



SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

ANNUAL REPORT FOR YEAR 2013

April 2014

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.

Except the following directors, other directors attend the Board Meeting.

Absent Director	Post of the Absent Director	Reason	Authorized Person
Mr. Fan Zhao Ping	Director	Business Arrangement	Mr. Liu Wei
Mr. He Li Ming	Independent Director	Business Arrangement	Mr. Chen Wen Jie

The Company plans no cash dividend, bonus shares and not to the reserve fund.

Mr. Tian Junyan, Chairman of the Board, Mrs. Yu Zhongxia, Deputy General Manager & Financial Controller, and Mrs. Sun Yuhui, Financial Manager, guarantee the authenticity and integrity of the financial result in this report. This report is prepared in both Chinese and English languages, when ambiguity occurs in the two versions, the Chinese version shall prevail.

Contents

PART I.	Important Notice	2
PART II.	Corporate Information	5
PART III.	Accounting Data and Financial Indicators	7
PART IV.	The Report of Board of Directors	9
PART V.	Significant Events	24
PART VI.	Changes in Capital Stock and Shareholders	30
PART VII.	Directors, Supervisors, Senior Management and Staff	34
PART VIII.	Corporate Governance	41
PART IX.	Internal Control	46
PART X.	Financial Report	48
PARTXI.	Documents Available for Verification	48

Definition

Terms to be defined	Refers to	Definition
The Company, Chiwan Base	Refers to	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.
Nanshan Group	Refers to	China Nanshan Development (Group) Incorporation
Blogis Holding	Refers to	Blogis Holding Co., Ltd.
Shanghai Baowan	Refers to	Shanghai Baowan International Logistic Co., Ltd.
Guangzhou Baowan	Refers to	Guangzhou Baowan Logistic Co., Ltd.
Kunshan Baowan	Refers to	Kunshan Baowan International Logistic Co., Ltd.
Tianjin Baowan	Refers to	Tianjin Baowan International Logistic Co., Ltd.
Langfang Baowan	Refers to	Langfang Baowan International Logistic Co., Ltd.
Chengdu Xindu Baowan	Refers to	Chengdu Xindu Baowan International Logistic Co., Ltd.
Chengdu Longquan Baowan	Refers to	Chengdu Longquan Baowan International Logistic Co., Ltd.
Nanjing Baowan	Refers to	Nanjing Baowan International Logistic Co., Ltd.
Tianjin Bingang Baowan	Refers to	Tianjin Bingang Baowan International Logistic Co., Ltd.
Nantong Baowan	Refers to	Nantong Baowan International Logistic Co., Ltd.
Wuhan Baowan	Refers to	Baowan Logistic (Wuhan) Co., Ltd.
Yangluo Baowan	Refers to	Baowan Logistic (Wuhan) Yangluo Co., Ltd.
Shenzhen Baowan	Refers to	Shenzhen Baowan International Logistic Co., Ltd.
Shanghai Mingjiang	Refers to	Mingjiang (Shanghai) International Logistic Co., Ltd.
Shenyang Baowan	Refers to	Shenyang Baowan International Logistic Co., Ltd.
Tianjin Qingwu Baowan	Refers to	Tianjin Qingwu Baowan International Logistic Co., Ltd.
CSE/Sembawang	Refers to	Shenzhen Chiwan Sembawang Engineering Co., Ltd
CPEC	Refers to	Shenzhen Chiwan Offshore Petroleum Equipment Repair & Manufacture Co., Ltd. (CPEC)
China Development Finance	Refers to	China Development Finance Company Limited

Important Risk Notice

Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn are the media designated for disclosing our information. All the Company's information is subject to the information disclosed in the aforesaid media as designated. The description of the future development in this report does not constitute a commitment for investors. Investors are requested to pay attention to the risks involved in your investment.

PART II Corporate Information

I. Company Profile

Stock Abbreviation	Chiwan Base-B	Stock Code	200053
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 B		
Company's Name in English	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.		
Company's Short Name in English	Chiwan Base		
Legal Representative	Tian Junyan		
Registered Address	Chiwan, Shenzhen		
Post Code	518068		
Office Address	14/F, Chiwan Petroleum Building, Shenzhen		
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

IV.Changes in Registration

	Date of Registration	Registered Address	Number of Business License	Taxation Registration Number	Organization Code
Initial Registration	February 10, 1984	Chiwan, Shekou, Shenzhen	Qi Gu Yue Shen Zong Zi No. 101031	440300618833899	61883389-9
Registration at the end of the report period	December 31, 2013	Chiwan, Shekou, Shenzhen	440301501124066	440300618833899	61883389-9
Change of Main Business since Listed	N/A				
Change of Controlling Shareholder	N/A				

V. Other Information

Appointed Certified Public Accountants

Name of the CPAs	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Office Address	30F, Waitan Center, No. 222 Yan'an Road East, Shanghai
Names of the Certified Public Accountants as the signatories	Li Weihua, Fang Shaofan

The sponsor performing persistent supervision duties engaged by the Company in the reporting period

Applicable Inapplicable

The financial advisor performing persistent supervision duties engaged by the Company in the reporting period

Applicable Inapplicable

PART III. Accounting Data and Financial Indicators

I. Major Accounting Data and Financial Indicators

Retroactive Adjustment

Yes No

Unit: RMB

	Y2013	Y2012	Percentage Change (%)	Y2011
Operating Revenue	691,832,626.47	578,591,906.37	19.57%	461,923,472.76
Net Profit Attributed to Shareholders of Listed Company	207,564,394.21	162,182,965.40	27.98%	129,274,351.74
Net Profit Net of Non-recurring Gain and Loss Attributed to Listed Company	203,689,503.81	159,080,420.14	28.04%	125,777,485.70
Net Cash Flows from Operating Activities	435,461,050.15	327,679,121.29	32.89%	267,653,960.54
Basic Earnings per Share (RMB/Share)	0.9	0.7	28.57%	0.56
Diluted Earnings per Share (RMB/Share)	N/A	N/A	N/A	N/A
Weighted Return on Equity (%)	15.07%	13.23%	+1.84%	11.77%
	December 31, 2013	December 31, 2012	Percentage Change (%)	December 31, 2011
Total Assets	4,501,064,624.96	4,479,086,519.77	0.49%	3,647,993,280.18
Owner's Equity Attributed to Shareholders of Listed Company	1,472,986,548.28	1,287,559,503.34	14.4%	1,160,341,793.12

II. Items of Non-recurring Gains & Losses

Unit: RMB

Item	Amount in 2013	Amount in 2012	Amount in 2011
Disposal of non-current assets, including the part offset with the provision for impairment of assets	223,146.43	26,800.93	546,451.05
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)	4,694,608.73	4,305,837.99	3,341,765.88
Other non-operating revenue and expenditure excluding the above-mentioned items	265,188.43	673,808.75	185,416.76
Influence on income tax	1,295,735.90	1,251,611.92	504,632.58
Amount affected by minority equity (after tax)	12,317.29	652,290.49	72,135.07
Total	3,874,890.40	3,102,545.26	3,496,866.04

For the Company's non-recurring gain/loss items as defined in the Explanatory Announcement No. 1 on

Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses and its non-recurring gain/loss items as illustrated in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public – Non-recurring Gains and Losses which have been defined as recurring gains and losses, it is necessary to explain the reason.

Applicable Inapplicable

PART IV. Report of the Board of Directors

I. Overview

During the report period, the Board of Directors and the management team of the company implemented its developing strategy and adhere to steady management idea, risk of control, detailed management. In terms of new project development, deep-water oil logistics business, logistics parks operation, financing, personnel training, construction management, auditing, internal control, security control and so on, the company has obtained outstanding achievement with clear ideas and sound measures. In 2013 the company has achieved revenue at RMB 692 million, an increase of 19.6% compared with 2012 fiscal year; net profit at RMB224 million, an increase of 27.8% compared with 2012 fiscal year. The increase of operating income and net profit was mainly due to:

- 1, Oil logistics business performs in good condition, while leasing costs, labor costs rose rapidly. The company shows outstanding cost control ability, maintaining stable profitability.
- 2, Baowan business performs well. Shanghai Mingjiang Baowan, Langfang Baowan and second phase Chengdu Longquan Baowan, put into operation in 2012, have achieved growth in revenue and profit in 2013. Meanwhile, warehouse rental prices maintain steady growth.
- 3, Investment income grows up from CSE and CPEC.

II. Analysis of Main Business

1. Overview

The company's main business provides oil logistics support services for the exploration, development and production activities in the eastern South China Sea, a platform integrated Logistics Park serviced by holding subsidiaries, offshore structure fabrication and maintenance services through joint stock companies.

The analysis of the business and performance of the company's main subsidiaries and joint ventures

(1) Offshore Oil Logistics Business

In 2013, oil logistics business achieved operating income of RMB350million, an increase of 14.3% compared with 2012 fiscal year ; net profit of RMB 150 million, an increase of 25.5% compared with 2012 fiscal year. In the case of rising rental and labor costs, it maintained a relatively stable profitability.

(2) Blogis Business

Brief Summarize of Blogis

Unit: Million RMB

Parks	Revenue	Net Profit	Occupation Rate (%)	Revenue Growth (%)	Net Profit Growth (%)
Shanghai Baowan	84.62	38.14	100	109.3	90.7
Shanghai Mingjiang	45.99	24.76	91.6	229.9	219.7
Kunshan Baowan	48.38	20.08	100	106.7	114.9
Langfang Baowan	33.93	11.31	100	180.1	236.8
Tianjin Baowan	53.81	20.12	100	110.3	155.8

Xindu Baowan	19.32	4.75	97.8	118.8	175
Longquan Baowan	29.78	6.87	96	137.9	197.9
Guangzhou Baowan	7.53	-26	100	107.8	-
Shenzhen Baowan	18.16	2.4	80	106.9	405.3

Note: The net profit of above-mentioned subsidiaries includes interest expenses.

(3) Joint Ventures

CSE: The Company holds 32% stake. In 2013, CSE's contribution to the company investment income is 60.74million, an increase of 4% compared with 2012 fiscal year.

CPEC: The Company holds a 20% stake. In 2013 CPEC's contribution to the Company is RMB780,000. an increase of 3% compared with 2012 fiscal year. For business development, CPEC has been renamed as Shenzhen Chiwan Offshore Oil Engineering Co., Ltd., and set up a branch in Tianjin. The expansion in the scope and scale provide a wider space for the company.

China Development Finance Limited: The Company holds 20% stake. It opened on July 24, 2013 and contributed RMB1.1 million to the company in 2013.

Project Construction Development

Guangzhou Baowan Plot A: The construction of 4 3-tier warehouses, one office building and ancillary buildings with an area of about 133,000 m², which the main program is expected to complete in June 2014.

Chengdu Longquan Baowan: The 3th phase construction of 2 warehouses with an area of around 48,000 m² is expected to be completed in April 2014, which currently have completed the main steel structure.

Nanjing Baowan: The construction of seven warehouses and one multiple-used building with an area of 107,000 m² is expected to be completed in September 2014.

Nantong Baowan 1st Phase: The construction of four warehouses and two multiple-used building with an area of 46,700 m² is expected to be completed in August 2014.

Wuhan Baowan: The construction of eight warehouses and a multiple-used building with an area of 177,000 m² is expected to be split in two phase. The 1st phase with an area of about 140,000 m² is expected to be completed in November 2014.

Chiwan Base Eastern Highland Project: The construction of 2 new warehouse located Land A with an area of 12,000 m² is finished at the end of 2013. The office building expansion project in Land B with an area of 1,000 m², is planned to be completed and deliver in April 2014.

Tianjin Bingang Baowan: The ground treatment works have been completed. Preloading and construction design is undergoing.

Shenyang Baowan: The project preparatory is undergoing.

The reason of the actual results of the Company is lower or higher by 20% than former publicly disclosed earnings forecast for the year

Applicable Inapplicable

The reason of the actual results of the Company is lower or higher by 20% than former publicly disclosed earnings forecast for the year

Applicable Inapplicable

2. Revenue

Classification	Y 2013		Y 2012		Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Warehouse and Storage	440,603,925.00	63.69%	367,861,802.24	63.58%	19.77%
Loading and Unloading Services	102,070,501.85	14.75%	94,289,929.39	16.30%	8.25%
Harbor Management	80,866,836.85	11.69%	72,720,364.43	12.57%	11.20%
Office Leasing and Other	53,453,791.34	7.73%	42,684,722.03	7.38%	25.23%
Other	14,837,571.43	2.14%	1,035,088.28	0.18%	1333.46%

The increase of Other revenue resulted from building warehouses for clients (amounted to RMB14.61 million).

Important orders

Applicable Inapplicable

Important changes or adjustment of products or services.

Applicable Inapplicable

Main Clients

Total Sales Revenue of Top 5 Clients (RMB)	216,834,839.77
Ratio of Top 5 sales revenue in 2013 (%)	31.34%

Information of Top 5 Clients

Applicable Inapplicable

No.	Client Name	Sales Revenue (RMB)	Ratio of sales revenue in 2013 (%)
1	Shenzhen Weisheng Offshore Oil Technology Co.	112,761,024.56	16.3%
2	Shenzhen Oilfield Engineering Underwater Technology Ltd	29,353,658.33	4.24%
3	Li & Fung Supply Chain Management (China) Co., Ltd.	27,511,178.18	3.98%
4	China Volkswagen	24,339,416.89	3.52%
5	Guangzhou Fengshen Logistics Co., Ltd	22,869,561.81	3.31%
Total	—	216,834,839.77	31.34%

3. Costs

Unit: RMB

Industries	2013		2012		Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Warehouse and Storage	157,981,199.56	62.48%	148,752,641.14	64.65%	6.2%
Loading and Unloading Services	40,518,647.70	16.02%	39,014,276.13	16.96%	3.86%
Harbor Management	15,098,162.53	5.97%	14,786,749.77	6.43%	2.11%
Office Leasing and Other	26,418,443.20	10.45%	26,256,670.51	11.41%	0.62%
Others	12,844,024.86	5.08%	1,268,656.07	0.55%	912.41%

Note: The increase of costs was due to the current new construction projects of new customer's warehouse agent.

4. Expenses

Item	2013	2012	Percentage Change (%)
Sales	1,108,956.18	3,293,090.34	-66.32%

Administration	88,860,395.44	65,804,669.78	35.04%
Financial management	142,061,450.21	119,071,509.34	19.31%
Income tax	53,582,318.37	26,045,194.39	105.73%

Note to the year-on-year change of the relevant data by over 30%

- 1, Sales expense decreased was due to a reduction of the occurrence of this year's proxy intermediary fees;
- 2, Administration expense increased was due to increased personnel, salary adjustments during the year, which resulted in an increase in labor costs, and more subsidiaries during the year to obtain land certificates lead to asset amortization and land taxes increased considerably;
- 3, Income tax expenses increased due to the increase of operation profit and Shanghai Baowan tax policy adjustments.

5. Cash Flow

Unit: RMB

Item	2013	2012	Percentage Change (%)
Subtotal of Cash Inflows from Operating Activities	762,227,788.21	603,782,198.19	26.24%
Subtotal of Cash Outflows from Operating Activities	326,766,738.06	276,103,076.90	18.35%
Net Cash Flows from Operating Activities	435,461,050.15	327,679,121.29	32.89%
Sub-total of Cash Inflows from Investing Activities	3,897,275,951.37	2,052,835,702.31	89.85%
Subtotal of Cash Outflows from Investing Activities	4,499,152,467.46	2,453,887,269.58	83.35%
Net Cash Flows from Investing Activities	-601,876,516.09	-401,051,567.27	50.07%
Subtotal of Cash Inflows from Financing Activities	89,436,489.13	1,790,183,923.97	-95%
Sub-total of Cash Outflows from Financing Activities	582,976,837.40	1,225,406,614.79	-52.43%
Net Cash Flows from Financing Activities	-493,540,348.27	564,777,309.18	-187.39%
Net Increase in Cash and Cash Equivalents	-660,021,459.46	491,242,319.62	-234.36%

Note to the year-on-year change of the relevant data by over 30%

- (1) An increase in cash inflow from investing activities was due to the operation cycle of financial products;
- (2) An increase in cash outflow from investing activities is mainly due to the increase purchase of financial products;
- (3) Cash inflows from financing activities to reduce due to the same period last year received an issue of bonds and medium-term notes in cash RMB970, 000, 000;
- (4) Cash outflow from financing activities decreased because of debt reduction in cash outflow.

III. Main Business

Unit: RMB

	Operating Revenue	Operating Cost	Gross Profit Rate (%)	Operating Revenue change over the Same Period of Last Year (%)	Operating Cost change over the Same Period of Last Year (%)	Gross Profit Rate change over the Same Period of Last Year (%)

By Industries						
Warehouse and Storage	440,603,925.00	157,981,199.56	64.14%	19.77%	6.2%	4.58%
Loading and Unloading Services	102,070,501.85	40,518,647.70	60.3%	8.25%	3.86%	1.68%
Harbor Management	80,866,836.85	15,098,162.53	81.33%	11.2%	2.11%	1.66%
Office Leasing and Other	53,453,791.34	26,418,443.20	50.58%	25.23%	0.62%	12.09%
By Regions						
South China	361,167,258.27	133,772,449.82	62.96%	9.33%	-1.5%	4.07%
East China	178,988,382.27	54,471,467.52	69.57%	25.37%	14.11%	3%
North China	87,741,243.64	28,707,324.29	67.28%	29.74%	9.49%	6.05%
Southwest China	49,098,170.86	23,065,211.36	53.02%	33.38%	21.08%	4.77%

Under the circumstance that the statistic specifications for the Company's principal business data experienced adjustment in the report period, the principal business data upon adjustment of the statistic specifications at the end of the report period in the latest year.

Applicable Inapplicable

IV. Analysis on Assets and Liabilities

1. Significant Changes in Assets

Unit: RMB

	December 31, 2013		December 31, 2012		Percentage Change (%)
	Amount	Ratio in Total Assets (%)	Amount	Ratio in Total Assets (%)	
Cash and Cash Equivalents	233,332,680.86	5.18%	893,354,140.32	19.95%	-14.77%
Accounts Receivable	55,359,989.14	1.23%	53,009,042.14	1.18%	0.05%
Inventories	996,356.55	0.02%	1,069,721.81	0.02%	0%
Investment Real Estate	904,216,455.40	20.09%	939,690,654.45	20.98%	-0.89%
Long-term Investment on Stocks	476,253,695.39	10.58%	484,031,681.93	10.81%	-0.23%
Fixed Assets	516,378,454.46	11.47%	544,875,016.47	12.16%	-0.69%
Construction-in-progress	376,118,459.02	8.36%	20,382,765.11	0.46%	7.9%

2. Significant Changes in Liabilities

Unit: RMB

	December 31, 2013		December 31, 2012		Percentage Change (%)
	Amount	Ratio in Total Assets (%)	Amount	Ratio in Total Assets (%)	
Long-term Loans	185,443,647.96	4.12%	833,063,851.56	18.6%	-14.48%

V. Analysis of Core Competitiveness

1. Offshore Oil Logistics Business

As an internationally renowned petroleum logistics service base, the Company has enjoyed nearly three decades history of development course in the Eastern South China Sea with "Chiwang Base" brand great reputation at home and abroad. The Company embraces excellent multiple advantages of industrial supporting factors, high quality and efficient logistics service capabilities, perfect geographic location and so on.

The domestic and international well-known offshore oil companies were offered long term high standard, high quality, high efficiency logistic services. Along with the national offshore oil business expanding toward deep water, the oil logistics business shall take precaution and prepare in advance to strengthen its competitiveness in shallow-to-deep water comprehensive logistic service, by the aspects of the ongoing advantages, allocation of resources, equipment upgrading, business expanding, skills development and so on, striving to be main logistics base for deep-water exploration in the South China Sea.

2. Blogis Business

It's another core business of the Company's development stagey. Nowadays Blogis service is gradually shaping its logistics network layout all over the country with its leading park scale, well-known industrial brand of logistics parks and rich experience in park development construction and operation management etc. As to price benchmarking, customer resources, service standards, profitability and so on, Blogis plays a leading role in the local logistics market.

As well as developing and building up professional storage facilities, Blogis Holdings provides the settled enterprises with loading and unloading, facilities leasing, product processing, intercity transportation, urban shop distribution, vendor storage handling, logistic finance and other flexible value-added services, which strive to construct advanced supply chain platform with efficient, excellent and safe services to absorb more well-known manufacturers, retailers and logistic partners home and abroad.

Management model, as well-known logistic park developer and operator, Blogis Holdings has formed scientific standardization processes not only in site selection, planning and design, project construction, but also in the property management and supply chain business cooperation after the operation. And there are numbers of professionals in modern logistics park development and management.

VI. Analysis on Investment

1. External Investment

(1) External Investment

External Investment		
Investment in 2013 (RMB)	Investment in 2012 (RMB)	Changes (%)
500,000,000.00	450,000,000.00	11%
Particulars of Investees		
Company Name	Main Business	Ratio in the investees' equity (%)
Baowan Logistic (Wuhan) Yangluo Co., Ltd.	Providing warehouse, loading and unloading services	77.36%
Nantong Baowan International Logistic Co., Ltd.	Providing warehouse, loading and unloading services	77.36%
Guangzhou Baowan Logistic Co., Ltd.	Providing warehouse, loading and unloading services	77.36%

(2) Joint Venture in Finance Enterprise

Name	Category	Initial invest cost (RMB)	Shares Ratio Held in 2013.1.1	Shares Ratio Held in 2013.12.31 (%)	Book Value at 2013.12.31	Gain or Loss	Accounting Subject
China development finance	Other	100,000,000.00	20%	20%			Long-term Equity Investment
Total		100,000,000.00	--	--			--

2. Entrusted Financing, Investment in Derivative Products and Entrusted Loan

(1) Entrusted Financing

Unit: RMB Million

Trust Party	Connected Transaction	Amount	Beginning Date	Ending Date	Determina tion of Reward	Actual Revenue in This Report Period	Expected revenue	Actual Revenue
Bank of China	No	8,000	2012-11-09-	2013-01-31-	Cash	8,000	76.4	28.54
Bank of China	No	5,000	2012-12-11-	2013-06-11-	Cash	5,000	126	112.33
Bank of China	No	7,000	2013-01-09-	2013-04-09-	Cash	7,000	72.49	72.49
Bank of China	No	10,000	2013-01-10-	2013-07-12-	Cash	10,000	210.58	210.58
Bank of China	No	8,000	2013-02-01-	2013-03-29-	Cash	8,000	51.55	51.55
Bank of China	No	6,000	2013-02-08-	2013-02-19-	Cash	6,000	4.16	4.16
Bank of China	No	8,000	2013-03-26-	2013-09-26-	Cash	8,000	189.54	189.54
Bank of China	No	12,000	2013-04-09-	2013-04-17-	Cash	12,000	6.05	6.05
Bank of China	No	2,000	2013-04-09-	2013-06-06-	Cash	2,000	7.31	7.31
Bank of China	No	10,000	2013-04-18-	2013-04-23-	Cash	10,000	3.15	3.15
Bank of China	No	8,000	2013-04-18-	2013-05-06-	Cash	8,000	9.07	9.07
Bank of China	No	2,000	2013-04-18-	2013-06-06-	Cash	2,000	6.17	6.17
Bank of China	No	10,000	2013-04-23-	2013-10-23-	Cash	10,000	230.63	230.63
Bank of China	No	4,000	2013-06-17-	2013-12-20-	Cash	4,000	91.73	91.73
Bank of China	No	3,000	2013-06-08-	2013-07-10-	Cash	3,000	14.1	14.1
Bank of China	No	5,000	2013-06-14-	2013-06-21-	Cash	5,000	1.89	1.89
Bank of China	No	5,000	2013-06-21-	2013-10-25-	Cash	5,000	89.75	89.75
Bank of China	No	9,000	2013-07-05-	2013-07-22-	Cash	9,000	15.93	15.93
Bank of China	No	3,000	2013-07-12-	2013-07-22-	Cash	3,000	2.63	2.63
Bank of China	No	1,000	2013-08-07-	2013-09-26-	Cash	1,000	3.15	3.15
Bank of China	No	4,000	2013-08-27-	2014-02-17-	Cash		93.44	67.66
Bank of China	No	7,761	2013-09-27-	2014-03-20-	Cash		184.99	101
Bank of China	No	1,300	2013-09-29-	2013-10-14-	Cash	1,300	2.08	2.08
Bank of China	No	3,000	2013-10-16-	2013-10-31-	Cash	3,000	4.44	4.44
Bank of China	No	5,000	2013-10-23-	2013-12-31-	Cash	5,000	41.59	41.59
Bank of China	No	5,000	2013-10-24-	2014-03-20-	Cash		103.71	47.97
Bank of China	No	5,000	2013-10-29-	2014-03-27-	Cash		105.12	43.74
Bank of China	No	2,000	2013-11-08-	2013-12-31-	Cash	2,000	6.68	6.68
Bank of China	No	4,000	2013-12-23-	2013-12-31-	Cash	4,000	2.02	2.02
Industrial and Commercial Bank of China	No	4,000	2013-07-03-	2013-08-05-	Cash	4,000	16.27	16.27
Industrial and Commercial Bank of China	No	4,000	2013-08-08-	2013-09-24-	Cash	4,000	18.54	18.54
Industrial and Commercial Bank of China	No	1,000	2013-10-17-	2013-12-09-	Cash	1,000	5.23	5.23
Industrial and Commercial Bank of China	No	1,000	2013-10-17-	2014-02-07-	Cash		12.63	7.81

China Merchants Bank	No	10,000	2012-12-19-	2013-02-07-	Cash	10,000	64.38	48.93
China Merchants Bank	No	10,000	2012-12-28-	2013-02-06-	Cash	10,000	56.38	51.01
China Merchants Bank	No	4,000	2012-12-28-	2013-01-03-	Cash	4,000	2.3	1.32
China Merchants Bank	No	10,000	2013-01-16-	2013-03-07-	Cash	10,000	61.64	61.64
China Merchants Bank	No	8,000	2013-02-04-	2013-04-08-	Cash	8,000	64.9	64.9
China Merchants Bank	No	5,000	2013-02-07-	2013-03-21-	Cash	5,000	25.89	25.89
China Merchants Bank	No	4,000	2013-02-05-	2013-03-29-	Cash	4,000	26.21	26.21
China Merchants Bank	No	10,000	2013-02-08-	2013-02-16-	Cash	10,000	7.01	7.01
China Merchants Bank	No	10,000	2013-02-18-	2013-04-12-	Cash	10,000	66.79	66.79
China Merchants Bank	No	6,000	2013-02-20-	2013-04-03-	Cash	6,000	31.76	31.76
China Merchants Bank	No	8,000	2013-03-06-	2013-05-15-	Cash	8,000	70.58	70.58
China Merchants Bank	No	3,000	2013-03-08-	2013-04-28-	Cash	3,000	18.86	18.86
China Merchants Bank	No	6,000	2013-03-15-	2013-05-07-	Cash	6,000	39.2	39.2
China Merchants Bank	No	5,000	2013-03-20-	2013-05-31-	Cash	5,000	44.38	44.38
China Merchants Bank	No	4,000	2013-04-01-	2013-05-31-	Cash	4,000	30.9	30.9
China Merchants Bank	No	4,000	2013-04-01-	2013-06-28-	Cash	4,000	46.29	46.29
China Merchants Bank	No	8,000	2013-04-10-	2013-04-16-	Cash	8,000	4.91	4.91
China Merchants Bank	No	10,000	2013-04-18-	2013-05-31-	Cash	10,000	53.01	53.01
China Merchants Bank	No	5,000	2013-05-06-	2013-07-16-	Cash	5,000	43.77	43.77
China Merchants Bank	No	6,000	2013-05-09-	2013-06-26-	Cash	6,000	33.93	33.93
China Merchants Bank	No	5,000	2013-05-17-	2013-06-28-	Cash	5,000	24.74	24.74
China Merchants Bank	No	10,000	2013-06-04-	2013-07-31-	Cash	10,000	68.71	68.71
China Merchants Bank	No	10,000	2013-06-03-	2013-08-30-	Cash	10,000	106.08	106.08
China Merchants Bank	No	6,000	2013-07-01-	2013-08-23-	Cash	6,000	52.27	52.27
China Merchants Bank	No	9,000	2013-07-02-	2013-09-18-	Cash	9,000	115.4	115.4
China Merchants Bank	No	9,000	2013-08-01-	2013-10-10-	Cash	9,000	81.12	81.12
China Merchants Bank	No	3,000	2013-08-09-	2013-08-30-	Cash	3,000	5.52	5.52
China Merchants Bank	No	3,000	2013-08-27-	2013-10-21-	Cash	3,000	20.34	20.34
China Merchants Bank	No	13,000	2013-09-02-	2013-10-28-	Cash	13,000	96.73	96.73
China Merchants Bank	No	4,000	2013-09-10-	2013-11-04-	Cash	4,000	29.53	29.53
China Merchants Bank	No	9,000	2013-09-23-	2013-11-22-	Cash	9,000	73.97	73.97
China Merchants Bank	No	10,000	2013-10-17-	2014-01-10-	Cash		128.08	113.02
China Merchants Bank	No	4,000	2013-10-24-	2013-12-23-	Cash	4,000	35.51	35.52
China Merchants Bank	No	12,000	2013-10-29-	2013-12-13-	Cash	12,000	79.89	79.90
China Merchants Bank	No	5,000	2013-11-07-	2014-01-09-	Cash		46.6	39.96
China Merchants Bank	No	7,000	2013-12-02-	2014-01-21-	Cash		51.78	30.04
China Merchants Bank	No	10,000	2013-12-16-	2014-03-06-	Cash		131.5	24.67
Total	-	438,061	-	-	-	383,300	3,749.88	3,284.59
Unrecovered Principal and Revenue								0
Board Resolution Disclosure Date							June 11, 2012;Jan 4, 2013	
Shareholders Meeting Resolution Disclosure Date							May 21, 2013	

Note: break –even financing products.

