhan Hannan Baowan International Logistics Co., Ltd (tentatively named) with the registered capital of RMB 100 million to operate Wuhan Hannan Baowan Logistics Park.

Now the project has finished industrial and commercial registration and acquired business license. The registered company name is Baowan Logistics (Wuhan) Co., Ltd. and the registered capital is RMB 100 million.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on June 11, June 28 and July 4, 2012.

### **XI. Issuance of Corporate Bonds**

Applicable    Inapplicable

In order to improve liability structure, satisfy capital demand and lower financing cost, the Ninth Tele-communication Meeting of the Sixth Board of Directors and 2011 Annual General Meeting approved the Company to issue a seven-year corporate bond of RMB 570 million. The Company and lead underwriter would use the method of market inquiry to determine the coupon rate in a limited scope. The Annual General Meeting also authorized the Board of Directors to handle the issuance of this corporate bond.

On July 23, 2012, CSRC had approved the issuance of corporate bonds.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on April 24, June 2 and July 24, 2012.

### **XII. Implementation of Promise**

#### **1. Promise of Shareholders with 5% or above Shares in the Report Period.**

Applicable    Inapplicable

#### **2. Explanation of Achieving Profit Forecast**

Applicable    Inapplicable

### **XIII. Other Comprehensive Income**

None

### **XIV.Reception of Investors and Medias**

Date	Place	Method	Type	Visitor	Topic Discussed and Document Provided
April 16, 2012	Shenzhen	Field Research	Constitution	Matthews International Capital Management, LLC	Business operation and development of logistics parks. Providing Company brochures.
May 7, 2012	Shenzhen	Field Research	Constitution	Guosen Securities	Business operation and development of logistics parks. Providing Company brochures.

#### **XV.Appointment and Dismissal of Accounting Firm**

The Interim Report is audited.

Yes  No

The Ninth-telecommunication Meeting of the Sixth Board of Directors and 2011 Annual General Meeting reviewed and approved to appoint Deloitte Accounting Firm as accountant for year 2012 with the remuneration of RMB 0.89 million, and to appoint Ernest & Young Accounting Firm as internal control accountant for year 2012 with the remuneration of RMB 0.5 million.

Please find the details in Securities Times, Hong Kong Commercial Daily and [www.cninfo.com.cn](http://www.cninfo.com.cn) on April 24 and June 2, 2012.

#### **XVI. Punishment for the Company, Its Directors, Supervisors, Senior Management, Controlling Shareholders, etc.**

Applicable  Inapplicable

#### **XVII. Other Important Issue**

Applicable  Inapplicable

#### **XVIII. Changes of Guarantor's Profitability, Assets and Credit**

Applicable  Inapplicable

#### **XIX. Index of Announcement Disclosed in the Report Period**

Announcement	Designated Newspaper	Disclosure Date	Designated Website
2012-01 Announcement of Deputy General Manager's Retirement	Securities Times, Hong Kong Commercial Daily	January 7, 2012	www.cninfo.com.cn
2012-02 Announcement of Progress of	Securities Times, Hong Kong	March 1, 2012	www.cninfo.com.cn

Issuance of Medium Term Notes	Commercial Daily		
2012-03 Resolutions of the Sixth Session of the Sixth Board of Directors	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-04 Resolutions of the Fifth Session of the Sixth Board of Supervisors	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-05 Abstract of 2011 Annual Report	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-06 Announcement of Investment (Plot A of Guangzhou Baowan)	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-07 Announcement of the Budget Changes of Chengdu Longquan Baowan Logistics Park	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-08 Announcement of Investment( Tianjin Xiqing Baowan Logistics Park)	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-09 Announcement of Investment( Shenyang Baowan Logistics Park)	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-10 Announcement of Connected Transaction of Renting East Coastline Land from Nanshan Group	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-11 Announcement of Connected Transaction Involving Daily Operation for Year 2012	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-12 Announcement of Supervisor's Resignation	Securities Times, Hong Kong Commercial Daily	March 28, 2012	www.cninfo.com.cn
2012-13 Announcement of Investment Intent	Securities Times, Hong Kong Commercial Daily	March 30, 2012	www.cninfo.com.cn
2012-14 Resolutions of the Ninth Tele-communication Meeting of the Sixth Board of Directors	Securities Times, Hong Kong Commercial Daily	April 24, 2012	www.cninfo.com.cn
2012-15 First Quarterly Report for Year 2012	Securities Times, Hong Kong Commercial Daily	April 24, 2012	www.cninfo.com.cn
2012-16 Notice of Convening 2011 Annual General Meeting	Securities Times, Hong Kong Commercial Daily	April 24, 2012	www.cninfo.com.cn
2012-17 Notice of Delay of Convening 2011 Annual General Meeting	Securities Times, Hong Kong Commercial Daily	May 15, 2012	www.cninfo.com.cn
2012-18 Indicative Announcement of Convening 2011 Annual General Meeting	Securities Times, Hong Kong Commercial Daily	May 24, 2012	www.cninfo.com.cn
2012-19 Resolutions of 2011 Annual General Meeting	Securities Times, Hong Kong Commercial Daily	June 2, 2012	www.cninfo.com.cn
2012-20 Resolutions of the Tenth Tele-communication Meeting of the	Securities Times, Hong Kong Commercial Daily	June 11, 2012	www.cninfo.com.cn

Sixth Board of Directors	Commercial Daily		
2012-21 Announcement of Connected Transaction of Establishment of Financial Company with Related Parties	Securities Times, Hong Kong Commercial Daily	June 11, 2012	www.cninfo.com.cn
2012-22 Announcement of Investment (Wuhan Hannan Baowan Logistics Park)	Securities Times, Hong Kong Commercial Daily	June 11, 2012	www.cninfo.com.cn
2012-23 Announcement of Purchase of Financial Products by Short-term Idle Fund	Securities Times, Hong Kong Commercial Daily	June 11, 2012	www.cninfo.com.cn
2012-24 Notice of Convening the First Extraordinary Shareholders' Meeting in 2012	Securities Times, Hong Kong Commercial Daily	June 11, 2012	www.cninfo.com.cn
2012-25 Indicative Announcement of Convening the First Extraordinary Shareholders' Meeting in 2012	Securities Times, Hong Kong Commercial Daily	June 21, 2012	www.cninfo.com.cn
2012-26 Resolutions of the First Extraordinary Shareholders' Meeting in 2012	Securities Times, Hong Kong Commercial Daily	June 28, 2012	www.cninfo.com.cn

## **PART VIII. Financial Report**

### **I. Audit Report**

Whether or not audited for the interim report.

Yes     No

### **II. Financial Statements**

Whether or not to be consolidated.

Yes     No

If no special explanation, the currency for the financial statements is: RMB Yuan.

The currency for the explanatory notes of financial statements is: RMB Yuan.

## 1. Consolidated Balance Sheet

### SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD

Currency: RMB Yuan

Items	Explanatory Notes	Ending Balance	Beginning Balance
Current Assets:			
Cash and Cash Equivalents	(VII) 1	876,822,988.31	402,122,936.70
Deposit Reservation for Balance			
Lending to Banks and Other Financial Institutions			
Held for Trading Financial Assets			
Notes Receivable			
Accounts Receivable	(VII) 3	71,992,620.76	38,761,849.27
Accounts Prepayment	(VII) 5	1,049,243.28	1,414,854.45
Insurance Premium Receivable			
Reinsurance Accounts Receivable			
Reinsurance Reserve Receivable			
Accrued Interest Receivable	(VII) 2	333,769.45	743,516.68
Dividend Receivable			
Other Receivables	(VII) 4	7,920,017.88	7,743,467.02
Redemptory Monetary Capital for Sale			
Inventories	(VII) 6	1,149,076.53	1,129,514.30
Current Portion of Non-current Assets			
Other Current Assets	(VII) 7	230,000,000.00	369,620,000.00
Subtotal of Current Assts		1,189,267,716.21	821,536,138.42

Non-current Assets			
Disbursement of Entrust Loans and Advance			
Financial Assets Available for Sale			
Held-to-maturity Investment			
Long-term Accounts Receivable			
Long-term Investment on Stocks	(VII) 9	343,023,713.05	325,138,453.01
Investment Real Estate	(VII) 10	905,632,902.25	707,482,188.70
Fixed Assets	(VII) 11	539,831,582.68	437,846,577.37
Construction-in-progress	(VII) 12	98,691,628.02	341,476,044.19
Engineer Material			
Liquidation of Fixed Assets	(VII) 13	6,504.95	
Capitalized Biological Assets			
Oil and Gas Assets			
Intangible Assets	(VII) 14	918,195,679.92	921,544,551.30
Development Expenditure			
Goodwill			
Long-term Deferred Expenses			
Deferred Income Tax Assets	(VII) 15	17,616,660.40	16,752,609.82
Other Non-current Assets	(VII) 17	122,627,486.97	76,216,717.37
Subtotal of Non-current Assets		2,945,626,158.24	2,826,457,141.76
Total Assets		4,134,893,874.45	3,647,993,280.18
Current Liabilities			

Short-term Loans	(VII) 18	100,000,000.00	210,000,000.00
Borrowing from the Central Bank			
Accept Money Deposits and Call Loans from Banks			
Other Financial Institutions			
Transactional Monetary Liabilities			
Notes Payable			
Accounts Payable	(VII) 19	8,793,862.26	10,108,928.11
Downpayment Received	(VII) 20	2,307,585.11	2,093,276.87
Financial Assets Sold for Repurchase			
Commission Payable			
Payroll Payable	(VII) 21	14,308,464.17	16,729,891.85
Tax Payable	(VII) 22	18,018,953.91	25,815,966.83
Accrued Interest Payable	(VII) 23	36,388,953.41	8,692,594.04
Dividend Payable	(VII) 24	8,382,728.01	8,382,728.01
Other Payables	(VII) 25	171,351,075.14	184,460,828.33
Dividend Payable for Reinsurance			
Reserves for Insurance Contract			
Acting Trading Securities			
Acting Underwriting Securities			
Current Portion of Non-current Liabilities	(VII) 26	499,700,000.00	549,820,000.00
Other Non-current Liabilities			
Subtotal of Current Liabilities		859,251,622.01	1,016,104,214.04

Non-current Liabilities			
Long-term Loans	(VII) 27	513,169,880.98	359,900,000.00
Bonds Payable	(VII) 28	400,000,000.00	
Long-term Accounts Payable	(VII) 29	157,393,214.35	140,130,172.17
Special Accounts Payable			
Accrued Liabilities			
Deferred Income Tax Liabilities			
Other Non-current Liabilities	(VII) 30	722,439,638.56	723,114,314.14
Subtotal of Non-current Liabilities		1,793,002,733.89	1,223,144,486.31
Total Liabilities		2,652,254,355.90	2,239,248,700.35
Owner's Equity( Shareholders' Equity)			
Paid-in Capital (Capital Stock)	(VII) 31	230,600,000.00	230,600,000.00
Capital Reserves	(VII) 32	234,141,186.09	234,141,186.09
Less : Treasury Stock			
Special Reserves			
Surplus Reserves	(VII) 33	242,990,556.25	242,990,556.25
General Risk Reserve			
Retained Earnings	(VII) 34	521,214,709.25	452,610,050.78
Translation Reserve			
Total Chiwan Base Shareholders' Equity		1,228,946,451.59	1,160,341,793.12
Non-controlling interests		253,693,066.96	248,402,786.71
Total Shareholders' Equity		1,482,639,518.55	1,408,744,579.83



Total Liabilities and Equities		4,134,893,874.45	3,647,993,280.18
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Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

## 2.Parent Company Balance Sheet

Currency: RMB Yuan

Items	Explanatory Notes	Ending Balance	Beginning Balance
Current Assets:			
Cash and Cash Equivalents		739,311,798.08	324,237,017.87
Held for Trading Financial Assets			
Notes Receivable			
Accounts Receivable	(XIII) 1	59,127,940.77	32,246,795.90
Accounts Prepayment		363,877.97	363,576.52
Accrued Interest Receivable		333,769.45	743,516.68
Dividend Receivable		56,998,091.38	69,228,865.68
Other Receivables	(XIII) 2	693,718,464.38	690,801,414.95
Inventories		900,460.90	801,510.26
Current Portion of Non-current Assets			
Other Current Assets		230,000,000.00	369,620,000.00
Subtotal of Current Assts		1,780,754,402.93	1,488,042,697.86
Non-current Assets			
Financial Assets Available for Sale			
Held-to-maturity Investment			
Long-term Accounts Receivable			
Long-term Investment on Stocks	(XIII) 3	1,214,829,472.76	1,196,944,212.72

Investment Real Estate		113,683,389.51	116,380,151.11
Fixed Assets		83,252,534.19	68,311,365.75
Construction-in-progress		382,681.00	16,652,681.00
Engineer Material			
Liquidation of Fixed Assets		1,040.45	
Capitalized Biological Assets			
Oil and Gas Assets			
Intangible Assets		351,120,975.15	359,318,178.34
Development Expenditure			
Goodwill			
Long-term Deferred Expenses			
Deferred Income Tax Assets		85,701.63	85,701.63
Other Non-current Assets		1,759,038.23	
Subtotal of Non-current Assets		1,765,114,832.92	1,757,692,290.55
Total Assets		3,545,869,235.85	3,245,734,988.41
Current Liabilities			
Short-term Loans		100,000,000.00	210,000,000.00
Transactional Monetary Liabilities			
Notes Payable			
Accounts Payable		8,701,605.82	10,036,686.11
Downpayment Received			
Payroll Payable		11,868,212.59	13,198,897.59

Tax Payable		10,526,170.12	17,086,958.44
Accrued Interest Payable		36,388,953.41	8,692,594.04
Dividend Payable			
Other Payables		63,490,141.07	224,504,487.28
Current Portion of Non-current Liabilities		499,700,000.00	549,820,000.00
Other Non-current Liabilities			
Subtotal of Current Liabilities		730,675,083.01	1,033,339,623.46
Non-current Liabilities			
Long-term Loans		513,169,880.98	359,900,000.00
Bonds Payable		400,000,000.00	
Long-term Accounts Payable			
Special Accounts Payable			
Accrued Liabilities			
Deferred Income Tax Liabilities			
Other Non-current Liabilities		722,439,638.56	723,114,314.14
Subtotal of Non-current Liabilities		1,635,609,519.54	1,083,014,314.14
Total Liabilities		2,366,284,602.55	2,116,353,937.60
Owner's Equity( Shareholders' Equity)			
Paid-in Capital (Capital Stock)		230,600,000.00	230,600,000.00
Capital Reserves		204,534,849.49	204,534,849.49
Less : Treasury Stock			
Special Reserves			

Surplus Reserves		242,990,556.25	242,990,556.25
Retained Earnings		501,459,227.56	451,255,645.07
Translation Reserve			
Total Shareholders' Equity		1,179,584,633.30	1,129,381,050.81
Total Liabilities and Equities		3,545,869,235.85	3,245,734,988.41

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

### 3.Consolidated Income Statement

Currency: RMB Yuan

Items	Explanatory Notes	Current Period	Prior Period
1. Gross Revenue	(VII) 35	266,743,751.01	214,417,103.88
Incl. : Operation Revenue	(VII) 35	266,743,751.01	214,417,103.88
Interest Revenue			
Earned Premium			
Commission Revenue			
2. Total operating cost		206,725,875.39	158,201,554.94
Incl. : Operating cost	(VII) 35	100,660,316.51	75,321,369.28
Interest Expenses			
Commission Expenses			
Surrender Value			
Net Payments for Insurance Claims			
Net Provision for Insurance Contracts			
Expenditures Dividend Policy			
Amortized Reinsurance Expenditures			

Business Tax and Surcharge	(VII) 36	21,941,974.63	20,516,281.93
Selling Expenses		855,080.30	616,274.50
Administrative Expenses	(VII) 37	31,920,861.09	29,868,598.02
Financial Expenses	(VII) 38	51,347,642.86	31,879,031.21
Assets Impairment Loss			
Plus: Fair Value Change Income(“-” for net loss)			
Investment Income(“-” for net loss)	(VII) 39	25,675,428.13	9,857,959.60
Incl.: Investment Income from Associate and Joint Venture		17,885,260.04	9,857,959.60
Exchange Earnings(“-” for net loss)			
3. Operating Profits(“-” for net loss)		85,693,303.75	66,073,508.54
Plus: Non-operating Income	(VII) 40	445,429.99	915,847.80
Less: Non-operating Expenses	(VII) 41	25,794.40	116,603.05
Incl.: Loss of Liquidation of Non-current Assets		3,159.59	13,416.88
4. Total Profit(“-” for net loss)		86,112,939.34	66,872,753.29
Less: Income Taxes Expenses	(VII) 42	12,218,000.62	12,022,947.05
5. Net Profit(“-” for net loss)		73,894,938.72	54,849,806.24
Incl.: Net Profit before Consolidated			
Net Profit attributable to Controlling Interests		68,604,658.47	58,272,681.81
Net Profit attributable to Non-controlling Interests		5,290,280.25	-3,422,875.57
6. Earnings per Share(EPS)		--	--
1) Basic EPS	(VII) 43	0.30	0.25
2) Diluted EPS	(VII) 43	0.30	0.25

7. Other Comprehensive Income			
8. Total Comprehensive Income		73,894,938.72	54,849,806.24
Total comprehensive income attributable to the owners of parent company		68,604,658.47	58,272,681.81
Total comprehensive income attributable to non-controlling interests		5,290,280.25	-3,422,875.57

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

#### 4. Parent Company Income Statement

Currency: RMB Yuan

Items	Explanatory Notes	Current Period	Prior Period
1. Gross Revenue	(XIII) 4	149,022,701.96	120,107,245.78
Less: Operating cost	(XIII) 4	55,352,559.44	39,698,574.80
Business Tax and Surcharge		9,004,241.62	8,808,975.15
Selling Expenses			
Administrative Expenses		15,825,247.42	15,587,302.43
Financial Expenses		34,614,758.13	16,812,811.54
Assets Impairment Loss			
Plus: Fair Value Change Income("-" for net loss)			
Investment Income("-" for net loss)	(XIII) 5	25,675,428.13	64,863,137.84
Incl.: Investment Income from Associate and Joint Venture		17,885,260.04	9,857,959.60
2. Operating Profits("-" for net loss)		59,901,323.48	104,062,719.70
Plus: Non-operating Income		14,040.32	831,487.50
Less: non-operating Expenses		9,050.94	85,416.88

Incl.: Loss of Liquidation of Non-current Assets		3,050.94	13,416.88
3. Total Profit("-" for net loss)		59,906,312.86	104,808,790.32
Less: Income Taxes Expenses		9,702,730.37	9,310,237.83
4. Net Profit("-" for net loss)		50,203,582.49	95,498,552.49
5. Earnings per Share(EPS)		--	--
1) Basic EPS			
2) Diluted EPS			
6. Other Comprehensive Income			
7. Total Comprehensive Income		50,203,582.49	95,498,552.49

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

## 5.Consolidated Statement of Cash Flows

Currency: RMB Yuan

Items	Current Period	Prior Period
1. Cash Flows from Operating Activities		
Cash from Sales of Goods & Services	234,018,328.71	197,624,544.66
Net Increase in Customer Bank Deposits and due to Banks and Other Financial Institutions		
Net Increase in Borrowings from Central Bank		
Net Increase in Placements from Other Financial Institutions		
Cash from Insurance Premium of Original Insurance Contracts		
Net cash received from reinsurance business		
Net increase in deposits from policyholders		
Net increase from disposal of tradable financial assets		

Cash from Interest、 Handling Charges and commission Income		
Net Increase in Placements from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Capital		
Tax Refunds		
Cash from Other Operating-related Activities	6,893,261.73	6,968,796.18
Subtotal of Cash Inflows from Operating Activities	240,911,590.44	204,593,340.84
Cash Paid for Purchasing of Goods & Services	42,830,378.81	28,187,991.44
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with Central Bank and Other Financial Institutions		
Cash Paid for Claims of Original Insurance Contracts		
Cash Paid for Interest、 Handling Charges and Commission Income		
Cash Paid for Policy Dividends		
Cash Paid for Staffs	32,614,199.77	26,387,008.23
Taxes and Dues	47,372,797.78	49,585,608.09
Cash Paid for Other Operating-related Activities	14,535,079.51	13,116,296.99
Subtotal of Cash Outflows from Operating Activities	137,352,455.87	117,276,904.75
Net Cash Flows from Operating Activities	103,559,134.57	87,316,436.09
2. Cash Flows from Investing Activities		
Cash from Disinvestment		
Cash from Investment Income		
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	12,000.00	485,000.00