(2) No derivatives investment and entrusted loans during the reporting period.

3. Application of Raised Capital

Unit: RMB Million

Total raised capital	570
Total raised capital invested in the report period	270
Total raised capital invested accumulatively	570
Total raised capital involved in change of the application in the report period	0
Total accumulative raised capital involved in change of the application	0
Proportion of the accumulative raised capital involved in change of the application	0%

Explanation of the Application of Raised Capital

The Company issued a seven-year corporate bond of RMB 570 million on December 17, 2012, which was used to pay back bank loans and to add capital liquidity.

4. Analysis of Main Subsidiaries and Investment Companies

Unit: RMB

Company Name	Type	Industry	Main Product or Service	Registered Capital	Total Asset	Net Asset	Operating Revenue	Operating Profit	Net Profit
Shanghai Baowan	Subsidiary	Service	Warehouse, loading and unloading services	160,000,000.00	291,582,295.77	190,813,409.56	84,619,995.33	50,062,290.79	37,558,708.37
Shenzhen Baowan	Subsidiary	Service	Warehouse, loading and unloading services	34,409,050.00	61,421,182.75	54,297,665.21	18,158,592.68	3,176,533.93	2,400,394.42
Tianjin Baowan	Subsidiary	Service	Warehouse, loading and unloading services	150,000,000.00	364,700,813.57	138,599,913.21	53,807,695.11	14,107,967.59	10,688,294.98
Kunshan Baowan	Subsidiary	Service	Warehouse, loading and unloading services	120,000,000.00	234,328,680.21	124,317,610.46	48,383,985.19	21,676,064.39	16,204,195.29
Langfang Baowan	Subsidiary	Service	Warehouse, loading and unloading services	90,000,000.00	197,613,997.85	90,208,224.62	33,933,548.53	9,723,802.48	6,794,265.66
Chengdu Xindu	Subsidiary	Service	Warehouse, loading and unloading services	60,000,000.00	135,942,894.28	51,993,460.79	19,322,007.44	911,649.26	679,021.23
Chengdu Longquan	Subsidiary	Service	Warehouse, loading and unloading services	100,000,000.00	246,459,024.38	94,413,354.16	29,776,163.42	2,565,335.54	1,845,517.08
Guangzhou Baowan	Subsidiary	Service	Warehouse, loading and unloading services	150,000,000.00	302,160,468.37	144,076,800.21	7,531,608.81	-2,038,463.14	-1,645,358.88
Shanghai Mingjiang	Subsidiary	Service	Warehouse, loading and unloading services	120,000,000.00	285,148,048.15	120,766,226.73	45,987,371.75	20,696,671.04	17,018,072.61
Sembawang	Investment Company	Manufacturing	Manufacturing steel products for offshore engineering, etc.	253,386,000	1,441,173,749.03	1,291,788,175.88	847,771,058.40	213,118,935.32	189,826,570.57
CPEC	Investment Company	Service	Providing equipment maintenance services	22,845,500.00	33,909,109.10	28,322,269.63	49,173,303.70	5,432,452.28	3,861,858.67
China Development Financel	Investment Company	Finance	Financial business	500,000,000.00	1,908,559,441.61	505,525,695.75	18,921,721.85	2,367,594.34	5,525,695.75

Acquisition and Disposal of Subsidiaries in the Reporting Period

Applicable Inapplicable

5. Important Non-raised Capital's Projects

Unit: RMB Million

Project	Total Investment	Investment in the report period	Accumulated investment	Progress	Earnings
Chengdu Longquan Baowan	36,100	5,649	25,306	Two warehouses of phase 3 is expected to finish construction with area of 48000 sqms in April, 2014.	Phase First, Two have been put into operation, Phase three is under construction.
Guangzhou Baowan Plot A	48,000	20,885	27,684	Plans to build four warehouses, an office building and ancillary buildings, construction area of 133,000 square	Plot B has been put into operation, Plot A is under construction.

				meters, is expected to be completed in June 2014 the main project.	
Nanjing Baowan	37,300	1,367	13,163	Plans to build seven warehouses and a comprehensive building construction area of 107,000 square meters, is expected to be completed in September 2014.	Under construction
Tianjin Bingang Baowan	43,000	17,951	19,053	Ground treatment works have been completed, ongoing preloading and construction design.	Under construction
Wuhan Baowan	54,300	2,198	9,389	Proposed construction in two phases with eight warehouses and a comprehensive building construction area 177,000 square meters, one is expected to be completed in November 2014.	Under construction
Nantong Baowan	40,800	3,911	4,547	Plans to build four warehouses and two complex building, building area 46,700 square meters, one is expected to be completed in August 2014.	Under construction
Shenyang Baowan	51,300	180	3,670	Under preparation	Under preparation
Total	310,800	52,141	102,812	--	--

VII. The expected operating results from January to March, 2014

The notes to explain or alert that accumulated net profit forecast beginning of the next reporting period may be loss compared with a year earlier occurrence of significant changes.

VIII. Special Purpose Principal under the Control of the Company

Inapplicable

IX. Prospects for the Future Development

1. Competition Pattern and Development Trend

(1) Offshore Oil Logistics Services

As to the ongoing competition tensions in the South China Sea oil resources, the Country is bound to intensify efforts to exploit oil and gas resources in the South China Sea, especially on deepwater oil and gas fields, which will enlarge logistic service volume. But CNOOC Huizhou production base was put into operation, which will bring great impact to the development of the oil logistics services.

(2) Blogis Business

In 2013, the overall size of China's logistics industry continues to grow, the fixed asset investment of logistics industry keep accelerating; logistics needs of production, including import and export goods category slowing down, FMCG and online shopping flow demand increasing rapidly; manufacturing logistics outsourcing separation speeding up, which brought out logistics services prices continuous rising, but slower than before.

The market of warehousing and logistics show that land prices continued to raise and the trend of intense competition of striving for potential areas of land resources in the future.

The layout of logistics and infrastructure in the country is still mainly concentrated in the eastern coastal cities and developed areas, but in the long term logistic nodes of non-coastal cities will also own growing potential.

2. Development Strategy

The Company is committed to be logistic enterprise with outstanding scale logistics parks throughout major cities as well as various logistics services and be industrial leader in domestic petroleum logistics services and integrated logistics services with continuous value creation for customers, shareholders, employees and society.

Offshore oil logistics business: To become a creator and leader of industrial standards of logistics services with full range of deep-water oil logistics service capabilities, constantly upgrading and enhancing shallow-water services to maintain its leadership and competitive advantages of Eastern South China Sea oil and gas exploration and development, to struggle for the market share in other Chinese waters, inland oil and gas fields.

Blogis business: Next three to five years the Company would accelerate the layout of logistics park network, covering main cities all over the country with comprehensive and integrated logistics services system to develop into industrial leading company with core competitiveness of "large-scale logistics park network, high-level integrated logistics services".

3. Operation Plan

2014 was the first year of comprehensive deepening of economic reform, which will further enhance the function of market that play a more important role in the configuration of resources while government-led investment-driven model will be weakened. Under the background of such environment, the company's two core businesses are facing mixed development prospects both opportunities and challenges. To achieve the program objectives, the company will focus on "innovation" and "breakthrough" and fulfill the following aspects:

Oil Logistics business: To strengthen the depth of communication and cooperation with CNOOC, to further clarify the areas, the model and the direction of business cooperation; to effectively promote the upgrading of business transformation of deepwater oil base, to strengthen deepwater operations service capabilities; focusing on serving for significant and large parts as major pieces competitiveness;

BLOGIS business: (1) To continue to increase project development, including by means of M&A, joint development, custom development and other diversified expansion mode to quickly seize key-nodes of land resources, to strengthen the national network layout; focus on promoting the project execution and implementation of the work plan of land while finishing pre-market research and target customers for withdrawing revenue as soon as possible; (2) to ensure the quality of the project and a strongly forward the project schedule, project optimization management costs, exploring new model of project management; (3) to strengthen the existing extended summary of business experience, actively develop other value-added services, to culture new profit growth point; strengthening standardized management, and promotion of the industry, market and research competitors, to improve customer management system, focusing on strengthening main customer relationship and marketing efforts to enhance their viscosity.

Participation funded enterprises: urging related enterprises to develop bonus system to maximize shareholder value.

4. Capital Requirement, Sources of Funds and the Usage Plan

On the premise of normal daily operations, the Company's demanded capital will be applied to land purchase, development and construction of Baowan logistics parks as well as other projects through mergers, acquisition or joint-venture, to ensure the steady development of the Company's main business. The capital demands are planned to resolve by way of equity fund, bank financing and returned funds from scrolling project investments.

5. The Risk and Measures for Future Development

Basing on the strategic opportunity period of China's economic long-lasting healthy performance, two core busine

sses of the Company would be expected to more prosperous in future as well as the challenges and external risks ahead.

(1)To speed up land acquisition is main foundation to the Company's long-term development. However, under the background of expanding domestic demand, there would be lasting booming demand of construction land. Thus in spite of the government's strict controlling of land using, it is bound to increase the contradiction between supply and demand.

(2)The expansion of business scale along with larger capital requirement could lead to higher asset-liability ratio and cost of debt, even the risk of shortage of funds.

(3)The coexistence of slowdown in China's economic growth and inflation pressures, combined with the raising cost of elements such as domestic land, labor, construction materials, fuel would greatly effect on the company profitability.

(4)There is a need for highly-quality talent and competitive salaries and welfares system to realize the strategic targets on the path of company's rapid growing

The Company plans to carry out the following measures to achieve future development:

(1)To strengthen the immediate study of macro economy, policy trend and industrial development ; to seize key land resources quickly and strengthening network throughout the country.

(2)To strengthen continually cost-controlling system, combined with the company's operation index to track all business incomes, cash back on track, providing the basis for evaluation of the implementation of strategies and personnel performance, even early risks detection and prevention in the process of implementation.

(3) Ensure the quality of the project, strongly forward the project schedule, cost optimization project management, explore a new model of project management;

(4)To develop vigorously value-added business and to pursue new profit growth, continually enhancing the industrial leading standardization system of service management with growing competitiveness.

(5)To further personnel training and employee incentive mechanism with more positive corporate culture, to develop high-quality, cohesive workforce as offer solid talent basis for fast-growing development of the company.

X. Notes of the Board of Directions on the Qualified Auditor's Report Issued by the CPAs

Inapplicable

XI. Changes in Accounting Policy, Accounting Estimation and Way of Accounting in Comparison with the Latest Annual Report

Inapplicable

XII. Retrospective Restatement Necessary for Correction of Significant Accounting Errors during the Report Period

Inapplicable

XIII. Changes in Range of the Consolidated Statements in Comparison with the Financial Report of the Previous Year.

“Baowan Logistic (Wuhan) Yangluo Co., Ltd.” is brought into the consolidated statements in the report period.

XIV. Dividend Distribution

Implementation and Adjustment of Dividend and Cash Distribution Policy

Applicable

According to the requirements of the Shenzhen Securities Regulatory Commission issued the "On conscientiously implement the <a listed company on the further implementation of the cash dividend related matters notice" (SZJGSZi [2012] No. 43) (hereinafter referred to as "the" Notice ""), the Board of Directors on planning matters shareholder returns fully communicate with the independent directors and certain shareholders of tradable shares, conducted a special research and feasibility studies, and by the sixth meeting of the Board of Directors of the eleventh communications passed the "planning matters regarding shareholder returns Demonstration Report. " Demonstration report details the return to shareholders planning arrangements specific content and reasons, in particular the contents of the profit distribution policy decision-making procedures and mechanisms, such as cash dividends matters.

According to the contents of the report and to demonstrate the actual situation of the combined company, the sixth meeting of the Board of Directors of the eleventh communications and 2012 Second Extraordinary General Meeting adopted the "Amendment Articles motion ", clearly defines the company's profit distribution Content principle, profit distribution in the form of a cash dividend ratio and conditions, such as profit sharing decision-making process.

Comments on shareholder returns in the revised plan to conduct feasibility studies and "Articles of Association" in the process, feasibility reports of independent directors on planning matters return to shareholders issued a separate opinion, while the company by telephone, E-mail and other ways to listen to the minority shareholders of the Board and aspirations, safeguard the legitimate rights and interests of minority shareholders.

Please see August 3, 2012 and August 23, 2012, "Securities Times", "Hong Kong Commercial Daily" and the information online company announcements.

The dividend distribution scheme in the report period complied with the Articles of Association.

Dividend distribution scheme for last 3 years.

1. 2013: The Company has no planned to distribute cash dividend to the whole shareholders.
2. On May 20, 2013, 2012 Annual General Shareholders' meeting reviewed and approved the dividend distribution scheme for year 2012. Based on the share capital totaling 230,600,000 shares, the Company distributed cash dividend to the whole shareholders at the rate of RMB 1.01 (including tax) for every 10 shares. Please find the details in Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn on July 10, 2013.
3. On June 1, 2012, 2011 Annual General Shareholders' meeting reviewed and approved the dividend distribution scheme for year 2011. Based on the share capital totaling 230,600,000 shares, the Company distributed cash dividend to the whole shareholders at the rate of RMB 1.58 (including tax) for every 10 shares. Please find the details in Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn on July 18, 2012.

Cash dividend distributions for the last three years

Unit: RMB

Year	Cash Dividends Tax	Net Profit Attributed to	Ratio of the Net Profit
------	--------------------	--------------------------	-------------------------

	Included	Shareholders	Attributed to Shareholders
2013	0	207,564,394.21	0
2012	23,290,600.00	162,182,965.40	14.36%
2011	36,434,800.00	129,274,351.74	28.18%

XV、Distribution of profits and capital reserve capitalization plan for the reporting period

Equity base (share) Distribution Plan	230,600,000
The total cash dividends (million) (including tax)	0
Distributable profit (yuan)	616,776,064.40
Cash dividend policy	
See August 3, 2012 disclosed information online www.cninfo.com.cn "Demonstration Report on shareholder returns planning matters".	
Details of distribution of profits or capital fund plan description	
The Company has no planned to distribute cash dividend to the whole shareholders for year 2013.	

Parent company earnings and undistributed profit for the reporting period are no cash dividend distribution plan.

√ Applicable

Undistributed earnings reporting period and the reasons for the parent company cash dividend distribution plan is positive but not raised	Undistributed profits purpose and using plan
The rapid development of the company's business, the growing demand for funds	For the company's operations and development

XVI. Social Responsibility

Inapplicable

XVII .Reception, Research and Interview in the Report Period

Time	Location	Method	Type of Visitors	Visitor	Topics Discussed
April 15, 2013	Shenzhen	Field Research	Institution	Matthews International Capital Management, LLC	Business operation and development of logistics parks. Providing Company brochures.
May 17, 2013	Shenzhen	Field Research	Institution	Cederberg Capital UK LLP	Business operation and development of logistics parks. Providing Company brochures.
May 29, 2013	Shenzhen	Field Research	Institution	Yinhua Fund Management Co. Ltd.	Business operation and development of logistics parks. Providing Company brochures.
June 5, 2013	Shenzhen	Telephone	Institution	Value Partners	Business operation and

		Communication		Limited	development of logistics parks. Providing Company brochures.
September 12, 2013	Shanghai	Field Research	Institution	Cederberg Capital UK LLP、 Charles Wang、 Daniel Ng	shanghai Baowan operation issue
November 13, 2013	Shenzhen	Field Research	Institution	CICC	Business operation and development of logistics parks. Providing Company brochures.
November 21, 2013	Shenzhen	Field Research	Institution	Mattews International Capital Management, LLC	Business operation and development of logistics parks. Providing Company brochures.

PART V Significant Events

I. Main Lawsuits and Arbitration Affairs

Applicable Inapplicable

There were no important lawsuits and arbitration affairs.

II. Media Query

Applicable Inapplicable

There was no media query in the report period.

III. Non-operation Oriented Fund Occupancy by the Controlling Shareholder and/or Related Parties

Inapplicable

IV. Bankruptcy and Recombination

Applicable Inapplicable

V. Assets Transaction

In the report period, there was no asset acquisition, assets sales and asset substitution.

VI. Implementation and Influence of Equity Incentives

Inapplicable

VII. Important Connected Transactions

1. Connected Transactions Involving Daily Operation

Transaction Party	Relationship	Type of Connected Transaction	Contents	Pricing Principle	Price (Unit: RMB Million)	Amount (Unit: RMB Million)	Ratio of Same Type of Transaction (%)	Settlement	Market Price (Unit: RMB Million)	Disclosure Date	Disclosure Index
Nanshan Group	Parent Company	Providing Services	Renting Office and Maintenance Services	Market Price	6.85	6.85	22.6%	Bank Settlement	6.85	2013.3.27	Prediction of connected transaction involving daily operation in 2013
Nanshan Group	Parent Company	Receiving Services	Renting Land and Building, Receiving Power Supply	Market Price	7.32	7.32	100%	Bank Settlement	7.32		
Total				--	--	14.17		--	--	--	--
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.
The Influence on Listed Company's Independence	N/A

2. Connected Transactions of Assets Acquisition and Sales

There were no connected transactions of assets acquisition and sales.

3. Important Connected Transactions of Joint Investment

There were no Important Connected Transactions of Joint Investment.

4. Connected Claims and Liabilities

Did there exist any non-operational related rights of credit and liabilities

Yes No

Connected Party	Relationship	Type	Reason	Does there exist non-operation oriented fund occupancy?	Opening Balance(Unit: RMB 0,000)	Incurred Amount (Unit: RMB 0,000)	Ending balance (Unit: RMB 0,000)
Nanshan Group---Long-term Payables	Parent Company	Account Payables	Long-term payables are construction funds of logistics parks paid by Nanshan Group	No	19,125	2,076	21,201
Nanshan Group---Other Non-current Liabilities	Parent Company	Account Payables	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.	No	70,000	0	70,000

5. Other Important Connected Transaction

(1) Related party transactions on Chixiao petroleum engineering contract commission of logistics warehouse building construction of area H

Which meet the needs of the South China Sea deepwater oil exploration logistics services and implement our business development strategy established, by the sixth session of the seventh meeting of the Board of Directors for consideration and approval, the company agreed to choose, a wholly owned subsidiary of the controlling shareholder of Shenzhen Nanshan Group, Chixiao petroleum Engineering Construction Co., as the contractor logistics warehouse H zone A and B block building block in floor construction, including construction, steel, electrical, fire protection and other projects. Oil logistical H Zone A transaction amount is 19.16 million as well as B plots the transaction amount of RMB 2.6 million, totaling 21.76 million. Currently H Zone A block has been completed, B block is under construction, planned for completion in April 2014.

(2) Entrusted with the operation related party transactions on Hefei Baowan Limited Logistics Park project

Hefei Baowan international logistics center was invested by the controlling shareholder of Nanshan Group, which is positioned as an international logistics business complex projects, including warehousing and logistics park project, the international exhibition and trade center of high-end goods, logistics base for corporate headquarters and other business models, and warehousing and logistics parks businesses is similar with Baowan Holding business model. To avoid competition and improve BLOGIS nationwide network layout, approved by the sixth session of the Board of Directors the Sixteenth communication meeting, the Baowan holding was entrusted with the operation of, Nanshan Group's wholly-owned subsidiary, Hefei Baowan International warehouse logistics Park Project logistics Center Limited with the operation period from the date two parties signed contract until December 31, 2014. The two sides have signed the "Entrusted Management Agreement."

(3) The related transactions of Wuhan Baowan international logistics center steel containment system contract

To implement the company's business development strategy established and ensure Wuhan Baowan international logistics center project to proceed smoothly, approved by the seventh session of the board of directors the first tele-communication meeting and in 2013 first extraordinary general meeting, Wuhan Baowan one of the company

a wholly owned subsidiary, appointed commissioned Chixiao Engineering construction Co., Ltd. responsible for the construction task of Wuhan Baowan International logistics Center warehouse steel containment system with the contract price of RMB 29.32 million. And Wuhan Baowan Phase foundation construction is in progress, expected to be completed in November 2014.

(4)The related transactions of signing "Financial Services Agreement" with China Development Finance Company, Ltd

In order to broader financing channel and improve funds efficiency, approved by the second meeting of 7th board of Directors and the Second Extraordinary shareholder's Meeting in 2013, the Company agreed to make <Finance service agreement>with China Development company, during 3 years. The highest balance for the Company and its subsidiaries is within 1 billion RMB per day, while the deposit should stand no more than 30% of the Finance company. The comprehensive credit line offered by the Finance company is 1 billion RMB for the Company and its branch.

On Jan 6, 2014, the Company and the Finance company have signed the contract. As the end of report period, the Company has no loan or deposit from the Finance company.

Disclosure of Important Connected Transaction

Please find the details in Securities Times, Hong Kong Commercial Daily and www.cninfo.com.cn

Announcement n	Disclosure Date
Resolution Announcement of 7 th session for 6 th Board	2013-03-27
Connected Transaction Announcement	2013-03-27
Resolution Announcement of 16 th telecommunication meeting for 6 th Board	2013-04-24
Entrusted Transaction Announcement	2013-04-24
Resolution Announcement of 1 st telecommunication meeting for 7 th Board	2013-07-05
Connected Transaction Announcement for Wuhan Baowan	2013-07-05
Resolution Announcement of 1 st Extraordinary Shareholders' Meeting in 2013	2013-07-24
Progress Announcement	2013-07-29
Resolution Announcement of 2 nd session for 7 th Board	2013-10-30
Connected Transaction Announcement for Finance Service Agreement	2013-10-30
Announcement of 2 nd Extraordinary Shareholders' Meeting in 2013	2013-11-21

VIII. Important Contracts and Implementation

1. Custodian, Contracting and Lease

See Section V 7 (5), (2) about related transactions of entrusted operation of Hefei Baowan international logistics center project. There is no contracting or lease of the Company.

2. Guarantee

Inapplicable.

3. Other Important Contracts

(1)The Project of Wuhan Yangluo Baowan

In order to strengthen Blogis layout in central China, the sixth session of the seventh meeting of the Board of Directors and 2012 Annual General Meeting have approved the proposal on Wuhan Yangluo Baowan logistics project, covering an area of 218 acres with the initial investment of RMB 218 million. To operate and manage the project, Baowan Holdings intends to register a new company with the name of Baowan Logistics (Wuhan) Yangluo Co., Ltd. and registration capital of 100 million.

Currently, the company has obtained its business license.

Please see March 27, 2013, May 21, 2013 and June 26, 2013, "Securities Times ", "Hong Kong Commercial Daily " and website of <http://www.cninfo.com.cn> information online of company announcements .

(2)The Project of Chongqing Banan Baowan Logistics Park

In order to improve the layout in Southwest China, the sixth session of the seventh meeting of the Board of Directors and 2012 Annual General Meeting have approved the proposal on Chongqing Banan Baowan logistics project, covering an area of 400 acres with the initial investment of RMB 474 million. To operate and manage the project, Baowan Holdings intends to register a new company with the name of Chongqing Banan Baowan International Logistics Co., Ltd and registration capital of 100 million.

Currently, the company has obtained its business license.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on March 27, 2013 and May 21, 2013.

(3)The Project of ChangshaWangcheng Baowan Logistics Park

In order to improve the layout in Central China, the seventh session of the second meeting of the Board of Directors has approved the proposal on ChangshaWangcheng Baowan logistics project, covering an area of 202 acres with the initial investment of RMB 219.51million. To operate and manage the project, Baowan Holdings intends to register a new company with the name of Changsha Wangcheng Baowan International Logistics Co., Ltd. (tentative name, specific to business registration) and registration capital of 100 million.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on October 30, 2013.

(4) The Project of Hefei Feidong Baowan Logistics Park

To further improve the middle network layout, the seventh session of the second meeting of the Board of Directors has approved the proposal on Hefei Feidong Baowan logistics project, covering an area of 280 acres with the initial investment of RMB 263.99million. To operate and manage the project, Baowan Holdings intends to register a new company with the name of BLOGIS Feidong Co. and registration capital of 100 million.

Currently, the company has obtained its business license.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on October 30, 2013 and January 7, 2014.

(5) Establishment of the Hong Kong subsidiary

To take the convenience Hong Kong financing rates, tax advantages, and to build overseas financing and investment platform, reducing consolidated financing costs, the seventh Board of Directors Second meeting has approved Baowan holdings to set up a wholly owned subsidiary in Hong Kong SAR with registered capital of 300,000.

Currently BLOGIS (Hong Kong) Limited has completed the registration in Hong Kong with "Certificate of Incorporation" and "business registration certificate."

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on October 30, 2013 and January 28, 2014.

(6) The Project of Xi'an Lintong Baowan Logistics Park

To improve the layout in Northwestern China, the third tele-communication meeting of the seventh Board of Directors has approved the proposal on Xi'an Lintong Baowan logistics project, covering an area of 400 acres with the initial investment of RMB 450 million. To operate and manage the project, Baowan Holdings intends to register a new company with the name of Xi'an Baowan International Logistics Co. Ltd and registration capital of 100 million.

Currently, the company has obtained its business license.

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on December 25, 2013 and January 28, 2014.

IX、 Implementation of commitments

The commitments of the Company or shareholders holding more than 5% occurred during the reporting period but continued before or during the reporting period...

Commitments	Promisee	Content	Beginning	Deadline	Status
Other Commitments	Nanshan Group	to land use	1997-7-18	Subsisting contract period	On duty
	Nanshan Group	to resolve payment difficulties in opening the Finance Limited	2012-5-11	Subsisting contract period	On duty
	The Company	to provide regular monthly financial reports to the controlling shareholder	2007-10-25	Subsisting contract period	On duty
	The Company	About the issue of "medium-term notes for 2012" Commitment	2012-3-7	Subsisting contract period	On duty
	The Company	About the issue of "12 base debt" commitment	2012-12-17	Subsisting contract period	On duty
fulfill commitments timely	Yes				

The details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on December 25, 2013 and January 25, 2014.

X. Engagement/ Disengagement of Certified Public Accountants

Certified Public Accountants currently Engaged

Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration (RMB Million)	10.27
Successive Years Offering Auditing Services	2
Names of the Certified Public Accountants	Li Weihua, Fang Shaofan

Has the CPAs been changed in the report period

Yes No

Description of the CPAs, financial adviser or sponsor engaged for internal control auditing.

Applicable Inapplicable

The Sixteenth Tele-communication Meeting of the Sixth Board of Directors and 2012 Annual General Meeting reviewed and approved to appoint Deloitte Touche Tohmatsu CPA to provide internal control audit service for the Company in 2013, with the remuneration of RMB 450,000.

XI. Punishment and Rectification

In the report period, there are no directors, supervisor and senior management receiving any kind of punishment from supervisory organizations.

XII. Others

The Company's shares of the company Shenzhen Chiwan Offshore Petroleum Equipment Repair Ltd. (hereinafter referred to as "CPEC") needs to change the name, the registered capital and business scope because of its business expansion. Please see the August 21, 2013, "Securities Times", "Hong Kong Commercial Daily" and of <http://www.cninfo.com.cn> information online company announcements.

XIII. Significant event of subsidiaries

Please see this part content of Important Contracts and Implementation.

XIV. Issuance of Corporate Bonds

On August 23, 2012, CSRC approved the Company to issue a seven-year corporate bond of RMB 570 million. On December 17, 2012, the Company issued the seven-year corporate bond of RMB 570 million with the interest of 5.78%. The interest payment date is on every December 17, 2013-2017. On January 9, 2013, by the agreement of Shenzhen Stock Exchange, the corporate bonds are listed in Shenzhen Stock Exchange with the name of "12 Chiwan Base Corporate Bond" and code of "112140". (Please find the details in the announcement disclosed on January 9, 2012 with the serial No. of 2013-03)

The Company has disclosed the rating report and entrusted management report for 2012 Corporate Bonds.

The Company has paid the interests for the Corporate Bonds' accounting period.

PART VI. Changes in Capital Stock and Shareholders

I. Changes in Capital Stock

	Before Changes		Changes in Shares (+, -)					After Changes	
	Shares	Ratio	New Shares Issued	Bonus Shares	Conversion of Reserves to Shares	Others	Subtotal	Shares	Ratio
1. Non-tradable Shares	119,420,000	51.79%						119,420,000	51.79%
a. Promoters' Shares Including	119,420,000	51.79%						119,420,000	51.79%
Ownership by Domestic Legal Entities	119,420,000	51.79%						119,420,000	51.79%
2. Tradable shares	111,180,000	48.21%						111,180,000	48.21%
B shares	111,180,000	48.21%						111,180,000	48.21%
3. Total	230,600,000	100%						230,600,000	100%

II. Issuing and Listing

Issuing Activities over the Past Three Years

Description of stock and its Derivative Securities	Issuing date	Issuing price	Issuing quantity	Listing Date	Quantity approved for listing	Expiration date of transaction
Convertible Corporate Bonds, Detachable Convertible Bond and Corporate Bonds						
2012 Corporate Bonds	2012.12.17	100	570,000,000	2013.1.9	570,000,000	

III. Shareholders and Actual Controller

1. Number of Shareholders and Shares

Unit: Share

Total number of shareholders at the end of Year 2013			7,402		Total number of shareholders 5 trading day before annual report disclosure		7,052
Top Ten Shareholders							
Name	Nature	Ratio (%)	Total shares held	Non-tradable shares	Tradable shares	Impawnd or Frozen Shares	
						Shares	Number
CHINA NANSHAN	Domestic Legal	51.79%	119,420,000	119,420,000	0		

DEVELOPMENT (GROUP) INCORPORATION	Person						
China Logistics Holding(12) PTE.LTD.	Foreign Legal Person	19.90%	45,890,000		45,890,000		
CHINA MECHANIS SECURITIES (HONGKONG) LTD	State-owned Legal Person	1.44%	3,316,928		3,316,928		
MATTHEWS CHINA DIVIDEND FUND	Foreign Legal Person	0.81%	1,861,968		1,861,968		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign Legal Person	0.37%	845,680		845,680		
WIM SUSTAINABLE SRI MASTER FUND	Foreign Legal Person	0.36%	832,436		832,436		
WU CHI LI	Domestic Natural Person	0.30%	681,720		681,720		
CEDERBERG GREATER CHINA EQUITY MASTER FUND	Foreign Legal Person	0.27%	622,642		622,642		
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	Foreign Legal Person	0.26%	606,389		606,389		
LI MING YA	Domestic Natural Person	0.25%	569,380		569,380		
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 tradable-share shareholders fall into the scope of united action person.						

2. Controlling Shareholder

Name	Legal Representative	Establishing Date	Organization Code	Register Capital	Main Business
China Nanshan Development (Group) Incorporation	Fu Yuning	September 28, 1982	61883297-6	900000000	Land development, port service and transportation, as well as related industry, commerce, real estate and tourism and bonded warehouse.
Operation result, financial position, cash flow and	On December 31, 2013, Nanshan Group' unaudited asset is RMB 20.85 billion, net				

future development strategy,etc..	assets is RMB 8.9 billion, operating revenue is RMB 6.01 billion, total profit is RMB 1.58 billion and cash flow from operating activities is RMB 24.28 million. Future development: focusing on business development and capital increase, becoming a leading group with brand influence.
Equity in other domestic and foreign listed companies held by the controlling shareholder by means of control and mutual shareholding in the reporting period	32.52% equity in Chiwan Wharf (000022) and 48.77% equity in Yahgee Modular.

Change of Controlling Shareholder in the Report Period

Applicable Inapplicable

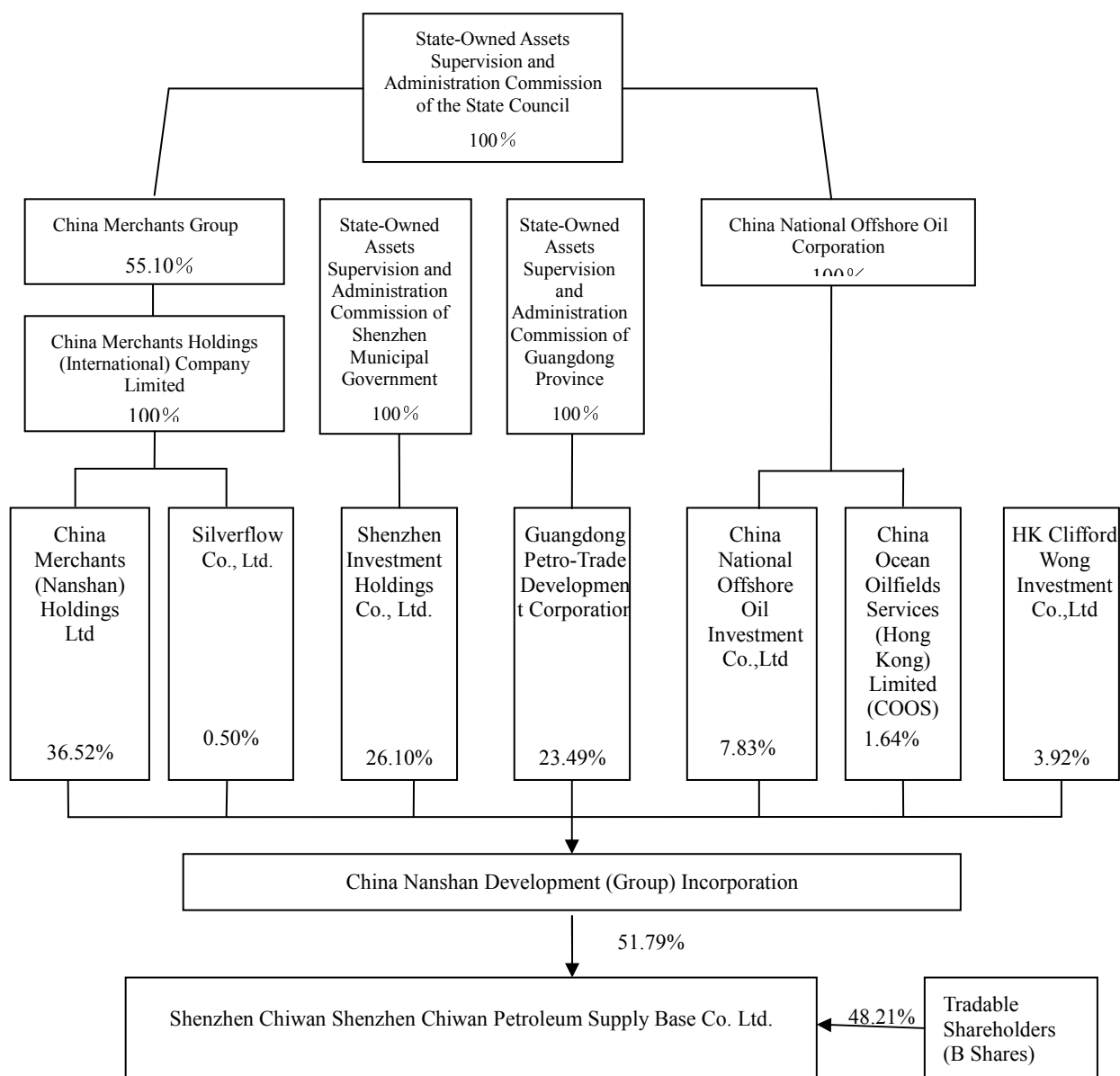
3. Actual Controller

Name	Legal Representative	Establishing Date	Organization Code	Register Capital	Main Business
China Nanshan Development (Group) Incorporation	Fu Yuning	September 28, 1982	61883297-6	900000000	Land development, port service and transportation, as well as related industry, commerce, real estate and tourism and bonded warehouse.
Operation result,financial position,cash flow and future development strategy,etc..	On December 31, 2013, Nanshan Group' unaudited asset is RMB 20.85 billion, net assets is RMB 8.9 billion, operating revenue is RMB 6.01 billion, total profit is RMB 1.58 billion and cash flow from operating activities is RMB 24.28 million. Future development: focusing on business development and capital increase, becoming a leading group with brand influence.				
Equity in other domestic and foreign listed companies held by the controlling shareholder by means of control and mutual shareholding in the reporting period	32.52% equity in Chiwan Wharf (000022) and 48.77% equity in Yahgee Modular.				

Change of Actual Controller in the Report Period

Applicable Inapplicable

Chart of Actual Controller and the Company



Actual Controller controlled the Company by trust or other asset management method.

Applicable Inapplicable

4. Other shareholders with more than 10% shares.

Shareholder's Name	Legal Representative	Establishing Date	Organization Code	Registered Capital	Main Business
CHINA LOGISTICS HOLDING(12) PTE. LTD	Schwartz Jeffrey Howard	2010.11.11		100 USD	Investment

PART VII. Directors, Supervisors, Senior Management and Staff

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

Name	Position	Office Status	Gender	Age	Starting Date of Tenure	Expiry Date of Tenure	Shares Held on Jan 1, 2013	Increase	Decrease	Shares Held on Dec 31, 2013
Tian Junyan	Chairman	In Office	Male	52	2013.5.	2016.5.	0	0	0	0
Ming Zhi Mei	Vice Chairman	In Office	Male	41	2013.5.	2016.5.	0	0	0	0
Fan Zhaoping	Director	In Office	Male	60	2013.5.	2016.5.	11,600	0	0	11,600
Liu Wei	Director/ GM	In Office	Male	48	2013.5.	2016.5.	55,900	0	0	55,900
Kent Yang	Director	In Office	Male	45	2013.5.	2016.5.	0	0	0	0
Ren Yongping	Director	InOffice	Male	61	2013.5.	2016.5.	118,000	0	28,000	90,000
Shu Qian	Director	In Office	Male	36	2013.5.	2016.5.	0	0	0	0
He Liming	Independent Director	In Office	Male	60	2013.5.	2016.5.	0	0	0	0
Chen Weijie	Independent Director	In Office	Male	63	2013.5.	2016.5.	0	0	0	0
Chen Shujun	Independent Director	In Office	Male	46	2013.5.	2016.5.	0	0	0	0
Yu Xiufeng	Independent Director	In Office	Male	49	2013.5.	2016.5.	0	0	0	0
Zhang Jianguo	Supervisor Convenor	In Office	Male	49	2013.5.	2016.5.	0	0	0	0
Chen Hong	Supervisor	In Office	Male	54	2013.5.	2016.5.	0	0	0	0
Li Hongwei	Supervisor	In Office	Male	46	2013.5.	2016.5.	0	0	0	0
Chen Lei	Supervisor	In Office	Male	37	2013.5.	2016.5.	0	0	0	0
Sun Yuhui	Supervisor	In Office	Male	39	2013.5.	2016.5.	0	0	0	0
Huang Ronghui				57	2013.5.	2016.5.	0	0	0	0
Wang Jianjiang	Deputy GM	In Office	Male	56	2011.2.	until now	0	0	0	0
Yu Zhongxia	Deputy GM/ Financial Controller	In Office	Female	50	2011.11.	until now	65,182	0	0	65,182
Fu Jialin	Deputy GM	In Office	Male	52	2011.11.	until now	71,100	0	0	71,100
Song Tao	Board Secretary	In Office	Male	35	2012.3.	until now	0	0	0	0
Han Guimao	Director	Off Office	Male	63	2010.5.	2013.5.	10,000	0	0	10,000
Lin Shaodong	Independent	Off Office	Male	68	2010.5.	2013.5.	0	0	0	0
Zhang Limin	Independent	Off Office	Male	58	2010.5.	2013.5.	0	0	0	0
Zhou Chengxin	Independent	Off Office	Male	59	2010.5.	2013.5.	0	0	0	0
Cui Zhongfu	Independent	Off Office	Male	52	2010.5.	2013.5.	0	0	0	0
Guo Songhua	Supervisor Convenor	Off Office	Female	56	2010.5.	2013.5.	0	0	0	0
Kong Peng	Supervisor	Off Office	Male	41	2010.5.	2013.5.	0	0	0	0
Sun Wujiang	Supervisor	Off Office	Male	46	2010.5.	2013.5.	0	0	0	0
Total	--	--	--	--	--	--	331,782	0	28,000	303,782

II. Posts

Work Experience in the Past Five Years of Directors, Supervisors and Senior Management in Current Office

Chairman: Mr. Tian Junyan, master degree in management of Huazhong University of Science and Technology.

He was once the associate professor of School of Management of Huazhong University of Science and Technology. Since 1996, he had successively served the posts of manager of research & development department and the Executive Senior Vice President of Nanshan Group. Mr. Tian has been the Director since 2010 May, Now he is the President of Nanshan Group and Chairman of the Seventh Board of Directors of the Company.

Vice Chairman: Mr. MingZhi Mei, has bachelor degree in finance of Indiana University and MBA of Northwestern University and The Hong Kong University of Science and Technology. Since 1996, he occupied important positions in the departments of finance, manufacture, sales, market, strategic planning and integrated management of Owens Corning. He joined ProLogis in 2003. At present he is the jointed founder and CEO of Global Logistic Properties and the vice chairman of the Seventh Board of Directors of the Company.

Director: Mr. Fan Zhaoping, bachelor degree in economics of China Finance College and master degree in economics in the Research Institute of the Ministry of Finance of China. Mr. Fan has successively held the posts as the financial manager and supervisor of the Company and he worked as the financial and investment manager and of China Nanshan Development (Group) Incorporation in 1991. At present, he is Senior Vice President of Nanshan Group and the Director of the Seventh Board of Directors of the Company.

Director/GM: Liu Wei has Master degree of logistics and supply chain management of Chinese University of Hong Kong. Mr. Liu has served the posts as manager of the Business Development Department of the Company, the deputy GM of Shanghai Baowan, manager of Logistics Business and General Manager of Offshore Oil Logistics Service Division of the Company, Deputy GM and Executive Deputy GM of the Company. He also was the supervisor of the Fifth Board of Supervisors. At present, he is GM of the Company since March 2012 and Director since June 2012.

Director: Mr. Kent Yang, American, has bachelor degree in architecture of University of California, Los Angeles and master degree in real estate development of Columbia University. He was the directing designer in Mark Lintott Design in 1993; professional consultant in Colliers Jardine in 1996; special assistant to Chairman and General Manager-China in Taiwan Fu Ji Manufacture Co., Ltd. since 1997; General Manager in Wuxi Huayang High Tech Investment Co.,. He was the General Manager of GLP Park Lingang in 2005 and First Vice President of Global Logistic Properties in 2007. At present, he is the president of China region of Global Logistic Properties and director of the Seventh Board of Directors of the Company.

Director: Mr. Ren Yongping, graduated from China Finance College. Since 1982, he worked in Tax Bureau of Hebei Province and successively held the posts of Financial Manager in Chiwan Warf, GM of Chiwan Foodstuff Port and GM of Chiwan Warehouse Co. He was the director of the Fifth Board. He was the Deputy GM of the Company from April 2004 to January 2013. Due to age reason, he retired the position as Deputy GM of the Company in January 2013. At present, he is director of the Seventh Board of Directors of the Company.

Director: Mr. Shu Qian, graduated from Hunan Institute of Finance (merged Hunan University in 2000) accounting major, in 2004 obtained a master degree in economics from University Rotterdam, the Netherlands maritime and logistics expertise. Since 2000, has served as International Freight Forwarding Co., Ltd. Shenzhen Chiwan accounting, financial vice president, Head of Sales Department in Shenzhen Chiwan Wharf Holdings Limited , Assistant General Manager of Research and Development Department, Vice President. of China Nanshan Development (Group) Co., Ltd., The current general manager of Research and Development Department of Nanshan Development (Group) Co., Ltd. And he has served as a director of the Company since May 2013.

Independent Director: Mr. He Liming, graduate degree, master's degree, senior economist. He was Former Deputy Director of the Materials Department, the Personnel Division of the Ministry of Domestic Trade, general manager of China Nonferrous Metal Materials Corporation, Vice President and Secretary General, Executive Vice

President of the China Federation of Logistics and Purchasing. At present, he is president of the China Federation of Logistics and Purchasing / party secretary, president of the China Society of Logistics, president of the China Automobile Dealers Association, the president of China International Trade Promotion logistics industry branch, the chairman of the Asia Pacific Logistics Alliance, the International Alliance Director of Purchasing and Supply Management. In May 2013 he has served as an independent director of the Company.

Independent Director: Mr. Chen Weijie, a professor-level senior economist. The manager of the Eastern Oil Company CNOOC Nanhai Finance Department, Finance Department Manager of CNOOC Shenzhen Branch; CACT Operators Group president; General Manager of China National Offshore Oil Corporation, the Ministry of Planning; deputy general manager of CNOOC Shenzhen Branch, deputy party secretary. Deputy director of the Professional Committee of China's economy Petroleum Institute; CNOOC / Shanghai Jiaotong University Engineering Research Center member technical committee of new energy; Vice Chairman of Tianjin Intercity Railway Co. ; vice chairman of Tianjin Binhai New Area high-tech development company . In May 2013 he has served as an independent director of the Company.

Independent Director: Mr. Chen Shujun, Master Degree of Business Administration in Finance Chinese University of Hong Kong, Master Degree of Accounting City University of Hong Kong International, Bachelor of Laws degree from Tsinghua University (Adult Education). Senior Accountant, CPA China, Chinese Certified Tax Agents, judicial experts, national legal professional qualifications; second session of the Conference of Guangdong Provincial People's Congress Standing Committee of the legislative consultants, CPAs fifth Association of Guangdong Province, Shenzhen Municipal Government Procurement Finance Committee review experts, technology experts, Shenzhen Science and Technology Committee of experts, eighth accounting Association, Shenzhen concurrently accounting Standards expert Committee, vice chairman of the enterprise, small and medium firms, Shenzhen development Committee five AICPA members. Former Guangzhou CPA auditor, manager; in 1998 served as Guangshen CPA (general partner) Managing Partner, Forensic Accounting Guangdong Guangzhou-Shenzhen as the legal representative; also served in Shenzhen China Bicycle Company (Holdings) Co., Ltd. independent directors. In May 2013, he has served as an independent director of the Company.

Independent Director: Mr. Yu Xiufeng, senior partner of Beijing DeHeng (Shenzhen) Law Office, Doctor degree of Law School of Jilin University, School of Economics doctoral of Jilin University, studied in Waseda University Faculty of Law. Shenzhen Fifth People's Congress legislative consultant, the fourth and fifth deputies of Shenzhen City, the fourth and fifth members of the NPC Law Committee, the decision-making advisory committee of Shenzhen, the Shenzhen Municipal People's Government (Legislative Affairs) legal Expert Advisory Committee, the China International Economic and Trade Arbitration Commission, South China International Economic and Trade Arbitration Commission (Shenzhen International Court of Arbitration) arbitrators, South China International Economic and Trade Arbitration Commission (Shenzhen International Court of Arbitration) Mediation Center mediation experts, China International Trade Arbitration Commission Shanghai Branch arbitrator of China International Economic and Trade Promotion Committee of mediation experts, Shenzhen Arbitration Commission, the Shenzhen Municipal People's Congress Cadre Training Center professor, Shenzhen City Law Sixth Council executive director and vice chairman of Shenzhen International Chamber of Commerce, Vice President of Shenzhen International Chamber of investment and financing, honorary president of the Federation of Hong Kong SMEs, Jilin Chamber of Commerce executive vice president of Shenzhen, Peking University Law School, a part-time tutor, Northeast University of Finance and a part-time tutor of Law, China University of Politics and Law in Asia Research Center, researchers Visiting Professor of Law, Nanjing University, Institute for Crime Prevention and Control, Zhejiang University, Master of Law, Shenzhen University campus mentor. Squire Sanders also any medicine, Han's Laser independent directors. May 2013, he has served as an independent director of the Company.

Convener of the Board of Supervisors: Mr. Zhang Jianguo, Bachelor of Shanxi University of Accounting. He served Chiwan Wharf Holdings Limited as Financial Manager, Chief Financial Officer and Vice President. At present, he is the CFO of Nanshan Group and has served as the convener of the Board of Supervisors of the Company since May 2013.

Mr. Chen Hong, senior engineer, graduated from East China Institute of Water Conservancy, 2001, served as deputy general manager of Shenzhen Haiqin Engineering Co., Ltd., China Nanshan Development (Group) Co., Ltd., deputy chief engineer of the China Nanshan Development (Group) Co., Ltd. Chief Engineer. He has served as supervisor of the Company since June 2012.

Supervisor: Mr. Li Hongwei, has doctor degree in system engineering of South China University of Technology. He successively held the posts of manager, board secretary, director and deputy GM of Chengdu Galaxy Power Co., Ltd. since 1989. He was the board secretary and deputy GM of Shenzhen Seg Dasheng Co., Ltd. since 2001. He was deputy GM and GM of Business Management Department of China Nanshan Development (Group) Incorporation in 2006. Now he is COO of Nanshan Group. He has served as supervisor of the Company since April 2011.

Supervisor: Mr. Chen Lei, has bachelor degree in international finance of Shanghai Jiao Tong University and MBA of University of Southern California. He is CPA and CTA of China. He was the auditor of Ernst & Young in 1998 and finance manager of Shanghai New International Expo Center in 2001. At present, he is Senior Vice President of Global Logistic Properties and the supervisor of the Seventh Board of Supervisors of the Company.

Employee Supervisor: Ms Sun Yuhui, bachelor degree in Economics, Lanzhou University, accountants of Chinese Certified Tax Agents. Since August 2003, she worked as supervisor of financial department in Nanshan Group. Since July 2010, she has Served Shenzhen Nanshan Real Estate Development Co., Ltd as deputy manager/manager of Finance Department. At present, she is the financial manager of the Company and the supervisor of the Company since May 2013.

Employee Supervisor: Mr. Huang Ronghui, graduated from Guangdong Communication Polytechnic road machinery. Served supervisor, warehouse manager, assistant general manager of the warehouse department of Shenzhen Chiwan Warehouse Limited (now called Shenzhen Baowan since April 1990). At present, he is the Assistant GM for Company's petroleum logistics division and supervisor of the Company.

Deputy GM/Chief Engineer: Mr. Wang Jianjiang, has doctor degree of Hydraulic Structure Engineering of Wuhan Water Resources and Electric University. He worked in Xinjiang Shihezi University (the original Shihezi Agricultural College) from Mar 1985 to Aug 1992. He studied in Wuhan Water Resources and Electric University from Sept 1992 to June 1995 and got doctor degree of Hydraulic Structure Engineering. Since 1996, he worked in planning department, office of general engineer and department of planning and construction management of China Nanshan Development (Group) Incorporation as engineer, assistant manager and department manager successively. He is Deputy GM & Chief Engineer of the Company since February 2011.

Deputy GM & CFO: Mdm. Yu Zhongxia, has bachelor of Shan'xi Finance and Economics College with the qualification of Accountant and senior international financial manager. Mdm. Yu has taught at Xi'an Road Management College. She joined the Company in 1992 and held the posts of Financial Manager Assistant, Financial Manager of CSE, System/Audit Manager Assistant, Deputy Financial Manager, Financial Manager, Assistant GM, Deputy CFO and CFO. She is Deputy GM & CFO of the Company since November 2011.