Net Cash Received from Disposal of Subsidiaries and Other Business Units		
Cash Received from Other Investing-related Activities	479,490,990.33	
Sub-total of Cash Inflows from Investing Activities	479,502,990.33	485,000.00
Cash Paid for Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	157,198,129.78	144,473,812.08
Cash Paid for Investment		
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Cash Paid for Other Investing-related Activities	330,000,000.00	
Subtotal of Cash Outflows from Investing Activities	487,198,129.78	144,473,812.08
Net Cash Flows from Investing Activities	-7,695,139.45	-143,988,812.08
3. Cash Flows from Financing Activities		
Cash Received from Absorbing Investment		146,160,000.00
Incl. : Cash from absorbing minority investment		146,160,000.00
Cash Received from Borrowings	253,569,880.98	125,000,000.00
Cash Received from Bonds Issuance	400,000,000.00	
Cash from Other Financing-related Activities	17,263,042.18	
Subtotal of Cash Inflows from Financing Activities	670,832,923.16	271,160,000.00
Debt Redemption	260,420,000.00	70,000,000.00
Cash Paid for Dividends or Interests	31,576,866.67	59,673,601.49
Incl : Dividends and Profits Paid by Subsidiaries to Minorities		
Cash Paid for Other Financing-related Activities		155,241,740.44

Sub-total of Cash Outflows from Financing Activities	291,996,866.67	284,915,341.93
Net Cash Flows from Financing Activities	378,836,056.49	-13,755,341.93
4. Influence from Fluctuations in Exchange for Cash and Cash Equivalents		82,025.81
5. Net Increase in Cash and Cash Equivalents	474,700,051.61	-70,345,692.11
Plus: Beginning Balance of Cash and Cash Equivalents	402,122,936.70	186,593,590.15
6. Ending Balance of Cash and Cash Equivalents	876,822,988.31	116,247,898.04

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

## 6. Parent Company Statement of Cash Flows

Currency: RMB Yuan

Items	Current Period	Prior Period
1. Cash Flows from Operating Activities		
Cash from Sales of Goods & Services	121,976,329.35	105,263,701.34
Tax Refunds		
Cash from Other Operating-related Activities	2,164,772.86	480,777,907.73
Subtotal of Cash Inflows from Operating Activities	124,141,102.21	586,041,609.07
Cash Paid for Purchasing of Goods&Services	33,623,469.79	21,128,637.51
Cash paid for Staffs	20,856,887.89	17,035,099.93
Taxes and Dues	25,765,175.68	30,327,839.00
Cash Paid for Other Operating-related Activities	9,801,582.21	335,871,535.57
Subtotal of Cash Outflows from Operating Activities	90,047,115.57	404,363,112.01
Net Cash Flows from Operating Activities	34,093,986.64	181,678,497.06
2. Cash Flows from Investing Activities		

Cash from Disinvestment		
Cash from Investment Income	12,230,774.30	26,076,974.63
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		485,000.00
Net Cash Received from Disposal of Subsidiaries and Other Business Units		
Cash Received from Other Investing-related Activities	852,559,051.27	
Subtotal of Cash Inflows from Investing Activities	864,789,825.57	26,561,974.63
Cash Paid for Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	9,489,789.06	119,975,419.08
Cash Paid for Investment		219,230,000.00
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Cash Paid for Other Investing-related Activities	806,088,445.42	
Subtotal of Cash Outflows from Investing Activities	815,578,234.48	339,205,419.08
Net Cash Flows from Investing Activities	49,211,591.09	-312,643,444.45
3. Cash Flows from Financing Activities		
Cash Received from Absorbing Investment		
Cash received from Borrowings	253,569,880.98	125,000,000.00
Cash from Other Financing-related Activities	400,568,599.54	
Subtotal of Cash Inflows from Financing Activities	654,138,480.52	125,000,000.00
Debt Redemption	260,420,000.00	
Cash Paid for Dividends or Interests	31,576,866.67	58,948,786.49
Cash Paid for Other Financing-related Activities	30,372,411.37	9,081,740.44

Subtotal of Cash Outflows from Financing Activities	322,369,278.04	68,030,526.93
Net Cash Flows from Financing Activities	331,769,202.48	56,969,473.07
4. Influence from Fluctuations in Exchange for Cash and Cash Equivalents		81,767.05
5. Net Increase in Cash and Cash Equivalents	415,074,780.21	-73,913,707.27
Plus: Beginning Balance of Cash and Cash Equivalents	324,237,017.87	171,818,576.09
6. Ending Balance of Cash and Cash Equivalents	739,311,798.08	97,904,868.82

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

## 7.Consolidated Statement of Changes in Equity

Current Period

Currency: RMB Yuan

Items	Current Period									
	Stockholders' equity in parent company								Minority interests	Total owner's equity
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury stock	Special reserves	Surplus reserves	General risk reserve	Retained Earnings	Others		
1. Ending Balance of Last Year	230,600,000.00	234,141,186.09	-	-	242,990,556.25	-	452,610,050.78	-	248,402,786.71	1,408,744,579.83
plus: Changes in Accounting Policies										-
Corrections of Prior Period Errors										-
Others										-
2.Beginning Balance of Current Period	230,600,000.00	234,141,186.09	-	-	242,990,556.25	-	452,610,050.78	-	248,402,786.71	1,408,744,579.83
3. Changes for Current Period ("-" stands for decrease)	-	-	-	-	-	-	68,604,658.47	-	5,290,280.25	73,894,938.72
(1) Net Profit							68,604,658.47		5,290,280.25	73,894,938.72
(2)Other Comprehensive Income										-
Sub-total for (1) and (2) above	-	-	-	-	-	-	68,604,658.47	-	5,290,280.25	73,894,938.72
Investment by Owners and Decreased in Capital	-	-	-	-	-	-	-	-	-	-
1) Contributed Capital by Owners										-
2)Share-based Payment in Shareholders' Equity										-
3)Others										-
(4)Profit Distribution	-	-	-	-	-	-	-	-	-	-
1) Appropriation of Surplus Reserves										-
2)Appropriation of General Risk Reserve										-
3) Distribution for Owners( or Stockholders )										-
4) Others										-
(5)Inside Carry-over within Shareholders' Equity	-	-	-	-	-	-	-	-	-	-
1)Capital Surplus Convert to Capital or Stock										-
2)Surplus Reserves Convert to Capital or Stock										-
3) Surplus Reserves Cover the Deficit										-
4)Others										-
(6) Special Reserves	-	-	-	-	-	-	-	-	-	-
1) Current Extraction										-
2) Current Usage										-
(7) Others										-
4.Ending Balance of Current Period	230,600,000.00	234,141,186.09	-	-	242,990,556.25	-	521,214,709.25	-	253,693,066.96	1,482,639,518.55

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

Prior Period

Currency: RMB Yuan

Items	Prior Period									
	Stockholders' equity in parent company								Minority interests	Total owner's equity
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury stock	Special reserves	Surplus reserves	General risk reserve	Retained Earnings	Others		
1. Ending Balance of Last Year	230,600,000.00	219,723,332.58			217,271,498.84		378,571,522.81		95,127,918.50	1,141,294,272.73
Plus: Retroactive adjustment under the same control for business combination										-
plus: Changes in Accounting Policies										-
Corrections of Prior Period Errors										-
Others										-
2. Beginning Balance of Current Period	230,600,000.00	219,723,332.58	-	-	217,271,498.84	-	378,571,522.81	-	95,127,918.50	1,141,294,272.73
3. Changes for Current Period ("-" stands for decrease)	-	14,417,853.51	-	-	25,719,057.41	-	74,038,527.97	-	153,274,868.21	267,450,307.10
(1) Net Profit							129,274,351.74		-4,044,550.27	125,229,801.47
(2) Other Comprehensive Income										-
Sub-total for (1) and (2) above	-	-	-	-	-	-	129,274,351.74	-	-4,044,550.27	125,229,801.47
Investment by Owners and Decreased in Capital	-	14,417,853.51	-	-	-	-	-	-	165,702,146.49	180,120,000.00
1) Contributed Capital by Owners									180,120,000.00	180,120,000.00
2) Share-based Payment in Shareholders' Equity										-
3) Others		14,417,853.51							-14,417,853.51	-
(4) Profit Distribution	-	-	-	-	25,719,057.41	-	-55,235,823.77	-	-8,382,728.01	-37,899,494.37
1) Appropriation of Surplus Reserves					25,719,057.41		-25,719,057.41			-
2) Appropriation of General Risk Reserve										-
3) Distribution for Owners (or Stockholders)							-29,516,766.36		-8,382,728.01	-37,899,494.37
4) Others										-
(5) Inside Carry-over within Shareholders' Equity	-	-	-	-	-	-	-	-	-	-
1) Capital Surplus Convert to Capital or Stock										-
2) Surplus Reserves Convert to Capital or Stock										-
3) Surplus Reserves Cover the Deficit										-
4) Others										-
(6) Special Reserves	-	-	-	-	-	-	-	-	-	-
1) Current Extraction										-
2) Current Usage										-
(7) Others										-
4. Ending Balance of Current Period	230,600,000.00	234,141,186.09	-	-	242,990,556.25	-	452,610,050.78	-	248,402,786.71	1,408,744,579.83

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

## 8. Parent Company Statement of Changes in Equity

Current Period

Currency: RMB Yuan

Items	Current Period							
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury Stock	Special Reserves	Surplus Reserves	General Risk Reserve	Retained Earnings	Total Owner's Equity
1. Ending Balance of Last Year	230,600,000.00	204,534,849.49	-	-	242,990,556.25	-	451,255,645.07	1,129,381,050.81
plus: Changes in Accounting Policies								-
Corrections of Prior Period Errors								-
Others								-
2. Beginning Balance of Current Period	230,600,000.00	204,534,849.49	-	-	242,990,556.25	-	451,255,645.07	1,129,381,050.81
3. Changes for Current Period ("-" stands for	-	-	-	-	-	-	50,203,582.49	50,203,582.49
(1) Net Profit							50,203,582.49	50,203,582.49
(2) Other Comprehensive Income								-
Sub-total for (1) and (2) above	-	-	-	-	-	-	50,203,582.49	50,203,582.49
Investment by Owners and Decreased in Capital	-	-	-	-	-	-	-	-
1) Contributed Capital by Owners								-
2) Share-based Payment in Shareholders' Equity								-
3) Others								-
(4) Profit Distribution	-	-	-	-	-	-	-	-
1) Appropriation of Surplus Reserves								-
2) Appropriation of General Risk Reserve								-
3) Distribution for Owners( or Stockholders )								-
4) Others								-
(5) Inside Carry-over within Shareholders' Equity	-	-	-	-	-	-	-	-
1) Capital Surplus Convert to Capital or Stock								-
2) Surplus Reserves Convert to Capital or Stock								-
3) Surplus Reserves Cover the Deficit								-
4) Others								-
(6) Special Reserves	-	-	-	-	-	-	-	-
1) Current Extraction								-
2) Current Usage								-
(7) Others								-
4. Ending Balance of Current Period	230,600,000.00	204,534,849.49	-	-	242,990,556.25	-	501,459,227.56	1,179,584,633.30

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

Prior Period

Currency: RMB Yuan

Items	Current Period							
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury Stock	Special Reserves	Surplus Reserves	General Risk Reserve	Retained Earnings	Total Owner's Equity
1. Ending Balance of Last Year	230,600,000.00	204,534,849.49			217,271,498.84		323,194,280.78	975,600,629.11
plus: Changes in Accounting Policies								-
Corrections of Prior Period Errors								-
Others								-
2.Beginning Balance of Current Period	230,600,000.00	204,534,849.49	-	-	217,271,498.84	-	323,194,280.78	975,600,629.11
3. Changes for Current Period ("-" stands	-	-	-	-	25,719,057.41	-	128,061,364.29	153,780,421.70
(1) Net Profit							183,297,188.06	183,297,188.06
(2)Other Comprehensive Income								-
Sub-total for (1) and (2) above	-	-	-	-	-	-	183,297,188.06	183,297,188.06
Investment by Owners and Decreased in	-	-	-	-	-	-	-	-
1) Contributed Capital by Owners								-
2)Share-based Payment in Shareholders'								-
3)Others								-
(4)Profit Distribution	-	-	-	-	25,719,057.41	-	-55,235,823.77	-29,516,766.36
1) Appropriation of Surplus Reserves					25,719,057.41		-25,719,057.41	-
2)Appropriation of General Risk Reserve								-
3) Distribution for Owners( or Stockholders							-29,516,766.36	-29,516,766.36
4) Others								-
(5)Inside Carry-over within Shareholders'	-	-	-	-	-	-	-	-
1)Capital Surplus Convert to Capital or								-
2)Surplus Reserves Convert to Capital or								-
3) Surplus Reserves Cover the Deficit								-
4)Others								-
(6) Special Reserves	-	-	-	-	-	-	-	-
1) Current Extraction								-
2) Current Usage								-
(7) Others								-
4. Ending Balance of Current Period	230,600,000.00	204,534,849.49	-	-	242,990,556.25	-	451,255,645.07	1,129,381,050.81

Legal Representative: Fan Zhaoping

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui



### **III. COMPANY STATUS**

Shenzhen Chiwan Petroleum Supply Base Co., Ltd. (the “Company”), approved by the official letter of Shen Fu Ban Han (1995) No. 112 issued by the General Office of Shenzhen Municipal People's Government, is established through the restructuring of Shenzhen Chiwan Base Company. The Company publicly issued domestic listed foreign shares (B Share) pursuant to the approval of official letter Shen Fu Ban Han (1995) No. 112 issued by the General Office of Shenzhen Municipal People's Government and Shen Zheng Ban Fu (1995) No.33 issued by Shenzhen Securities Administration Office on 11 May 1995 and 16 June 1995 respectively. After the public offering, the total share capital of the Company is RMB230, 600,000.00 with 230,600,000 ordinary shares at par value of RMB1. Pursuant to Listing Notice Shen Zheng Shi Zi (1995) No.14, issued by Shenzhen Stock Exchange, the Company's share was listed and traded on Shenzhen Stock Exchange on 28 July 1995. The Company's registration place is Shenzhen City, Guangdong Province, People's Republic of China. The controlling shareholder, China Nanshan Development (Group) Incorporation (“Nanshan Group”), holds 51.79% of the Company's equity shares.

Main scopes of businesses for the Company and its subsidiaries (collectively referred to as the “Group”) include: terminal operation, port service, lease of stack area, storage and office building; providing labor service, cargo handling and transportation, equipment lease, and water, power and oil supply, and agency service of offshore oil logistics; operating bonded warehouse and stacking business and operational parking lots.

### **IV.ACCOUNTING POLICIES, ESTIMATES AND PROPHASE ERROR CORRECTION**

#### **1. Basis of Preparation**

The financial statements of the Group have been prepared based on going concern assumption and based on actual transactions and events. It is prepared in accordance with the requirements of “Accounting Standards for Business Enterprises - Basic Standard” and 38 Specific Standards issued by the Ministry of Finance on 15 February 2006, and application guidance, illustrations to the standards and related pronouncements (collectively known as “Accounting Standards for Business Enterprises” or “CAS”). These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports” as revised by China Securities Regulatory Commission (CSRC) in 2010.

According to Accounting Standards for Business Enterprises, the accrual basis is adopted for the Group's accounting activities. Except for some certain financial instruments, the financial statements are measured based on historical cost. In case of impairment occurred on assets, the provisions for impairment are provided in accordance with the relevant laws and regulations accordingly.

## **2. Statements of Compliance**

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises. These financial statements are truly and completely presented for the financial position, the results of operations and the cash flows of the Company and the Group. In addition, the financial statements of the Company and the Group comply with, in all material respects, the disclosure requirements of financial statements and notes to the financial statements under "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" as revised by CSRC in 2010.

## **3. Accounting Period**

The accounting period of the Group includes accounting year and interim accounting period. An interim period refers to a reporting period which is shorter than a full accounting year. The accounting year of the Group is the calendar year, i.e. from 1 January to 31 December of each year.

## **4. Functional Currency**

Renminbi (RMB) is the prevailing monetary unit of the primary economic environment in which the Group operates, therefore, RMB is the functional currency of the Group. The currency used for preparing financial statements of the Group is RMB actually.

## **5. Accounting Treatments for Business Combination**

Business combination refers to combining two or more separate enterprises into a single economic entity as a result of forming one reporting entity. Business combinations are classified into the business combination under the common control and the business combination not under the common control.

(1) Business combination involving entities under common control

If the enterprises involved in a combination are subject to control of the same party or the same parties both before

and after the combination, and simultaneously such control is not temporarily in nature, it is called the business combination under common control. The party who acquires control over other participating enterprises on the combination date is called the acquirer while other participating enterprises are acquirees for business combination under common control. Combination date means the date on which acquirer actually gains control over acquirees.

Assets and liabilities acquirer acquired are measured under book value of acquiree on combination date. Balances between book value of net assets the acquirer obtained and book value of combination consideration paid (or the aggregate nominal amount of shares issued) should be adjusted as capital reserves (capital premium); if capital reserves (capital premium) are not enough to offset, adjusting retained earnings.

All relevant direct costs and expenses incurred for acquirer during business combination are included in the current profit or loss at the time of incurring.

## (2) Business combinations involving entities not under common control

If the enterprises involved in a combination are not subject to control of the same party or the same parties both before and after combination, it is called the business combination not under the common control. The party who acquires control over other participating enterprises on acquisition date is the acquirer while other participating enterprises are the acquiree through business combination not under the common control. The acquisition date refers to the date on which the acquirer actually obtains the control on the acquired.

As for business combination not under the common control, combination costs contain paid-up assets, incurred or assumed liabilities, and fair value of issued equity securities, of which acquirer can take control over acquiree on acquisition date; intermediary fees incurred in business combination, such as auditing, legal service, evaluation consulting costs etc., and other administrative expenses accounted into current profit or loss at the time of incurring. Transaction costs incurred during the period of acquirer issuing equity securities or debt securities as combination consideration are recorded into initially recognized amount of equity securities or debt securities. If the adjustment of combination costs is as likely as not occur and can be measured reliably, recognizing as contingent consideration, and its follow-up measurements would influence goodwill. All related contingent consideration should be included in combination cost on the basis of the fair value on acquisition date; within twelve months after the acquisition date, if appearing new or further evidence for adjustments which have existed on acquisition date, it need to adjust the contingent consideration, thereby the combination goodwill should be

adjusted as well. In the consolidated financial statements of the Group, where business combination realized step by step through repeatedly exchanges and transactions, the acquiree shares held before acquisition date should be re-estimated pursuant to their value on acquisition date; differences between fair value and its book value shall be accounted into current investment earnings belonging to acquisition date; at the same time, it shall make other comprehensive incomes concerning the acquiree shares held before acquisition date turn into current investment earnings. Combination cost is the sum of the fair value on acquisition date of acquiree shares held before acquisition date and the fair value on acquisition date of incremental acquiree shares held before acquisition date.

Combination cost incurred for acquirer and identifiable net asset acquired from combination are measured on the basis of fair value on acquisition date. Surplus, of which combination cost is more than fair value of identifiable net asset acquired from acquiree in combination on acquisition date, is regarded as the goodwill. Where combination cost is less than fair value of identifiable net asset acquired from acquiree in combination on acquisition date, it shall first make a validation of the fair value of acquired acquiree's identifiable assets, liabilities and contingent liabilities and measurement of combination cost, and then if combination cost is still less than fair value of identifiable net asset acquired from acquiree in combination after validation, the balances shall be included in current profit or loss.