Deputy GM: Mr. Fu Jialin, has graduated at Beijing University of Aeronautics and Astronautics in 1982 and has had master degree of University of Alberta in Canada in 1993. He had been the Assistant GM of development and research department of Nanshan Group, deputy manager of Chixiao Component Houses Co Ltd, and GM of

Dongguan Nanshan Construction Material Co Ltd. He is Deputy GM since November 2011.

Board Secretary: Mr. Song Tao, has bachelor degree of International Finance of Dalian University of Technology and master degree of Technology and Economic Management of Hebei University of Technology. He held the posts of finance supervisor and Deputy Manager of finance department in Shenzhen Baowan in April 2004. From April 2005 to March 2012, he was the Securities Representative of the Company. At present, he is the Board Secretary and Manager of Investment Department of the Company.

Posts in Shareholder's Company

√ Applicable □ Inapplicable

Name	Company Name	Position	Office Term	Whether receiving remuneration from shareholder
Tian Junyan	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	President	2011.01.04.	Yes
Fan Zhaoping	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Senior Vice President	1998.12.08.	Yes
Ren Yongping	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Senior Financial Consultant	2013.01.08.	
Shu Qian	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	GM of Research and Development Department	2012.11.23.	Yes
Zhang Jianguo	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Financial Controller	2013.01.01.	Yes
Chen Hong	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Chief Engineer	2007.09.12.	Yes
Li Hongwei	CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Chief Operating Officer	2014.02.21.	Yes

III. The Remuneration of Directors, Supervisors and Senior Management

Decision-making procedures, basis for determination and actual payment of the remuneration to directors, supervisors and senior management

1. Independent directors' allowance is approved by General Shareholders' Meeting. The remuneration of senior management is approved by Board of Directors. Independent Directors' allowance is RMB 100,000 per year
2. Senior management is appointed by the Board of Directors. Remuneration standard for senior management is decided by their abilities, performance, etc.
3. Directors, Supervisors and Senior Management will be paid monthly and the rest bonus will be decided by their abilities, performance, etc.

Remuneration to directors, supervisors and senior management in the report period

Unit: RMB 0,000

Name	Position	Gender	Office Status	Remuneration from the Company	Remuneration from Shareholder	Actual Remuneration at the end of report period
Tian junyan	President of Director	Male	In Office	0	149	101

Ming Zhi Mei	Vice Chairman	Male	In Office	0	0	0
Fan Zhaoping	Director	Male	In Office	0	128	86
Liu Wei	Director/ GM	Male	In Office	102.83	0.00	77.65
Kent Yang	Director	Male	In Office	0	0	0
Ren Yongping	Director	Male	In Office	58.66	21.16	68.53
Shu qian	Director	Male	In Office	0	29.75	18.97
He liming	Independent Director	Male	In Office	5.835		5.835
Chen weijie	Independent Director	Male	In Office	5.835		5.835
Chen shujun	Independent Director	Male	In Office	5.835		5.835
Yu xiufeng	Independent Director	Male	In Office	5.835		5.835
Zhang jianguo	Supervisor Convenor	Male	In Office	0	31.5	19.38
Chen hong	Supervisor	Male	In Office	0	83	56
Li weihong	Supervisor	Male	In Office	0	62	40
Chen lei	Supervisor	Male	In Office	0	0	0
Sun yuhui	Supervisor	Female	In Office	15.91	0	0
Huang ronghui	Supervisor	Male	In Office	8.99	0	5.52
Wang Jianjiang	Deputy GM	Male	In Office	76.47	0	57.18
Yu Zhongxia	Deputy GM/ Financial Controller	Female	In Office	77.1	0	58.2
Fu Jialin	Deputy GM	Male	In Office	75.8	0.00	57.26
Song Tao	Board Secretary	Male	In Office	37.44	0.00	28.93
Han guimao	Director	Male	Out of term	0	31.25	23.33
Lin shaodong	Independent Director	Male	Out of term	4.17	0	4.17
Zhang limin	Independent Director	Male	Out of term	4.17	0	4.17
Zhou chengxin	Independent Director	Male	Out of term	4.17	0	4.17
Cui zhongfu	Independent Director	Male	Out of term	4.17	0	4.17
Guo songhua	Supervisor Convenor	Female	Out of term	0	30	22.08
Kong peng	Supervisor	Male	Out of term	25.51	0	21.2
Sun wujiang	Supervisor	Male	Out of term	17.1	0.00	13.95
Total	--	--	--	535.83	570.66	806.28

Note: 1.Payment period refers to the office term.

2.The remuneration of directors, supervisors and senior management from the Company and shareholder includes the following items: basic salary, bonus, allowance, welfare, insurance paid by the Company and individual, etc. Actual Remuneration refers to actual payments from the Company and the Shareholder.

Incentive equity to directors, supervisors or/and senior management in the report period.

Applicable Inapplicable

IV. Changes of Directors, Supervisors and Senior Management

Name	Post	Type	Date	Reason
Ren Yongping	Deputy GM	Resigned	2013.1.9	Retirement

Fan Zhaoping	Director	Term expiration	2013.5.20	Change of the Board of Directors
Han Guimao	Director	Term expiration	2013.5.20	Change of the Board of Directors
Lin Shaodong	Independent Director	Term expiration	2013.5.20	Change of the Board of Directors
Zhang Limin	Independent Director	Term expiration	2013.5.20	Change of the Board of Directors
Zhou Chengxin	Independent Director	Term expiration	2013.5.20	Change of the Board of Directors
Cui Zhongfu	Independent Director	Term expiration	2013.5.20	Change of the Board of Directors
Guo Songhua	Supervisor Convenor	Term expiration	2013.5.20	Change of the Board of Supervisors
Kong Peng	Supervisor	Term expiration	2013.5.20	Change of the Board of Supervisors
Sun Wujiang	Supervisor	Term expiration	2013.5.20	Change of the Board of Supervisors
Tian Junyan	President of Director	elected	2013.5.20	Change of the Board of Directors
Shu Qian	Director	elected	2013.5.20	Change of the Board of Directors
He Liming	Independent Director	elected	2013.5.20	Change of the Board of Directors
Chen Weijie	Independent Director	elected	2013.5.20	Change of the Board of Directors
Chen Shujun	Independent Director	elected	2013.5.20	Change of the Board of Directors
Yu Xiufeng	Independent Director	elected	2013.5.20	Change of the Board of Directors
Zhang Jianguo	Supervisor Convenor	elected	2013.5.20	Change of the board of Supervisors
Sun Yuhui	Supervisor	elected	2013.5.20	Change of the board of Supervisors
Huang Ronghui	Supervisor	elected	2013.5.20	Change of the board of Supervisors

V. About Staff

At the end of December 31, 2013, the number of employees is 532 and of which 276 is with College Degree or above. The number of retiree which the Company needs to pay salary is 1.

1. Job Structure

Job Composition	Manufacturing Employee	Sales Employee	Technical Employee	Financial Employee	Administrative Employee
Number	317	57	28	44	85

2. Remuneration Policy for Staff

In the report period, staff's salary was paid monthly according to the Company's related regulation. At the end the year, bonus was paid by the Company's profitability and staff's performance.

3. Training Program

In the report period, the Company had organized internal training 137 times and trainees of 685 persons, in which for managers of 219 and for other staff of 466.

- (1) To revise the training regulation, specify the management process and evaluate the training results.
- (2) The training for level employees focused on improving its operation ability, service and safety awareness and encouraged them to get qualification certificate. For middle and senior management, the Company focused on establishing a e-learning platform for them to develop leadership.

PART VIII. Corporate Governance

I. Corporate 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. 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 12 financial reports to Nanshan Group on date of 8 to 15 of every month. It also recorded the Information Form for Undisclosed Information in terms of timeliness, accuracy and integrity.

Does there exist any difference in compliance with the corporate governance, the PRC Company Law and the relevant provisions of CSRC.

Yes No

There exist no difference in compliance with the corporate governance, the PRC Company Law and the relevant provisions of CSRC.

2. Special Activities of Corporate Governance and Preparation and Implementation of the Registration Management System for Insiders

On October 28, 2009, the Seventh Session of the Fifth Board of Directors reviewed and approved the registration system of undisclosed information insiders. (Please find the details on www.cninfo.com.cn on October 30, 2009)

In the report period, the Company strictly implemented the registration system, registered the insiders timely.

In the report period, directors, supervisors and the senior management of the Company did not buy or sell shares against regulations.

II. Annual General Meeting and Extraordinary Shareholders' Meetings in the Report Period

1. Annual General Meeting in the Report Period

Sessions	Meeting Date	Description of Proposals	Resolution	Disclosure Date	Disclosure Index
2012 Annual General Meeting	2013.5.20	Work Report of the Board of Directors in 2012, Work Report of the Board of Supervisors in 2012, The Proposal on Electing Director of the Board of Directors, The	Reviewed and Approved	2013.5.21	2013-23 Resolutions of 2012 Annual General Meeting (www.cninfo.com.cn)

		Proposal on Electing Supervisor of the Board of Supervisors, Financial Report in 2012, Dividend Distribution Scheme for Year 2012, The Proposal on Appointment of Accounting Firm for Year 2013, The Proposal on Appointment of Accounting Firm for Internal Control Audit for Year 2013, Proposal on the authorized management team of financial institutions financing within RMB three billion (or its equivalent in foreign currency quota), Proposal of newly-founded companies use short-term idle funds to purchase financial products, The Proposal on Wuhan Yangluo Baowan Logistics Park, The Proposal on Chongqing Banan Baowan Logistics Park			
--	--	--	--	--	--

2. Extraordinary Shareholders' Meetings in the Report Period

Sessions	Meeting Date	Description of Proposals	Resolution	Disclosure Date	Disclosure Index
First Extraordinary Shareholders' Meeting in 2013	2013.7.23	"On guarantees to subsidiaries in Guangzhou BLOGIS Ltd and Nanjing Treasure Bay International Logistics Co., Ltd.", "On an international logistics center Wuhan Baowan steel enclosure construction contracts related trade bill."	Reviewed and Approved	2013.7.24	2013-33 Resolutions of First Extraordinary Shareholders' Meeting in 2013 (www.cninfo.com.cn)
Second Extraordinary Shareholders' Meeting in 2013	2013.11.20	"On signing <Financial Services Agreement> Finance Limited and the opening motion of related party transactions."	Reviewed and Approved	2013.11.21	2013-45 Resolutions of Second Extraordinary Shareholders' Meeting in 2013 (www.cninfo.com.cn)

III. Performance of Independent Directors

1. Attendance of Board Meeting and Shareholders' Meeting

Attendance of Board Meeting						
Name	Meetings required to be	Attendance in person	Attendance by facsimile	Attendance by proxy	Absence rate	Non-attendance in person for

	present					two consecutive times
Lin Shaodong	2	1	1	0	0	N/A
Zhang Limin	2	1	1	0	0	N/A
Zhou Chengxin	2	1	1	0	0	N/A
Cui Zhongfu	2	1	1	0	0	N/A
He Liming	5	1	3	1	0	N/A
Chen Weijie	5	2	3	0	0	N/A
Chen Shujun	5	2	3	0	0	N/A
Yu Xiufeng	5	2	3	0	0	N/A
Number of Shareholders' Meeting Attended	3					

Note: In May 2013, the Board conducted a general election.

2. Objection of Independent Directors on Some Relevant Issues

Objection of independent directors on some relevant issues

Yes No

Independent directors proposed no objection against the relevant matters in the report period.

3. Other Note to the Performance of Independent Directors

During the reporting period, the independent directors of the Company in strict accordance with relevant laws, regulations and the "Articles of Association", fully concerns the company operates and independently performs their duties, which affected the company's systems to improve decision-making and other aspects of daily operations. They made many valuable professional advices on the matters requiring the independent directors of the Company during the reporting period to comment on the issue of independence, impartiality advice for improving corporate oversight mechanisms to safeguard the legitimate interests of the company and all its shareholders to play its due role.

IV. Performance of Special Committees under the Board of Directors in the Report Period

1. Performance of Audit Committee

(1) Reviewing the financial report and presenting written opinion.

According to relevant regulations, the Audit Committee reviewed the financial report and presented written opinion: the Company strictly implemented Articles of Association and other regulations and ensured the objectivity and authenticity of financial report.

After the auditor submitted the draft of audit report, the committee reviewed the finance report and presented written opinion. The compiling basis, principles and method of financial report followed the relative regulations and fairly reflected the financial status and operation results of the Company in Year 2013.

(2) Maintaining regular communication with auditors and following progress of auditing closely.

In the audit period, the committee maintained regular communication with financial department, followed the progress of auditing closely and held a meeting discussed with the auditors about auditing plan, scope, focus points and the incurred problems and resolutions.

(3) Summarizing the auditor's work

The committee summarized the work of auditor and thought that they completed the annual audit work in plan.

(4) Opinions on hiring an accounting firm

Deloitte Touche Tohmatsu Limited recommends hiring Company 2013 annual audit and internal control mechanism accounting firm.

2. Performance of Nomination and Remuneration Committee

(1) During the period, the committee reviewed board nominator, independent board nominator, and approved to submit the board of Director and shareholders' meeting.

(2) During the period, the committee reviewed salary of senior managers, and published the opinion on senior manager compensation for year 2012.

3 Strategy and Development committee

During the period, the committee deliberate over <5 years schematization report>, approving to hand over the board of Director

V. Work of the Board of Supervisors

Did the Board of Supervisors find any risk existing in performing the supervision activities in the report period?

Yes No

The Board of Supervisors has no objection against any matters under supervision in the report period.

The Board of Supervisors had supervised the Company's management and business operation and ensured that these activities were legitimate. The Company established internal control system. The meeting also confirmed that neither the directors nor senior management had acted in contravention of laws, regulations, Articles of Association or harmed the interests of the Company.

VI. Independence and Completeness in business, personnel, assets, organization and finance

1. The business of the Company is entirely independent from its controlling shareholder. The controlling shareholder and its subordinate units do not engage in the business that are the same or similar to the business of the Company.

2. The Company has basically separated its staff from its controlling shareholder. No senior management, department managers, financial manager and the secretary to Board of Directors takes any position in the controlling shareholder.

3. The assets invested by the controlling shareholder are independent and integrated with clear ownership. In the report period, there is no assets possession, allocation and management interference of the Company.

4. The Company's Board of Directors, Board of Supervisors and other internal organizations operate independently. There is no affiliated relation between the controlling shareholder and its functional departments as well as the Company and the Company's functional departments. The controlling shareholder and its subordinate organization don't give any business plan or directions to intervene in the independence of the Company and its subordinate's operation and management.

5. The Company establishes finance system and accounting system according to relative laws and regulations. The controlling shareholder does not intervene in the Company's finance and accounting activities.

VII. Examination and Incentive Mechanism for Senior Management

In the report period, the salaries of senior management were decided by their work performance, job description, personal ability, the Company's profit, etc. In the report period, there are no equity incentives for senior management.

Part IX. Internal Control

I. Internal Control Construction

In accordance of the " Basic Standards for Enterprise Internal Control " and its supporting guidance and Shenzhen Bureau of Finance and other ministries jointly issued " on good internal control practices of listed companies in Shenzhen area pilot work notice" (No. 2011-31) requirements, the company developed a " company internal control standards implementation plan ." According to an embodiment plan, the company launched the internal construction since 2011, self-evaluation and internal audit work.

During the reporting period , facing the severe economic situation and new challenges, targeted to the internal control objectives, focusing internal control and actively curing results, the Company continued to optimize the internal control system and operational mechanism , focusing on internal control practices and innovation to ensure the rational and effective internal control system design continuously to improve the company's management , standardized operation and risk levels, furthermore, improve the company 's internal control system, which the evaluation of internal control described in "Internal Control Assessment 2013 Annual Report.". The company hired Deloitte Touche Tohmatsu CPA (special general partner) for the year 2013 the company conducted an independent audit of the effectiveness of internal control , and issued a standard unqualified audit report.

II. Statement of the Board of Directors on the Responsibility of Internal Control

In accordance with specification requirements of internal control system, the Company establish a sound and effective internal controls to evaluate their effectiveness and truthful disclosure of internal control evaluation report, which is the responsibility of the Board of Directors. The Company to ensure that the contents of this report does not contain any false, misleading statements or material omissions, and accept joint and several liability for the authenticity, accuracy and completeness of the contents of the report.

III. Basis for Establishment of Internal Control of the Financial Report

In accordance with "the basic norms of internal control" and its supporting guidelines and other internal control regulatory requirements, combined with the internal control system and evaluation methods, internal control and supervision of special supervision daily basis on the company's December 31, 2013 (internal control evaluation report reference date) the effectiveness of internal controls were evaluated.

IV. Self-assessment Report of Internal Control

About the Significant Defects of the Internal Control Found in the Internal Control Self-assessment Report in the Report Period	
No significant defect of internal control was found in the report period.	
Disclosure Date of the	April 24, 2014

Self-assessment Report of Internal Control	
Disclosure Index of the Self-assessment Report of Internal Control	www.cninfo.com.cn

V. Internal Control Audit Report

applicable inapplicable

Review Opinions in the Internal Control Audit Report	
In our opinion, Shenzhen Chiwan Petroleum Supply Base Co., Ltd. and its important subsidiaries have maintained effective financial report internal control in all material aspects according to the Basic Standards for Enterprise Internal Control and relevant regulations ended December 31, 2013.	
Disclosure Date of Internal Control Audit Report	April 24, 2014
Disclosure Index of Internal Control Audit Report	www.cninfo.com.cn

Has the CPAs issued a qualified auditor's report of internal control.

Yes No

Does the internal control audit report issued by the CPAs agree with the self-assessment report of the Board of Directors

Yes No

VI. The Establishment and Implementation of the Obligation System of Major Errors in Annual Report Disclosure

The Ninth Session of the Fifth Board of Directors reviewed and approved the Obligation System of Major Errors in Annual Report Disclosure on April 20, 2010. The system stipulated the identification and obligation for major errors in annual report disclosure. The Company strictly implemented the system afterwards.

There are no major accounting errors or omitted information in the report period.

PART X. Financial Report (Attachment)

Opinion Type of Audit Report	Standard and Unqualified
Signature Date of Audit Report	April 22, 2014
Name of Audit Organization	Deloitte Touche Tohmatsu Certified Public Accountants LLP
No. of Audit Report	De Shi Bao(Shen) Zi (14) No.P1118

PART XI. Documents Available for Verification

1. Original copy of Annual Report carrying the signature of the Chairman.
2. Financial Report carrying the signature of relative persons in charge.
3. Original copy of Auditor's Statements sealed by CPA and signed by registered accountants.
4. Original copies of all the documents disclosed in the newspapers specified by the China Securities Regulatory Commission.

Board of Directors
Shenzhen Chiwan Petroleum Supply Base Co., Ltd.
April 24th 2014

SHENZHEN CHIWAN
PETROLEUM SUPPLY BASE CO., LTD.

Financial Statements and Auditor's Report
for the year ended 31 December 2012

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

Financial Statements and Auditor's Report
for the year ended 31 December 2012

<u>Contents</u>	<u>Page</u>
Auditor's report	1 - 2
The Company's and consolidated balance sheets	3 - 4
The Company and consolidated income statements	5 - 6
The Company and consolidated cash flow statements	7 - 8
The Company and consolidated statements of changes in shareholders' equity	9 - 10
Notes to the financial statements	11-9

SHENZHEN CHIWAN
PETROLEUM SUPPLY BASE CO., LTD.

Financial Statements and Auditor's Report
for the year ended 31 December 2013

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

<u>Contents</u>	<u>Pages</u>
Auditor's report	1 - 2
The Company's and consolidated balance sheets	3 - 4
The Company and consolidated income statements	5 - 6
The Company and consolidated cash flow statements	7 - 8
The Company and consolidated statements of changes in shareholders' equity	9 - 10
Notes to the financial statements	11-99

AUDITOR'S REPORT

De Shi Bao(Shen) Zi (14) No. P[1118]

To the Shareholders of
Shenzhen Chiwan Petroleum Supply Base Co., Ltd.

We have audited the accompanying financial statements of Shenzhen Chiwan Petroleum Supply Base Co., Ltd. (the "Company"), which comprise the Company's and consolidated balance sheets as at 31 December 2013, and the Company's and consolidated income statements, the Company's and consolidated statements of changes in shareholders' equity and the Company's and consolidated cash flow statements for the year then ended, and the notes to the financial statements

1. Management's responsibility for the financial statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those Standards on require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

3. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the Company's and consolidated financial position as of 31 December 2013, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu Certified
Public AccountantsLLP

Shanghai, China

Chinese Certified Public Accountant

Li Weihua

Chinese Certified Public Accountant

Fang Shaofan

22 April 2014

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and financial statements prepared in accordance with Accounting Standards for Business Enterprises. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. Where the English version does not conform to the Chinese version, the Chinese version prevails.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

AT 31 DECEMBER 2013

Consolidated Balance Sheet

Unit: RMB

ITEM	Notes	Closing balance	Opening balance	ITEM	Notes	Closing balance	Opening balance
Current Assets:				Current Liabilities:			
Cash and bank balances	(VI)1	233,332,680.86	893,354,140.32	Accounts payable	(VI)17	10,629,691.02	11,475,510.87
Accounts receivable	(VI)2	55,359,989.14	53,009,042.14	Receipts in advance	(VI)18	6,130,153.26	4,391,694.77
Prepayments	(VI)3	552,431.59	456,996.73	Employee benefits payable	(VI)19	29,173,650.77	18,038,159.40
Interest receivable		4,797,363.01	2,991,284.22	Taxes payable	(VI)20	47,821,808.03	21,070,585.27
Dividends receivable	(VI)4	48,000,000.00	-	Interest payable	(VI)21	28,339,479.77	29,000,767.81
Other receivables	(VI)5	61,658,096.81	8,439,487.37	Other payables	(VI)22	235,814,254.97	137,058,564.60
Inventories	(VI)6	996,356.55	1,069,721.81	Non-current liabilities due within one year	(VI)23	311,049,351.16	1,349,351.16
Other current assets	(VI)7	547,610,000.00	370,086,712.21	Total Current Liabilities		668,958,388.98	222,384,633.88
Total Current Assets		952,306,917.96	1,329,407,384.80	Non-current Liabilities:			
Non-current Assets:				Long-term borrowings	(VI)24	185,443,647.96	833,063,851.56
Long-term equity investments	(VI)8, 9	476,253,695.39	484,031,681.93	Bonds payable	(VI)25	964,195,500.00	962,713,500.00
Investment properties	(VI)10	904,216,455.40	939,690,654.45	Long-term payables	(VI)26	212,011,691.49	191,254,998.76
Fixed assets	(VI)11	516,378,454.46	544,875,016.47	Other non-current liabilities	(VI)27	719,066,260.66	720,415,611.82
Construction in progress	(VI)12	376,118,459.02	20,382,765.11	Total Non-current Liabilities		2,080,717,100.11	2,707,447,962.14
Intangible assets	(VI)13	1,242,104,033.52	911,239,182.92	TOTAL LIABILITIES		2,749,675,489.09	2,929,832,596.02
Deferred tax assets	(VI)14	16,413,246.95	17,163,441.12	SHAREHOLDERS' EQUITY:			
Other non-current assets	(VI)16	17,273,362.26	232,296,392.97	Share capital	(VI)28	230,600,000.00	230,600,000.00
Total Non-current Assets		3,548,757,707.00	3,149,679,134.97	Capital reserve	(VI)29	234,141,186.09	234,141,186.09
				Special reserve	(VI)30	2,622,730.81	1,469,510.03
				Surplus reserve	(VI)31	284,684,747.72	263,826,090.57
				Unappropriated profits	(VI)32	720,937,883.66	557,522,716.65
				Total shareholders' equity attributable to equity holders of the Company		1,472,986,548.28	1,287,559,503.34
				Minority interests		278,402,587.59	261,694,420.41
				TOTAL SHAREHOLDERS' EQUITY		1,751,389,135.87	1,549,253,923.75
TOTAL ASSETS		4,501,064,624.96	4,479,086,519.77	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,501,064,624.96	4,479,086,519.77

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 2 to 99 were signed by the following:

Tian Junyan
Legal Representative

Yu Zhongxia
Chief Financial Officer

Sun Yuhui
Head of Accounting Department

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

AT 31 DECEMBER 2013

Balance Sheet of the Company

Unit: RMB

ITEM	Notes	Closing balance	Opening balance	ITEM	Notes	Closing balance	Opening balance
Current Assets:				Current Liabilities:			
Cash and bank balances	(XI)1	59,429,719.52	853,612,179.80	Accounts payable		9,934,722.92	10,125,320.73
Accounts receivable	(XI)2	40,118,181.46	31,163,204.68	Employee benefits payable		19,641,409.26	13,625,618.85
Prepayments		163,921.32	226,390.22	Taxes payable		28,393,537.23	13,567,478.42
Interest receivable		4,797,363.01	2,991,284.22	Interest payable		28,301,589.75	29,000,767.81
Dividends receivable		48,000,000.00	31,381,013.32	Other payables		65,217,657.24	65,680,317.28
Other receivables	(XI)3	1,085,568,875.34	675,817,631.62	Non-current liabilities due within one year	(VI)23	311,049,351.16	1,349,351.16
Inventories		747,075.29	783,483.01	Total Current Liabilities		462,538,267.56	133,348,854.25
Other current assets	(VI)7	547,610,000.00	370,086,712.21	Non-current Liabilities:			
Total Current Assets		1,786,435,135.94	1,966,061,899.08	Long-term borrowings	(XI)5	165,048,306.62	833,063,851.56
Non-current Assets:				Bonds payable	(VI)25	964,195,500.00	962,713,500.00
Long-term equity investments	(XI)4	1,348,059,455.10	1,355,837,441.64	Other non-current liabilities	(VI)27	719,066,260.66	720,415,611.82
Investment properties		106,792,020.08	112,057,240.83	Total Non-current Liabilities		1,848,310,067.28	2,516,192,963.38
Fixed assets		74,973,379.32	82,515,597.59	TOTAL LIABILITIES		2,310,848,334.84	2,649,541,817.63
Construction in progress		7,174,594.15	584,155.66	SHAREHOLDERS' EQUITY:			
Intangible assets		325,806,871.10	342,675,936.75	Share capital	(VI)28	230,600,000.00	230,600,000.00
Deferred tax assets		151,389.97	127,929.71	Capital reserve		204,534,849.49	204,534,849.49
Other non-current assets		585,092.78	763,150.86	Special reserve		2,533,941.99	1,428,499.80
Total non-current assets		1,863,542,802.50	1,894,561,453.04	Surplus reserve	(VI)31	284,684,747.72	263,826,090.57
				Unappropriated profits		616,776,064.40	510,692,094.63
				TOTAL SHAREHOLDERS' EQUITY		1,339,129,603.60	1,211,081,534.49
TOTAL ASSETS		3,649,977,938.44	3,860,623,352.12	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,649,977,938.44	3,860,623,352.12

The accompanying notes form an integral part of the financial statements.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2013

Consolidated Income Statement

Unit: RMB

ITEM	Notes	Amount for the current period	Amount for the prior period
I. Total operating income	(VI)33	691,832,626.47	578,591,906.37
Including: Operating income		691,832,626.47	578,591,906.37
Less: Total operating costs		252,860,477.85	230,078,993.62
Including: Operating costs	(VI)33	252,860,477.85	230,078,993.62
Business taxes and levies	(VI)34	29,668,672.93	40,582,661.14
Selling expenses	(VI)35	1,108,956.18	3,293,090.34
General and administrative expenses	(VI)36	88,860,395.44	65,804,669.78
Financial expenses	(VI)37	142,061,450.21	119,071,509.34
Impairment losses of assets	(VI)38	68,650.31	358,320.98
Add: Investment income	(VI)39	95,467,912.62	77,110,684.65
Including: Income from investments in associates and joint ventures		62,622,013.46	58,893,228.92
II. Operating profit		272,671,936.17	196,513,345.82
Add: Non-operating income	(VI)40	5,569,265.05	5,151,135.50
Less: Non-operating expenses	(VI)41	386,321.46	144,687.83
Including: Losses from disposal of non-current assets		132,490.93	96,956.57
III. Gross profit		277,854,879.76	201,519,793.49
Less: Income tax expenses	(VI)42	53,582,318.37	26,045,194.39
IV. Net profit		224,272,561.39	175,474,599.10
Net profit attributable to owners of the Company		207,564,394.21	162,182,965.40
Profit or loss attributable to minority shareholders		16,708,167.18	13,291,633.70
V. Earnings per share:			
(I) Basic earnings per share	(VI)43	0.90	0.70
(II) Diluted earnings per share		Not applicable	Not applicable
VI. Other comprehensive income		-	-
VII. Total comprehensive income:		224,272,561.39	175,474,599.10
Total comprehensive income attributable to owners of the Company		207,564,394.21	162,182,965.40
Total comprehensive income attributable to minority shareholders		16,708,167.18	13,291,633.70

The accompanying notes form an integral part of the financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2013

Income Statement of the Company

Unit: RMB

ITEM	Notes	Amount for the current period	Amount for the prior period
I. Operating income	(XI)6	350,311,658.21	306,375,358.46
Less: Operating costs	(XI)6	131,928,558.14	121,446,694.04
Business taxes and levies		7,307,947.80	15,348,139.88
General and administrative expenses		43,538,896.51	35,030,114.20
Financial expenses		90,651,442.34	77,494,970.48
Impairment loss of assets		109,482.06	184,673.81
Add: Investment income	(XI)7	97,628,267.60	77,643,670.02
Including: Income from investments in associates and joint ventures		62,622,013.46	58,893,228.92
II. Operating profit		174,403,598.96	134,514,436.07
Add: Non-operating income		5,154,597.21	1,262,898.28
Less: Non-operating expenses		115,630.64	66,265.82
Including: Losses from disposal of non-current assets		108,450.64	43,996.49
III. Gross profit		179,442,565.53	135,711,068.53
Less: Income tax expenses		29,209,368.56	19,004,319.44
IV. Net profit		150,233,196.97	116,706,749.09
V. Earnings per share:			
(I) Basic earnings per share		Not applicable	Not applicable
(II) Diluted earnings per share		Not applicable	Not applicable
VI. Other comprehensive income		-	-
VII. Total comprehensive income		150,233,196.97	116,706,749.09

The accompanying notes form an integral part of the financial statements.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2013

Consolidated Cash Flow Statement

Unit: RMB

ITEM	Notes	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		710,277,206.51	573,145,451.50
Receipts of tax refunds		-	1,389,172.00
Other cash receipts relating to operating activities	(VI)44(1)	51,950,581.70	29,247,574.69
Sub-total of cash inflows from operating activities		762,227,788.21	603,782,198.19
Cash payments for goods purchased and services received		103,233,168.44	95,599,279.69
Cash payments to and on behalf of employees		79,947,902.84	66,790,196.82
Payments of various taxes		92,145,312.36	82,518,220.48
Other cash payments relating to operating activities	(VI)44(2)	51,440,354.42	31,195,379.91
Sub-total of cash outflows from operating activities		326,766,738.06	276,103,076.90
Net Cash Flows from Operating Activities	(VI)45(1)	435,461,050.15	327,679,121.29
II. Cash Flows from Investing Activities:			
Cash receipts from investment income		22,400,000.00	-
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		327,157.94	32,000.00
Other cash receipts relating to investing activities	(VI)44(3)	3,874,548,793.43	2,052,803,702.31
Sub-total of cash inflows from investing activities		3,897,275,951.37	2,052,835,702.31
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		488,542,467.46	318,887,269.58
Cash payments to acquire investments		-	100,000,000.00
Other cash payments relating to investing activities	(VI)44(4)	4,010,610,000.00	2,035,000,000.00
Sub-total of cash outflows from investing activities		4,499,152,467.46	2,453,887,269.58
Net Cash Flows from Investing Activities		(601,876,516.09)	(401,051,567.27)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		68,679,796.40	773,763,851.56
Cash receipts from issue of bonds		-	970,000,000.00
Other cash receipts relating to financing activities	(VI)44(5)	20,756,692.73	46,420,072.41
Sub-total of cash inflows from financing activities		89,436,489.13	1,790,183,923.97
Cash repayments of borrowings		406,600,000.00	1,060,420,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		116,381,239.94	106,354,468.71
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries		-	7,020,350.63
Other cash payments relating to financing activities	(VI)44(6)	59,995,597.46	58,632,146.08
Sub-total of cash outflows from financing activities		582,976,837.40	1,225,406,614.79
Net Cash Flows from Financing Activities		(493,540,348.27)	564,777,309.18
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(65,645.25)	(162,543.58)
V. Net Increase(Decrease)in Cash and Cash Equivalents		(660,021,459.46)	491,242,319.62
Add: Opening balance of Cash and Cash Equivalents	(VI)45(2)	893,349,140.32	402,106,820.70
VI. Closing Balance of Cash and Cash Equivalents	(VI)45(2)	233,327,680.86	893,349,140.32

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2013

Cash Flow Statement of the Company

Unit: RMB

ITEM	Note	Amount for the current period	Amount for the prior period
I. Cash Flows from Operating Activities:			
Cash receipts from sales of goods and rendering of services		345,232,322.35	308,213,737.01
Other cash receipts relating to operating activities		42,424,761.17	15,347,733.16
Sub-total of cash inflows from operating activities		387,760,642.81	323,561,470.17
Cash payments for goods purchased and services received		68,188,823.12	70,886,553.22
Cash payments to and on behalf of employees		46,185,517.92	38,165,319.66
Payments of various taxes		38,655,940.19	40,531,265.68
Other cash payments relating to operating activities		36,940,512.73	22,617,559.38
Sub-total of cash outflows from operating activities		189,970,793.96	172,200,697.94
Net Cash Flows from Operating Activities	(XI)8	197,789,848.85	151,360,772.23
II. Cash Flows from Investing Activities:			
Cash receipts from investment income		53,781,013.32	38,380,837.73
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		10,880.00	20,000.00
Other cash receipts relating to investing activities		4,897,238,903.79	2,942,344,761.60
Sub-total of cash inflows from investing activities		4,951,030,797.11	2,980,745,599.33
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		15,852,799.13	15,041,108.95
Cash payments to acquire investments		-	100,000,000.00
Other cash payments relating to investing activities		5,408,507,289.50	2,987,234,846.96
Sub-total of cash outflows from investing activities		5,424,360,088.63	3,102,275,955.91
Net Cash Flows from Investing Activities		(473,329,291.52)	(121,530,356.58)
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		48,284,455.06	773,763,851.56
Cash receipts from issue of bonds		-	970,000,000.00
Other cash receipts relating to financing activities		8,250,591.23	568,599.54
Sub-total of cash inflows from financing activities		56,535,046.29	1,744,332,451.10
Cash repayments of borrowings		406,600,000.00	1,060,420,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		116,164,257.09	99,334,118.08
Other cash payments relating to financing activities		52,348,815.94	84,859,680.95
Sub-total of cash outflows from financing activities		575,113,073.03	1,244,613,799.03
Net Cash Flows from Financing Activities		(518,578,026.74)	499,718,652.07
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(64,990.87)	(162,789.79)
V. Net Increase(Decrease) in Cash and Cash Equivalents		(794,182,460.28)	529,386,277.93
Add: Opening balance of Cash and Cash Equivalents	(XI)7	853,607,179.80	324,220,901.87
VI. Closing Balance of Cash and Cash Equivalents	(XI)7	59,424,719.52	853,607,179.80

The accompanying notes form part of the financial statements.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2013

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

ITEM	Amount for the current period							Amount for the same period of last year						
	Attributable to shareholders of the Company					Minority interests	Total shareholders' equity	Attributable to shareholders of the Company					Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Unappropriated profits			Share capital	Capital reserve	Special reserve	Surplus reserve	Unappropriated profits		
I. Closing balance of the preceding year	230,600,000.00	234,141,186.09	1,469,510.03	263,826,090.57	557,522,716.65	261,694,420.41	1,549,253,923.75	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
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year	230,600,000.00	234,141,186.09	1,469,510.03	263,826,090.57	557,522,716.65	261,694,420.41	1,549,253,923.75	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
III. Changes for the year	-	-	1,153,220.78	20,858,657.15	163,415,167.01	16,708,167.18	202,135,212.12	-	-	1,469,510.03	20,835,534.32	104,912,665.87	13,291,633.70	140,509,343.92
(I) Net profit	-	-	-	-	207,564,394.21	16,708,167.18	224,272,561.39	-	-	-	-	162,182,965.40	13,291,633.70	175,474,599.10
(II) Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal of (I) and (II)	-	-	-	-	207,564,394.21	16,708,167.18	224,272,561.39	-	-	-	-	162,182,965.40	13,291,633.70	175,474,599.10
(III) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	20,858,657.15	(44,149,227.20)	-	(23,290,570.05)	-	-	-	20,835,534.32	(57,270,299.53)	-	(36,434,765.21)
1. Transfer to surplus reserve	-	-	-	20,858,657.15	(20,858,657.15)	-	-	-	-	-	20,835,534.32	(20,835,534.32)	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	(23,290,570.05)	-	(23,290,570.05)	-	-	-	-	(36,434,765.21)	-	(36,434,765.21)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Special reserve	-	-	1,153,220.78	-	-	-	1,153,220.78	-	-	1,469,510.03	-	-	-	1,469,510.03
1. Transfer to special reserve in the period	-	-	1,713,819.06	-	-	-	1,713,819.06	-	-	1,882,448.51	-	-	-	1,882,448.51
2. Amount utilised in the period	-	-	(560,598.28)	-	-	-	(560,598.28)	-	-	(412,938.48)	-	-	-	(412,938.48)
IV. Closing balance of the current year	230,600,000.00	234,141,186.09	2,622,730.81	284,684,747.72	720,937,883.66	278,402,587.59	1,751,389,135.87	230,600,000.00	234,141,186.09	1,469,510.03	263,826,090.57	557,522,716.65	261,694,420.41	1,549,253,923.75

The accompanying notes form an integral part of the financial statements.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

ITEM	Amount for the current period						Amount for the same period of last year					
	Attributable to shareholders of the Company					Total shareholders' equity	Attributable to shareholders of the Company					Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Unappropriated profits		Share capital	Capital reserve	Special reserve	Surplus reserve	Unappropriated profits	
I. Closing balance of the preceding year	230,600,000.00	204,534,849.49	1,428,499.80	263,826,090.57	510,692,094.63	1,211,081,534.49	230,600,000.00	204,534,849.49	-	242,990,556.25	451,255,645.07	1,129,381,050.81
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the current year	230,600,000.00	204,534,849.49	1,428,499.80	263,826,090.57	510,692,094.63	1,211,081,534.49	230,600,000.00	204,534,849.49	-	242,990,556.25	451,255,645.07	1,129,381,050.81
III. Changes for the year	-	-	1,105,442.19	20,858,657.15	106,083,969.77	128,048,069.11	-	-	1,428,499.80	20,835,534.32	59,436,449.56	81,700,483.68
(I) Net profit	-	-	-	-	150,233,196.97	150,233,196.97	-	-	-	-	116,706,749.09	116,706,749.09
(II) Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal of (I) and (II)	-	-	-	-	150,233,196.97	150,233,196.97	-	-	-	-	116,706,749.09	116,706,749.09
(III) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-
2. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	20,858,657.15	(44,149,227.20)	(23,290,570.05)	-	-	-	20,835,534.32	(57,270,299.53)	(36,434,765.21)
1. Transfer to surplus reserve	-	-	-	20,858,657.15	(20,858,657.15)	-	-	-	-	20,835,534.32	(20,835,534.32)	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	(23,290,570.05)	(23,290,570.05)	-	-	-	-	(36,434,765.21)	(36,434,765.21)
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalisation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Special reserve	-	-	1,105,442.19	-	-	1,105,442.19	-	-	1,428,499.80	-	-	1,428,499.80
1. Transfer to special reserve in the period	-	-	1,660,540.47	-	-	1,660,540.47	-	-	1,841,438.28	-	-	1,841,438.28
2. Amount utilised in the period	-	-	(555,098.28)	-	-	(555,098.28)	-	-	(412,938.48)	-	-	(412,938.48)
IV. Closing balance of the current year	230,600,000.00	204,534,849.49	2,533,941.99	284,684,747.72	616,776,064.40	1,339,129,603.60	230,600,000.00	204,534,849.49	1,428,499.80	263,826,090.57	510,692,094.63	1,211,081,534.49

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(I) BASIC INFORMATION ABOUT THE COMPANY

Shenzhen Chiwan Petroleum Supply Base Co., Ltd. (the "Company") was established through the restructuring of Shenzhen Chiwan Base Company pursuant to the approval of Shen Fu Ban Han (1995) No. 112 issued by the General Office of Shenzhen Municipal People's Government.

The Company publicly issued domestic listed foreign shares (B-Share) pursuant to the approval of 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. The total number of shares of the Company is 230,600,000 shares after the public offering, of which China Nanshan Development (Group) Incorporation ("Nanshan Group") holds 119,420,000 shares that accounts for 51.79% the Company's equity shares. Pursuant to the Listing Notice of Shen Zheng Shi Zi (1995) No.14, issued by Shenzhen Stock Exchange, the Company's shares were listed and traded on Shenzhen Stock Exchange on 28 July 1995.

The registration place of the Company is Shenzhen City, Guangdong Province. The main business scope of the Company and its subsidiaries (the "Group") include: terminal and port operation services; lease of stack area, storage and office building; provision of labor service, cargo handling and transportation, equipment lease, supply of water, power and oil, and agency services for offshore crude oil logistics; operating bonded warehouse and stack area, and commercial car park operation.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS

1. Basis of preparation of financial statements

The Group has adopted the Accounting Standards for Business Enterprises (the "ASBEs") issued by the Ministry of Finance (the "MoF") on 15 February 2006. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (Revised in 2010).

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with the relevant requirements.

2. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with the ASBEs, and present truly and completely, the Company's and consolidated financial position as of 31 December 2013, and the Company's and consolidated results of operations and cash flows for the year then ended.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

3. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its subsidiaries operate. Therefore, the Company and its subsidiaries choose RMB as their functional currency. The Group adopts RMB to prepare its financial statements.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

5.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control - continued

5.2 Business combinations not involving enterprises under common control and goodwill -continued

The equity interest in the acquiree held before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. It is tested for impairment at least at the end of each year.

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its 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.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

The impairment of goodwill is recognised in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

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

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

6. Preparation of consolidated financial statements - continued

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

When the Group progressively disposes a subsidiary through multiple trading until losing control over a subsidiary, multiple trading are considered as a package deal if trading clauses, conditions and economic impacts of disposals on equity investment of the subsidiary meets one or more than one conditions below: (i) multiple trading are concluded simultaneously or concluded after considering influences on one another; (ii) integrated business results are achieved unless multiple trading is a whole; (iii) occurrence of a trading depends on at least one of another trading; (iv) a trading is not profitable, but it will be profitable if it is combined with other trading. Multiple trading, if classified as a package deal, should be treated as a single trading, i.e., in terms of accounting treatment, before losing control over the subsidiary, margins between every disposal payments and corresponding net assets disposed should be recognized as comprehensive income, and converted into profits and losses of current period once the Group loses control over the subsidiary. On the contrary, if multiple trading is not classified as a package deal, each trading should be treated separately in terms of accounting treatment.

7. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Translation of transactions and financial statements denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction. At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (i) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (ii) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (iii) exchange differences arising from changes in the carrying amounts (other than the amortised cost) of available-for-sale monetary items are recognised as other comprehensive income and included in capital reserve.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

8. Translation of transactions and financial statements denominated in foreign currencies - continued

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income included in capital reserve.

9. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initially recognised amounts.

9.1 Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

9.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.3 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

9.3.1. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (i) It has been acquired principally for the purpose of selling in the near term; or (ii) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (iii) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (ii) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (iii) Hybrid instruments associated with embedded derivatives and financial assets measured at fair value and of which changes are recorded into the profits and losses as specified in *Accounting Standard for Business Enterprises No.22 - Financial Recognition and Measurement of Instruments*.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

9.3.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.3 Classification, recognition and measurement of financial assets - continued

9.3.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

9.3.4. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost.

9.4 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.4 Impairment of financial assets - continued

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.

- Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.4 Impairment of financial assets - continued

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

- Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

- Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.5 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

9.6 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.6.1 Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.6 Classification, recognition and measurement of financial liabilities - continued

9.6.1 Financial liabilities at fair value through profit or loss - continued

A financial liability is classified as held for trading if one of the following conditions is satisfied:

(1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) Hybrid instruments associated with embedded derivatives and financial liabilities measured at fair value and of which changes are recorded into the profits and losses as specified in *Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

9.6.2 Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities(excluding liabilities with financial guarantee contracts) are subsequently measured at amortised cost using the effective interest method, with gains or losses arising from derecognition or amortisation recognised in profit or loss.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.6 Classification, recognition and measurement of financial liabilities - continued

9.6.3. Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with *Accounting Standard for Business Enterprises No. 13- Contingencies*; and (ii) the amount initially recognised less cumulative amortisation recognised in accordance with the principles set out in *Accounting Standard for Business Enterprises No. 14 - Revenue*.

9.7 Derecognition of financial liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

9.8 Derivatives and embedded derivatives

Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and highly effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if 1) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and 2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

9. Financial instruments - continued

9.9 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

9.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments and net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments, are deducted from shareholders' equity. The Group does not recognise any changes in the fair value of equity instruments.

10. Receivables

10.1 Receivables for which bad debt provision is collectively assessed on a portfolio basis

Basis or monetary criteria for determining an individually significant receivable	A receivable that exceeds RMB 1 million (including RMB 1 million) is deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

10. Receivables - continued

10.2 Receivables for which bad debt provision is collectively assessed on a portfolio basis:

Basis for determining a portfolio	
Portfolio 1	Receivables from government, petty cash advanced to employees, security deposit, and receivables from related parties of the Company and its subsidiaries. Bad debt provision is not recognised for such receivables since the possibility of incurring bad debt losses is remote.
Portfolio 2	The Group classifies the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.
Bad debt provision method for a portfolio	
Portfolio 1	No bad debt provision
Portfolio 2	Based on percentage of accounts balances

10.2.1 Portfolios where percentage of accounts receivable method is used for bad debt provision:

Name of portfolio	Provision as a proportion of accounts receivable (%)	Provision as a proportion of other receivables (%)
Based on percentage of accounts balances	1.00	1.00

10.3 Receivables that are not individually significant but for which bad debt provision is individually assessed:

Reasons for making individual bad debt provision	Significant difference between the carrying amount of accounts receivable and the present value of estimated future cash flows
Bad debt provision methods	Standalone impairment test is carried out and impairment losses are recognised based on the difference between the carrying amount and the present value of estimated future cash flows.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- CONTINUED

11. Inventories

11.1 Categories of inventories

The Group's inventories mainly include raw materials and maintenance accessories etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

11.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

11.3 Basis for determining net realisable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

Provision for decline in value of inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

11.4 Inventory count system

The perpetual inventory system is maintained for stock system.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

12. Long-term equity investments

12.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired other than through a business combination is initially measured at its cost.

12.2 Subsequent measurement and recognition of profit or loss

12.2.1. Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.2.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

12. Long-term equity investments - continued

12.2 Subsequent measurement and recognition of profit or loss - continued

12.2.2. Long-term equity investment accounted for using the equity method- continued

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individually identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated.

However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

12.2.3 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

12.3 Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

investing enterprises or other parties that are currently exercisable or convertible shall be considered.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

12. Long-term equity investments - continued

12.4 Methods of impairment assessment and determining the provision for impairment loss

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

13. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

The Group reviews the investment properties at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period. Once an impairment loss is recognised for an investment property, it will not be reversed in any subsequent period.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS-** continued**14. Fixed assets***14.1 Recognition criteria for fixed assets*

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

14.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	5-50	5, 10	1.8-19
Port facilities	50	5	1.9
Machinery and equipment	3-20	5, 10	4.5-31.7
Transportation vehicles	3-14	5, 10	6.4-31.7
Fixed asset decorations	2-5	-	20-50
Office and other equipment	3-5	5, 10	18-31.7

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

14.3 Methods of impairment assessment and determining the provision for impairment losses of fixed assets

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period. Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

14. Fixed assets - continued

14.4 Other explanations

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for its intended use.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of construction in progress is recognised, it is not be reversed in any subsequent period.

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. If construction or production of assets qualifying capitalization is interrupted abnormally for a continuous 3-month-or-above period, the capitalization of borrowing costs should be ceased until the assets resume construction or production. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

16. Borrowing costs- continued

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During capitalization period, any exchange differences of special loans in foreign currency should be capitalized, whereas exchange differences of general loans should be recorded in current profits and losses.

17. Intangible assets

17.1 Intangible assets

Intangible assets include land use rights, trademarks and software.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

17.2 Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired. Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

18. Provisions

A provision shall be recognised when the Group has a present obligation relating to a contingency and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a realisable estimate can be made of the amount of the obligation.

At the balance sheet date, a provision is measured at the best estimate of the expenditure required to settle the present obligation after taking into account the risks and uncertainties surrounding a contingency and the time value of money. Where the effect of the time value of money is material, the best estimate shall be the present value as discounted from the expenditures expected to be required to settle the obligation.

If all or partial expenses needed for liquidation of a provision is expected to be compensated by a third party and the compensation is sure to be received, the compensation should be recorded as assets separately with amount not exceeding the net book value of provision.

19. Production safety fee

The Group calculates and includes the production safety fee in the current profit or loss and the special reserve based on the *Administrative Rules on Provision and Use of Enterprise Production Safety Fee* (Cai Qi [2012] No.16) jointly issued by the MoF and State Administration of Work Safety on 14 February 2012.

If the production safety fee set aside is used as expense, it should be written-off against special reserve directly. If the production safety fee set aside is used for fixed assets for safety purpose, it should be included in construction in progress and recognised as fixed assets once the construction of fixed asset for safety purpose reaches the ready-to-use status; at the same time, special reserve should be written-off against the cost of forming fixed assets with the same amount of accumulated depreciation being recognised. Depreciation will not be calculated on such fixed assets for safety purpose in the future period.

20. Revenue

20.1 Revenue from rendering of services

Revenue from rendering of services is recognised when (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; (3) the stage of completion of the transaction can be determined reliably; and (4) the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognised using the percentage of completion method at the balance sheet date. The stage of completion of a transaction for rendering for services is determined based on services performed to date as a percentage of total services to be performed.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

20. Revenue- continued

20.1 Revenue from rendering of services - continued

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognised as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognised.

20.2 Revenue from rendering of asset usage right

The revenue is recognised on accrual basis according to related contracts or agreements reached.

20.3 Interest income

The interest income shall be calculated based on the tenure of the Group's monetary funds used by others and the actual interest rates used.

21. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. Government grant should be divided into asset-related or income-related grant based on the nature specified in government document.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, it is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, it is recognised immediately in profit or loss for the period.

22. Deferred tax assets and deferred tax liabilities

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

22.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

22. Deferred tax assets and deferred tax liabilities- continued

22.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS- continued

22. Deferred tax assets and deferred tax liabilities - continued

22.2 Deferred tax assets and deferred tax liabilities- continued

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

23. Operating leases and finance leases

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

23.1 The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

23.2 The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

24. Corrections of prior period errors

The Group has no corrections of prior period errors.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, AND PRIOR PERIOD ERRORS– continued

25. Other significant accounting policies, accounting estimates, and preparation of financial statements

25.1 Employee benefits

In an accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits for that service as a liability, except for compensation for termination of employment relationship with the employees.

The Group participates in the employee social security systems, such as basic pensions, medical insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

25.2 Exchange of non-monetary assets

If an exchange of non-monetary assets has commercial substance and the fair value of either the asset received or the asset given up can be reliably measured, the cost of the asset received is measured at the fair value of the asset given up (unless there is conclusive evidence that the fair value of the asset received is more reliable) plus any related taxes, and the difference between the fair value used and the carrying amount of the asset given up is recognised in profit or loss. If an exchange of non-monetary assets fails to meet the above conditions, the cost of the asset received is measured at the carrying amount of the asset given up plus any related taxes, and no gain or loss is recognised.

Where several assets are received at the same time in an exchange of non-monetary assets and if the exchange transaction has commercial substance and the fair values of the assets received can be measured reliably, the cost of each asset received is determined by apportioning the total cost of all assets received based on the proportion of the fair value of each asset received to the total fair value of all assets received. If the exchange transaction has no commercial substance, or although the transaction has commercial substance, the fair values of the assets received cannot be measured reliably, the cost of each asset received is determined by apportioning the total cost of all assets received based on the proportion of the original carrying amount of each asset received to the total carrying amount of all assets received.

(III) SIGNIFICANT JUDGMENTS, KEY ASSUMPTIONS AND UNCERTAINTIES

When adopting the accounting policies specified in note (II), the Group needs to make judgments, estimates and assumptions for the carrying amount of items which are presented in financial statements and cannot be measured accurately due to inherent uncertainties of business. The judgments, estimates and assumptions are made according to historical experience of the management and with consideration of other relevant factors. The actual results are likely to be different in part from the estimates made by the Group.

The judgments, estimates and assumptions are reviewed by the Group periodically on going concern basis. If the changes in accounting estimates affect the current period only, the amounts affected are recognised in the current period. If the changes affect both the current and future periods, the amounts affected are recognised in the current accounting period as well as subsequent accounting periods.