Deductable temporary difference which acquirer obtained from acquiree is not confirmed due to inconformity with asset conformation conditions of deferred income tax on acquisition date, if having new or further information indicating relevant conditions has existed on acquisition date within twelve months after acquisition date, and economic interest which is brought by deductible temporary difference of expected acquiree on acquisition date could be realized, it shall determine relevant deferred income tax assets while decrease goodwill, if not enough to offset, difference is determined to current profit or loss; except above conditions, recognition of deferred income tax assets concerning business combination are accounted into current profit or loss.

## **6. Preparation Methods of Consolidated Financial Statements**

### **(1) Principles in determination the Scope of Consolidated Financial Statements**

The scope of consolidation is determined on the basis of control. Control means that the Company is able to make decision on financial and operational policies of the invested company, and possesses the rights of obtaining benefits from operating activities of invested company. Scope of consolidation includes the Company and all its subsidiaries. Subsidiaries mean enterprises or entities controlled by the Company.

## (2) Preparation Methods of Consolidated Financial Statement

From the date of obtaining net assets and actual control rights of production and operation decision of subsidiaries, the Group begins to take them into consolidated scopes; from the date of losing actual control rights, the Group suspends taking them into consolidated scopes. As for disposing of subsidiaries, the operating results and cash flows of disposition currently have been properly included in consolidated profit statement and consolidated cash flow statement; subsidiaries disposed currently shall not adjust the beginning balance of consolidated balance sheet. For the incremental subsidiaries by way of business combination not under the common control, the operating results and cash flows after acquisition date have been properly included in consolidated profit statement and consolidated cash flow statement, and it shall not adjust the beginning balance and comparable number of consolidated financial statement. For the incremental subsidiaries by way of business combination under the common control, the operating results and cash flows from the beginning of combination to the combination date have been properly included in consolidated profit statement and consolidated cash flow statement, and it shall also adjust comparable number in consolidated financial statement simultaneously.

As preparing consolidated financial statements, if accounting policy or accounting period adopted by subsidiaries and the Company is conflicting, it shall make necessary adjustment to subsidiaries' financial statement pursuant to the Company's accounting policy and accounting period. As for subsidiaries obtained in business combination not under the common control, it shall adjust financial statements on the basis of fair value of identifiable net asset on acquisition date.

All significant balances, transactions and unrealized profits within the Group shall be offset when preparing consolidated financial statements.

Parts of subsidiary shareholders' equity and current net profit or loss that do not belong to the Company are listed separately as minority shareholder's equity and minority shareholder's profit or loss of the shareholder's equity and net profits in consolidated financial statement. Portion of subsidiaries' current net profit or loss belonging to minority shareholder's equity shall be listed with the title of "*minority shareholder's profit or loss*" in net profits in consolidated financial statement. If the portion of subsidiary's losses assumed by minority shareholders exceeds the share of minority interest in the beginning of the subsidiary, it shall write-down the minority equity.

When losing the right of controlling existent subsidiary company due to disposal of part investment interests or other reasons, the residual equity interests shall be re-measured according to the fair value on the day of losing

control right. The margin, of which, the sum of gain from the disposal of investment interests and the fair value of the residual equity less the portion of net assets measured by the original shareholding ratio of existent subsidiary company from the day of investing equity, shall be accounted into gain on investment for the period of losing control right. Other comprehensive income related to existent subsidiary company's equity investment shall be accrued as current yields from losing control right.

## **7. Determination of Cash and Cash Equivalents**

The Group's cash and cash equivalents include cash on hand, deposit that can be used for payment at any time, cash held by the Group with a short term period (generally matures within three months from the purchase day), highly liquid and readily convertible to known amount cash, and investment under insignificant risk of changes in value.

## **8. Foreign Currency Transaction and Foreign Currency Statement**

### **(1) Methods of foreign currency translation**

Initial recognition of foreign currency transactions incurred by the Group are translated to functional currency using the exchange rate at beginning of the year on which the transaction date falls (usually refers to the medial rate on the day of foreign exchange quotation by the People's Bank of China). However, for the foreign currency exchange business and transaction matters relating to foreign currency exchange, it shall adopt the temporal method for translating foreign currency into functional currency.

### **(2) Translation methods of monetary items and non-monetary items denominated in foreign currencies**

Monetary items denominated in foreign currencies are translated using the spot rate at the balance sheet date, and the arising translation differences are included in current profit or loss, except for which translation differences resulting in foreign currency borrowings in connection with acquisition and construction of assets eligible for capitalization conditions are treated under principle of capitalization of borrowing costs.

Non-monetary items denominated in foreign currencies measured by historical cost are still measured by functional currency translated under the spot rate of transaction date. Foreign currency non-monetary items measured by fair value are translated at the spot rate of the day that the fair value determined. The differences between functional currency after translation and the original amount of functional currency are regarded as changes of fair value (including exchange rate change) and recognized in current profit and loss or recognized as

other comprehensive income and then reckon in capital reserve.

## **9. Financial Instruments**

### (1) Determination of fair value on financial assets and financial liabilities

Fair value refers to the amounts that both parties who are familiar with trading circumstances conduct assets exchange or debt redemption voluntarily in a fair trade. If there is an active market for financial instruments, the fair value is determined by the Group using the quoted price in the active market. Quoted price in active market means the price that is readily and regularly available from industry associations or price facilitating agency, which represents a market transaction price actually incurred in fair dealing. If there is no active market for financial instruments, the Group shall use the appraisal techniques to determine the fair value. Appraisal techniques involve: reference of prices used in latest market transactions by all parties familiar with situations and traded voluntarily; reference of current fair value belonging to other financial instruments with the same nature; and discounted cash flow method and option pricing model, etc...

### (2) Classification, recognition and measurement of financial assets

For financial assets traded following the routine, it shall be recognized and derecognized on transaction date. Financial assets at the initial recognition could be divided into the financial assets measured by fair value with the variations accounted into profit and loss, held-to-maturity financial assets, loans and accounts receivable, and available-for-sale financial assets. The financial assets are initially measured at fair value. For the financial assets measured by fair value with the variations accounted into profit and loss, the transaction costs are directly accounted into current profit and loss. For financial assets under other categories, the relevant transaction costs are recognized into the initial recognition amounts.

Receivables, which included in financial assets of the Group, refer to non-derivative financial assets with non-quoted price in active markets and fixed or determinable recoverable amounts. Accounts receivable which are categorized into financial assets by the Group include accounts receivable, prepayments and other accounts receivables, etc...

Receivables are measured using effective interest rate method and pursuant to amortized cost for subsequent computation. The gain or loss incurred at the time of derecognition, impairment or amortization shall be recorded in current profit and loss.

### (3) Impairment of Finance Assets

The Group conducts examination for the book value of financial assets at each balance sheet date, and if there are any objective evidences indicating impairment of financial assets, impairment provision is provided.

The carrying amounts of financial assets that are measured at costs or amortized costs are to be reduced to the present value of estimated future cash flows. The amount reduced is recognized as impairment loss in profit and loss of the current period. After recognizing the impairment losses of financial assets, if there is objective evidence showing that the value of the financial assets has been recovered and the recoveries are bound up, objectively, with matters, the impairment losses recognized originally could be re-recognized. The carrying amount of the financial assets after the re-recognition should not exceed the amortized cost on the date of re-recognition as if there is no impairment loss recognized.

The method for accruing bad debt allowance for accounts receivable and other receivables shall be mentioned in explanatory notes (IV) 10.

### (4) Basis for recognition and measurement of financial assets transfer

Financial asset, which satisfies any one of the following conditions, could be derecognized: ① the contractual rights of receiving cash flows of the financial assets terminated; ② financial assets have been transferred, and almost all the risks and rewards over financial assets have been transferred to transferee; ③ financial assets have been transferred, and an enterprise does not only transfer but also retain almost all the risks and compensation over financial assets' ownership, but it abandons the control over financial assets.

If the financial assets were not transferred and the enterprise did not retain almost all the risks and rewards over the ownership of the financial assets, and the control over the financial asset did not abandoned, then it shall recognize the relevant financial assets according to continuous involvement of the transferred financial assets, and correspondingly recognize the relevant liabilities. Continuous involvement of the transferred financial assets refers to the risk level that the enterprise faces resulting from the changes of the value of financial assets.

If entire transfer of financial assets satisfies the conditions of derecognition, the book value of transferred financial assets and the differences between consideration obtained from transfer and cumulative amount originally recorded in the change of fair value on other comprehensive income shall be included in the current profit and loss.



If parts of financial assets transfer satisfy the conditions of derecognition, it shall make the book value of transferred financial assets amortized between part of derecognition and non-derecognition pursuant to its corresponding fair value; and the consideration obtained from transfer and differences between cumulative amount originally recorded in the change of fair value on other comprehensive income belonging to the portion of amortization and derecognition, and above amortized amounts shall be included in the current profit and loss.

#### (5) Classification and measurement of financial liabilities

The initial recognition of financial liabilities can be divided into the financial liabilities measured by fair value with the variations accounted into profit and loss. The financial liabilities initially measured at fair value. For the financial liabilities measured by fair value with the variations accounted into profit and loss, the transaction costs are directly accounted into current profit and loss. For financial liabilities under other categories, the relevant transaction costs are recognized into the initial recognition amounts. Financial liabilities of the Group are mainly other financial liabilities and financial security agreement.

##### ① Other financial liabilities

Other financial liabilities are measured using effective interest rate method and pursuant to amortized cost for subsequent computation. The gain or loss incurred at the time of derecognition, impairment or amortization shall be recorded in current profit and loss.

##### ② Financial security agreement

Financial security agreement, which is not designated to be measured as fair value, and that variations would be accounted into current profits and losses, shall be qualified initially in fair value. After initial recognition, follow-up measurement for the financial security agreement shall be the higher balance, of which the value confirmed according to the “*Accounting Standards for Business Enterprises XIII- Contingency*” or the initial confirmed value, deducting the accumulated amortization affirmed in the light of the “*Accounting Standards for Business Enterprises XIV- Revenue*”.

#### (6) Derecognition of financial liabilities

If current obligation of financial liabilities has been discharged wholly or partly, the financial liabilities or the portion of those can be derecognized. The Group (debtor) and creditor agreed on a contract with the method of affording new financial liabilities to replace existing financial liabilities; and contractual terms between new financial liabilities and existing financial liabilities is substantially different, derecognizing existing financial

liabilities and recognizing new financial liabilities.

For wholly or partly derecognized financial liabilities, the differences between book value of the part derecognized and consideration paid (including non-cash assets transferred or new financial liabilities assumed) are included in current profit and loss.

#### (7) Offset of financial assets and financial liabilities

When the Group has the legal rights to offset the recognized financial assets and financial liabilities and can perform the legal right currently, and meanwhile the Group plans to settle accounts with net amount, or liquidate the financial assets and pay off financial liabilities concurrently, the amounts of financial assets and financial liabilities are listed on the balance sheet after offsetting. Besides that, financial assets and financial liabilities shall be presented separately on the balance sheet and not allowed to be offset mutually.

#### (8) Equity Instrument

Equity instrument refers to the contract that can prove the remaining equity in assets with deduction of all liabilities of the Group. Equity instrument can increase owner's equity after obtained consideration deducting transaction costs when issuing.

All distributions (exclude stock dividends) to holders of equity instrument by the Group decrease owner's equity. The Group does not recognize the changes on fair value of equity instrument.

### **10. Accounts Receivables**

#### (1) Determination of bad debt provision

The Group examines the book value of accounts receivable at balance sheet date, and will accrue provision if the following objective evidences indicate impairment in accounts receivable: ① serious financial difficulties in the debtor; ② debtor breaches contract terms (such as default for or overdue the payment of interest or principal); ③ debtor is likely to bankruptcy or perform other financial reorganization; ④ other objective evidence indicating impairment in accounts receivable.

#### (2) Method of recognizing bad debt provision

① Recognition benchmark and accruing method of bad debt provision for accounts receivable with single amount significantly

Accounts receivable that is more than RMB 1,000,000.00 shall be recognized as single amount significantly.

The Group conducts individual impairment test for accounts receivable of single amount significantly. For the financial asset without occurring impairment loss after individual test, shall be involved in the financial assets of credit risk portfolio for conducting impairment test. And for the single amount of accounts receivable that has been recognized as impairment loss, shall not be involved in the accounts receivable of credit risk portfolio for conducting impairment test.

② Recognition benchmark and accruing method of bad debt provision for accounts receivable according to the portfolio of credit risk

A. Recognition criterion for the portfolio of credit risk characteristics

Financial assets, of which the single amount insignificantly and the single amount significantly without occurring impairment loss after conducting individual test for accounts receivables, shall be grouped according to the comparability and correlativity of credit risk characteristics. Generally, these credit risks reflect the due redemption ability of the debtor for such asset agreement provision. Moreover, such credit risks shall be related to the future cash flows measurement of tested financial assets.

**Certain basis for various portfolios:**

Items	Certain Basis for portfolios
Accruing bad debt provision according to the percentage-of-receivables approach	All accounts receivables without occurring impairment loss by conducting individual test
Specific receivables portfolio	Receivables involving government funds, staff reserve funds, security deposit and foregift, as well as affiliate funds of company and its subsidiaries.

B. Method of accruing bad debts provision according to the portfolio of credit risk characteristics

When conducting impairment testing, amount of bad debt provision, tranching according to the composite structure of receivables and analogous credit risk characteristics (the redemption ability of debtor for agreement provision), shall be assessed in the light of historical deficiency experiences, current financial situation and existing loss in the estimated receivable portfolios.

**Method of accruing bad debt provision for various portfolios:**

Items	Accruing Methods
Accruing bad debt provision according to the percentage-of-receivables approach	Percentage-of-receivables approach
Specific receivables portfolio	Not accruing bad debt provision due to no decrease in value based on the risk characteristics.

The ratio of accruing bad debts provision, using percentage-of-receivables approach, shall be 1% of ending balance of receivables.

In our group, receivables involving government funds, staff reserve funds, security deposit and foregift, as well as affiliate funds of company and its subsidiaries, according to the historical experiences, shall not be accrued as bad debt provision due to better returnability and less possibility of occurring bad debt for such receivables

③ Receivables of single amount insignificantly but accruing bad debt provision individually

The Group regards the receivables of single amount insignificantly that is held more than three years as the single amount insignificantly, but accruing bad debt provision individually by individual impairment testing. If there is objective evidence indicating the value of receivables decreased, it shall assess the loss and accrue the allowance of bad debts according to the margin of the carrying amount less the future present value. Receivables affirmed as impairment loss by individual testing shall not be involved in the receivables of credit risk portfolio for conducting impairment test.

( 3 ) Re-recognition of bad debt provision

If there is objective evidence indicating the value of accounts receivable has been resumed, and it is objectively relevant to the matters of which occurring after recognizing losses, then the original recognized impairment losses are resumed and included in the current profit and loss. However, the book value of the resumed amounts shall not exceed the amortized cost on the date of re-recognition for the assumed accounts receivables without the situation of impairment provision accrued.

**11. Inventory**

(1) Classification of inventory

Inventory mainly includes materials, maintenance accessories and low-value consumables.

(2) Pricing method of inventory acquiring and delivery

When the inventory was acquired, it is valued according to the actual cost; inventory cost consists of purchasing cost, processing cost, and other costs. It is valued according to weighted average method when drawing and delivering.

(3) Confirmation of net realizable value for inventory, and accruing method of inventory revaluation reserve

Net realizable value refers to the amount, in the daily activities, which the estimated value of inventory minus estimated incurring cost of completion, estimated selling expense, and related taxes and dues. It should be based on the conclusive evidence to confirm the net realized value of inventory. Meanwhile, it should consider the purpose of inventory holding and effects of matters after the date of balance sheet.

At the date of balance sheet, inventory is calculated at the lower of which the cost or net realizable value. When net realizable value is lower than the cost, inventory revaluation reserve should be accrued. Inventory revaluation reserve is retained according to the surplus which is the cost of each single inventory item minus its net realizable value.

After accruing inventory revaluation reserve, if the influencing factors of previous write-down inventory's value have been disappeared, which caused the net realizable value of inventory is greater than its book value, the accrued value of inventory revaluation reserve could be resumed, and the resumed value should be accrued in the current profit and loss.

(4) Inventory system is perpetual inventory system

(5) Amortization method of low-value consumables

Low-value consumables are amortized by way of one-time amortization method or split amortization method.

## **12. Long-term equity investment**

(1) Determination of investment cost

For long term equity investment formed by business combination, if it is the long term equity investment of business combination under the common control, at the date of combination, the accounting value of acquiree's

owner equity would be regarded as the preliminary investment capital; for the long term equity investment of business combination not under the common control; business combination costs are the sum of purchaser's assets, occurred and incurred liabilities, and fair value of issued equity securities. All expenses including agent costs for purchaser's auditing, law service, evaluation consultation etc., and other corresponding management fees for business combination, should be accrued in the current profit and loss of operation. Transaction costs for equity securities or debt securities counter-performance distribution by purchaser's business combination should be accrued as original confirmed amount of equity securities or debt securities.

Other equity investment except for the long-term equity investment form by business combination should be measured initially by the costs. And the costs would be recognized as the actual payment of purchasing and the conventional value of investment contract or agreement for the Group respectively according to the different acquiring way of long-term equity investment. All expenses, taxes and other necessary expenditures directly related to long-term equity investment should be accrued as the investment cost.

## (2) Subsequent measurement and recognition of profit and loss

As for those invested organizations that do not have the common control or significant influence, without quotation and reliable measured fair value in the active market, the long-term equity investment could be accounted using cost method. Otherwise, equity method shall be used.

Moreover, cost method adopted by the Company's financial statements for long-term investment of investees that can be controlled.

### ① Long-term equity investment accounted by cost method

When using cost method, long-term equity investment shall be measured at initial investing cost, except for the actual payment of acquiring investment, or the acclaimed but un-released cash dividends or earnings included in the consideration. The current equity earnings shall be confirmed by the cash dividends or earnings acclaimed by investee.

### ② Long term equity investment accounted by equity method

While accounted by equity method, if the initial investing cost of long-term equity investment is more than the fair value of the identifiable net assets of investment shared by the investee, it could not adjust the initial investing cost of long term equity investment; if the initial investing cost is less than the fair value of the identifiable net

assets of investment shared by the investee, the difference could be accounted into the profit and loss of that period, and adjust the cost of long-term equity investment as well.

While adopting the equity method for adjusting accounts, the profit and loss for the current investment should be the portion of net profit or loss realized by the investees which should be shared for the investment. When deciding the share of net profit or loss realized by investees, it should be based on the fair value of each identifiable asset to adjust and confirm the net interest of investees pursuant to the Group's accounting policy and period. As for the unrealized internal transaction profit and loss occurred between the Group and affiliated businesses or joint enterprises, it should recognize the profit and loss deducting the portion of the Group shared incurred by the proportion of shareholding. But the unrealized internal profit and loss occurred between the Group and investees, according to the rules of Accounting Standards for Enterprises No. 8 - Impairment of Assets, which belongs to transferring asset impairment lost, could not be offset. As for the other comprehensive income of investees, it should be incurred as capital reserves after adjusting the book value of long-term equity investment to be other comprehensive income.

While recognizing the net loss shared by the investees, it should be within the limit of the book value of the long-term equity investment as well as other long-term equity, which write-down to zero, formed by the net investment of investees actually. Moreover, if the Group is responsible for undertaking extra lost of the investees, it would be recognized as accrued liabilities according to the predicted obligations, and then accounted as current investment losses. When the investees realize net profit afterwards, it should re-recognize the share of income for the Group after deducting the portion of unrealized losses.

### ③ Acquisition of minority equity

When preparing financial statements, the balance, between the new adding long-term equity investment from acquisition of minority equity and the net assets calculated from the date of acquisition (or combination date) constantly according to the proportion of new adding shareholding obtained from subsidiaries, should be adjusted as capital reserve; and as for the reserve is not enough for reducing, adjusted as retained earnings.

### ④ Disposal of long-term equity investment

When preparing consolidated financial statements, while parent company partially disposing the long-term equity investment of subsidiary without losing the right of its control, it should regarded the differences, between the

disposal fund and the net assets of long-term equity investment disposition from the subsidiary correspondingly, as owner's equity. While parent company partially disposing the long-term equity investment of subsidiary with losing the right of its control, it should conduct the accounting treatment according to the note of IV, 4. (2) The accounting policy for preparing consolidated financial statements

For the disposal of long-term equity investment under other situations, the difference between the book value and actual acquired price for the disposed equity should be accounted into the profit and loss of that period. For long-term equity investment calculated in equity method, other comprehensive income included in the owner's equity previously should be accrued as the profit and loss of that period according to the relative proportion. As for the remained equity, long-term equity investment or other related financial assets should be recognized by its accounting value and undertaken subsequent measurement according to the mentioned accounting policy for long term equity investment or financial assets. As for the remained calculated by equity method instead of cost method, it should be adjusted according to relevant regulations.

### (3) Basis for determination of joint control, significant influence to investees

Control refers to having the rights to determine a company's financial and management policy, and getting profits from the company's business. Joint control means common control to a certain business activity according to the agreement of contract, only existing when the significant financial and operating strategies shall be agreed by the investors who enjoy the right of control. Significant influence refers to the authority of decision to participate in the financial and operating strategies of the business, but no control or co-control with others of the policy setting. When recognizing whether it is possible to conduct control or significant influence on the investees, it should have considered the potential voting power factor including the current convertible debentures and executable equity warrants of the investment enterprises and other investees.

### (4) Impairment test method and impairment preparation accrual method

The Group would examine whether there is indication of impairment for the long-term equity investment at the date of each balance sheet. If the indication of impairment does exist in the assets, then the recoverable amount will be evaluated. If the recoverable amount is less than the book value, then calculating the preparation for asset impairment according to the difference, and accounting into the profit and loss of that period.

The impairment losses of long-term equity investment cannot be resumed afterwards once it has been recognized.



### 13. Investment Real Estate

Investment real estate refers to the real estate for rental earnings or capital appreciation, or both, including the leased buildings, etc.

Investment real estate should be calculated initially according to the costs. The subsequent expenditures related to investment real estate would be accounted into the cost of investment real estate if the economic interest related to the asset probably inflow and its cost could be calculated reliably. Other subsequent expenditures could be calculated into the profit and loss when occurring.

The Group adopts costing model for subsequent measurement of investment real estate. The depreciation of investment real estate is calculated using straight-line method. The expected life length, estimated net residual rate and yearly depreciation rate are listed as following:

<u>Asset category</u>	<u>Expected life length (year)</u>	<u>Estimated net residual rate (%)</u>	<u>Annual depreciation rate (%)</u>
Buildings	10 - 45	5, 10	2 - 9.5

Impairment test method and impairment preparation accrual method for investment real estate shall be mentioned in the notes of IV. 17 denominated Impairment for Non-current and Non-financial Assets.

While Self-use real estate and investment real estate converting with each other, it shall record the posting value according to the book value of pre-conversion.

While the application of investment real estate converted to be self-using, from the date of changing, the investment real estate would be converted to fixed assets or intangible assets. The application of self-use real estate changed for rental earnings or capital appreciation, from the date of changing, fixed assets and intangible assets would be converted to investment real estate. When changing occurred, it shall record the posting value according to the book value of pre-conversion.

When the investment real estate is disposed or quit permanently without any economic profit earned from such disposal, it shall terminate to recognize such investment real estate. The disposal income from investment real estate, including for sales, alienation, scrapping or derogation, should be accounted into the current profit and loss after deducting its book value and interrelated taxes and dues.

## 14. Fixed Asset

### (1) Recognition qualification of fixed asset

Fixed asset means the tangible asset with the life length more than one fiscal year which could be used for goods manufacturing, service providing, leasing and operating management.

### (2) Depreciation method for sorts of fixed assets

Fixed asset shall be initially measured according to the costs, with considering the influencing factor of predicted asset retirement obligation. Fixed asset is depreciated by straight-line-method in its life length from the next month of predicted viable status. The life length, estimated residual value and annual depreciation rate of every type of fixed assets are as following:

Asset category	Estimated life length (year)	Estimated residual rate (%)	Annual depreciation rate (%)
Houses and buildings	5—50	5, 10	1.8—19
Port facilities	50	5	1.9
Mechanical facilities	3—20	5, 10	4.5—31.7
Conveyances	3—14	5, 10	6.4—31.7
Fixed asset decoration	2—5	—	20—50
Office and other facilities	3—5	5, 10	18—31.7

Predicted net residual value refers to the sum of money for the Group from the disposal of the fixed asset after deducting the estimated disposal expenses, supposing such fixed asset is at the state of expiration and termination of its estimated life length.

### (3) Impairment test method and impairment preparation accrual method for fixed asset

Impairment test method and impairment preparation accrual method for fixed asset shall be mentioned in the

explanatory notes of IV. 18 denominated *Impairment for Non-current and Non-financial Assets*.

#### (4) Other specifications

The subsequent expenditure related to fixed asset should be accounted into the cost of fixed asset if the economic profit of fixed asset could inflow in all probability with reliable measurement of its costs, and terminating to recognize the book value of the part of substitution. Besides, other subsequent expenditure shall be accounted into the current profit and loss when occurring.

The balance for the disposal income of sales, alienation, scrapping or derogation, should be accounted into the current profit and loss after deducting its book value and interrelated taxes and dues.

The Group should double-check at any rate the life length, estimated net residual value and depreciation method of fixed asset at the end of the fiscal year. If changes occurred, it shall be treated as change in accounting estimate.

### **15. Construction in process**

The cost of construction-in-process should be recognized pursuant to the actual project expenditure, including all kinds of project expenditures during the period of construction, the capitalized borrowing costs before the state of estimated viable for construction, as well as other related expenses, etc. After the state of estimated viable for construction-in-process, it would be recognized as fixed asset or investment real estate.

Impairment test method and impairment preparation accrual method for construction-in-process shall be mentioned in the notes of IV. 18 denominated *Impairment for Non-current and Non-financial Assets*.

### **16. Borrowing costs**

Borrowing costs consist of interest on borrowings and auxiliary fees and so on. The borrowing costs, which attribute to the capitalization condition directly of assets' constructing or producing, could begin to be capitalized when expenditure to acquire occurred, borrowing cost arose and necessary constructing or producing activities begun for the assumed viable or marketable status of assets. The constructed or manufactured assets according with the criterion of capitalization shall be terminated for capitalization when the assets are at the status of assumed viable or marketable conditions. And other borrowing costs shall be recognized as period expenses when occurring.

The balance for the period actual interest on special-borrowing, deducting the interest income obtained from bank

deposit of unspent borrowings or yield from temporary investment shall be capitalized. General borrowings shall be capitalized in accordance with the principle, of which the weighted average margin of the accumulated expenditure to acquire minus the expenditure to acquire of special-borrowing shall be multiplied by the capitalize rate for general borrowings. Capitalization rate is determined by the weighted average rate of general borrowings.

The asset matching the condition of capitalization refers to the fixed asset, investment real estate or inventory, etc that could meet the status of viable or marketable condition after a considerable long time for constructing or manufacturing activity.

If the asset matching the condition of capitalization is suspended improperly, and the duration of the discontinuity lasts for more than three months continuously during the process of construction or production, it shall suspend the capitalization of borrowing costs until the constructing or manufacturing activities for the assets restart.

## **17.Intangible assets**

### **(1) Intangible assets**

Intangible asset means identifiable non-cash asset without physical form, which is owned or controlled by the Group.

Intangible asset is measured initially on the basis of its cost. The expenditure related to intangible asset shall be accounted into the cost of intangible asset if its relevant economic profit could inflow in all probability with reliable measurement of its costs. Apart from this, other items of expenditure shall be accounted into the period profit and loss.

The land tenure is usually accounted as intangible asset. The outlay of land tenure related to the structure such as self-developing built plant, and erection cost of such structure shall be accounted as intangible asset and fixed asset respectively. For the purchased tenements and buildings, the relational payments shall be distributed between the land tenure and building. While is hard to distribute reasonably, it shall be treated as fixed assets as a whole.

The intangible asset with limited life length shall be average amortized in installments during its assumed life length, by way of straight-line method on the sum of its original value deducting estimated net residual value and the accumulated accrued impairment preparation. The intangible asset with uncertain life length cannot be amortized.

At the end of the period, it shall double-check the life length and method of amortization for the intangible asset

with limited life length; while modification arising, it shall be treated as change in accounting estimate. Moreover, it shall check the life length for the intangible asset with uncertain life length; if there's any evidence indicating foreseeable deadline for economic profit of such intangible asset bringing to the enterprise, then forecasting its life length and conducting amortization on such intangible asset with limit life length in the light of the amortization policy.

## (2) Impairment test method and impairment preparation accrual method for intangible asset

Impairment test method and impairment preparation accrual method for intangible asset shall be mentioned in the notes of IV. 18 denominated Impairment for Non-current and Non-financial Assets.

### **18. Impairment of non-current non-financial assets**

The Group assesses, on balance sheet date, whether there are indicators for impairment to fixed assets, construction in process, intangible assets with finite useful life, investment property measured using costing model, and long-term equity investment to subsidiaries, joint ventured companies and associated companies. If there are any indicators of impairment, recoverable amount is estimated and impairment test is conducted. Impairment tests are conducted each year to goodwill, intangible assets that with indefinite useful life and intangible assets that have not reached its useful condition despite whether there is indicators of impairment.

If the recoverable amount of an asset is less than its carrying amount in the impairment test, provision for impairment shall be made for the difference and recognized as an impairment loss. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The fair value of an asset is determined according to the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an active market for the asset, the fair value shall be determined according to the current bid price. If there is no sale agreement or active market for the asset, the fair value shall be based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, cost of removing the asset and direct cost to bring the asset into its condition of sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows. Provision for impairment shall be made and recognized on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. An asset group is the minimum group of

assets which can generate cash flows independently.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

## **19. Revenue**

### **(1) Revenue from rendering of service**

The revenue from rendering of service shall be recognized by way of percentage of Completion at the balance sheet date on the premise of reliable estimation for the outcome of offering service transaction. The completion progress of service transaction shall be determined by the portion of the offered service taking up the total service to be offered.

The reliable estimation for the outcome of offering service transaction refers to the following satisfactions simultaneously: ① the amount of income could be measured reliably; ② the interrelated economic profit would be likely to inflow to the enterprise; ③ the stage of completion for transaction could be confirmed reliably; ④ the factual cost and the cost to be generated for the transaction could be measured reliably.

If the result of service render cannot be estimated reliably, it shall recognize the revenue from rendering of service on the basis of the cost of generated and predicted compensation, and regard the generated service cost as the period expense. While the generated service cost is predicted not to be compensated, then the income cannot be confirmed.

### **(2) Recognition method for the revenue from abalienation of asset use right**

According to relative contracts or agreements, confirming the income according to the accrual system

Operating lease income shall be ascertained when receiving the related rental or the voucher of receipts, according to the leasing date (considering the rent-free period if existing) and rental amount agreed on the lease agreement and contract. The operating lease rental unearned for more than one year shall be reckoned in deferred income, and be recognized as the income of the tenancy duration by way of the straight-line method in accordance with the prescriptive period of the contract.

### **(3) Interest income**

It shall be determined by the time and actual interest rate of which others use the Group's monetary capital.

## **20. Government grants**

Government grants refer to the monetary assets and non-monetary assets the Group acquires from the government gratis, excluding the assets invested by government as an owner. Government grants can be divided into asset related grants and profit related grants.

While government grants are monetary assets, it shall be measured according to the amount of received or receivables. If government grants are non-monetary assets, then calculated according to the fair value; while the fair value cannot be acquired reliably, calculated according to nominal amount. The government grants calculated according to the nominal amount shall be directly calculated into the period profit and loss.

Asset related grants shall be recognized as deferred income, and be recorded as period profit and loss by way of equal division in the related asset's life length. For the profit related grants, of which are used to compensate the subsequent related expenses and losses, recognized as deferred income and recorded as period profit and loss in the period of the related expenses recognition; of which are used to compensate the generated related expenses and losses, directly recorded as the period profit and loss.

While the recognized government grants need to be refunded, it shall write-down the book value of related deferred income if the balance of that exists, and the excess part shall be calculated into the period profit and loss; if no related deferred income exists, directly calculated into the period profit and loss

## **21. Deferred Income Tax Assets/Deferred Income Tax Liabilities**

### **(1) Current income tax**

On the balance sheet date, current income tax liabilities(or assets), which have been formed currently and previously, shall be measured by the income tax of expected paying(or refunding) regulated by the tax law. The taxable income which is the basis of calculating the current income tax expense shall be derived after adjusting the pre-tax accounting profits for the present year according to the relevant tax law and regulations.

### **(2)Deferred income tax assets and deferred income tax liabilities**

For the balance between the book value and tax base for certain assets and liabilities, and the temporary difference between the book value and tax base of items which is not confirmed as assets and liabilities while can be confirmed as the tax base, it shall adopt the Balance Sheet Approach to ensure the deferred income tax assets and deferred income tax liabilities.

The taxable temporary difference, which is concerned with the initial affirmation of goodwill but not business

combination, and related to the initial affirmation of assets or liabilities resulting from the transaction without any influence on the accounting profits as well as the taxable income (or the deductible loss ), shall not be recognized as the deferred income tax liabilities. Besides, the taxable temporary difference concerned with the investment of subsidiary company, affiliated business and joint enterprises shall not be recognized as the deferred income tax liabilities, if the Group could control the restitution time of the temporary difference and such temporary difference would not be likely to reconstitute in the foreseeable future. The Group will recognize all other deferred income tax liabilities caused by taxable temporary differences except for the exceptional case above mentioned.

The deductible temporary difference, which is not business combination, and related to the initial affirmation of assets or liabilities resulting from the transaction without any influence on the accounting profits as well as the taxable income (or the deductible loss), shall not be recognized as the relevant deferred income tax assets. Besides, the deductible temporary difference concerned with the investment of subsidiary company, affiliated business and joint enterprises shall not be recognized as the deferred income tax assets, if the temporary difference would not be likely to reconstitute in the foreseeable future, or it is impossible in the future to obtain the income taxable to offset the deductible temporary difference. Except for the above exceptional case, the Group could recognize other deferred tax assets caused by deductible temporary differences by way of the limit of the taxable income resulting from the probable deductible temporary differences.

As for the deductible loss and tax credit that could be carried down for the subsequent years, it shall be recognized as the deferred tax assets by way of a limit of the taxable income resulting from the probable obtained deductible loss and tax credit.

As for the deferred income tax assets and deferred income tax liabilities, on the balance sheet date, it shall be measured with the applicable tax rate in the predicted period of recalling relevant assets or paying off liabilities according to the tax law and regulations.

On the balance sheet date, it shall check the book value of the deferred income tax assets. If it is not likely in the future to obtain enough taxable income to deduct the profit of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it's very likely to obtain enough taxable income, the write-down amount shall be restituted.

### (3)Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except the current income tax and deferred income tax which are recognized as other comprehensive income or



accounted directly into the owner's equity related to the transactions and items, could be reckoned in other comprehensive income or owner's equity, as well as the book value of the adjusted goodwill resulting from the deferred income tax which is caused by the business combination, other current income tax and deferred income tax expenses or income shall be reckoned in current loss.

## **22. Leasing**

Finance lease refers to a lease which transfers substantially all the risks and rewards incidental to ownership of an asset, and ownership of the asset is transferred to the lessee at the end of the lease term or not. Other leases except for finance lease shall be regarded as operating lease. The Group's lease is operating lease.

### **(1) Accounting treatment for the Group as lessee under operating leases**

Lease payments under an operating lease are recognized as cost of relevant assets or charged to profit or loss for the current period on straight-line basis over the lease term. Initial direct costs incurred are charged to profit or loss for the current period directly. Contingent rentals are charged to profit or loss in the period in which they are actually incurred.

### **(2) Accounting treatment for the Group as lessor under operating leases**

Lease receipts under an operating lease are recognized by the in the current profit or loss on a straight-line basis over the lease term. Significant initial direct costs are capitalized when they are incurred, and are recognized in profit or loss over the lease term on the basis on which the lease income is recognized. Insignificant initial direct costs shall be charged to the current profit or loss directly. Contingent rentals are charged to profit or loss in the period in which they are actually incurred.

## **23. Employee remuneration**

In the accounting period in which an employee has rendered service to the Group, the Group recognizes the employee benefits payable as a liability.

Expenditures paid by the Group for the social security system set up by the government, such as basic pension insurance, medical insurance, housing funds and others, shall be recognized in the cost of related assets or the current profit or loss.

When the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a

provision shall be recognized for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the profit or loss for the current accounting period, when both of the following conditions are satisfied: (a) the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy, which will be implemented immediately; (b) the Group cannot unilaterally withdraw from the termination plan or the redundancy offer.

The earlier retirement plan shall be accounted for in accordance with the accounting principles for compensation for termination of employment. The salaries or wages and the social contributions to be paid for the employees who retire before schedule from the date on which the employees stop rendering services to the Company to the scheduled retirement date, shall be recognized (as compensation for termination of employment) in the current profit or loss if the recognition principles for provisions are satisfied.

#### **24. Significant accounting judgments and estimates**

When adopting the accounting policies, the Group needs to make judgments, estimates and assumptions for the carrying amount of items which are presented in financial statements that cannot be measured accurately due to internal uncertainties of operating activities. The judgments, estimates and assumptions made according to historical experiences of management and consideration of other relevant factors, which will influence the reported amounts of revenue, expenses, assets as well as liabilities and the disclosure of contingent liabilities at the balance sheet date. However, the uncertainties of these estimates will probably result in significant adjustments on the carrying amounts of assets or liabilities which will be affected by those judgments, estimates and assumptions in future accounting periods.

Above mentioned judgments, estimates and assumptions shall be checked periodically ongoing -concern basis by the Group. If the changes in accounting estimates affect current period only, the amounts affected shall be recognized in current period. If the changes affect both current and future periods, the amounts affected shall be recognized in the current accounting period as well as subsequent accounting periods.

At the balance sheet date, significant areas that require the Group to make judgments, estimates and assumptions to the amounts of financial statements items are as follows:

##### **(1) Bad debt provision recognition**

The allowance method is adopted by the Group to account for losses on bad debts in accordance with the accounting policies for receivables. Impairment of accounts receivable is made based on estimation of its

recoverability, which requires the management to make judgments and estimates. The difference between the actual outcomes and the estimates will have effects on the carrying amounts of accounts receivable and on provision or reversal of the allowance for bad debts of the accounting period in which the estimates are changed.

#### (2) Impairment provision for non-current non-financial assets

At the balance sheet date, the Group judges whether there are indicators of impairment for non-current assets other than financial assets. For an intangible asset with an indefinite useful life, except for annually impairment test, if t indicating impairment occurs, an impairment test shall be conducted. For non-current assets other than financial assets, an impairment test shall be made if there are evidences indicating the carrying amounts cannot be recovered in full.

An asset or asset group is impaired when its carrying amount is higher than its recoverable amount, id est. the higher of its fair value less the disposal expenses and the present value of the estimated future cash flows.

The net amount of fair value less the disposal expenses shall be determined with reference to the quoted price of similar assets in a sales agreement in an arm's length transaction or an observable market price less incremental costs directly attributable to disposal of the asset.

When estimating the present value of future cash flows, significant judgments shall be made involving the production output, selling price, relevant business costs of the asset (or asset group) and the discount rate adopted in calculating the present value. In estimating the recoverable amount, the Group will adopt all information available, such as forecasts for the production output, the selling price and relevant business costs, which are made according to reasonable and supportive assumptions.

#### (3) Depreciation and amortization

Taking the residual value into consideration, an investment real estate, fixed asset and intangible asset are depreciated or amortized on the straight-line basis over its useful life. The Group shall check the useful life periodically to determine the amount of depreciation or amortization which would be recognized in each accounting period. The useful life is determined according to historical experience of similar assets and technological renovation estimated. The amount of depreciation or amortization shall be adjusted in future accounting periods if there are material changes in past estimates.

#### (4) Deferred income tax asset

Deferred tax asset shall be recognized for the unused deductible losses to the extent that it is probable that future taxable profit will be available against which the deductible losses can be utilized. Taking the taxation planning into consideration, the management of the Group is required to make significant judgments to estimate the time and the amount of future taxable profit in order to determine the amount of deferred income tax assets.