At the balance sheet date, key assumptions and uncertainties in the accounting estimates that probably result in significant adjustments to the carrying values of assets and liabilities in the future periods are:

1. Bad debt provision

The allowance method is adopted by the Group to account for losses on bad debt. Bad debt provision of accounts receivable is made based on estimation of the recoverability of receivables, which requires the management to make judgments and estimates. The contingent difference between the actual outcome and the estimates will have effects on the carrying amounts of accounts receivable, and such difference will be included in the profit or loss in the accounting period in which the estimates are changed.

2. Impairment provision for non-current assets

At the balance sheet date, the Group judges whether there are any indicators of impairment for long-term equity investments, investment properties, fixed assets, construction in progress and intangible assets with indefinite useful lives. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period. Intangible assets with indefinite useful life and intangible assets not ready for the intended use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

When estimating the recoverable amount, significant judgments are involved in the production output, selling price, 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 business costs, which are made according to reasonable and supportive assumptions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(III) SIGNIFICANT JUDGMENTS, KEY ASSUMPTIONS AND UNCERTAINTIES - continued

3. Estimated values of investment properties and fixed asset

Since the final completion settlement period for warehouses takes a long time, the warehouse that has reached the ready-to-use status but subject to final completion settlement is capitalised at estimated value based on the actual cost incurred and starts depreciation from the following month after it reaches such status. Upon final completion settlement, the estimated value previously capitalised is adjusted to its actual value. The management of the Group considers that capitalisation and depreciation of fixed asset based on the actual cost incurred before the final completion settlement are appropriate.

4. Deferred tax assets

A deferred tax asset shall be recognised for deductible temporary differences and unused deductible losses to the extent that it is probable that future taxable profit will be available against which the deductible losses can be utilised. The management of the Group is required to make significant amount of judgments to estimate the timing and the amount of future taxable profit in order to determine the amount of deferred tax assets to be recognised.

(IV) TAXES

Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax ("VAT")	Revenues from water and electricity supply and maintenance service provided by general taxpayers	13%, 17%
	Revenues from taxable services provided by small-scale taxpayers	3% (note 1)
	Revenues from stack (storage), loading and unloading, delivery and port management services provided by general taxpayers	6%, 11%(note 1)
Business tax	Taxable revenue from rendering of services, disposal of intangible assets or properties	3% or 5%
City maintenance and construction tax	Actual payment for VAT and business taxes	5% or 7%
Education surcharge	Actual payment for VAT and business taxes	3%
Enterprise income tax	Taxable income	25% (note 2)
Urban land use tax	Actual occupation of land area	RMB1.50– 10.00/square meter(note 3)
Property tax	70% to 90% of the original cost of the property or rental income	1.2% on bases of 70% to 90% of the original cost of the property

(IV) TAXES - continued

Major categories of taxes and tax rates - continued

Note 1: Baowan Logistics Holdings Co., Ltd. ("Baowan Holdings"), Nantong Baowan International Logistics Co., Ltd. ("Nantong Baowan"), Tianjin Bingang Baowan International Logistics Co., Ltd. ("Bingang Baowan"), Tianjin Qingwu Baowan International Logistics Co., Ltd. ("Qingwu Baowan"), Baowan Logistics (Wuhan) Co., Ltd. ("Wuhan Baowan"), Shenyang Baowan International Logistics Co., Ltd. ("Shenyang Baowan") and Baowan Logistics (Wuhan) Yangluo Co., Ltd. ("Yangluo Baowan"), subsidiaries of the Company, are small scale taxpayers. The Company and the rest of its subsidiaries are general taxpayers.

Pursuant to *Transportation and Modern Service Industry Business Tax to VAT Pilot Reform in Shanghai* (Cai Shui [2011] No. 111) issued by the MoF and State Administration of Taxation ("SAT"), Shanghai Baowan International Logistics Co., Ltd. ("Shanghai Baowan") and Mingjiang (Shanghai) International Logistics Co., Ltd. ("Mingjiang International"), subsidiaries of the Company located in Shanghai, have been levied on VAT instead of business tax since 1 January 2012.

Pursuant to *Transportation and Modern Service Industry Business Tax to VAT Pilot Reform in Beijing and Other Eight Provinces* (Cai Shui [2012] No. 71) issued by the MoF and SAT, the Company's subsidiaries, namely Kunshan Baowan International Logistics Co., Ltd. ("Kunshan Baowan"), Nanjing Baowan International Logistics Co., Ltd. ("Nanjing Baowan") and Nantong Baowan located in Jiangsu Province have been levied on VAT instead of business tax since 1 October 2012; Shenzhen Baowan International Logistics Co., Ltd. ("Shenzhen Baowan") and Guangzhou Baowan Logistics Co., Ltd. ("Guangzhou Baowan") located in Guangdong Province, have been levied on VAT instead of business tax since 1 November 2012; Tianjin Baowan International Logistics Co., Ltd. ("Tianjin Baowan"), Bingang Baowan and Qingwu Baowan located in Tianjin, and Wuhan Baowan located in Hubei Province, have been levied on VAT instead of business tax since 1 December 2012.

Pursuant to *Transportation and Modern Service Industry Business Tax to VAT Pilot Policy Nationwide* (Cai Shui [2013] No. 37) issued by the MoF and SAT, the Company's subsidiaries, namely Langfang Baowan International Logistics Co., Ltd. ("Langfang Baowan") located in Hebei Province, Chengdu Longquan Baowan International Logistics Co., Ltd. ("Longquan Baowan") and Chengdu Xindu Baowan International Logistics Co., Ltd. ("Xindu Baowan") located in Sichuan Province, have been levied on VAT instead of business tax since 1 August 2013.

Stack (storage), loading and unloading and port management service provided by the Company and storage service provided by its subsidiaries pertain to VAT taxable logistics auxiliary service. For the Company and subsidiaries recognised as general taxpayers, the applicable VAT rate is 6%; delivery service provided by subsidiaries pertains to VAT taxable overland delivery service, for subsidiaries recognised as general taxpayers, the applicable VAT rate is 11%; for subsidiaries recognised as small scale taxpayers, the applicable VAT rate for aforesaid service is 3%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(IV) TAXES - continued

Major categories of taxes and tax rates- continued

Note 2: The Company and its subsidiaries adopted enterprise income tax rate of 25% in 2013. Shanghai Baowan, subsidiary of the Company, was levied on assessment basis for enterprise income tax in 2012. Its taxable income was based on 10% of its operating income. In 2013, Shanghai Baowan's enterprise income tax is levied on taxable income at the income tax rate of 25%.

Note 3: Pursuant to *Urban Land Use Tax Policy on the Logistics Enterprises with Commodity Warehousing Facilities* (Cai Shui [2012] No. 13) issued by the MoF and SAT, from 1 January 2012 to 31 December 2014, the Group as a logistics enterprise, of which land being used for commodity warehousing facilities (including owner-occupied and rental) should be levied on urban land use tax based on 50% of applicable tax rate of different land grades.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Information of subsidiaries

(1) Subsidiaries established or acquired through investments

Unit: RMB

Name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital(10,000.00 Yuan)	Business scope	Actual capital contribution at the end of the period(10,000.00 Yuan)	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not	Minority interests(10,000.00 Yuan)	Amount of the minority interests used to absorb profits or losses attributable to minority interests(10,000.00 Yuan)
Baowan Holdings	Limited company	Shenzhen, Guangdong	Investment holdings	50,000	Investment holdings	83,053	-	77.36	77.36	Yes	27,840	-
Shanghai Baowan	Limited company	Shanghai	Logistics service	16,000	Storage, stack	16,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Guangzhou Baowan	Limited company	Guangzhou, Guangdong	Logistics service	15,000	Storage, stack	15,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Kunshan Baowan	Limited company	Kunshan, Jiangsu	Logistics service	12,000	Storage, stack	12,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Tianjin Baowan	Limited company	Tianjin	Logistics service	15,000	Storage, stack	15,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Langfang Baowan	Limited company	Langfang, Hebei	Logistics service	9,000	Storage, stack	9,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Longquan Baowan	Limited company	Chengdu, Sichuan	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Xindu Baowan	Limited company	Chengdu, Sichuan	Logistics service	6,000	Storage, stack	6,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Nanjing Baowan(notes 1)	Limited company	Nanjing, Jiangsu	Logistics service	13,000	Storage, stack	13,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Bingang Baowan(notes 1)	Limited company	Tianjin	Logistics service	5,000	Storage, stack	5,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Nantong Baowan (notes 1)	Limited company	Nantong, Jiangsu	Logistics service	40,000	Storage, stack	40,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Wuhan Baowan (notes 1)	Limited company	Wuhan, Hubei	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Qingwu Baowan (notes 1)	Limited company	Tianjin	Logistics service	5,000	Storage, stack	5,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Shenyang Baowan (notes 1)	Limited company	Shenyang, Liaoning	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Yangluo Baowan (notes 1 and 2)	Limited company	Wuhan, Hubei	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS - continued

1. Information of subsidiaries - continued

(2) Subsidiaries acquired through business combination involving enterprises under common control

Unit: RMB

Name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital(10,000.00 Yuan)	Business scope	Actual capital contribution at the end of the period(10,000.00 Yuan)	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not	Minority interests(10,000.00 Yuan)	Amount of the minority interests used to absorb profits or losses attributable to minority interests(10,000.00 Yuan)
Shenzhen Baowan	Limited company	Shenzhen, Guangdong	Logistics service	3,441	Storage, stack	4,127	-	100.00	100.00	Yes	Not applicable	Not applicable
Mingjiang International.	Limited company	Shanghai	Logistics service	12,000	Storage, stack	10,667	-	100.00	100.00	Yes	Not applicable	Not applicable

Note 1: As of 31 December 2013, these subsidiaries are still instart-up stage.

Note 2: On 6 June 2013, Yangluo Baowan was established by Baowan Holdings in Wuhan City, Hubei Province. The registered capital of Yangluo Baowan is RMB100,000,000.00. The Company holds 100% equity interests of the subsidiary which has been included in the scope of the consolidated financial statements for the reporting period.

2. New entity that has been consolidated in the current period

Unit: RMB

Name	Net assets at the end of the period	Net losses for the current period
Yangluo Baowan	99,977,447.04	22,552.96

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			13,971.13			16,827.42
Hong Kong Dollar	46.12	0.79	36.26	45.13	0.81	36.56
Euro	391.75	8.42	3,298.10	390.24	8.32	3,246.80
Sub-total			17,305.49			20,110.78
Bank balances:						
RMB			232,820,749.34			891,221,736.59
United States Dollar	62,766.43	6.10	382,680.65	64,469.07	6.29	405,510.45
Hong Kong Dollar	136,028.22	0.79	106,945.38	2,100,966.05	0.81	1,701,782.50
Sub-total			233,310,375.37			893,329,029.54
Other monetary funds:						
RMB			5,000.00			5,000.00
Sub-total			5,000.00			5,000.00
Total			233,332,680.86			893,354,140.32

Note: Other monetary funds are therefundable deposits of credit cards.

2. Accounts receivable

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and provided for bad debt individually	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by portfolios								
Portfolio 1	-	-	-	-	-	-	-	-
Portfolio 2	55,919,181.02	99.71	559,191.88	1.00	53,319,932.70	99.28	533,199.33	1.00
Subtotal of portfolios	55,919,181.02	99.71	559,191.88	1.00	53,319,932.70	99.28	533,199.33	1.00
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	164,138.37	0.29	164,138.37	100.00	386,523.37	0.72	164,214.60	42.49
Total	56,083,319.39	100.00	723,330.25	1.29	53,706,456.07	100.00	697,413.93	1.30

Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	55,836,511.02	99.56	558,365.18	55,278,145.84	53,295,703.70	99.24	532,957.04	52,762,746.66
More than 1 year but not exceeding 2 years	82,670.00	0.15	826.70	81,843.30	4,450.00	0.01	44.50	4,405.50
More than 2 years but not exceeding 3 years	-	-	-	-	386,523.37	0.72	164,214.60	222,308.77
More than 3 years	164,138.37	0.29	164,138.37	-	19,779.00	0.03	197.79	19,581.21
Total	56,083,319.39	100.00	723,330.25	55,359,989.14	53,706,456.07	100.00	697,413.93	53,009,042.14

Accounts receivable portfolios for which bad debt provision has been assessed using the percentage of accounts receivable method:

Unit: RMB

Name of portfolio	Carrying amount	Proportion of provision (%)	Bad debt provision
Based on percentage of accounts balances	55,919,181.02	1.00	559,191.88

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

2. Accounts receivable - continued

(2) No accounts receivable are due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

(3) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total accounts receivable(%)
Shenzhen Weisheng Offshore Oil Technology Co.,Ltd.	Customer	17,426,334.72	Within 1 year	31.07
Shenzhen Chiwan Sembawang Engineering Co., Ltd. ("CSE")	Associate	3,854,041.82	Within 1 year	6.87
Wuhan Watsons Personal Care Providers Ltd.	Customer	2,644,038.35	Within 1 year	4.71
CACT Operators Group	Customer	2,452,531.86	Within 1 year	4.37
Husky Oil China Ltd.	Customer	2,201,344.95	Within 1 year	3.93
Total		28,578,291.70		50.95

(4) Accounts receivable from related parties

Unit: RMB

Name of entity	Relationship with the Company	Amount	Proportion of the amount to the total accounts receivable(%)
CSE	Associate	3,854,041.82	6.87
Shenzhen Chiwan Offshore Petroleum Engineering Co., Ltd. ("CPEC")	Associate	366,834.89	0.65
Shenzhen Nanshan Real Estate Development Ltd. ("Nanshan Real Estate Company")	Related Party	6,390.32	0.01
Total		4,227,267.03	7.53

(5) Accounts receivable written off in the reporting period

Unit: RMB

Debtor	Nature of the accounts receivable	Write-off amounts	Reasons for write-off	Whether it arises from related party transactions
China Oilfield Services Limited	Due from business trading	9,915.00	Failure to recover	No
Individual	Due from business trading	5,508.00	Failure to recover	No
China United Network Communications Group Co., Ltd. Shenzhen branch	Due from business trading	3,450.00	Failure to recover	No
Total		18,873.00		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

3. Prepayments

(1) Aging analysis of prepayments is as follows:

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion(%)	Amount	Proportion(%)
Within 1 year	458,172.03	82.94	322,124.37	70.49
More than 3 years	94,259.56	17.06	134,872.36	29.51
Total	552,431.59	100.00	456,996.73	100.00

(2) No prepayments are due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

4. Dividends receivable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reasons for uncollected amounts	Whether the amount is impaired
Dividends receivable aged within 1 year	-	70,400,000.00	22,400,000.00	48,000,000.00		
Including: CSE	-	70,400,000.00	22,400,000.00	48,000,000.00	Announced but not yet distributed	No

5. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by portfolios								
Portfolio 1	55,671,924.14	90.20	-	-	4,815,553.14	56.81	-	-
Portfolio 2	6,046,639.06	9.80	60,466.39	1.00	3,660,539.63	43.19	36,605.40	1.00
Subtotal of portfolios	61,718,563.20	100.00	60,466.39	0.66	8,476,092.77	100.00	36,605.40	0.43
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-
Total	61,718,563.20	100.00	60,466.39	0.66	8,476,092.77	100.00	36,605.40	0.43

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

5. Other receivables- continued

Aging analysis of other receivables is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	58,189,076.92	94.28	34,175.48	58,154,901.44	6,158,401.51	72.65	13,428.49	6,144,973.02
More than 1 year but not exceeding 2 years	2,409,896.42	3.91	24,019.63	2,385,876.79	939,125.14	11.08	9,391.25	929,733.89
More than 2 years but not exceeding 3 years	736,179.41	1.19	262.98	735,916.43	653,957.39	7.72	6,539.57	647,417.82
More than 3 years	383,410.45	0.62	2,008.30	381,402.15	724,608.73	8.55	7,246.09	717,362.64
Total	61,718,563.20	100.00	60,466.39	61,658,096.81	8,476,092.77	100.00	36,605.40	8,439,487.37

Other receivables portfolios for which bad debt provision has been assessed using the percentage of accounts receivable method:

Unit: RMB

Name of portfolio	Carrying amount	Proportion of provision (%)	Bad debt provision
Based on percentage of accounts balances	6,046,639.06	1.00	60,466.39

(2) No other receivables are due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period.

(3) Top five entities with the largest balances of other receivables

Unit: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total other receivables (%)
Nanjing Lukou Airport Investment and Development Co., Ltd.	Non-related party	52,552,880.00	Within 1 year	85.15
Construction and Environment Management Bureau of Guangzhou Development Zone	Government agency	1,302,690.00	Within 1 year	3.33
People's Government of Wuhan Hannan District	Government agency	1,000,000.00	1 - 2 years	2.55
Peoples Insurance Company of China	Supplier	760,000.00	Within 1 year	1.94
China Building Technique Group Co., Ltd.	Supplier	500,259.68	1 - 2 years	1.28
Total		56,115,829.68		94.25

(4) See note (VII) 6(1) for other receivables due from related parties.

6. Inventories

Unit: RMB

	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Maintenance accessories	866,059.32	-	866,059.32	650,600.25	-	650,600.25
Raw materials	130,297.23	-	130,297.23	419,121.56	-	419,121.56
Total	996,356.55	-	996,356.55	1,069,721.81	-	1,069,721.81

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**7. Other current assets**

Unit: RMB

Item	Closing balance	Opening balance
Bank financing products (note)	547,610,000.00	370,000,000.00
Others	-	86,712.21
Total	547,610,000.00	370,086,712.21

Note: Other current assets are bank financing products purchased by the Group. The expected annualised rates of return are between 3.50% and 5.50% and the maturities are between 29 and 126 days.

8. Investments in joint ventures and associates

Unit: RMB

Name of investee	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Investee's total assets at the end of the period	Investee's total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit for the period
Associates							
CSE	32.00	32.00	1,441,173,749.03	149,385,573.15	1,291,788,175.88	847,771,058.40	189,826,570.57
China Development Finance Co., Ltd. ("CDFC") (note 1)	20.00	20.00	1,908,559,441.61	1,403,033,745.86	505,525,695.75	19,442,819.95	5,525,695.75
CPEC (note 2)	20.00	20.00	33,909,109.10	5,586,839.47	28,322,269.63	49,173,303.70	3,861,858.67

Note 1: In June 2012, the Company entered into *Investment Contribution Agreement on Jointly Setting Up China Development Finance Co., Ltd.* with Nanshan Group, Shenzhen Chiwan Wharf Holdings Co., Ltd. ("Chiwan Wharf Company") and Yahgee Modular House Co., Ltd. ("Yahgee Company") for jointly setting up CDFC. According to the agreement, the registered capital of CDFC is RMB500,000,000.00, of which Nanshan Group invested RMB200,000,000.00 (40% of the total contribution), the Company, Chiwan Wharf Company and Yahgee Company invested RMB100,000,000.00 respectively (20% of the total contribution respectively). The aforesaid registered capital has been verified by Da Hua Certified Public Accountants, which has issued Capital Verification Report (Ref No.: Da Hua (Shen) Yan Zi [2012] No. 057). On 24 July 2013, CDFC has acquired the business license.

Note 2: Pursuant to the approval by the board of directors' resolution, CPEC, whose previous full name was Shenzhen Chiwan Offshore Petroleum Equipment Repair/Manufacture Co., Ltd., has changed its full name to Shenzhen Chiwan Offshore Petroleum Engineering Co., Ltd. since 8 March 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

9. Long-term equity investments

(1) Details of long-term equity investments are as follows:

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
CSE	Equity method	79,488,000.00	379,088,864.51	(9,655,497.42)	369,433,367.09	32.00	32.00	Not applicable	-	-	70,400,000.00
CDFC	Equity method	100,000,000.00	100,000,000.00	1,105,139.15	101,105,139.15	20.00	20.00	Not applicable	-	-	-
CPEC	Equity method	3,312,000.00	4,942,817.42	772,371.73	5,715,189.15	20.00	20.00	Not applicable	-	-	-
Total		182,800,000.00	484,031,681.93	(7,777,986.54)	476,253,695.39				-	-	70,400,000.00

(2) There is no restrictions to the ability of transferring funds to the Company from the investee entities which are held by the Company as long-term equity investment as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**10. Investment properties**

Investment properties measured at cost

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	1,173,964,865.89	5,662,466.51	5,676,605.91	1,173,950,726.49
Including: Buildings	1,173,964,865.89	5,662,466.51	5,676,605.91	1,173,950,726.49
II. Total accumulated depreciation	234,274,211.44	35,460,059.65	-	269,734,271.09
Including: Buildings	234,274,211.44	35,460,059.65	-	269,734,271.09
III. Total net book value of investment properties	939,690,654.45			904,216,455.40
Including: Buildings	939,690,654.45			904,216,455.40
IV. Total accumulated provision for impairment losses of investment properties	-	-	-	-
Including: Buildings	-	-	-	-
V. Total carrying amounts of investment properties	939,690,654.45			904,216,455.40
Including: Buildings	939,690,654.45			904,216,455.40

Note 1: The increase in the original carrying amount for the current period consists of an increase of RMB5,662,466.51 on transfer from construction in progress and a decrease of RMB5,676,605.91 due to adjustments on final completion settlement.

Depreciation newly made for the current period is RMB35,460,059.65.

Note 2: As at 31 December 2013, the procedures to obtain certificate of title of investment properties with the carrying amount of RMB168,148,402.77 (the net book value of RMB150,577,944.15) are still in progress due to the unfinished settlement procedures of the buildings; investment properties with the carrying amount of RMB251,572,177.82 (the net book value of RMB120,910,290.01) are built on the land leased from Nanshan Group, the controlling shareholder of the Company, and thereby the certificate of title is not available. See note (VI) 13 for details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

11. Fixed assets

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	774,720,219.06	12,995,734.87	6,189,291.94	781,526,661.99
Including: Buildings	471,259,838.22	6,629,751.09	703,627.42	477,185,961.89
Port facilities	46,462,519.33	-	-	46,462,519.33
Machinery and equipment	147,283,948.33	2,569,422.94	4,659,097.07	145,194,274.20
Transportation vehicles	18,226,530.85	2,158,000.17	312,923.26	20,071,607.76
Fixed assets decorations	13,767,664.19	-	-	13,767,664.19
Office and other equipment	77,719,718.14	1,638,560.67	513,644.19	78,844,634.62
II. Total accumulated depreciation	229,845,202.59	40,231,382.98	4,928,378.04	265,148,207.53
Including: Buildings	72,426,599.39	20,230,818.00	9,232.45	92,648,184.94
Port facilities	32,295,125.39	945,634.32	-	33,240,759.71
Machinery and equipment	59,285,280.06	12,265,672.83	4,166,263.81	67,384,689.08
Transportation vehicles	10,375,368.53	2,146,991.87	297,277.10	12,225,083.30
Fixed assets decorations	13,767,664.19	-	-	13,767,664.19
Office and other equipment	41,695,165.03	4,642,265.96	455,604.68	45,881,826.31
III. Total net book value of fixed assets	544,875,016.47			516,378,454.46
Including: Buildings	398,833,238.83			384,537,776.95
Port facilities	14,167,393.94			13,221,759.62
Machinery and equipment	87,998,668.27			77,809,585.12
Transportation vehicles	7,851,162.32			7,846,524.46
Fixed assets decorations	-			-
Office and other equipment	36,024,553.11			32,962,808.31
IV. Total Provision for impairment losses	-	-	-	-
Including: Buildings	-	-	-	-
Port facilities	-	-	-	-
Machinery and equipment	-	-	-	-
Transportation vehicles	-	-	-	-
Fixed assets decorations	-	-	-	-
Office and other equipment	-	-	-	-
V. Total carrying amount of fixed assets	544,875,016.47			516,378,454.46
Including: Buildings	398,833,238.83			384,537,776.95
Port facilities	14,167,393.94			13,221,759.62
Machinery and equipment	87,998,668.27			77,809,585.12
Transportation vehicles	7,851,162.32			7,846,524.46
Fixed assets decorations	-			-
Office and other equipment	36,024,553.11			32,962,808.31

Note1: The increase in the original carrying amount for the current period consists of RMB7,272,623.79 due to acquisitions and RMB5,723,111.08 due to transfer from construction in progress.

The decrease in the original carrying amount for the current period consists of RMB5,495,382.89 due to disposals and RMB693,909.05 due to adjustments on final completion settlement.

The increase in accumulated depreciation for the current period consists of charge for the current period of RMB40,231,382.98.

The decrease in accumulated depreciation for the current period consists of RMB4,

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

928,378.04 due to disposals.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

11. Fixed assets - continued

Note 2: As at 31 December 2013, the procedures to obtain certificate of title of fixed assets with the carrying amount of RMB28,153,902.49 (the net book value of RMB26,287,487.19) are still in progress due to the unfinished settlement procedures of the buildings; fixed assets with the carrying amount of RMB16,508,053.97 (the net book value of RMB8,819,058.33) are built on the land leased from Nanshan Group, the controlling shareholder of the Company, and thereby the certificate of title is not available. See note (VI) 13 for details.