(5) Corporate income tax

For some transactions in the Group's regular operating activities, uncertainties exist in the tax treatment and calculation eventually. An approval from the tax authority is needed to determine whether some items shall be disbursed from the cost and expenses before tax. If the final confirmation from the tax authority differs with the original estimation, the difference will have effects on the current income tax and deferred income tax of the period in which the final confirmation is made by the tax authority.

(6) Estimated value of fixed asset

For the logistic warehouse, both the construction period and the final completion settlement period are in long-term. For a logistic warehouse, which has reached its estimated useful condition but before final completion settlement, shall be recognized provisionally according to the actual cost incurred, and accordingly depreciation shall be accrued from the next month of the serviceable condition reached. After accomplishing final completion settlement, the book value previously recognized in book shall be adjusted to its actual cost. The Group's management believes that it is appropriate to recognize fixed asset according to actual cost incurred before the final completion settlement and depreciate it on such basis

## **V. TAXES**

### **1、 Value-added tax**

The Company and its domestic subsidiaries are taxpayers of value-added tax (VAT). The taxable amount for VAT is the remaining of the current output tax offset by deductible input tax. The output tax rate of VAT is 17% on taxable income. 6% VAT tax rate is applicable for revenue from water supply as well as storage and docking of Shanghai Baowan International Logistic Co., Ltd. And 3% VAT tax rate is applicable for small scale taxpayers of VAT.

### **2、 Business tax**

It is levied at 3% or 5% to the Company and its subsidiaries on the taxable turnover.

### **3、 Urban maintenance and construction tax, educational surcharge and local educational surcharge**

The Company, Shenzhen Baowan International Logistic Co., Ltd (Shenzhen Baowan) and Baowan Logistic Holdings Co., Ltd (Baowan Holding), two subsidiaries of the Company located in Shenzhen pay urban maintenance and construction tax at 1% on the turnover tax paid actually before 1 December 2010, and 7% thereafter. Subsidiaries that are outside Shenzhen pay urban maintenance and construction tax at 5% or 7% on the turnover tax paid.

The Company and its subsidiaries accrue and pay educational surcharge at 3% and regional educational surcharge at 2% respectively on turnover tax.

#### 4、Corporate income tax

Name of the Company and its subsidiaries	Current year income tax rate (%)	Last year income tax rate (%)
The Company (note (1))	25	24
Shenzhen Baowan (note (1))	25	24
Baowan Holding	25	25
Shanghai Baowan International Logistic Co., Ltd. (Shanghai Baowan) (note (2))	25	25
Guangzhou Baowan International Logistic Co., Ltd. (Guangzhou Baowan)	25	25
Kunshan Baowan International Logistic Co., Ltd. (Kunshan Baowan)	25	25
Tianjin Baowan International Logistic Co., Ltd. (Tianjin Baowan)	25	25
Langfang Baowan International Logistic Co., Ltd. (Langfang Baowan)	25	25
Chengdu Xindu Baowan International Logistic Co., Ltd. (Chengdu Xindu Baowan)	25	25
Chengdu Longquan Baowan International Logistic Co., Ltd.(Chengdu Longquan)	25	25
Nanjing Baowan International Logistic Co., Ltd. (Nanjing Baowan)	25	25
Mingjiang (Shanghai) International Logistic Co., Ltd. (Shanghai Mingjiang)	25	25
Tianjin Bingang Baowan International Logistic Co., Ltd. (Tianjin Bingang Baowan)	25	25

Note (1): According to the file of *State Council Made Notification to Implement the Transitional Preferential Policy of the Business Income Tax* (Guo Fa [2007] No. 39), since January 1, 2008, the enterprises which enjoyed the low rate tax preferential policy shall transit to the statutory tax rate gradually in five years of the implement of the new tax law. Under this provision, The Company and Shenzhen Baowan Logistics Co. Ltd (“Shenzhen Baowan”) will execute the income tax of 24% in 2011 and 25% of tax rate in 2012 accordingly.

Note (2): The corporate income tax for Shanghai Baowan is levied on assessment basis. Its taxable income is

determined at 10% of operating revenue

## **5、Housing property tax**

In accordance with Article 5 of Notice to Publish “*Reply to Issues Related to Property Tax and Vehicle and Vessel Usage Tax*” (Shen Di Shui Fa (1999) No.374), issued by Shenzhen Local Taxation Bureau, property leased out by production and business operation entities shall be taxed at 1.2% on the basis of 70% of the original cost of the property.

Properties of the Group that situated in Shenzhen shall be taxed according to this notice. Properties situated in other cities shall be taxed according to the local regulations.

## VI. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

### 1、Subsidiaries status

(1) Subsidiaries that are setup or obtained by investment

Currency: RMB Yuan

Name of the subsidiary	Type of subsidiary	Registered place	Business nature	Registered capital	Business scope	The Ending Actual Amount of Capital Investment	Balance of Other Virtual Net Investment in Subsidiary	Shareholding Percentage (%)	Voting Percentage (%)	Whether Consolidated Financial Statements	Minority Interest	Amount of minority interests to write down the loss and profit from minority shareholders	The remaining balance of Owners' equity of parent company deducting the excess of Minority's attributable share of losses in current period over its share of opening balance of subsidiary's owners' equity
Baowan Holding	holding	Shenzhen	Investment	500,000,000.00	Investment	830,531,987.58		77.36%	77.36%	Yes	253,693,066.96		
Shanghai Baowan International Logistic Co., Ltd.	holding	Shanghai	Service	160,000,000.00	Storage、Stockpiling	210,995,407.98		100%	100%	Yes			

Guangzhou Baowan International Logistic Co., Ltd.	holding	Guangzhou	Service	50,000,000.00	Storage、Stockpiling	48,511,114.06		100%	100%	Yes			
Kunshan Baowan International Logistic Co., Ltd.	holding	Kunshan	Service	120,000,000.00	Storage、Stockpiling	129,462,606.31		100%	100%	Yes			
Tianjin Baowan International Logistic Co., Ltd.	holding	Tianjin	Service	150,000,000.00	Storage、Stockpiling	125,685,281.60		100%	100%	Yes			
Langfang Baowan International Logistic Co., Ltd.	holding	Langfang	Service	90,000,000.00	Storage、Stockpiling	84,652,556.50		100%	100%	Yes			
Chengdu Xindu Baowan International Logistic Co., Ltd.	holding	Chengdu	Service	60,000,000.00	Storage、Stockpiling	52,576,735.72		100%	100%	Yes			
Chengdu Longquan Baowan International Logistic Co., Ltd.	holding	Chengdu	Service	100,000,000.00	Storage、Stockpiling	91,893,164.65		100%	100%	Yes			
Nanjing Baowan International Logistic Co., Ltd.	holding	Nanjing	Service	130,000,000.00	Storage、Stockpiling	128,826,528.23		100%	100%	Yes			
Tianjin Bingang Baowan International Logistic Co., Ltd.	holding	Tianjin	Service	50,000,000.00	Storage、Stockpiling	50,000,000.00		100%	100%	Yes			
Nantong Baowan International Logistic Co., Ltd.	holding	Nantong	Service	100,000,000.00	Storage、Stockpiling	100,000,000.00		100%	100%	Yes			
Baowan Logistic (Wuhan) Co., Ltd.	holding	Wuhan	Service	100,000,000.00	Storage、Stockpiling	100,000,000.00		100%	100%	Yes			

(2) Subsidiaries acquired through combination under common control

Currency: RMB Yuan



Name of the subsidiary	Type of subsidiary	Registered place	Business nature	Registered capital	Business scope	The Ending Actual Amount of Capital Investment	Balance of Other Virtual Net Investment in Subsidiary	Shareholding Percentage (%)	Voting Percentage (%)	Whether Consolidated Financial Statements	Minority Interest	Amount of minority interests to write down the loss and profit from minority shareholders	The remaining balance of Owners' equity of parent company deducting the excess of Minority's attributable share of losses in current period over its share of opening balance of subsidiary's owners' equity
Shenzhen Baowan International Logistic Co., Ltd.	holding	Shenzhen	Service	34,410,000.00	Storage、Stockpiling	41,273,772.13		100%	100%	Yes			
Mingjiang (Shanghai) International Logistic Co., Ltd.	holding	Shanghai	Service	120,000,000.00	Storage、Stockpiling	106,667,946.29		100%	100%	Yes			

## 2、Explanation to changes in scope of consolidation

Nantong Baowan and Wuhan Baowan Baowan are new subsidiaries incorporated by the Group this year and the scope of consolidation for this year is expanded accordingly.

## 3、Entities that are newly included in the scope of consolidation in the reporting period

Currency: RMB Yuan

Name of entity	Closing Net Asset	Current Net Profit
Nantong Baowan International Logistic Co., Ltd.	99,947,941.35	-52,058.65
Baowan Logistic (Wuhan) Co., Ltd.	100,000,000.00	

## VII. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1、Bank and Cash

Currency: RMB Yuan

Items	Closing balance			Opening Balance		
	Amount in Foreign Currency	Exchange Rate	Amount in RMB	Amount in Foreign Currency	Exchange Rate	Amount in RMB
Cash on Hand	--	--	18,059.44	--	--	19,589.18
RMB	--	--	14,838.51	--	--	14,654.66
HKD	45.13	0.81	36.56	45.13	0.81	36.56
EUR	390.24	8.16	3,184.37	600.24	8.16	4,897.96
Bank Deposit	--	--	876,799,928.87	--	--	402,087,231.52
RMB	--	--	874,254,091.40	--	--	401,635,858.59
USD	358,116.78	6.30	2,256,135.72	64,644.37	6.30	407,259.53
HKD	357,656.49	0.81	289,701.75	54,460.99	0.81	44,113.40
Other Monetary Fund	--	--	5,000.00	--	--	16,116.00

RMB	--	--	5,000.00	--	--	16,116.00
Total	--	--	876,822,988.31	--	--	402,122,936.70

## 2、Interest receivable

Currency: RMB Yuan

Items	Opening Balance	Current Increase	Current Decrease	Closing balance
Fixed Deposit Interest	743,516.68		409,747.23	333,769.45
Total	743,516.68		409,747.23	333,769.45

## 3、Accounts Receivables

### (1) Receivables presented by description

Currency: RMB Yuan

Type	Closing balance				Opening Balance			
	Book value		Allowance for Bad Debts		Book value		Allowance for Bad Debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivables that are significant in amount individually and provided for bad debt individually								
Accounts receivables that are provided for bad debt by combination								
Accruing bad debt provision according to the percentage-of-receivables approach	72,378,647.67	100%	386,026.91	0.53%	39,147,876.18	100%	386,026.91	1%
Subtotal of combination	72,378,647.67	100%	386,026.91	0.53%	39,147,876.18	100%	386,026.91	1%
Accounts receivables that are insignificant in amount individually but provided								

for bad debt individually								
Total	72,378,647.67	--	386,026.91	--	39,147,876.18	--	386,026.91	--

Specification for description of accounts receivables

In combination , accruing bad debt provision according to the percentage-of-receivables approach:

Applicable  Inapplicable

Currency: RMB Yuan

Name of the combination	Book value	Accruing Ratio (%)	Allowance for Bad Debts
Accruing bad debt provision according to the percentage-of-receivables approach	72,378,647.67	0.53%	386,026.91
Total	72,378,647.67	--	386,026.91

(2) Receivables from shareholders that holding more than 5 % (Inclusive) voting right during current reporting period

Applicable  Inapplicable

(3) Top five enterprises of accounts receivables

Currency: RMB Yuan

Company	Relation with the Group	Amount	Age Limit	Percentage of Total Receivables (%)
Shenzhen Weisheng Offshore Oil Technology Co.	Unrelated party	17,511,002.14	within 1 year	24.19%
CACT OPERATORS GROUP	Unrelated party	5,063,721.55	within 1 year	7.00%
Shenzhen Oilfield Engineering Underwater Technology Ltd	Unrelated party	4,866,737.10	within 1 year	6.72%
Sembawang Company	Affiliated Company	4,501,257.20	within 1 year	6.22%
Husky Oil China Ltd.	Unrelated party	4,363,861.99	within 1 year	6.03%

Total	--	36,306,579.98	--	50.16%
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(4) Receivables from related parties

Currency: RMB Yuan

Company	Relation with the Group	Amount	Percentage of Total Receivables (%)
China Nanshan Development(Group)Incorporation	Parent Company	312,423.93	0.43%
Nanshan Real Estate	Same Parent Company	6,000.00	0.01%
Sembawang Company	Affiliated Company	4,501,257.20	6.22%
CPEC	Affiliated Company	634,910.09	0.88%
Chiwan Transport Line	Same Parent Company	9,036.71	0.01%
Total	--	5,463,627.93	7.55%

**4、 Other Receivables**

(1) Other receivables presented by description

Currency: RMB Yuan

Type	Closing balance				Opening Balance			
	Book value		Allowance for Bad Debts		Book value		Allowance for Bad Debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivables that are significant in amount individually and								

provided for bad debt individually								
Accounts receivables that are provided for bad debt by combination								
Accruing bad debt provision according to the percentage-of-receivables approach	919,893.00	11.6%	9,198.93	1%	919,893.00	11.87%	9,198.93	1%
Specific receivables portfolio	7,009,323.81	88.4%		0%	6,832,772.95	88.13%		0%
Subtotal of Combination	7,929,216.81	100%	9,198.93	0.12%	7,752,665.95	100%	9,198.93	0.12%
Accounts receivables that are insignificant in amount individually but provided for bad debt individually								
Total	7,929,216.81	--	9,198.93	--	7,752,665.95	--	9,198.93	--

Specification for description of other receivables

In combination, accruing bad debt provision according to the percentage-of-receivables approach:

Applicable  Inapplicable

Currency: RMB Yuan

Name of the combination	Book value	Accruing Ratio (%)	Allowance for Bad Debts
Accruing bad debt provision according to the percentage-of-receivables approach	919,893.00	1%	9,198.93
Total	919,893.00	--	9,198.93

(2) Larger amount of other receivables

Currency: RMB Yuan

Company	Amount	Form and Content	Percentage of Total Other Receivables (%)
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Tianjin Tanggu construction and management commission	1,000,000.00	Migrant workers deposit	12.61%
Jiangsu International business Centre Planning and Construction Bureau	499,000.00	deposit on contract	6.29%
Total	1,499,000.00	--	18.90%

(3) Top five enterprises of other receivables

Currency: RMB Yuan

Company	Relation with the Group	Amount	Age Limit	Percentage of Total Other Receivables (%)
Tianjin Tanggu Construction and Management Commission	Unrelated party	1,000,000.00	2-3 years	12.61%
Jiangsu International Business Centre Planning and Construction Bureau	Unrelated party	499,000.00	1-2 years	6.29%
Shenzhen Federation of Trade Unions	Unrelated party	360,000.00	Within 1 year	4.54%
Shanghai Power Company	Unrelated party	314,284.76	Within 1 year	3.96%
China Building Technique Group Co., LTD	Unrelated party	312,603.40	Within 1 year	3.94%
Total	--	2,485,888.16	--	31.35%

## 5、Prepayment

(1) Prepayment presented by aging

Currency: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	894,064.52	85.21%	1,232,487.02	87.11%

1-2 years				
2-3 years				
Over 3 years	155,178.76	14.79%	182,367.43	12.89%
Total	1,049,243.28	--	1,414,854.45	--

(2) Top five enterprises of prepayment

Currency: RMB Yuan

Company	Relation with the Group	Amount	Time	Reasons for unliquidated
Shenzhen Local Taxation Bureau	Unrelated party	155,178.76	Jan 1 <sup>st</sup> 2004	prepaid tax
Tianjin Local Taxation Bureau	Unrelated party	197,042.13	June 25 <sup>th</sup> 2012	prepaid tax
Total	--	352,220.89	--	--

(3) Prepayment from shareholders that holding more than 5 % (inclusive) voting right during current reporting period

Applicable Inapplicable

## 6、Inventory

Currency: RMB Yuan

Items	Closing Balance			Opening Balance		
	Book Balance	Inventory Revaluation Reserve	Book Value	Book Balance	Inventory Revaluation Reserve	Book Value
Material and maintenance accessories	1,149,076.53		1,149,076.53	1,129,514.30		1,129,514.30
Total	1,149,076.53		1,149,076.53	1,129,514.30		1,129,514.30



## 7、 Other Current Assets

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Bank financing products	230,000,000.00	369,620,000.00
Total	230,000,000.00	369,620,000.00

## 8、 Details of Invested in Cooperative and Associated enterprise

Currency: RMB Yuan

Investee	Enterprise Nature	Reg. Place	Legal Rep.	Business Nature	Reg. Capital	Share percentage held by the Group (%)	Voting percentage of the Group in investee (%)
I、 Cooperative Enterprise							
II、 Associated Enterprises							
Shenzhen Chiwan Sembawang Engineering Co., Ltd (Sembawang Company)	Limited Liability	Shenzhen	Deng Jianhui	Service	253,386,000.00	32%	32%
Shenzhen Chiwan Offshore Petroleum Equipment Repair & Manufacture Co., Ltd. (CPEC)	Limited Liability	Shenzhen	Sun Jianjun	Service	16,560,000.00	20%	20%

Investee	Total Asset for The Ending Period	Total Liability for The Ending Period	Total Net Asset for The Ending Period	Total Sales Revenue for Current Period	Total Net Profit for Current Period
I、 Cooperative Enterprise					
II、 Associated Enterprises					
Sembawang Company	1,419,256,157.81	371,527,176.55	1,047,728,981.26	444,107,240.55	57,429,686.41
CPEC	30,089,773.75	12,383,902.52	17,705,871.23	15,147,792.99	-2,461,198.07

## 9、Long-term Equity Investment

Currency: RMB Yuan

Investee	Calculation Method	Investment Cost	Opening Balance	Increase or Decrease	Closing Balance	Percentage shareholding in investee (%)	Percentage of voting power in investee (%)	Explanation on inconsistency between the shares percentage and voting percentage in investee	Provision for Impairment	Accrued provision for current period	Cash dividend for current period
Shenzhen Chiwan Sembawang Engineering Co., Ltd (Sembawang)	Equity Method	79,488,000.00	320,956,945.38	18,377,499.65	339,334,445.03	32%	32%				
Shenzhen Chiwan Offshore Petroleum Equipment Repair & Manufacture	Equity Method	3,312,000.00	4,181,507.63	-492,239.61	3,689,268.02	20%	20%				
Total	--	82,800,000.00	325,138,453.01	17,885,260.04	343,023,713.05	--	--	--			

## 10、Investment Real Estate

(1) Investment properties with subsequent measurement by costing model

Applicable  Inapplicable

Currency: RMB Yuan

Items	Opening Balance	Increase for Current Period	Decrease for Current Period	Closing Balance
I、 Total Original Cost	909,715,527.97	212,612,038.37		1,122,327,566.34
1. Housing& buildings	909,715,527.97	212,612,038.37		1,122,327,566.34
2. Land Tenure				
II、 Total Accumulated Depreciation and Amortization	202,233,339.27	14,461,324.82		216,694,664.09
1. Housing& buildings	202,233,339.27	14,461,324.82		216,694,664.09
2. Land Tenure				

III、 Total Net Book Value	707,482,188.70			905,632,902.25
1. Housing& buildings	707,482,188.70			905,632,902.25
2. Land Tenure				
IV、 Total impairment provision				
1. Housing& buildings				
2. Land Tenure				
V、 Total carrying amount	707,482,188.70			905,632,902.25
1. Housing& buildings	707,482,188.70			905,632,902.25
2. Land Tenure				

Currency: RMB Yuan

Items	Current Period
Depreciation and Amortization for Current Period	14,461,324.82
Accrued Impairment Provision for Current Period	

(2) Investment properties with subsequent measurement by fair value

Applicable Inapplicable

Explanation for incompleteness of property ownership certificate of the real estate:

By June 30<sup>th</sup>, 2012, closing original balance of the Group's real estate, without completing property ownership certificate due to incompleteness of settlement of accounts for some projects, is RMB 518,142,054.90, and its net book value is RMB 493,875,197.11. Among which, incompleteness of property ownership certificate resulting from land problem leasing from China Nanshan Group, which reflects on original balance of RMB 219,953,232.68 and net book value of RMB 113,421,083.48, respectively.

## 11、Fixed Assets

### (1) Details of Fixed Assets

Currency: RMB Yuan

Items	Opening Balance	Increase for current period		Decrease for current period	Closing Balance
I、 Total original cost:	632,870,940.85	120,594,047.73		996,711.04	752,468,277.54
Inc: Houses and buildings	369,188,609.52	70,062,240.47			439,250,849.99
Port facilities	114,480,218.15	29,338,489.01		467,100.00	143,351,607.16
Mechanical facilities	16,193,706.00	3,321,599.00		418,775.02	19,096,529.98
Conveyances	45,462,519.33	1,000,000.00			46,462,519.33
Fixed asset decoration	13,767,664.19				13,767,664.19
Office and other facilities	73,778,223.66	16,871,719.25		110,836.02	90,539,106.89
--	Opening Balance	Increase for current period	Accrued for current period	Decrease for current period	Closing Balance
II、 Total accumulated depreciation	195,024,363.48	18,183,581.88	18,183,581.88	571,250.50	212,636,694.86
Inc: Houses and buildings	54,750,692.29	8,163,926.86	8,163,926.86		62,914,619.15
Port facilities	47,426,419.80	5,685,049.49	5,685,049.49	207,930.05	52,903,539.24
Mechanical facilities	9,989,304.26	1,055,193.77	1,055,193.77	264,322.16	10,780,175.87
Conveyances	31,361,935.02	460,373.21	460,373.21		31,822,308.23
Fixed asset decoration	13,318,854.67	257,180.62	257,180.62		13,576,035.29
Office and other facilities	38,177,157.44	2,561,857.93	2,561,857.93	98,998.29	40,640,017.08
--	Opening Balance	--			Closing Balance
III、 Total net book value	437,846,577.37	--			539,831,582.68

Inc: Houses and buildings	314,437,917.23	--	376,336,230.84
Port facilities	67,053,798.35	--	90,448,067.92
Mechanical facilities	6,204,401.74	--	8,316,354.11
Conveyances	14,100,584.31	--	14,640,211.1
Fixed asset decoration	448,809.52	--	191,628.9
Office and other facilities	35,601,066.22	--	49,899,089.81
IV、 Total impairment provision		--	
Inc: Houses and buildings		--	
Port facilities		--	
Mechanical facilities		--	
Conveyances		--	
Fixed asset decoration		--	
Office and other facilities		--	
V、 Total carrying amount	437,846,577.37	--	539,831,582.68
Inc: Houses and buildings	314,437,917.23	--	376,336,230.84
Port facilities	67,053,798.35	--	90,448,067.92
Mechanical facilities	6,204,401.74	--	8,316,354.11
Conveyances	14,100,584.31	--	14,640,211.10
Fixed asset decoration	448,809.52	--	191,628.90
Office and other facilities	35,601,066.22	--	49,899,089.81

In current period, accumulated depreciation is RMB 18,183,581.88 and the original cost of the fixed asset transferred from construction in progress is RMB 120,483,334.

(2) Explanation for incompleteness of property ownership certificate of the fixed assets:

By June 30<sup>th</sup>, 2012, closing original balance of the Group's fixed assets, without completing property ownership certificate due to incompleteness of settlement of accounts for some projects, is RMB 251,498,644.24, and its net book value is RMB 226,428,151.62. Among which, incompleteness of property ownership certificate resulting from land problem leasing from China Nanshan Group, which reflects on original balance of RMB 8,192,396.74 and net book value of RMB 4,127,407.26 respectively.

## 12、Construction in progress

(1) Details of construction in progress

Currency: RMB Yuan

Items	Closing Balance			Opening Balance		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Langfang Baowan logistic park project				130,731,172.84		130,731,172.84
Mingjiang logistic park project	84,921,903.08		84,921,903.08	128,065,936.64		128,065,936.64
Longquan Baowan logistic park project	9,556.00		9,556.00	38,304,667.67		38,304,667.67
Chiwan petroleum supply base working ship wharf project				16,600,000.00		16,600,000.00
Kunshan Baowan #12 warehouse project	575,324.70		575,324.70	15,128,809.04		15,128,809.04
Nanjing Baowan logistic park project	10,124,793.94		10,124,793.94	10,124,793.94		10,124,793.94
Guangzhou Baowan logistic park project	2,470,969.30		2,470,969.30	2,139,783.06		2,139,783.06
Tianjin Bingang Baowan	206,400.00		206,400.00	206,400.00		206,400.00

logistic park project						
Misc project	382,681.00		382,681.00	174,481.00		174,481.00
Total	98,691,628.02		98,691,628.02	341,476,044.19		341,476,044.19

## (2) Changes to significant construction-in-progress project

Currency: RMB Yuan

Items	Budget	Opening Balance	Increase for current period	Recognized as fixed assets or investment real estate	Other decrease	Project input to budget ratio (%)	Rate of progress	Accumulated amount of interest capitalized	Inc: interest capitalized for current period	Current Capitalization rate (%)	Source of capital	Closing balance
Langfang Baowan logistic park project	248,000,000.00	130,731,172.84	21,103,574.49	48,359,079.97	103,475,667.36	100%	100.00%	5,408,409.35	3,460,561.86	5.26%	Selfraised fund and loan	-
Mingjiang logistic park project	353,000,000.00	128,065,936.64	93,377,265.67	34,152,649.00	102,368,650.23	62.73%	62.73%	5,495,504.20	3,474,360.83	5.13%	Selfraised fund and loan	84,921,903.08
Longquan Baowan logistic park project	300,000,000.00	38,304,667.67	13,393,847.08	14,015,984.47	37,672,974.28	77.35%	77.35%	7,994,258.27	3,524,165.63	5.42%	Selfraised fund and loan	9,556.00
Chiwan petroleum supply base working ship wharf project		16,600,000.00		16,600,000.00		100%	100.00%				Selfraised fund	-
Kunshan Baowan #12 warehouse project	14,000,000.00	15,128,809.04	7,685,123.76	7,355,621.00	15,458,311.80	162.96%	100.00%				Selfraised fund	-
Nanjing Baowan logistic park project	373,000,000.00	10,124,793.94				2.71%	preparation	26,701.15			Selfraised fund and loan	10,124,793.94
Guangzhou Baowan logistic park project	480,000,000.00	2,139,783.06	331,186.24			0.51%	preparation				Selfraised fund and loan	2,470,969.30
<b>Total</b>	<b>1,768,000,000.00</b>	<b>341,095,163.19</b>	<b>135,890,997.24</b>	<b>120,483,334.44</b>	<b>258,975,603.67</b>	<b>--</b>	<b>--</b>	<b>18,924,872.97</b>	<b>10,459,088.32</b>	<b>--</b>	<b>--</b>	<b>97,527,222.32</b>



### 13、 Disposal of Fixed Assets

Currency: RMB Yuan

Items	Opening Book Value	Closing Book Value	Reason for Disposal
Office Facilities		6,504.95	Long time used and losing function to be scrapped.
Total		6,504.95	--

### 14、 Intangible Assets

#### (1) Details of intangible assets

Currency: RMB Yuan

Items	Opening balance	Increase for current period	Decrease for current period	Closing balance
I、 Total Original Cost	1,207,648,544.13	11,436,842.93		1,219,085,387.06
Land Tenure	1,205,937,263.33	11,206,400.00		1,217,143,663.33
Trademarks	230,500.00			230,500.00
Software License	1,480,781.00	230,442.93		1,711,223.73
II、 Total Accumulated Amortization	286,103,992.83	14,785,714.31		300,889,707.14
Land Tenure	285,215,901.64	14,673,361.09		299,889,262.73
Trademarks	117,341.46	11,524.98		128,866.44
Software License	770,749.73	100,828.24		871,577.97
III、 Total Net Book Value	921,544,551.30			918,195,679.92
Land Tenure	920,721,361.69			917,254,400.60
Trademarks	113,158.54			101,633.56
Software License	710,031.07			839,645.76
IV、 Total Impairment Provision				

Land Tenure				
Trademarks				
Software License				
V、 Total carrying amount	921,544,551.30			918,195,679.92
Land Tenure	920,721,361.69			917,254,400.60
Trademarks	113,158.54			101,633.56
Software License	710,031.07			839,645.76

Accumulated amortization for current period is RMB 14,785,714.31.

(2) Explanation for incompleteness property ownership certificate of the intangible assets

Items	Original Cost	Net Book Value	Reason for incompleteness of property ownership certificate
Phase 2 Land-use Right	535,079,510.36	333,353,105.90	The phase 2 land-use right and the dock-use right are the leasing assets from the shareholder of the Company, Nanshan Group. Since the issue land-use right and the dock-use right from the input of Nanshan Group had reached its expiration of the period of investment in July 2009, the Company signed the Agreement of Site Using with Nanshan Group on July, 18, 2006. The Company continued to use the port and dock of Nanshan Group for the next 25 years by way of leasing since the period of investment in July 15, 2009, the lease duration is from July 15, 2009 to July 14, 2034.
Phase 2 Dock-use Right	25,379,972.81	2,697,900.00	
Prepayment for Location Rental	36,110,385.42	14,564,522.88	The prepayment for location rental refers to the lease from Year 1997 from the shareholder of the Company - Nanshan Group in by way of long-term leasing, with the lease term of 25 years. As Nanshan Group did not yet get the land use certificate on such lands, Nanshan Group had signed agreements with the Company on January 18, 1995 and July 18, 1997 respectively where it agreed to compensate the losses, costs and other relevant debts

			caused by the using of sites and docks above mentioned during the lease term.
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**15、Deferred Tax Assets and Deferred Tax Liabilities**

(1) Net balance of deferred tax assets and deferred tax liabilities shall be not set off

Applicable  Inapplicable

Details of recognized Deferred Tax Assets and Deferred Tax Liabilities

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
<b>Deferred Tax Assets:</b>		
Impairment Provision	90,476.27	90,476.27
Preliminary Expenses		
Deductible Loss	17,514,477.60	16,650,427.02
Tangible Assets	11,706.53	11,706.53
Subtotal	17,616,660.40	16,752,609.82
<b>Deferred Tax Liabilities</b>		
Valuation of Tradable Financial Instruments and Financial Derivatives		
Changes in the Fair Value of Financial Assets Available for Sale included in Capital Reserve		
Total		

Details of unrecognized deferred tax assets

Currency: RMB Yuan

Items	Closing Balance	Opening Balance

Deductible Temporary Differences	23,177.74	23,177.74
Deductible Loss	13,321,084.43	13,321,084.43
Total	13,344,262.17	13,344,262.17

Details of Deductible Loss for Unrecognized Deferred Tax Assets at Maturity

Currency: RMB Yuan

Year	Closing Balance	Opening Balance	Remark
Year 2014	8,033,050.98	8,033,050.98	
Year 2015	5,288,033.45	5,288,033.45	
Total	13,321,084.43	13,321,084.43	--

Details of Taxable Differences and Deductible Differences

Currency: RMB Yuan

Items	Temporary Differences	
	Closing Balance	Opening Balance
Taxable Differences		
Subtotal		
Deductible Differences		
Impairment Provision	23,177.74	23,177.74
Total	23,177.74	23,177.74

(2) Net balance of deferred tax assets and deferred tax liabilities shall be set off

Applicable Inapplicable

**16、Details of Assets Impairment Provision**

Currency: RMB Yuan

Items	Opening Balance	Accrued for Current Period	Decrease for Current Period		Closing Balance
			Resumed	Written-off	
I、 Allowance for Bad Debts	395,225.84				395,225.84
II、 Provision for Inventory					
III、 Provision for Available-for-sale Financial Assets					
IV、 Impairment for Held-to-maturity Investments					
V、 Impairment for long-term equity investment					
VI、 Impairment for Real Estate					
VII、 Impairment for Fixed Assets					
VIII、 Impairment for Material holds for construction of fixed assets					
IX、 Impairment for construction in progress					
X、 Impairment for Capitalized Biological Assets					
Incl: Impairment for Mature Capitalized Biological Assets					
XI、 Impairment for Oil and Gas Assets					
XII、 Impairment for intangible assets					
XIII、 Impairment for Goodwill					
XIV、 Other Impairments					
Total	395,225.84				395,225.84

## 17、 Other Non-current Assets

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Prepayment for land-use right	119,277,331.50	74,559,280.00
Others	3,350,155.47	1,657,437.37
Total	122,627,486.97	76,216,717.37

## 18、 Short-term Loans

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Pledge Loan		
Mortgage Loan		
Guaranteed loan		
Credit loan	100,000,000.00	210,000,000.00
Total	100,000,000.00	210,000,000.00

## 19、 Accounts Payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Rental Payable	5,851,089.70	7,390,088.76
Construction Debt Payable	2,834,523.83	2,327,822.85
Remuneration Payable	77,951.04	242,332.14
Other Payables	30,297.69	148,684.36
Total	8,793,862.26	10,108,928.11

## 20、 Advances from Customers

(1) Details of Advances from Customers

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Advance Rent Receipts	2,307,585.11	2,093,276.87
Total	2,307,585.11	2,093,276.87

(2) Advances from Customers for shareholders that holding more than 5 % (inclusive) voting right during current reporting period

Applicable  Inapplicable

## 21、Accrued Payroll

Currency: RMB Yuan

Items	Opening Balance	Increase for Current Period	Decrease for Current Period	Closing Balance
I、Wages, Bonus, Allowance and Reimbursement	16,485,493.09	25,209,979.41	28,129,319.05	13,566,153.45
II、Welfare Expenses		341,040.63	341,040.63	
III、Social Insurance Premium	45,553.32	2,645,816.71	2,634,433.15	56,936.88
Incl.: 1.Medical Insurance	13,137.9	776,082.97	774,184.87	15,036
2.Primary Pension Insurance	28,296.55	1,224,521.72	1,217,309.06	35,509.21
3.Annuity	-159.96	409,181.48	409,021.52	
4.Unemployment Insurance	2,498.85	91,940.83	90,161.05	4,278.63
5. Occupational Injury Insurance	976.29	77,292.69	77,322.91	946.07
6. Procreation Insurance	803.69	66,797.02	66,433.74	1,166.97
IV、Housing Reserve	1,955.1	908,633.72	908,992.74	1,596.08
V、Fire Fringe				
VI、Others	196,890.34	933,190.51	446,303.09	683,777.76
Expenditure for Trade Union and Employee Training	196,890.34	920,876.09	433,364.83	684,401.6
Others		12,314.42	12,938.26	-623.84
Total	16,729,891.85	30,038,660.98	32,460,088.66	14,308,464.17

## 22、Taxes payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Value Added Tax	248,932.15	-38,071.76
Consumption Tax		
Business Tax	1,704,298.59	1,855,488.58
Corporate Income Tax	8,613,066.89	15,024,966.90
Individual Income Tax	103,829.06	271,550.82

Urban Maintenance & Construction Tax	126,411.60	120,838.49
Land-use Tax	5,115,933.59	4,813,624.8
Property Tax	1,796,480.01	1,914,192.09
Educational Surcharges	98,184.67	93,548.91
Others	211,817.35	1,759,828
Total	18,018,953.91	25,815,966.83

### 23、Interest Payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Interest for Straight Long-term Loans		1,934,385.7
Interest for Corporate Bond		
Interest for Short-term Loans		
Nanshan Group	29,550,597.25	6,758,208.34
Interest for Medium-term Notes	6,838,356.16	
Total	36,388,953.41	8,692,594.04

### 24、Dividend Payable

Currency: RMB Yuan

Company	Closing Balance	Opening Balance	Reason for not paying over 1 year
Nanshan Group	8,382,728.01	8,382,728.01	
Total	8,382,728.01	8,382,728.01	--

Explanation for dividend payable:

The closing balance of the dividend payable is the cash dividend of Baowan Holding, a subsidiary of the Company, payable to Nanshan Group based on Baowan Holding's profit distribution plan in 2011.

### 25、Other Payables

(1) Details of Other Payables

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Construction Debts Payable	124,670,008.19	120,725,579.52



Security Deposit Payable	30,058,831.30	25,496,373.93
Equipment Expenditure Payable		6,420,000.00
Payables on Land		4,546,323.85
Temporary Loans payable	5,887,036.90	1,566,876.96
Others	10,735,198.75	25,705,674.07
Total	171,351,075.14	184,460,828.33

(2) Details of sizable other payables over 1 year

Creditor	Closing Balance	Reasons for Outstanding	Whether Paying after Balance Sheet Day
IDS Logistics (Shanghai) Co., Ltd.	4,736,256.36	Security deposit	No
Shanghai Oriental CJ Co., Ltd.	1,427,650.00	Security deposit	No
Total	6,163,906.36		

(3) Details of other payables that are with material amount

Creditor	Closing Balance	Nature
IDS Logistics (Shanghai) Co., Ltd.	4,736,256.36	Security deposit
Shanghai Oriental CJ Co., Ltd.	1,427,650.00	Security deposit
SDV (Shanghai) International Logistics Co., Ltd	1,335,491.60	Security deposit
Total	7,499,397.96	

## 26、Due within one year of non-current liabilities

(1) Details of due within one year of non-current liabilities

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Long-term Loans due within 1 year	499,700,000.00	549,820,000.00
Bond Payable due within 1 year		
Long-term Payables due within 1 year		
Total	499,700,000.00	549,820,000.00

(2) Long-term Loans due with 1 year

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
-------	-----------------	-----------------

Pledge Loan		
Mortgage Loan		
Guaranteed loan		
Credit loan	499,700,000.00	549,820,000.00
Total	499,700,000.00	549,820,000.00

(3) Top Five Long-term Loans due with 1 year

Currency: RMB Yuan

Lender	Loan date	Mature date	Currency	Interest rate (%)	Closing Balance		Opening Balance	
					Foreign currency	RMB	Foreign currency	RMB
Industrial and Commercial Bank of China Limited Shekou Branch	2009-8-25	2012-8-24	RMB	5.6525%		300,000,000.00		300,000,000.00
China Merchants Bank Co., Ltd. Shenzhen Chiwan Branch	2009-8-26	2012-8-26	RMB	4.8600%		199,700,000.00		199,900,000.00
Total	--	--	--	--	--	499,700,000.00	--	499,900,000.00

## 27、Long-term Loans

(1) Classification of the long-term loans

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Pledge Loan		
Mortgage Loan		
Guaranteed loan		
Credit loan	513,169,880.98	359,900,000.00
Total	513,169,880.98	359,900,000.00

(2) Top Five of the long-term loans

Currency: RMB Yuan

Lender	Loan date	Mature date	Currency	Interest rate (%)	Closing Balance		Opening Balance	
					Foreign currency	RMB	Foreign currency	RMB
China Merchants	2009-08-21	2014-08-21	RMB	5.1840%		199,700,000.00		199,900,000.00

Bank Co., Ltd. Shenzhen Chiwan Branch								
Bank of China Co., Ltd. Shenzhen Branch	2009-11-10	2014-11-10	RMB	5.1840%		159,900,000.00		160,000,000.00
Ping An Bank Co.,L td. Shenzhen Branch	2012-03-21	2017-03-01	RMB	6.6500%		80,000,000.00		
Ping An Bank Co.,L td. Shenzhen Branch	2012-03-19	2017-03-01	RMB	6.6500%		50,000,000.00		
China Development Bank	2012-03-31	2017-03-28	RMB	7.1400%		9,400,000.00		
Total	--	--	--	--	--	499,000,000.00	--	359,900,000.00

## 28、 Debentures Payable

Currency: RMB Yuan

Debenture	Par Value	Issuing Date	Duration	Amount Issued	Opening Interest Payable	Accrued Interest for Current Period	Paid-up Interest for Current Period	Closing Interest Payable	Closing Balance
Medium-term Notes	400,000,000.00	2012-03-07	5 years	400,000,000.00		6,838,356.16		6,838,356.16	400,000,000.00

## 29、 Long-term Payables

Top Five Long-term Payables

Currency: RMB Yuan

Company	Duration	Initial Amount	Interest Rate (%)	Accrued Interest	Closing Balance	Condition
Nanshan Group		157,393,214.35			157,393,214.35	