12. Construction in progress

(1) Details of construction in progress are as follows:

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment losses	Net carrying amount	Carrying amount	Provision for impairment losses	Net carrying amount
Guangzhou Baowan lot A logistic park construction	199,349,637.54	-	199,349,637.54	2,842,450.24	-	2,842,450.24
Nanjing Baowan logistic park construction	63,482,722.70	-	63,482,722.70	10,291,693.92	-	10,291,693.92
Longquan Baowan logistic park construction	48,716,488.49	-	48,716,488.49	2,013,451.81	-	2,013,451.81
Bingang Baowan logistic park construction	25,497,427.30	-	25,497,427.30	1,024,600.00	-	1,024,600.00
Wuhan Baowan logistic park construction	22,084,639.62	-	22,084,639.62	121,410.26	-	121,410.26
Nantong Baowan logistic park construction	9,040,855.12	-	9,040,855.12	40,000.00	-	40,000.00
Shenyang Baowan logistic park construction	46,090.10	-	46,090.10	26,090.10	-	26,090.10
Other miscellaneous constructions	7,900,598.15	-	7,900,598.15	4,023,068.78	-	4,023,068.78
Total	376,118,459.02	-	376,118,459.02	20,382,765.11	-	20,382,765.11

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

11. Construction in progress - continued

(2) Changes in construction in progress

Unit: RMB

Item name	Budget amount	Opening balance	Increase in the current period	Transferred to fixed assets	Transferred to investment properties	Other reduction	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalised interest	Including: capitalised interest for the period	Interest capitalisation rate for the period (%)	Source of funds	Closing balance
Guangzhou Baowan lot A logistic park construction	445,420,000.00	2,842,450.24	196,507,187.30	-	-	-	44.76	44.76	3,625,128.28	3,625,128.28	4.5284	Self-financing and borrowings	199,349,637.54
Nanjing Baowan logistic park construction	305,630,000.00	10,291,693.92	53,191,028.78	-	-	-	20.77	20.77	390,138.27	363,437.12	5.8075	Self-financing and borrowings	63,482,722.70
Longquan Baowan logistic park construction	319,070,000.00	2,013,451.81	46,703,036.68	-	-	-	15.27	15.27	11,586,633.59	3,592,375.32	5.6131	Self-financing and borrowings	48,716,488.49
Bingang Baowan logistic park construction	343,600,000.00	1,024,600.00	24,472,827.30	-	-	-	7.42	7.42	-	-	-	Self-financing and borrowings	25,497,427.30
Wuhan Baowan logistic park construction	463,710,000.00	121,410.26	21,963,229.36	-	-	-	4.76	4.76	79,724.45	79,724.45	5.8225	Self-financing and borrowings	22,084,639.62
Nantong Baowan logistic park construction	341,040,000.00	40,000.00	9,000,855.12	-	-	-	2.65	2.65	-	-	-	Self-financing and borrowings	9,040,855.12
Shenyang Baowan logistic park construction	433,240,000.00	26,090.10	20,000.00	-	-	-	0.01	0.01	-	-	-	Self-financing and borrowings	46,090.10
Other miscellaneous constructions	Not applicable	4,023,068.78	18,500,320.08	5,723,111.08	5,662,466.51	3,237,213.12	Not applicable	Not applicable	-	-	Not applicable	Self-financing	7,900,598.15
Total	2,651,710,000.00	20,382,765.11	370,358,484.62	5,723,111.08	5,662,466.51	3,237,213.12			15,681,624.59	7,660,665.17			376,118,459.02

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

13. Intangible assets

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	1,226,862,430.11	366,874,048.94	-	1,593,736,479.05
Including: Land use rights	1,224,920,706.39	366,874,048.94	-	1,591,794,755.33
Trademarks	230,500.00	-	-	230,500.00
Software	1,711,223.72	-	-	1,711,223.72
II. Total accumulated amortisation	315,623,247.19	36,009,198.34	-	351,632,445.53
Including: Land use rights	314,493,057.28	35,770,718.49	-	350,263,775.77
Trademarks	140,391.42	23,049.96	-	163,441.38
Software	989,798.49	215,429.89	-	1,205,228.38
III. Total net book value of intangible assets	911,239,182.92			1,242,104,033.52
Including: Land use rights	910,427,649.11			1,241,530,979.56
Trademarks	90,108.58			67,058.62
Software	721,425.23			505,995.34
IV. Total Provision for impairment losses	-	-	-	-
Including: Land use rights	-	-	-	-
Trademarks	-	-	-	-
Software	-	-	-	-
IV. Total carrying amount of intangible assets	911,239,182.92			1,242,104,033.52
Including: Land use rights	910,427,649.11			1,241,530,979.56
Trademarks	90,108.58			67,058.62
Software	721,425.23			505,995.34

Note 1: The land use right and dock use right of the Company's headquarter with the original carrying amount of RMB560,459,483.17 (the net book value of RMB313,181,750.30) are assets leased from Nanshan Group, the controlling shareholder of the Company. In 1984, Nanshan Group contributed the land use right and dock use right for 25 years as the investment capital to the Company. The term of the use rights expired on 15 July 2009. On 18 July 2006, the Company and Nanshan Group entered into *Agreement on Land Use*, which specifies that the Company can continue to lease the land and dock by means of operating lease after the expiration. The lease term is 25 years that starts from 15 July 2009 and ends on 14 July 2034. The Company has paid off all the rentals in a lump sum. As at 31 December 2013, Nanshan Group has not obtained the use right certificate of the above mentioned land and dock.

Note 2: The use right of the eastern land with the original carrying amount of RMB36,110,385.42 (the net book value of RMB12,397,899.60) is an asset leased from Nanshan Group, the controlling shareholder of the Company, by means of operating lease in 1997. The lease term is 25 years from 1 August 1997 to 31 July 2022. The Company has paid off all the rentals in a lump sum. Given that Nanshan Group has not obtained the use right certificate of the mentioned land, in addition to the guarantee of the Company's legal use right on the land, Nanshan Group entered into an *Agreement on Immunity from Liabilities Caused by the Land Use* with the Company on 18 July 1997, agreeing to compensate the Company for any losses, expenditures and liabilities associated with the leased land. As at 31 December 2013, Nanshan Group has not obtained use right certificate of the above mentioned land and dock.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

13. Intangible assets - continued

Note 3: The increase in the original carrying amount for the current period consists of RMB366,874,048.94 due to acquisitions. The increase in accumulated amortisation for the current period consists of charge for the current period of RMB36,009,198.34.

14. Deferred tax assets

(1) Recognised deferred tax assets

Unit: RMB

Item	Deferred tax assets at the end of the reporting period	Deductible temporary differences at the end of the reporting period	Deferred tax assets at the beginning of the reporting period	Deductible temporary differences at the beginning of the reporting period
Deferred tax assets:				
Provision for impairment losses of assets	170,375.73	681,502.93	155,859.16	623,436.64
Intangible assets amortisation	7,103.78	28,415.11	9,405.15	37,620.61
Deductible losses	16,235,767.44	64,943,069.76	16,998,176.81	67,992,707.23
Total	16,413,246.95	65,652,987.80	17,163,441.12	68,653,764.48

According to the profit forecast, the Group believes that it is probable that sufficient taxable profits will be available in future periods to offset the deductible temporary differences and deductible losses. Therefore, the related deferred tax assets are recognised.

(2) Details of unrecognised deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	102,293.71	110,582.69
Deductible losses	-	5,980,832.14
Total	102,293.71	6,091,414.83

(3) Deductible losses, for which no deferred tax assets are recognised, will expire in the following year

Unit: RMB

Year	Closing balance	Opening balance	Remarks
2014	-	5,980,832.14	Recovery of previous losses by profits made in the current period

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**15.Details of provision for impairment losses of assets**

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
Bad debts provision for accounts receivable	697,413.93	206,344.12	161,554.80	18,873.00	723,330.25
Bad debts provision for other receivables	36,605.40	26,918.78	3,057.79	-	60,466.39
Total	734,019.33	233,262.90	164,612.59	18,873.00	783,796.64

16. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepayments for construction	16,688,269.48	-
Prepayments for land use rights (note)	-	231,533,242.11
Others	585,092.78	763,150.86
Total	69,826,242.26	232,296,392.97

Note: Opening balance represents prepayments for land use rights of the Company's subsidiaries, namely Wuhan Baowan, Shenyang Baowan, Nanjing Baowan, Nantong Baowan and Bingang Baowan. The aforesaid subsidiaries have acquired the land use rights in January, March, April, June and September of 2013 respectively.

17.Accounts payable

(1)Details of accounts payable are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Rents	6,132,919.30	6,340,144.88
Construction costs	1,486,193.95	3,277,922.47
Service charges	335,614.64	457,255.83
Others	2,674,963.13	1,400,187.69
Total	10,629,691.02	11,475,510.87

(2)Accounts payable due to shareholders holding at least 5% of the Company's shares with voting power is RMB6,132,919.30 (31 December 2012: RMB6,340,144.88). See note VII 6 (2) for details of accounts payable due to related parties.

18.Receipts in advance

(1)Details of receipts in advance are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Storage service fees collected in advance	6,057,344.09	4,391,694.77
Others	72,809.17	-
Total	6,130,153.26	4,391,694.77

(2)No receipts in advance are received from shareholders holding at least 5% of the Company's shares with voting power or from related parties in the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**19. Employee benefits payable**

Unit: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Wages or salaries, bonuses, allowances and subsidies	17,597,039.45	70,289,731.61	59,629,059.26	28,257,711.80
II. Staff welfare	-	5,311,047.17	5,311,047.17	-
III. Social security contributions	27,882.77	10,145,691.05	10,152,196.27	21,377.55
Including: Medical insurance	7,175.18	2,097,673.63	2,099,470.81	5,378.00
Basic endowment insurance	17,830.39	5,272,681.17	5,277,066.56	13,445.00
Annuities	-	2,088,683.50	2,088,683.50	-
Unemployment insurance	1,899.96	277,775.43	279,003.14	672.25
Work-related injury insurance	683.86	246,063.15	245,536.96	1,210.05
Birth insurance	293.38	162,814.17	162,435.30	672.25
IV. Housing funds	(152.92)	2,596,573.98	2,596,421.06	-
V. Expenditure for trade union and employee training	414,013.94	2,051,563.70	1,571,016.22	894,561.42
VI. Others	(623.84)	688,786.70	688,162.86	-
Total	18,038,159.40	91,083,394.21	79,947,902.84	29,173,650.77

There are no arrears in the employee benefits payable.

20. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	39,565,976.92	13,043,986.57
Urban land use tax	2,739,395.77	3,333,570.61
Property Tax	1,961,612.84	1,963,007.56
Value added tax	2,446,581.15	1,501,517.54
City construction and maintenance tax	180,087.09	135,548.04
Business tax	200,492.21	379,161.62
Educational surcharges	144,748.77	117,157.29
Individual income tax	123,847.43	96,250.76
Others	459,065.85	500,385.28
Total	47,821,808.03	21,070,585.27

21. Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Five-year medium term note interest	19,594,520.53	19,594,520.53
Nanshan Group borrowings interest	6,758,208.33	6,758,208.33
Corporate bond interest	1,189,716.67	1,189,716.67
Bank interest	797,034.24	1,458,322.28
Total	28,339,479.77	29,000,767.81

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

22. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Construction costs	169,060,501.22	77,784,520.13
Deposits	39,982,668.98	32,438,455.88
Equipment procurement	-	2,034,000.00
Others	26,771,084.77	24,801,588.59
Total	235,814,254.97	137,058,564.60

(2) Other payables due to shareholders holding at least 5% of the Company's shares with voting power are RMB8,201,702.79 (31 December 2012: RMB8,102,049.35). See note (VII) 6(2) for details of other payables due to related parties.

(3) Other payables aged more than one year amount to RMB17,964,190.29, which mainly are the construction balance and quality warranty deposits which have not met the conditions of payment.

23. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year are as follows:

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	309,700,000.00	-
Upfront rental receipts due within one year	1,349,351.16	1,349,351.16
Total	311,049,351.16	1,349,351.16

(2) Long-term borrowings due within one year

(a) Long-term borrowings due within one year

Unit: RMB

Item	Closing balance	Opening balance
Unsecured and non-guaranteed loans	159,600,000.00	-
Guaranteed loans(note)	150,100,000.00	-
Total	309,700,000.00	-

Among long-term borrowings due within one year, there is no amount overdue.

Note: Baowan Holdings has provided a full-amount irrevocable guarantee with joint-liability for the loans. See note (XI) 9(3) for details.

(b) Top five long-term borrowings due within one year

Unit: RMB

Lender	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Amount in foreign currency	Amount in domestic currency	Amount in foreign currency	Amount in domestic currency
Bank of China Limited Shenzhen Branch	10/11/2009	10/11/2014	RMB	5.1840		159,600,000.00		-
China Merchants Bank Limited Shenzhen Chiwan Sub-branch	21/08/2009	21/08/2014	RMB	5.1840		150,100,000.00		-
Total						309,700,000.00		-

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

24. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed loans (note 1 and 2)	165,048,306.62	343,763,851.56
Credit loans(note 1)	20,395,341.34	489,300,000.00
Total	185,443,647.96	833,063,851.56

Note1: The annual interest rates on the above borrowings range from 6.0800% to 6.5500 % (31 December 2012: 4.8600% to 7.4025 %).

Note2: Closing balance of guaranteed loans at the amount of RMB165,048,306.62 is entitled to a full-amount irrevocable guarantee with joint-liability provided by Nanshan Group. See note (VII) 5(3) for details. Opening balance of guaranteed loans includes (i) RMB343,763,851.56 entitled to a full-amount irrevocable guarantee with joint-liability provided by Nanshan Group (see note (VII) 5(3) for details) and (ii) RMB200,000,000.00 entitled to a full-amount irrevocable guarantee with joint-liability provided by Baowan Holdings (see note (XI) 9(3) for details).

(2) Top five long-term borrowings

Unit: RMB

Lender	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Amount in foreign currency	Amount in domestic currency	Amount in foreign currency	Amount in domestic currency
China Development Bank Corporation Shenzhen Branch	Note 1	Note 1	RMB	Note 1		126,019,651.23		141,475,408.33
China Development Bank Corporation Shenzhen Branch	Note 2	Note 2	RMB	Note 2		39,028,655.39		1,288,443.23
Bank of China Limited Shenzhen Shekou Sub-Branch	Note 3	Note 3	RMB	Note 3		20,395,341.34		-
China Merchant Bank Shenzhen Chiwan Sub-Branch (note 4)	13/09/2012	13/09/2015	RMB	5.8425		-		200,000,000.00
China Merchant Bank Shenzhen Chiwan Sub-Branch	21/08/2009	21/08/2014	RMB	5.1840		-		199,500,000.00
Total						185,443,647.96		542,263,851.56

Note 1: Closing and opening balance were withdrawals of borrowings under the borrowings agreement entered between the Company, Mingjiang International and China Development Bank Corporation Shenzhen Branch. Pursuant to the agreement, the total credit line is RMB200,000,000.00 and withdrawals of borrowings should be used on construction of Mingjiang International logistics park. Over 1 year from 31 March 2012, the Company and Mingjiang International can withdraw borrowings within the credit line on the basis of their actual needs. The interest rate is benchmark lending rate applicable to the above-5-year RMB loans announced by the People's Bank of China. From 2013 to 2027, borrowings should be repaid according to the repayment schedule confirmed in the agreement.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

24. Long-term borrowings- continued

(2) Top five long-term borrowings - continued

Note 2: Closing and opening balance represent withdrawals of borrowings under the agreement entered between the Company, Longquan Baowan and China Development Bank Corporation Shenzhen Branch. Pursuant to the borrowings agreement, the total credit line is RMB120,000,000.00 and withdrawals of borrowings should be used on construction of Longquan Baowan logistics park. Over 21 months from 29 November 2012, the Company and Longquan Baowan can withdraw borrowings within the credit line on the basis of their actual needs. The interest rate is benchmark lending rate applicable to the above-5-year RMB loans announced by the People's Bank of China. From 2014 to 2027, borrowings should be repaid according to the repayment schedule confirmed in the agreement.

Note 3: Closing balance represents withdrawals of borrowings under the agreement entered between Baowan Holdings and Bank of China Limited Shenzhen Shekou Sub-Branch. Pursuant to the borrowings agreement, the total credit line is RMB240,000,000.00 and withdrawals of borrowings should be used on construction of Guangzhou Baowan lot A logistics park. Baowan Holdings can withdraw borrowings amounting to the credit line within 720 days starting from 13 September 2013. The interest rate is 5% discount of benchmark lending interest rate applicable to the 3-to-5-year (including 5-year) RMB loans announced by the People's Bank of China. Baowan Holdings should repay part of the principal yearly from 2014 to 2017, i.e.RMB60,000,000.00 yearly.

Note 4: The Company has repaid all the borrowings in 2013 in advance.

25. Bonds payable

Unit: RMB

Name of bond	Par value	Issue date	Maturity term	Issued amount	Opening interest payable	Accrued interest for the period	Interest paid during the period	Closing interest payable	Closing balance
Medium term note (note 1)	400,000,000.00	07/03/2012	5 years	400,000,000.00	19,594,520.53	24,000,000.00	24,000,000.00	19,594,520.53	400,000,000.00
Corporate bond (note 2)	570,000,000.00	17/12/2012	7 years	570,000,000.00	1,189,716.67	32,946,000.00	32,946,000.00	1,189,716.67	564,195,500.00
Total	970,000,000.00			970,000,000.00	20,784,237.20	56,946,000.00	56,946,000.00	20,784,237.20	964,195,500.00

Note 1: The Company issued the five-year medium term note, which starts from 9 March 2012 and ends on 9 March 2017, at the par value of RMB400, 000,000.00 with fixed annual interest rate of 6% on 7 March 2012. The interests are paid yearly, and the principal will be repaid in a lump sum upon maturity. Nanshan Group has provided a full-amount irrevocable guarantee with joint-liability for the medium term note.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**25. Bonds payable-** continued

Note 2: Pursuant to *Approval for Publicly Issuing Corporate Bond of Shenzhen Chiwan Petroleum Supply Base Co., Ltd.* (Zheng Jian Xu Ke [2012] No. 1142) issued by China Securities Regulatory Commission, the Company issued the seven-year corporate bond at the par value of RMB570,000,000.00 on 17 December 2012. In the first five interest-bearing years, the annual interest rate is fixed at 5.78%. The interests will be paid yearly, and the principal will be repaid in a lump sum upon maturity. As specified in the prospectus of the corporate bond, the Company has the right to decide whether to raise the interest rate of the corporate bond for the remaining two years by 1 to 100 basis points at the end of the fifth year. After the Company publicly announces the decision on changing interest rate, the bond holders are entitled to sell all or partial of the bonds held by them to the Company at par value. Nanshan Group has provided a full-amount irrevocable guarantee with joint-liability for the corporate bond.

26. Long-term payable

Unit: RMB

Entity	Closing balance	Opening balance
Nanshan Group	212,011,691.49	191,254,998.76

The long-term payable is the fund borrowed by the Group from the Company's parent company Nanshan Group. Pursuant to the agreement of long-term borrowings with Nanshan Group, the borrowings should be used for the construction and subsequent operation of the logistics parks of the Company's subsidiaries. The interests will accrue on the actual amounts borrowed at the interest rate based on market rates of the same period.

27. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Medium and long-term borrowings (note)	700,000,000.00	700,000,000.00
Rental received in advance	20,415,611.82	21,764,962.98
Total	720,415,611.82	721,764,962.98
Less: Rental received in advance to be amortised within one year	1,349,351.16	1,349,351.16
Non-current liabilities due after one year	719,066,260.66	720,415,611.82

Note: See note (VII) 5 (4) for details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS- continued

28. Share capital

Unit: RMB

Item	Opening balance	Changes for the period					Closing balance
		New issue of shares	Bonus issue	Capitalisation of surplus reserve	Others	Sub-total	
2013:							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	119,420,000.00	-	-	-	-	-	119,420,000.00
3. Other domestic-owned shares	-	-	-	-	-	-	-
4. Other foreign-owned shares	-	-	-	-	-	-	-
Total restricted tradable shares	119,420,000.00	-	-	-	-	-	119,420,000.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	-	-	-	-	-	-	-
2. Foreign-owned shares listed domestically	111,180,000.00	-	-	-	-	-	111,180,000.00
3. Foreign-owned shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	111,180,000.00	-	-	-	-	-	111,180,000.00
III. Total shares	230,600,000.00	-	-	-	-	-	230,600,000.00
2012:							
I. Restricted tradable shares							
1. State-owned shares	-	-	-	-	-	-	-
2. State-owned legal person shares	119,420,000.00	-	-	-	-	-	119,420,000.00
3. Other domestic-owned shares	-	-	-	-	-	-	-
4. Other foreign-owned shares	-	-	-	-	-	-	-
Total restricted tradable shares	119,420,000.00	-	-	-	-	-	119,420,000.00
II. Tradable shares							
1. Ordinary shares denominated in RMB	-	-	-	-	-	-	-
2. Foreign-owned shares listed domestically	111,180,000.00	-	-	-	-	-	111,180,000.00
3. Foreign-owned shares listed overseas	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total tradable shares	111,180,000.00	-	-	-	-	-	111,180,000.00
III. Total shares	230,600,000.00	-	-	-	-	-	230,600,000.00

Note: The par value per share of the above shares is RMB1.00.

Shekou Zhonghua Certified Public Accountants performed the capital verification for the above paid-in share capital and issued the capital verification report with a reference number of She Zhong Yan Bao Zi [1995] No. 27.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**29. Capital reserve**

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
2013:				
Capital premium	124,868,225.67	-	-	124,868,225.67
Other capital reserve	109,272,960.42	-	-	109,272,960.42
Total	234,141,186.09	-	-	234,141,186.09
2012:				
Capital premium	124,868,225.67	-	-	124,868,225.67
Other capital reserve	109,272,960.42	-	-	109,272,960.42
Total	234,141,186.09	-	-	234,141,186.09

30. Special reserve

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
2013:				
Production safety fee	1,469,510.03	1,713,819.06	560,598.28	2,622,730.81
2012:				
Production safety fee	-	1,882,448.51	412,938.48	1,469,510.03

31. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
2013:				
Statutory surplus reserve	185,957,063.66	15,023,319.70	-	200,980,383.36
Discretionary surplus reserve	77,869,026.91	5,835,337.45	-	83,704,364.36
Total	263,826,090.57	20,858,657.15	-	284,684,747.72
2012:				
Statutory surplus reserve	174,286,388.74	11,670,674.92	-	185,957,063.66
Discretionary surplus reserve	68,704,167.51	9,164,859.40	-	77,869,026.91
Total	242,990,556.25	20,835,534.32	-	263,826,090.57

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**32. Unappropriated profits**

Unit: RMB

Item	Amount	Proportion of appropriation
2013:		
Before adjustment: Unappropriated profits at the end of prior year	557,522,716.65	
Adjustment: Total unappropriated profits at the beginning of the year	-	
After adjustment: Unappropriated profits at the beginning of the year	557,522,716.65	
Add: Net profit attributable to owners of the Company for the period	207,564,394.21	
Less: Appropriation to statutory surplus reserve (note 1)	15,023,319.70	Note 1
Appropriation to discretionary surplus reserve	5,835,337.45	Note 2
Declaration of dividends on ordinary shares	23,290,570.05	Note 3
Unappropriated profits at the end of the year	720,937,883.66	
2012:		
Before adjustment: Unappropriated profits at the end of prior year	452,610,050.78	
Adjustment: Total unappropriated profits at the beginning of the year	-	
After adjustment: Unappropriated profits at the beginning of the year	452,610,050.78	
Add: Net profit attributable to owners of the Company for the period	162,182,965.40	
Less: Appropriation to statutory surplus reserve (note 1)	11,670,674.92	
Appropriation to discretionary surplus reserve	9,164,859.40	
Declaration of dividends on ordinary shares	36,434,765.21	
Unappropriated profits at the end of the year	557,522,716.65	

Note 1: Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve.

Note 2: Appropriation to discretionary surplus reserve

According to the resolution of 2012shareholders' meetingon 20 May 2013, the Company appropriated thediscretionary surplus reserve based on 5% of the Company's net profit, the total amount of which is RMB5,835,337.45.

Note 3: Cash dividends approved at shareholders' meeting during the year

On 20May 2013, it was approvedat the 2012shareholders' meetingthat on the basis of 230,600,000 issued shares, dividends in cash of RMB1.01(tax included) for every 10 shares were declared to all the shareholders, and RMB23,290,600.00was accrued in total. RMB23, 290,570.05was actually distributed by the Company in July 2013.

Note 4: Surplus reserve appropriated by subsidiaries

As at 31 December 2013, the balance of the Group's unappropriated profits includes appropriation to surplus reserve by subsidiaries amounting to RMB56,518,506.74(31 December 2012: RMB39,452,022.31).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**33. Operating income and operating costs**

(1) Operating income

Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the prior period
Principal operating income	676,995,055.04	577,556,818.09
Other operating income	14,837,571.43	1,035,088.28
Operating costs	252,860,477.85	230,078,993.62

(2) Principal operating activities (classified by industries)

Unit: RMB

Name of industry	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Stack (storage)	440,603,925.00	157,981,199.56	367,861,802.24	148,752,641.14
Loading and unloading	102,070,501.85	40,518,647.70	94,289,929.39	39,014,276.13
Port management	80,866,836.85	15,098,162.53	72,720,364.43	14,786,749.77
Office leasing and others	53,453,791.34	26,418,443.20	42,684,722.03	26,256,670.51
Total	676,995,055.04	240,016,452.99	577,556,818.09	228,810,337.55

(3) Operating income from the Group's top five customers

Unit: RMB

Customer	Operating income	Proportion to total operating income of the Group (%)
Shenzhen Weisheng Offshore Oil Technology Co., Ltd.	112,761,024.56	16.30
CNOOC Offshore Oil Engineering Co., Ltd.	29,353,658.33	4.24
LF Logistics (China) Co., Ltd.	27,511,178.18	3.98
Volkswagen Automobile Sales Co., Ltd.	24,339,416.89	3.52
Guangzhou Fengshen Logistics Co., Ltd.	22,869,561.81	3.31
Total	216,834,839.77	31.35

34. Business taxes and levies

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Basis of calculation
Property tax	14,312,383.19	13,030,290.36	See note (IV)
Urban land use tax	5,875,448.70	5,237,926.00	See note (IV)
Business tax	5,158,779.04	19,146,421.23	See note (IV)
City construction and maintenance tax	2,265,496.77	1,656,066.95	See note (IV)
Education surcharges	1,825,677.42	1,308,776.01	See note (IV)
Others	230,887.81	203,180.59	
Total	29,668,672.93	40,582,661.14	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**35. Selling expenses**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Agency brokerage	1,064,389.00	3,234,697.34
Others	44,567.18	58,393.00
Total	1,108,956.18	3,293,090.34

36. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Payroll	52,089,279.82	33,357,127.34
Asset amortisation	8,363,611.39	2,779,090.90
Taxes	4,919,162.53	3,501,106.49
Asset depreciation	4,522,609.76	4,664,223.38
Business entertainment	2,947,915.00	2,385,928.18
Travelling expense	2,153,823.08	1,775,838.93
Vehicle expense	1,970,012.51	2,130,991.61
Board of directors fee	831,845.88	1,201,726.00
Others	11,062,135.53	14,008,636.95
Total	88,860,395.50	65,804,669.78

37. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	151,355,854.04	139,968,987.39
Less: Capitalised interest expenses	7,660,665.17	13,251,797.89
Less: Interest income	4,459,326.16	10,819,339.82
Exchange differences	(106,354.23)	162,543.58
Less: Capitalised exchange differences	-	-
Others	2,931,941.73	3,011,116.08
Total	142,061,450.21	119,071,509.34

38. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt losses	68,650.31	358,320.98

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**39. Investment income**

(1)Details of investment income

Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the prior period
Income from long-term equity investments under equity method	62,622,013.46	58,893,228.92
Income from bank financing products	32,845,899.16	18,217,455.73
Total	95,467,912.62	77,110,684.65

(2)Income from long-term equity investments under equity method

Unit: RMB

Investee	Amount recognised in the current period	Amount recognised in the prior period	Reasons for increase or decrease
CSE	60,744,502.58	58,131,919.13	Changes of net profits gained by the investee in the current period
CDFC	1,105,139.15	-	Changes of net profits gained by the investee in the current period
CPEC	772,371.73	761,309.79	Changes of net profits gained by the investee in the current period
Total	62,622,013.46	58,893,228.92	

There are no significant restrictions on remittance of investment income stated above.