## 30、 Other Non-current Liabilities

Currency: RMB Yuan

Items	Closing Book Balance	Opening Book Balance
Long-term Advances Received- Advanced Rental Receipt	22,439,638.56	23,114,314.14
Medium and long-term Loans from Nanshan Group	700,000,000.00	700,000,000.00
Total	722,439,638.56	723,114,314.14

### 31、Share Capital

Currency: RMB Yuan

	Opening Balance	Changes for Current Period ( + , - )					Closing Balance
		New Issued	Bonus Share	capitalization of surplus reserves	Others	Subtotal	
Total Shares	230,600,000.00						230,600,000.00

### 32、Capital Reserves

Currency: RMB Yuan

Items	Opening Balance	Increase for current period	Decrease for current period	Closing Balance
Capital premium	124,868,225.67			124,868,225.67
Other capital reserves	109,272,960.42			109,272,960.42
Total	234,141,186.09			234,141,186.09

### 33、Surplus Reserves

Currency: RMB Yuan

Items	Opening Balance	Increase for current period	Decrease for current period	Closing Balance
Statutory Surplus Reserve	174,286,388.74			174,286,388.74
Discretionary Surplus Reserve	68,704,167.51			68,704,167.51
Reserve Fund				
Enterprise Development Fund				
Other Surplus Reserves				
Total	242,990,556.25			242,990,556.25

### 34、Retained Earnings

Currency: RMB Yuan

Items	Closing Balance		Opening Balance	
	Amount	Percentage for withdrawal or distribution (%)	Amount	Percentage for withdrawal or distribution (%)
Retained earnings at the end of last year before adjustments	452,610,050.78	--	378,571,522.81	--

Adjustment for retained earnings at the beginning of year (increase +, reduction -)		--		--
Opening retained earnings after adjustment	452,610,050.78	--	378,571,522.81	--
Plus: Net profit attributable to the owner of the parent company this year	68,604,658.47	--	129,274,351.74	--
Less: Withdrawal statutory surplus reserve			18,329,718.81	
Withdrawal discretionary surplus reserve			7,389,338.60	
Withdrawal General Risk Preparation				
Dividends payable to ordinary shares			29,516,766.36	
Common dividends turn to capital				
Closing retained earnings	521,214,709.25	--	452,610,050.78	--

### 35、Operating Revenues and Operating Costs

#### (1) Details of Operating Revenues and Operating Costs

Currency: RMB Yuan

Items	Amount realized at current period	Amount realized at same period last year
Prime operating revenues	266,743,041.01	214,416,583.88
Other revenues	710.00	520.00
Operating costs	100,660,316.51	75,321,369.28

#### (2) Primary business (classified by industry)

Applicable  Inapplicable

Currency: RMB Yuan

Industry Sectors	Amount realized at current period		Amount realized at same period last year	
	Revenue	Cost	Revenue	Cost
Stockpiling (Storage)	169,017,335.47	67,686,043.79	139,878,698.12	49,977,107.35
Load and Unload	50,431,003.36	22,878,944.67	36,510,089.73	17,584,523.57
Port Management	33,929,660.73	6,236,019.46	26,416,980.65	4,963,237.46
Office Lease	13,365,041.45	3,859,308.59	11,610,815.38	2,796,500.90
Total	266,743,041.01	100,660,316.51	214,416,583.88	75,321,369.28

#### (3) Primary business (classified by regions)

Applicable  Inapplicable

Currency: RMB Yuan

Region	Amount realized at current period		Amount realized at same period last year	
	Revenue	Cost	Revenue	Cost
South China	159,903,066.18	61,514,992.92	132,664,666.38	45,831,935.57
East China	64,569,923.76	20,699,720.08	52,900,997.57	16,461,501.67
North China	26,570,285.52	10,931,104.14	22,045,895.07	9,943,284.45
Southwest China	15,699,765.55	7,514,499.37	6,805,024.86	3,084,647.59
Total	266,743,041.01	100,660,316.51	214,416,583.88	75,321,369.28

(4) Operating revenues from top five customers

Currency: RMB Yuan

Customers	Amount of operating revenue	Percentage of total operating revenue (%)
Company A	53,633,112.90	20.11%
Company B	14,173,306.53	5.31%
Company C	11,838,127.87	4.44%
Company D	10,651,478.21	3.99%
Company E	7,652,298.64	2.87%
Total	97,948,324.15	36.72%

**36、 Business Tax and Surcharges**

Currency: RMB Yuan

Items	Amount incurred for current period	Amount incurred for same period last year	Tax Rate
Consumption Tax			
Business Tax	10,098,167.31	9,502,674.03	3% 5%
Urban Maintenance and Construction Tax	751,551.55	616,402.91	5% 7%
Educational Surcharges	574,888.10	365,822.66	3% 2%
Resource Tax			
Property Tax	6,063,102.80	6,093,099.09	1.2%
Land Use Tax	4,356,653.74	3,857,085.27	
Others	97,611.13	81,197.97	
Total	21,941,974.63	20,516,281.93	--

### 37、Administrative Expenses

Currency: RMB Yuan

Items	Amount incurred for current period	Amount incurred at same period last year
Salary and bonus	11,888,785.15	11,375,915.12
Asset depreciation	2,255,805.38	2,730,025.18
Asset amortization	4,600,840.27	6,364,736.92
Social insurance premium	2,472,203.66	2,523,079.01
Taxes	976,489.02	322,504.28
Additional labor cost	653,719.64	503,872.18
Business entertainment	682,347.82	586,912.37
Vehicle expense	777,042.18	698,004.15
Travelling expense	762,454.74	398,558.87
Board of directors fee	600,000.00	600,000.00
Others	6,251,173.23	3,764,989.94
Total	31,920,861.09	29,868,598.02

### 38、Financial Expenses

Currency: RMB Yuan

Items	Amount incurred for current period	Amount incurred at same period last year
Interest expense	52,254,820.08	32,419,247.26
Less: interest income	2,162,449.71	623,184.11
Exchange losses	1,225.16	166,037.54
Less: exchange gains	410.13	262,211.62
Others	1,254,457.46	179,142.14
Total	51,347,642.86	31,879,031.21

### 39、Investment Gain

#### (1) Details of Investment Gain

Currency: RMB Yuan

Items	Amount incurred for current period	Amount incurred at same period last year
The long-term equity investment income measured by the cost method		
The long-term equity investment gain measured by the equity method	17,885,260.04	9,857,959.60

Gains from disposal of the long-term equity investment		
Gains during tradable financial assets holding		
Gains during held-to-maturity investment		
Gains during available-for-sale financial assets		
Gains from disposal of tradable financial assets		
Gains from held-to-maturity investment obtained		
Gains from available-for-sale financial assets obtained		
Others	7,790,168.09	
Total	25,675,428.13	9,857,959.60

(2) The long-term equity investment gain measured by the equity method

Currency: RMB Yuan

Investee	Amount incurred for current period	Amount incurred at same period last year	Reasons for increase/decrease
Sembawang Company	18,377,499.65	9,848,826.10	Performance changes
CPEC	-492,239.61	9,133.50	Performance changes
Total	17,885,260.04	9,857,959.60	--

#### 40、Non-operating Income

(1) Details of Non-operating Income

Currency: RMB Yuan

Items	Amount realized at current period	Amount realized at same period last year
Total gains from disposal of the non-current assets	12,435.81	537,682.50
Inc: gains from disposal of the fixed assets	12,435.81	537,682.50
gains from disposal of the intangible assets		
Gains from debt restructuring		
Gains from non-monetary assets exchange		
Gains from donation		
Government grant	395,200.00	
Others	37,794.18	378,165.30
Total	445,429.99	915,847.80



(2) Details of Government Grant

Currency: RMB Yuan

Items	Amount realized at current period	Amount realized at same period last year	Explanatory Notes
Financial incentives for logistics industries in 2011	280,500.00		Investment in transport and logistics base construction subsidy funds in 2010 for Kunshan Baowan
Financial incentives for logistics industries in 2012	114,700.00		It is the specific fund for service industry development received by Kunhsan Baowan, a subsidiary of the Group according to Kun Cai Zi (2011) No. 230 and “Management Method of Usage of Special Fund for Modern Service Industry Development in Huaqiao Economic Development District”.
Total			--

**41、 Non-operating Expenses**

Currency: RMB Yuan

Items	Amount realized at current period	Amount realized at same period last year
Total losses from disposal of the non-current assets	3,159.59	13,416.88
Inc: losses from disposal of the fixed assets	3,159.59	13,416.88
losses from disposal of the intangible assets		
Losses from debt restructuring		
Losses from non-monetary assets exchange		
Losses from donation for public welfare		
Others	22,634.81	103,186.17
Total	25,794.40	116,603.05

**42、 Income Tax Expenses**

Currency: RMB Yuan

Items	Amount realized at current period	Amount realized at same period last year
Current income tax measured according to the tax law	12,218,000.62	12,022,947.05

and related regulations		
Deferred income tax adjustment		
Total	12,218,000.62	12,022,947.05

### 43、 Basic EPS and Diluted EPS

#### (1) Presentation of various periods' basic EPSs and diluted EPSs

Profits during the reporting period	Amount incurred at current period		Amount incurred at same period last year	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	0.30	0.30	0.25	0.25
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profits or losses	0.30	0.30	0.24	0.24

#### (2) Calculation of basic EPS and diluted EPS

The Company does not have dilutive potential ordinary shares during the reporting period. As a result, diluted EPS equals to basic EPS.

#### ① Current period net profit attributable to ordinary shareholders used to calculate basic EPS:

Items	Amount incurred at current period	Amount incurred at same period last year
Current period net profit attributable to ordinary shareholders	68,604,658.47	58,272,681.81
Incl.: amount attributable to on-going operation	68,604,658.47	58,272,681.81
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit or loss	68,289,931.78	57,667,119.90
Incl.: amount attributable to on-going operation	68,289,931.78	57,667,119.90

② while calculating basic EPS, the denominator is the weighted average of outstanding ordinary shares. The process of calculation is as follows:

Items	Amount incurred at	Amount incurred at
-------	--------------------	--------------------

	current period	same period last year
Outstanding ordinary shares at the beginning of the year	230,600,000.00	230,600,000.00
Add: weighted average of ordinary shares issued in current year	-	-
Less: weighted average ordinary shares re-purchased in current year	-	-
Outstanding ordinary shares at the end of the year	230,600,000.00	230,600,000.00

#### 44、 Explanatory Notes to cash flow statement

##### (1) Cash received from other operating activities

Currency: RMB Yuan

Items	Amount
Security Deposit	3,780,833.34
Government Subsidies	1,565,200.00
Interest Income	520,152.64
Pre-paid Utility Expense	64,609.09
Others	962,466.66
Total	6,893,261.73

##### (2) Cash paid for other operating activities

Currency: RMB Yuan

Items	Amount
Management expense paid in cash	11,551,802.09
Others	2,983,277.42
Total	14,535,079.51

##### (3) Cash received from other investing activities

Currency: RMB Yuan

Items	Amount
Principal of financing product	469,620,000.00
Interest of financing product	7,790,168.09
Interest of fixed deposit and seven-day notice deposit	2,080,822.24
Total	479,490,990.33

(4) Cash paid for other investing activities

Currency: RMB Yuan

Items	Amount
Financial product purchasing	330,000,000.00
Total	330,000,000.00

(5) Cash received from other financing activities

Currency: RMB Yuan

Items	Amount
Capital for Construction of Logistics Parks from Nanshan Group	17,263,042.18
Total	17,263,042.18

#### 45、Supplementary information for the cash flow statement

(1) Details of Supplementary information for the cash flow statement

Currency: RMB Yuan

Items	Amount incurred at current period	Amount incurred at same period last year
1. Reconciliation of the net profit to cash flows from operating activities	--	--
Net profit	73,894,938.72	54,849,806.24
Add: Provision for asset impairment		
Fixed assets depreciation, depletion of oil & gas assets and productive biologic material depreciation	32,524,455.69	27,039,575.31
Intangible assets amortization	14,785,714.30	14,545,492.40
Long-term deferred expenses amortization		1,302,339.05
Loss arising from disposal of fixed assets, intangible assets and other long-term assets ('-' for gain)	-9,276.22	-521,265.62
Loss from fixed assets retirement ('-' for gain)		
Loss from change in fair value ('-' for gain)		
Financial expense ('-' for income)	50,548,626.48	32,445,670.57
Investment loss ('-' for gain)	-25,675,428.13	-9,857,959.60
Decrease of Deferred tax asset ('-' for increase)	-864,050.58	-10,771.28
Increase of Deferred tax liability ('-' for decrease)		
Inventory decrease ('-' for increase)	-19,562.23	614,963.03

Decrease of operating related receivables('-' for increase)	-30,798,191.99	6,407,731.52
Increase of operating related payables('-' for decrease)	-11,319,198.21	-39,805,542.85
Others		306,397.32
Net cash flow from operating activities	103,559,134.57	87,316,436.09
2. Significant investment and financing activities not involving receipts and disbursements:	--	--
Conversion of debt into capital		
Convertible corporate bonds within one-year maturity		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalent:	--	--
Cash at the end of the period	876,822,988.31	116,247,898.04
Less; cash at the beginning of the period	402,122,936.70	186,593,590.15
Plus: cash equivalent at the end of the period		
Less: cash equivalent at the beginning of the period		
Net additional amount in cash and cash equivalent	474,700,051.61	-70,345,692.11

(2) Composition of cash and cash equivalent

Currency: RMB Yuan

Items	Amount incurred at current period	Amount incurred at same period last year
I、Cash	876,822,988.31	402,122,936.70
Incl: Cash on hand	18,059.43	19,589.18
Bank deposit available for immediate payment	876,799,928.88	402,087,231.52
Other monetary capital available for immediate payment	5,000.00	16,116.00
Deposit in central bank available for payment		
Deposit from other banks		
Call loan from other Banks		
II、Cash equivalent		
Incl: bond investment within three-month maturity		
III、Total cash and cash equivalent balances at the end of the period	876,822,988.31	402,122,936.70

## VIII. RELATED PARTIES AND RELATED TRANSACTIONS

### 1、Basic information of the Company's parent company

Currency: RMB Yuan

Name of parent company	Relation with the Group	Type of Enterprise	Reg. Place	Legal Rep.	Business nature	Registration Capital	Shareholding ratio for Parent Company to the Company (%)	Voting right ratio for Parent Company the Company (%)	Ultimate Control Party	Org. Code
China Nanshan Development (Group) Incorporation (Nanshan Group)	Controlling shareholder	Sino-foreign joint venture	Shenzhen, China	Fu Yuning	Land development, port transportation ,offshore oil service, real estate development and others	900,000,000.00	51.79%	51.79%		61883297-6

## 2、Subsidiaries of the Company

Currency: RMB Yuan

Subsidiaries	Type of Subsidiaries	Type of enterprise	Registered Place	Legal Representative	Business nature	Registration Capital	Shareholding ratio (%)	Voting right ratio (%)	Organization Code
Baowan Holding Co., Ltd	Holding Company	limited liability	Shenzhen	Fan Zhaoping	Investment	500,000,000.00	77.36%	77.36%	58007384-6
Shanghai Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Shanghai	Ren Yongping	Service	160,000,000.00	100%	100%	76057836-6
Guangzhou Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Guangzhou	Ren Yongping	Service	50,000,000.00	100%	100%	76954322-3
Kunshan Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Kunshan	Ren Yongping	Service	120,000,000.00	100%	100%	79231068-X

Tianjin Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Tianjin	Ren Yongping	Service	150,000,000.00	100%	100%	78334845-9
Langfang Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Langfang	Ren Yongping	Service	90,000,000.00	100%	100%	79546095-8
Chengdu Xindu Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Chengdu	Ren Yongping	Service	60,000,000.00	100%	100%	66533423-2
Chengdu Longquan Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Chengdu	Ren Yongping	Service	100,000,000.00	100%	100%	66530615-1
Nanjing Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Nanjing	Ren Yongping	Service	130,000,000.00	100%	100%	67133602-3
Tianjin Bingang Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Tianjin	Ren Yongping	Service	50,000,000.00	100%	100%	58327930-5
Nantong Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Nantong	Liu Wei	Service	100,000,000.00	100%	100%	595629296
Baowan Logistic (Wuhan) Co., Ltd.	Holding Company	limited liability	Wuhan	Liu Wei	Service	100,000,000.00	100%	100%	59791167-4

Shenzhen Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Shenzhen	Liu Wei	Service	34,410,000.00	100%	100%	61885906-0
Mingjiang (Shanghai) International Logistic Co., Ltd.	Holding Company	limited liability	Shanghai	Ren Yongping	Service	120,000,000.00	100%	100%	79149154-6

### 3、Status of joint ventured and associated companies of the Company

Currency: RMB Yuan

Investee	Enterprise Nature	Reg. Place	Legal Rep.	Business Nature	Reg. Capital	Share percentage held by the Group (%)	Voting percentage of the Group in investee (%)
Shenzhen Chiwan Sembawang Engineering Co., Ltd (Sembawang Company)	Limited liability	Shenzhen	Deng Jianhui	Service	253,386,000.00	32%	32%
Shenzhen Chiwan Offshore Petroleum Equipment Repair & Manufacture Co., Ltd. (CPEC)	Limited liability	Shenzhen	Sun Jianjun	Service	16,560,000.00	20%	20%

Investee	Total Asset for The Ending Period	Total Liability for The Ending Period	Total Net Asset for The Ending Period	Total Sales Revenue for Current Period	Total Net Profit for Current Period	Relationship	Organization Code
Sembawang Company	1,419,256,157.81	371,527,176.55	1,047,728,981.26	444,107,240.55	57,429,686.41	Affiliated Business	618809602
CPEC	30,089,773.75	12,383,902.52	17,705,871.23	15,147,792.99	-2,461,198.07	Affiliated Business	618879627

### 4、Information of other related parties of the Company

Other related parties	Relationship	Organization Code
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Shenzhen Chiwan Wharf Holdings Ltd. (Chiwan Wharf)	Controlled by a same party	61883296-8
Shenzhen Nanshan Real Estate Development Ltd. (Nanshan Real Estate)	Controlled by a same party	61883297-6
Shenzhen Chixiao Engineering Project Co., Ltd. (Chixiao Project)	Controlled by a same party	61883136-7
Shenzhen Chixiao Construction Technology Co., Ltd. (Chixiao Construction)	Controlled by a same party	61881595-7
Shenzhen Chiwan Transport line Co., Ltd (Chiwan Transport Line)	Controlled by a same party	61881638-6

## 5、Related party transactions

### (1) Purchase of goods and receiving of services

Currency: RMB Yuan

Related parties	Details of related transaction	Pricing principle and decision-making process	Amount incurred at current period		Amount incurred at same period last year	
			Amount	Ratio of occupying the kindred transactions (%)	Amount	Ratio of occupying the kindred transactions (%)
Chiwan Wharf	Loading and unloading	Negotiated price	11,506.00	0.05%	14,830.00	1.57%
Chixiao Construction	Maintenance of panel, project management	Negotiated price			2,144,453.17	2.01%
Chixiao Engineering	Turnkey job, steel construction	Negotiated price	1,125,265.61	0.01%	7,646,148.48	7.16%
Nanshan Group	Power supply service	Negotiated price	1,461,185.40	100%	819,127.29	100%

### Sales of goods and rendering of services

Currency: RMB Yuan

Related parties	Details of related transaction	Pricing principle and decision-making process	Amount incurred at current period		Amount incurred at same period last year	
			Amount	Ratio of occupying the kindred transactions	Amount	Ratio of occupying the kindred transactions

				(%)		(%)
Sembawang Company	Loading and unloading	Negotiated price	45,549.35	0.10%	78,681.14	0.29%
CPEC	Loading and unloading	Negotiated price	3,629,446.16	8.27%	3,787,856.30	7.09%

## (2) Related-party lease

### ① The Group as a lessor

Currency: RMB Yuan

Lessor	Lessee	Type of leased asset	Lease Starting	Lease Ending	Basis for determination of lease income	Recognized rental income for current reporting period
The Company	Nanshan Group	Property	2012-01-01	2012-12-31	Negotiated price	2,269,547.99
The Company	Nanshan Real Estate	Property	2012-01-01	2012-12-31	Negotiated price	36,880.00
The Company	Wharf Holding	Property	2012-01-01	2012-06-30	Negotiated price	1,030,997.66
Shenzhen Baowan	Chiwan Transport Line	Warehouse	2012-01-01	2012-12-31	Negotiated price	64,551.59
The Company	CPEC	Property	2011-01-01	2012-12-31	Negotiated price	1,027,270.50
The Company	Sembawang Company	Property	2011-03-16	2012-12-31	Negotiated price	3,846,600.48

### ② The Group as a lessee

Currency: RMB Yuan

Lessor	Lessee	Type of leased asset	Lease Starting	Lease Ending	Basis for determination of lease income	Recognized rental income for current reporting period
Nanshan Group	Shenzhen Baowan	Land	1988-11-26	2018-11-25	Negotiated price	586,042.88
Nanshan Group	Shenzhen Baowan	Land	1996-01-01	2018-12-11	Negotiated price	399,442.72
Nanshan Group	The Company	Land	2006-09-01	2026-08-31	Negotiated price	13,963,647.01
Wharf Holding	The Company	Berth, land	2012-01-01	2012-12-31	Negotiated price	5,819,999.99

## (3) Capital borrowing and lending between related parties

Currency: RMB Yuan

Related Parties	Amount of borrowing and lending	Starting date	Ending date	Explanatory Notes
Borrowing:				
Nanshan Group	650,000,000.00	2011-11-11	2016-11-11	It is the medium and long-term loan borrowed from Nanshan Group, which would be used for logistic park projects and Chiwan Petroleum Supply Base working ship wharf project.
Nanshan Group	50,000,000.00	2011-11-11	2016-11-11	It is the medium and long-term loan borrowed from Nanshan Group, which would be used particularly in operating activities of the Company.

## 6、Receivables from and payables for related parties

### (1) Receivables from related parties

Currency: RMB Yuan

Items	Related Parties	Closing Balance	Opening Balance
Accounts Receivable	Nanshan Group	312,423.93	
Accounts Receivable	Nanshan Real Estate	6,000.00	
Accounts Receivable	Chiwan Transport Line	9,036.71	
Other Receivables	Nanshan Group		649,018.40
Accounts Receivable	Sembawang Company	4,501,257.20	1,013,885.21
Accounts Receivable	CPEC	634,910.09	715,981.10

### (2) Payables for related parties

Currency: RMB Yuan

Items	Related Parties	Closing Balance	Opening Balance
Accounts Payable	Chixiao Construction	9,740.00	9,740.00
Accounts Payable	Sembawang Company		30,957.50
Accounts Payable	Nanshan Real Estate		7,390,088.76
Accounts Payable	Wharf Holding	963,749.95	
Accounts Payable	Nanshan Group	4,887,339.75	
Interest Payable	Nanshan Group	29,550,597.25	6,758,208.34
Dividend Payable	Nanshan Group	8,382,728.01	8,382,728.01
Other Payables	Nanshan Group	4,844,401.16	920,873.92
Other Payables	Nanshan Real Estate	57,218.48	57,668.48

Other Payables	Wharf Holding	209,954.63	209,954.63
Long-term Payables	Nanshan Group	157,393,214.35	140,130,172.17
Other Non-current Liabilities	Nanshan Group	700,000,000.00	700,000,000.00
Other Payables	CPEC	192,341.64	192,441.64
Other Payables	Sembawang Company	619,040.08	619,040.08

## IX. CONTINGENT EVENTS

No any significant contingencies for the Group required to be disclosed as of 30 June 2012.

## X. UNDERTAKING

No any significant undertaking for the Group as of 30 June 2012

## XI. EVENTS AFTER THE BALANCE SHEET DATE

No any event after the balance sheet date for the Group to be disclosed as of 30 June 2012.

## XII. NOTES TO OTHER MATERIAL EVENTS

No other material events for the Group to be disclosed as of 30 June 2012

## XIII. EXPLANATORY NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

### 1、Accounts Receivable

#### (1) Details of Accounts Receivable

Currency: RMB Yuan

Type	Closing balance				Opening Balance			
	Book value		Allowance for Bad Debts		Book value		Allowance for Bad Debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivables that are significant in amount individually and provided								

for bad debt individually								
Accounts receivables that are provided for bad debt by combination								
Accruing bad debt provision according to the percentage-of-receivables approach	59,453,665.98	100%	325,725.21	0.55%	32,572,521.11	100%	325,725.21	1%
Subtotal of combination	59,453,665.98	100%	325,725.21	0.55%	32,572,521.11	100%	325,725.21	1%
Accounts receivables that are insignificant in amount individually but provided for bad debt individually								
Total	59,453,665.98	--	325,725.21	--	32,572,521.11	--	325,725.21	--

Specification for description of accounts receivables

In combination , accruing bad debt provision according to the percentage-of-receivables approach:

Applicable  Inapplicable

Currency: RMB Yuan

Name of the combination	Book value	Accruing Ratio (%)	Allowance for Bad Debts
Accruing bad debt provision according to the percentage-of-receivables approach	59,453,665.98	0.55%	325,725.21
Total	59,453,665.98	--	325,725.21

(2) Receivables from shareholders that holding more than 5 % (Inclusive) voting right during current reporting period

Applicable  Inapplicable

(3) Top five enterprises of accounts receivables

Currency: RMB Yuan

Company	Relation with the Group	Amount	Age Limit	Percentage of Total Receivables (%)
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Shenzhen Weisheng Offshore Oil Technology Co.	Unrelated party	17,511,002.14	Within 1 year	29.62%
CACT OPERATORS GROUP	Unrelated party	5,063,721.55	Within 1 year	8.56%
Shenzhen Oilfield Engineering Underwater Technology Ltd	Unrelated party	4,866,737.10	Within 1 year	8.23%
Sembawang Company	Related party	4,501,257.20	Within 1 year	7.61%
Husky Oil China Ltd.	Unrelated party	4,363,861.99	Within 1 year	7.38%
Total	--	36,306,579.98	--	61.40%

(4) Receivables from related parties

Currency: RMB Yuan

Company	Relation with the Group	Amount	Percentage of Total Receivables (%)
Nanshan Group	Parent Company	312,423.93	0.53%
Nanshan Real Estate	Same Parent Company	6,000.00	0.01%
Sembawang Company	Affiliated Company	4,501,257.20	7.61%
CPEC	Affiliated Company	634,910.09	1.07%
Total	--	5,454,591.22	9.23%

**2、 Other Receivables**

(1) Details of other receivables

Currency: RMB Yuan

Type	Closing Balance				Opening Balance			
	Book Value		Allowance for Bad Debts		Book Value		Allowance for Bad Debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivables that are								

significant in amount individually and provided for bad debt individually								
Accounts receivables that are provided for bad debt by combination								
Specific receivables portfolio	693,718,464.38	100%		0%	690,801,414.95	100%		0%
Subtotal of Combination	693,718,464.38	100%		0%	690,801,414.95	100%		0%
Accounts receivables that are insignificant in amount individually but provided for bad debt individually								
Total	693,718,464.38	--		--	690,801,414.95	--		--

(2) Receivables from shareholders that holding more than 5 % (inclusive) voting right during current reporting period

Applicable  Inapplicable

(3) Top five enterprises of other receivables

Currency: RMB Yuan

Company	Relation with the Group	Amount	Age Limit	Percentage of Total Other Receivables (%)
Baowan Holding	Related Party	690,448,668.76	Within 1 year	99.53%
Shenzhen Baowan	Related Party	1,661,732.68	Within 1 year	0.24%
Total	--	692,110,401.44	--	99.77%

(4) Other receivables from related parties

Currency: RMB Yuan

Company	Relation with the Group	Amount	Percentage of Total Other Receivables (%)
Baowan Holding	Related Party	690,448,668.76	99.53%
Shenzhen Baowan	Related Party	1,661,732.68	0.24%
Total	--	692,110,401.44	99.77%

### 3、 Long-term Equity Investment

Currency: RMB Yuan

Investee	Calculation Method	Investment Cost	Opening Balance	Increase or Decrease	Closing Balance	Percentage shareholding in Investee (%)	Percentage of voting power in investee (%)	Explanation on inconsistency between the shares percentage and voting percentage in investee	Provision for Impairment	Accrued provision for current period	Cash dividend for current period
Shenzhen Baowan	Cost Method	41,834,700.07	41,273,772.13		41,273,772.13	100%	100%				
Baowan Holding	Cost Method	830,531,987.58	830,531,987.58		830,531,987.58	77.36%	77.36%				
Sembawang Company	Equity Method	79,488,000.00	320,956,942.92	18,377,499.65	339,334,442.57	32%	32%				
CPEC	Equity Method	3,312,000.00	4,181,507.64	-492,239.61	3,689,268.03	20%	20%				
Total	--	955,166,687.65	1,196,944,210.27	17,885,260.04	1,214,829,470.31	--	--	--			

### 4、 Operating Revenues and Operating Costs

#### (1) Details of Operating Revenues and Operating Costs

Currency: RMB Yuan

Items	Amount realized at current period	Amount realized at same period last year
Prime operating revenues	149,022,701.96	120,107,245.78
Other revenues		
Operating costs	55,352,559.44	39,698,574.80

#### (2) Primary business (classified by industry)

√Applicable □ Inapplicable

Currency: RMB Yuan

Industry Sectors	Amount realized at current period		Amount realized at same period last year	
	Revenue	Cost	Revenue	Cost
Stockpiling (Storage)	64,351,391.06	31,826,941.65	56,871,690.16	22,008,214.79
Load and Unload	40,758,608.57	14,881,230.31	26,997,246.63	8,782,301.20
Port Management	33,929,660.73	6,236,019.46	27,279,691.88	6,882,758.15
Office Lease	9,983,041.60	2,408,368.02	8,958,617.11	2,025,300.66
Total	149,022,701.96	55,352,559.44	120,107,245.78	39,698,574.80



(3) Operating revenues from top five customers

Currency: RMB Yuan

Customers	Amount of operating revenue	Percentage of total operating revenue (%)
Company A	53,633,112.90	35.99%
Company B	11,838,127.87	7.94%
Company C	10,651,478.21	7.15%
Company D	7,652,298.64	5.13%
Company E	7,174,996.95	4.81%
Total	90,950,014.57	61.03%

## 5、Investment Gain

(1) Details of Investment Gain

Currency: RMB Yuan

Items	Amount incurred for current period	Amount incurred at same period last year
The long-term equity investment income measured by the cost method		55,005,178.24
The long-term equity investment gain measured by the equity method	17,885,260.04	9,857,959.60
Gains from disposal of the long-term equity investment		
Gains during tradable financial assets holding		
Gains during held-to-maturity investment		
Gains during available-for-sale financial assets		
Gains from disposal of tradable financial assets		
Gains from held-to-maturity investment obtained		
Gains from available-for-sale financial assets obtained		
Others	7,790,168.09	
Total	25,675,428.13	64,863,137.84

(2) The long-term equity investment gain measured by the cost method

Currency: RMB Yuan

Investee	Amount incurred for current period	Amount incurred at same period last year	Reasons for increase/decrease
----------	------------------------------------	--	-------------------------------

Guangzhou Baowan		1,066,916.29	Equity restructuring and integration for Baowan Holding
Shanghai Baowan		53,938,261.95	Equity restructuring and integration for Baowan Holding
Total		55,005,178.24	--

(3) The long-term equity investment gain measured by the equity method

Currency: RMB Yuan

Investee	Amount incurred for current period	Amount incurred at same period last year	Reasons for increase/decrease
Sembawang Company	18,377,499.65	9,848,826.10	Performance changes
CPEC	-492,239.61	9,133.50	Performance changes
Total	17,885,260.04	9,857,959.60	--

## 6、Supplementary information for the cash flow statement

Currency: RMB Yuan

Items	Amount incurred at current period	Amount incurred at same period last year
1. Reconciliation of the net profit to cash flows from operating activities	--	--
Net profit	50,203,582.49	95,498,552.49
Add: Provision for asset impairment		
Fixed assets depreciation, depletion of oil & gas assets and productive biologic material depreciation	7,210,328.89	5,945,531.56
intangible assets amortization	8,427,646.12	8,419,292
Long-term deferred expenses amortization		82,940.14
Loss arising from disposal of fixed assets, intangible assets and other long-term assets ('-' for gain)	2,265.62	-489,875.62
Loss from fixed assets retirement ('-' for gain)		
Loss from change in fair value ('-' for gain)		
Financial expense ('-' for income)	33,708,529.80	16,751,420.88
Investment loss ('-' for gain)	-25,675,428.13	-64,863,137.84
Decrease of Deferred tax asset ('-' for increase)		
Increase of Deferred tax liability ('-' for decrease)		
Inventory decrease ('-' for increase)	-98,950.64	575,584.08
Decrease of operating related receivables('-' for increase)	-26,653,218.25	97,573,722.26

Increase of operating related payables('-' for decrease)	-13,030,769.26	23,477,356.12
Others		-1,292,889.01
Net cash flow from operating activities	34,093,986.64	181,678,497.06
2. Significant investment and financing activities not involving receipts and disbursements:	--	--
Conversion of debt into capital		
Convertible corporate bonds within one-year maturity		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalent:	--	--
Cash at the end of the period	739,311,798.08	97,904,868.82
Less; cash at the beginning of the period	324,237,017.87	171,818,576.09
Plus: cash equivalent at the end of the period		
Less: cash equivalent at the beginning of the period		
Net additional amount in cash and cash equivalent	415,074,780.21	-73,913,707.27

#### XIV. SUPPLEMENTARY INFORMATION

##### 1、Details of non-recurring profit or loss

Item	Currency: RMB Yuan	
	Amount incurred at current period	Amount incurred at same period last year
Profit and loss arising from non-current assets disposal	9,276.22	524,265.62
Government grants recognized in current profit and loss (except for the fixed or quantitative government grants closely related to the enterprise businesses according to the national unified standard)	395,200.00	
Other non-operating revenue and expenditure excluding items mentioned above	15,159.37	274,979.13
Subtotal	419,635.59	799,244.75
Effect of income tax	-104,908.90	-193,682.84
Total	314,726.69	605,561.91

The recognition of non-recurring profit and loss items for the Group shall be conducted in accordance with regulations stated in “Explanatory Announcement No.1 for information disclosure of public listed companies – non-recurring profit and loss” (Announcement [2008] No.43 by

**2、 Return on equity (ROE) and EPS**

Currency: RMB Yuan

Profits for the reporting period	Weighted average ROE (%)	EPS (RMB/share)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	5.74%	0.30	0.30
Net profit attributable to ordinary shareholders after deducting non-recurring profit and loss	5.72%	0.30	0.30

**3、 Specification for exceptional changes in the Group's consolidated financial statements*****Balance Sheet Account***

- 1) The closing balance of bank and cash is RMB 877 million, increased by 118.05% over the opening balance. Main reasons for the increase include issuing of 2012 medium-term notes, increase in bank loans and short-term bank financing products at term.
- 2) The closing balance of accounts receivable is RMB 71.99 million, increased by 85.73% over the opening balance as a result of increase in revenue.
- 3) The closing balance of interest receivable is RMB 333.80 thousand, decreased by 55.11% over opening balance due to receiving bank interest current period.
- 4) The closing balance of other current assets is RMB 230 million, decreased by 37.77% over the opening balance by reason of the financing products purchased using idle capital becoming due.
- 5) The closing balance of construction-in-progress is RMB 98.69 million, decreased by 71.10% over the opening balance. The main reason is the completion of the works for the projects, including phase 1 of Shanghai Mingjiang, Kunshan Baowan 12# warehouse, Langfang Baowan and phase 2 of Longquan Baowan, and those balance of construction-in-progress transferred to the investment property and fixed asset accordingly.
- 6) The closing balance of other non-current asset is RMB 123 million, increased by 60.89% over opening balance due to the increasing in prepaid land transfer fees.
- 7) The closing balance of short-term loan is RMB 100 million, decreased by 52.28% over opening balance as a

result of repaying those loans.

- 8) The closing balance of tax payable is RMB 18.02 million, decreased by 30.20% over the opening balance because of the payment for income tax of 2011.
- 9) The closing balance of interest payable is RMB 36.39 million, increased by 318.62% over the opening balance, which result from the increasing in long-term loans of shareholder and the interest of bonds payable.
- 10) The closing balance of long-term loan is RMB 513 million, increased by 42.59% over the opening balance due to newly increased in long-term bank loans.
- 11) The closing balance of bonds payable is RMB 400 million, increased 100% over the opening balance due to the issuing of 5-year medium-term notes in March, 2012.

#### ***Income statement Account***

- 1) The operating cost incurred from the beginning of the year to the end of the reporting period is RMB100 million, increased by 33.64% on year-on-year basis. The main reason is the increase in revenue resulting in increase in operating cost accordingly.
- 2) The selling expenses incurred from the beginning of the year to the end of the reporting period is RMB 855.10 thousand, increased by 38.75% on year-on-year basis due to increase in commission.
- 3) The finance expenses incurred from the beginning of the year to the end of the reporting period is RMB 51.35 million, increased by 61.07% on year-on-year basis. The increase in bank loans results in increase in interest expenses accordingly.
- 4) The investment gains incurred from the beginning of the year to the end of the reporting period is RMB 25.68 million, increased by 160.45% on year-on-year basis. These increases are from the investment gain of Sembawang Company due to its better performance, as well as the gains of invested in bank financing products.
- 5) The investment gains from the affiliated business and Joint venture incurred from the beginning of the year to the end of the reporting period is RMB 17.89 million, increased by 81.43% on year-on-year basis, which derives from the increase in the investment gain of Sembawang Company, the affiliated company of the Group.
- 6) The minority shareholders profit or loss incurred from the beginning of the year to the end of the reporting period is RMB 5.29 million, compared with the same period last year of RMB -3.42 million. The increase in the minority shareholders profit or loss is due to some new subsidiaries putting into operation as well as the

increase in the operating profits.

***Cash Flow Statement Account***

- 1) Cash paid for goods and services incurred from the beginning of the year to the end of the reporting period is RMB 42.83 million, increased by 51.95% on year-on-year basis. The increase in revenue resulted in the increase in payout cost accordingly.
- 2) Cash received relating to investing activities incurred from the beginning of the year to the end of the reporting period is RMB 479 million, increased by 100% on year-on-year basis, which resulted from the recovering principal and interest of the due bank financing products purchased using idle funds shortly.
- 3) Cash payments relating to other investing activities incurred from the beginning of the year to the end of the reporting period is RMB 330 million, increased by 100% on year-on-year basis. The outflow is for purchasing financing products in order to making best of short-term idle funds.
- 4) Cash received by investors incurred from the beginning of the year to the end of the reporting period is zero, decreased by 100% on year-on-year basis. Incurred for the same period last year was the capital increment for subsidiaries from the shareholder.
- 5) Cash received from borrowings incurred from the beginning of the year to the end of the reporting period is RMB 254 million, increased by 102.86% on year-on-year basis, which results from the increase in bank loans.
- 6) Cash received from issuing debenture incurred from the beginning of the year to the end of the reporting period is RMB 400 million, increased by 100% on year-on-year basis, which is the newly issue of 2012 medium-term notes.
- 7) Cash received relating to other financing activities incurred from the beginning of the year to the end of the reporting period is RMB 17.263 million, increased by 100% on year-on-year basis, which is the excess investment funds received currently from the shareholder
- 8) Repayments of borrowings incurred from the beginning of the year to the end of the reporting period is RMB 260 million, increased by 272.03% on year-on-year basis, which is used to repay borrowing.
- 9) Dividends paid, profit distributed or interest paid incurred from the beginning of the year to the end of the reporting period is RMB 31.58 million, decreased by 47.08% on year-on-year basis. The main reason for such decreasing is current dividends unpaid while incurred of RMB 28.09 million same periods last year during the reporting period.

## **PART IX. Documents Available for Verification**

1. Original copy of Interim Report carrying the signature of the Chairman.
2. Financial Report carrying the signature of relative persons in charge.
3. Original copies of all the documents disclosed in the newspapers specified by the China Securities Regulatory Commission.
4. The Articles of Association
5. Other Documents\

Chairman: Fan Zhaoping

Shenzhen Chiwan Petroleum Supply Base Co., Ltd.

August 22, 2012