40. Non-operating income

(1)Details of non-operating income are as follows:

Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the prior period	Amount included in non-recurring profit or loss for the period
Total gains on disposal of non-current assets	355,637.36	123,757.50	355,637.36
Including: Gains on disposal of fixed assets	355,637.36	123,757.50	355,637.36
Government grants	4,694,608.73	4,305,837.99	4,694,608.73
Penalty gains	187,706.80	594,883.24	187,706.80
Others	331,312.16	126,656.77	331,312.16
Total	5,569,265.05	5,151,135.50	5,569,265.05

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**40. Non-operating income-** continued

(2)Details of government grants:

Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the prior period	Related to assets/income
Financial incentive (note 1)	3,280,034.92	2,916,665.99	Related to income
Financial support fund(note 2)	1,298,704.06	-	Related to income
Tax refunds (note 3)	-	1,389,172.00	Related to income
Others	115,869.75	-	Related to income
Total	4,694,608.73	4,305,837.99	

Note 1: Amount recognised in the current period mainly are bank loan subsidies for key logistics enterprise granted to the Company, in accordance with *Interim Management Provision on Accredited Shenzhen Key Logistics Enterprises* (Shen Jiao (2006) No. 697) and *Interim Management Provision on Special Funds for Shenzhen Modern Logistics Development* (Shen Cai Qi (2009) No. 96); amount recognised in the prior period mainly are subsidies for developing modern logistics enterprise granted to Kunshan Baowan, subsidiary of the Company, in accordance with Kun Cai Zi (2012) No. 226 - Notice on Granting Subsidies for Developing Kunshan Modern Logistics Enterprises in 2011 issued by the Bureau of Finance in Kunshan.

Note 2: Mainly are financial support fund granted to the Company in accordance with *Implementation Measures on Financial Supports During Shenzhen Business Tax to VAT Tax Reform Pilot Period* (Shen Cai Fad (2012) No. 46).

Note 3: Tax refunds are urban land use tax refunded to Langfang Baowan, subsidiary of the Company, in accordance with Lang Kai Di Shui Han (2012) No. 18 issued by the Local Tax Bureau of Langfang Economy and Technology Development District.

41. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the period
Total losses on disposal of non-current assets	132,490.93	96,956.57	132,490.93
Including: Losses on disposal of fixed assets	132,490.93	96,956.57	132,490.93
Penalty losses	5,130.95	23,647.22	5,130.95
Others	248,699.58	24,084.04	248,699.58
Total	386,321.46	144,687.83	386,321.46

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**42. Income tax expense**

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expense calculated according to tax laws and relevant requirements	52,832,124.20	26,409,801.34
Adjustments to deferred tax	750,194.17	(364,606.95)
Total	53,582,318.37	26,045,194.39

Reconciliation of income tax expenses to the accounting profit is as follows:

Unit: RMB

	Amount for the current period	Amount for the prior period
Accounting profit	277,854,879.76	201,519,793.49
Income tax expenses calculated at 25% (prior year: 25%)	69,463,719.94	50,379,948.37
Effect of expenses that are not deductible for tax purposes	665,633.09	668,758.92
Effect of tax-free income	(15,655,503.37)	(14,723,307.23)
Effect of using previously unrecognised deductible losses and deductible temporary differences	(1,495,208.04)	(1,835,063.07)
Others (note)	603,676.75	(8,445,142.60)
Income tax expense	53,582,318.37	26,045,194.39

43. Calculation process of basic earnings per share and diluted earnings per share

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

Unit: RMB

	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to ordinary shareholders	207,564,394.21	162,182,965.40
Including: Net profit from continuing operations	207,564,394.21	162,182,965.40
Net profit from discontinued operations	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**43. Calculation process of basic earnings per share and diluted earnings per share-** continued

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares, and its calculation process is as follows:

	Number for the current period	Number for the prior period
Number of ordinary shares outstanding at the beginning of year	230,600,000.00	230,600,000.00
Add: Weighted average number of ordinary shares issued during the period	-	-
Less: Weighted average number of ordinary shares repurchased during the period	-	-
Number of ordinary shares outstanding at the end of the year	230,600,000.00	230,600,000.00

Earnings per share

Unit: RMB

	Amount for the current period	Amount for the prior period
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.90	0.70
Diluted earnings per share	Not applicable	Not applicable
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	0.90	0.70
Diluted earnings per share	Not applicable	Not applicable

44. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Receipts of storage service deposits	24,448,498.00	13,815,484.35
Receipts of supplies purchasing and decoration fees	14,834,601.43	1,035,088.28
Interest income	7,450,610.38	8,571,572.28
Government grants	4,694,608.73	2,916,665.99
Others	522,263.16	2,908,763.79
Total	51,950,581.70	29,247,574.69

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**43. Notes to items in the cash flow statement-** continued

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Payments for storage service deposits	16,904,284.90	1,988,137.94
Payments for administrative expense and selling expense	13,205,808.64	19,742,866.70
Payment for supplies procurement and decoration fees	12,844,024.86	1,268,656.07
Payment for accrued expenses	2,478,612.86	1,514,549.63
Payment for bank commissions	1,731,941.73	1,811,116.08
Others	4,275,681.43	4,870,053.49
Total	51,440,354.42	31,195,379.91

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Receipts of matured financing products	3,833,000,000.00	2,034,620,000.00
Investment income from bank financing products	28,048,536.15	17,383,702.31
Refund of land deposit	10,000,000.00	800,000.00
Receipts of construction retentions	2,666,503.86	-
Others	833,753.42	-
Total	3,874,548,793.43	2,052,803,702.31

(4) Other cash payments relating to investing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Purchase of financing products	4,010,610,000.00	2,035,000,000.00

(5) Other cash receipts relating to financing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Receipts of loans from Nanshan Group	20,756,692.73	46,420,072.41

(6) Other cash payments relating to financing activities

Unit: RMB

Item	Amount for the current period	Amount for the prior period
Payments for loan interests to Nanshan Group	58,793,950.16	52,302,146.08
Payments for commission of medium term note	1,200,000.00	1,200,000.00
Payments for commission of corporate bond	-	5,130,000.00
Others	1,647.30	-
Total	59,995,597.46	58,632,146.08

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VI) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS-** continued**44. Supplementary information to the cash flow statement**

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	224,272,561.39	175,474,599.10
Add: Provision for impairment losses of assets	68,650.31	358,320.98
Depreciation of fixed assets	40,231,382.98	37,618,339.00
Amortisation of intangible assets	36,009,198.34	29,519,254.36
Depreciation of investment properties	35,460,059.65	32,045,467.74
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(223,146.43)	(26,800.93)
Financial expenses	143,695,188.87	126,717,189.50
Losses (gains) arising from investments	(95,467,912.62)	(77,110,684.65)
Decrease (increase) in deferred tax assets	750,194.17	(410,831.30)
Decrease (increase) in inventories	73,365.26	59,792.49
Decrease (increase) in receivables from operating activities	11,653,839.82	(14,149,558.99)
Increase (decrease) in payables from operating activities	38,937,668.41	17,584,033.99
Net cash flows from operating activities	435,461,050.15	327,679,121.29
2. Net changes in cash and cash equivalents:		
Closing balance of cash	233,327,680.86	893,349,140.32
Less: Opening balance of cash	893,349,140.32	402,106,820.70
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(660,021,459.46)	491,242,319.62

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	233,327,680.86	893,354,140.32
Including: Cash on hand	17,305.49	20,110.78
Bank deposits	233,310,375.37	893,329,029.54
Other monetary funds	-	-
II. Cash equivalents	-	-
Including: Investments in debt securities due within three months	-	-
III. Closing balance of cash and cash equivalents	233,327,680.86	893,354,140.32

Note: The closing balance of cash and cash equivalents excludes the refundable deposits of credit cards. See note (VI) 1 for details.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**1. Parent of the Company**

Unit: RMB

Entity name	Relationship with the Company	Type of enterprise	Registered location	Legal representative	Business nature	Registered capital (RMB)	Shareholding percentage (%)	Voting power percentage (%)	Organization code
Nanshan Group	Parent company	Sino-foreign joint venture	Shenzhen, Guangdong	Fu Yuning	Port and shipping, offshore oil service, real estate development and new construction material	900,000,000.00	51.79	51.79	61883297-6

Note: On 18 June 2010, Guangdong Guangye Investment Holdings Co., Ltd. ("Guangye Investment Holdings") entrusted the management rights and the voting power over 23.493% of Nanshan Group to China Merchants Holdings (Hong Kong) Co., Ltd ("CMHK"). According to the entrustment agreement, Guangye Investment Holdings retained certain rights over the entrusted Nanshan Group shares, including the right to receive income and dividend over the entrusted Nanshan Group shares and the right to receive residual assets upon the liquidation of Nanshan Group. Guangye Investment Holdings was not entitled to terminate the entrustment agreement unilaterally. CMHK granted China Merchants Holdings (International) Co., Ltd. ("CM International") the management rights and the voting power over 23.493% of Nanshan Group for a nominal consideration of RMB1.00. CM International originally held 37.014% equity interest of Nanshan Group. Upon the entrustment, it held in total 60.507% equity interest of Nanshan Group. China Merchants Group Co., Ltd ("CM Group") is the ultimate controller of the CM International, and the ultimate and actual controller of the Company was CM Group during the entrustment period.

On 28 December 2012, CMHK entered into *Agreement on Termination of Shares Entrustment* ("*Termination Agreement*") with CM International, in which both parties agreed to terminate the above mentioned entrustment. CMHK and Guangye Investment Holdings reached a consensus that once the *Termination Agreement* is approved, CMHK will terminate the entrustment of the 23.493% shares of Nanshan Group held by Guangye Investment Holdings, and the termination will be deemed as taken effect on 28 December 2012. On 21 February 2013, the *Termination Agreement* was approved by the special shareholders' meeting of CM International. Since 28 December 2012, Nanshan Group has become the ultimate and actual controller of the Company.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS- continued

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in note (V).

3. Associates and joint ventures of the Company

Details of the associates and joint ventures of the Company are set out in note (VI) 8.

4. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Organisation code
Chiwan Wharf Company	Note 1	61883296-8
Nanshan Real Estate Company	Controlled by the same party	61883297-6
Shenzhen Chixiao Project Engineering Co., Ltd. ("Chixiao Project Company")	Controlled by the same party	61883136-7
Shenzhen Chixiao Construction Technology Co., Ltd. ("Chixiao Construction Company")	Controlled by the same party	61881595-7
China Merchants Logistics Group Guangzhou Logistics Co., Ltd. ("CM Logistics Guangzhou Company")	Note 2	75198798-5
Yahgee Company	Controlled by the same party	72855133-1
Shenzhen Haiqin Project Management Co., Ltd. ("Haiqin Project Company")	Note 2	61888300-1
Shenzhen Chiwan Shipping Co., Ltd. ("Chiwan Shipping Company")	Note 1	61881638-6
Shenzhen Chiwan Oriental Logistics Co., Ltd. ("Oriental Logistics Company")	Controlled by the same party	69018024-7
China Merchants Bank Co., Ltd. ("China Merchants Bank")	Note 3	10001686-X
Directors, general manager, vice-general managers, etc. of the Company	Key management personnel	Not applicable

Note 1: Chiwan Shipping Company is the subsidiary of Chiwan Wharf Company. Prior to 28 December 2012, CM Group was the ultimate controller of the Company, Chiwan Wharf Company and Chiwan Shipping Company. Since 28 December 2012, CM Group no longer has control over the Company, and Chiwan Wharf Company and Chiwan Shipping Company are no longer the Company's related parties.

Note 2: CM Logistics Guangzhou Company and Haiqin Project Company are the subsidiaries of CM Group. Since 28 December 2012, CM Group no longer has control over the Company, and CM Logistics Guangzhou Company and Haiqin Project Company are no longer the Company's related parties.

Note 3: China Merchants Bank is an associate of CM Group. Since 28 December 2012, CM Group no longer has control over the Company, and China Merchants Bank is no longer the Company's related party.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS- continued

5. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services

Receipt of service

Unit: RMB

Related party	Transaction type	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount for the current period		Amount for the prior period	
				Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Chixiao Project Company	Receipt of service	Construction service	By reference to market price	21,648,923.28	8.79	2,321,505.61	1.61
Nanshan Group	Receipt of service	Power supply service	By reference to market price	3,128,022.00	100.00	3,293,298.53	100.00
Chixiao Construction Company	Receipt of service	Construction service	By reference to market price	-	-	2,660,396.78	1.85
Haiqin Project Company	Receipt of service	Construction service	By reference to market price	-	-	120,000.00	0.08
Total				24,776,945.28		8,395,200.92	

Provision of service

Unit: RMB

Related party	Transaction type	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount for the current period		Amount for the prior period	
				Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
CSE	Provision of service	Loading and unloading service	By reference to market price	7,415,958.81	7.27	11,769,372.14	12.48
CSE	Provision of service	Stack (storage) service	By reference to market price	3,593,909.00	0.82	5,456,241.92	1.48
CPEC	Provision of service	Stack (storage) service	By reference to market price	882,175.00	0.20	1,119,608.00	0.30
CPEC	Provision of service	Loading and unloading service	By reference to market price	117,607.23	0.12	350,695.18	0.06
Nanshan Group	Provision of service	Maintenance service	By reference to market price	31,058.22	0.21	27,249.59	7.08
CM Logistics Guangzhou Company	Provision of service	Stack (storage) service	By reference to market price	-	-	5,096,641.30	1.39
Chiwan Shipping Company	Provision of service	Stack (storage) service	By reference to market price	-	-	117,660.27	0.03
Chiwan Wharf Company	Provision of service	Maintenance service	By reference to market price	-	-	11,633.66	3.02
Total				12,040,708.26		23,949,102.06	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS- continued

5. Related party transactions- continued

(2) Leases with related parties

Leases where a group entity is the lessor:

Unit: RMB

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	Lease income recognised in the current year
The Company	Nanshan Group	Office building	01/06/2006	31/12/2014	By reference to market price	6,651,072.60
The Company	CSE	Office building	16/10/2002	15/10/2022	By reference to market price	785,836.56
The Company	CDFC	Office building	01/07/2013	31/12/2014	By reference to market price	560,228.76
The Company	CPEC	Office building	01/11/2009	31/12/2014	By reference to market price	437,832.00
Shanghai Baowan	Oriental Logistics Company	Office building	01/01/2013	31/12/2014	By reference to market price	90,805.20
The Company	Nanshan Real Estate Company	Office building	01/01/2013	31/12/2013	By reference to market price	79,683.84
Total						8,605,458.96

Leases where a group entity is the lessee:

Unit: RMB

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease payment	Lease payment recognised in the current year
Nanshan Group (note 1)	The Company	Land	01/09/2006	14/07/2034	By reference to market price	28,708,824.65
Nanshan Group (note 2)	Shenzhen Baowan	Land	12/11/1988	12/11/2018	By reference to market price	1,987,417.60
Yahgee Company	Guangzhou Baowan	Building	20/03/2012	20/03/2015	By reference to market price	19,680.00
Total						30,715,922.25

Note 1: The leased assets include two pieces of lands which the Company has leased from Nanshan Group: one is to the east of Chiwan 1st road, with the lease term from 1 September 2006 to 31 August 2026; the other is the Chiwan east coast venue (phase I), with the lease term from 1 January 2012 to 14 July 2034.

Note 2: The leased land is located to the southeast of the intersection of Chiwan 2nd and 6th roads, which Shenzhen Baowan has leased from Nanshan Group, the Company's parent company.

(3) Guarantees with related parties

Unit: RMB

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Nanshan Group	The Company	570,000,000.00	17/12/2012	17/12/2019	No
Nanshan Group	The Company	400,000,000.00	09/03/2012	09/03/2017	No
Nanshan Group(note 1)	The Company	200,000,000.00	31/03/2012	30/03/2029	No
Nanshan Group(note 2)	The Company	120,000,000.00	29/11/2012	28/11/2029	No

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS- continued

5. Related party transactions- continued

(3) Guarantees with related parties - continued

Note 1: Pursuant to the long-term borrowings contract, the Company can apply for loans within the scope of guaranteed amount and guaranteed term. As at 31 December 2013, the closing balance of the aforesaid guaranteed loan is RMB126,019,651.23.

Note 2: Pursuant to the long-term borrowings contract, the Company can apply for loans within the scope of guaranteed amount and guaranteed term. As at 31 December 2013, the closing balance of the aforesaid guaranteed loan is RMB39,028,655.39.

(4) Borrowings/loans with related parties

During the year

Unit: RMB

Related party	Amount for the current period	Inception date	Maturity date	Amount at the end of the current period	Remarks
Borrow from:					
Nanshan Group	-	11/11/2011	11/11/2016	650,000,000.00	Note 1
Nanshan Group	-	11/11/2011	11/11/2016	50,000,000.00	Note 2
Nanshan Group	20,752,467.73			214,291,691.49	Note 3
Total	20,752,467.73			914,291,691.49	

Note 1: The loan is used for the construction of logistics parks of the Company's subsidiaries and the construction project of working ship wharf of the Company. The annual interest rate is 6.8150%.

Note 2: The loan is to satisfy the development needs of the Group. The annual interest rate is 6.8150%.

Note 3: There is no fixed term for repayment for the above mentioned borrowings and loans. The interest rates are based on the market interest rates.

In the prior year

Unit: RMB

Related party	Amount for the current period	Inception date	Maturity date	Amount at the end of the current period	Remarks
Borrow from:					
Nanshan Group	-	11/11/2011	11/11/2016	650,000,000.00	
Nanshan Group	-	11/11/2011	11/11/2016	50,000,000.00	
Nanshan Group	54,278,764.38			193,539,223.76	
Total	54,278,764.38			893,539,223.76	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS- continued

5. Related party transactions- continued

(5) Interest incomes and expenses with related parties

Interest/investment income gained from deposits/purchase of bank financing products

Unit: RMB

Related party	Type of related party transaction	Pricing principle of related party transaction	Amount for the current period		Amount for the prior period	
			Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Interest income:						
China Merchants Bank	Interest income	Interest rate set by the People's Bank of China	-	-	5,929,672.25	54.81
Investment income:						
China Merchants Bank	Investment income	Negotiated interest rate (referred to market rate)	-	-	4,669,757.10-	25.63

Interest expense for borrowings

Unit: RMB

Related party	Type of related party transaction	Pricing principle of related party transaction	Amount for the current period		Amount for the prior period	
			Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Nanshan Group	Interest expense	Negotiated interest rate (referred to market rate)	58,926,472.19	38.93	56,761,460.75	40.55
China Merchants Bank	Interest expense	Interest rate set by the People's Bank of China	-	-	20,463,089.07	14.62
Total			58,926,472.19	38.93	77,224,549.82	55.17

(6) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Compensation for key management personnel	5,735,022.93	4,974,521.30

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS-** continued**6. Amounts due from / to related parties**

(1) Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	CSE	3,854,041.82	38,540.42	1,021,439.48	10,214.39
	CPEC	366,834.89	3,668.35	419,023.92	4,190.24
	Nanshan Real Estate Company	6,390.32	63.90	-	-
	Total	4,227,267.03	42,272.67	1,440,463.40	14,404.63
Dividends receivable	CSE	48,000,000.00	-	-	-
Other receivable	CPEC	146,888.94	1,468.89	146,888.94	-
	CSE	22,971.48	229.71	1,061.40	-
	Yahgee Company	20,000.00	200.00	20,000.00	-
	Total	189,860.42	1,898.60	167,950.34	-

(2) Amounts due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Accounts payable	Nanshan Group	6,132,919.30	6,340,144.88
	CSE	16,554.40	-
	Chixiao Construction Company	9,740.00	9,740.00
	Total	6,159,213.70	6,349,884.88
Interest payable	Nanshan Group	6,758,208.33	6,758,208.33
Other payables	Nanshan Group	8,201,702.79	8,102,049.35
	Chixiao Construction Company	6,306,878.46	7,426,878.46
	Chixiao Project Company	1,751,292.65	5,710,476.33
	CPEC	202,913.64	194,213.64
	CSE	164,425.00	630,440.08
	Oriental Logistics Company	5,000.00	5,000.00
Total	16,632,212.54	22,069,057.86	
Non-current liabilities due within one year	CSE	785,836.56	785,836.56
Long-term payables	Nanshan Group	212,011,691.49	191,254,998.76
Other non-current liabilities	Nanshan Group	700,000,000.00	700,000,000.00
	CSE	6,236,708.70	7,022,545.26
	Total	706,236,708.70	707,022,545.26

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(VIII) COMMITMENTS****1.Capital commitments**

Unit: RMB

	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognised in the financial statements:		
- Commitment for acquisition and construction of long-term assets	299,525,033.35	246,579,594.31

2.Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

Unit: RMB

	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	37,218,452.33	30,165,767.07
2nd year subsequent to the balance sheet date	38,543,346.95	35,261,978.32
3rd year subsequent to the balance sheet date	38,163,746.76	35,677,428.24
Subsequent periods	530,332,104.58	541,036,138.52
Total	644,257,650.62	642,141,312.15

(IX) EVENTS AFTER THE BALANCE SHEET DATE**Description of other events after the balance sheet date**

- (1) Pursuant to the approvals by the Company's board of directors on 28 October 2013 and 24 December 2013, Baowan Holdings, subsidiary of the Company, established Baowan Logistics Feidong Co., Ltd ("Feidong Baowan") in Hefei Province and Xi'an Baowan Logistics Co., Ltd ("Xi'an Baowan") in Shaanxi Province with registered capital both of RMB100,000,000.00. Baowan Holdings holds 100% equity interests of Feidong Baowan and Xi'an Baowan. Feidong Baowan and Xi'an Baowan obtained business licenses on 3 January 2014 and 14 January 2014 respectively.
- (2) Pursuant to the approval by the Company's board of directors on 28 October 2013, Baowan Holdings, subsidiary of the Company, established Blogis (HongKong) Limited in Hong Kong Special Administrative Region with registered capital of USD 40,000.00. Baowan Holdings holds 100% equity interests of Blogis (Hong Kong) Limited. Blogis (Hong Kong) Limited completed registration procedures in Hong Kong Companies Registry and obtained *Certificate of Incorporation* and *Business Registration Certificate* on 21 January 2014.

(X) OTHER SIGNIFICANT EVENTS

1. Borrowing costs

Unit: RMB

Item	Amount of borrowing costs during the year	Capitalisation rate
Construction in progress	7,660,665.17	5.0506%
Sub-total of borrowing costs capitalised during the year	7,660,665.17	
Borrowing costs recognised in profit or loss during the year	143,695,188.87	
Total	151,355,854.04	

2. Segment reporting

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into four reporting segments, which are stack (storage), loading and unloading, port management, office leasing and others. The reporting segments are determined based on the specific circumstances of the Group. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are: stack (storage), loading and unloading, port management, office leasing and others.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

SHENZHEN CHIWNA PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(X) OTHER SIGNIFICANT EVENTS- continued

2. Segment reporting- continued

Segment information

Unit: RMB

	Stack (storage)		Loading and unloading		Port management		Office leasing and others		Unallocated items		Inter-segment eliminations		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Operating income:														
External revenue	440,603,925.00	367,861,802.24	102,070,501.85	94,289,929.39	80,866,836.85	72,720,364.43	68,291,362.77	43,719,810.31	-	-	-	-	691,832,626.47	578,591,906.37
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total segment operating income	440,603,925.00	367,861,802.24	102,070,501.85	94,289,929.39	80,866,836.85	72,720,364.43	68,291,362.77	43,719,810.31	-	-	-	-	691,832,626.47	578,591,906.37
Reconciling items:														
Total operating income in the financial statements													691,832,626.47	578,591,906.37
Operating costs	157,981,199.56	148,752,641.14	40,518,647.70	39,014,276.13	15,098,162.53	14,786,749.77	39,262,468.06	27,525,326.58	-	-	-	-	252,860,477.85	230,078,993.62
Segment operating profit (loss)	282,622,725.44	219,109,161.10	61,551,854.15	55,275,653.26	65,768,674.32	57,933,614.66	29,028,894.71	16,194,483.73	-	-	-	-	438,972,148.62	348,512,912.75
Reconciling items:														
Business taxes and levies	18,894,936.78	29,513,888.63	4,377,209.49	3,700,239.13	3,467,907.76	2,268,200.03	2,928,618.90	5,100,333.35	-	-	-	-	29,668,672.93	40,582,661.14
Selling expenses	1,108,956.18	3,293,090.34	-	-	-	-	-	-	-	-	-	-	1,108,956.18	3,293,090.34
General and administrative	42,954,662.09	37,231,972.83	9,950,896.19	9,543,258.01	7,883,741.96	7,360,162.48	6,657,753.64	4,311,304.34	21,413,341.56	7,357,972.12	-	-	88,860,395.44	65,804,669.78
Financial expenses	-	-	-	-	-	-	-	-	142,061,450.21	119,071,509.34	-	-	142,061,450.21	119,071,509.34
Impairment loss of assets	-	-	-	-	-	-	-	-	68,650.31	358,320.98	-	-	68,650.31	358,320.98
Investment income	-	-	-	-	-	-	-	-	95,467,912.62	77,110,684.65	-	-	95,467,912.62	77,110,684.65
Operating profit	219,664,170.39	149,070,209.30	47,223,748.47	42,032,156.12	54,417,024.60	48,305,252.15	19,442,522.17	6,782,846.04	(68,075,529.46)	(49,677,117.79)	-	-	272,671,936.17	196,513,345.82
Non-operating income													5,569,265.05	5,151,135.50
Non-operating expenses													386,321.46	144,687.83
Total profit	219,664,170.39	149,070,209.30	47,223,748.47	42,032,156.12	54,417,024.60	48,305,252.15	19,442,522.17	6,782,846.04	(62,892,585.87)	(44,670,670.12)	-	-	277,854,879.76	201,519,793.49

SHENZHEN CHIWNA PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(X) OTHER SIGNIFICANT EVENTS-continued

2. Segment reporting- continued

Segment information - continued

Unit: RMB

	Stack (storage)		Loading and unloading		Port management		Office leasing and others		Unallocated items		Inter-segment eliminations		Total	
	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Total segment assets	4,641,455,231.68	3,712,348,637.42	1,075,241,589.85	951,545,087.76	851,875,758.86	733,871,644.63	719,401,905.03	430,761,141.01	3,284,220,682.17	2,827,403,560.36	(6,071,130,542.63)	(4,176,843,551.41)	4,501,064,624.96	4,479,086,519.77
Reconciling items:														
Total assets in the financial statements	4,641,455,231.68	3,712,348,637.42	1,075,241,589.85	951,545,087.76	851,875,758.86	733,871,644.63	719,401,905.03	430,761,141.01	3,284,220,682.17	2,827,403,560.36	(6,071,130,542.63)	(4,176,843,551.41)	4,501,064,624.96	4,479,086,519.77
Total segment liabilities	2,100,179,418.65	2,349,084,897.90	486,528,501.16	602,114,837.16	385,459,267.99	464,376,319.62	325,517,106.01	272,575,285.83	2,391,766,451.27	1,167,447,708.99	(2,939,775,255.99)	(1,925,766,453.48)	2,749,675,489.09	2,929,832,596.02
Reconciling items:														
Total liabilities in the financial statements	2,100,179,418.65	2,349,084,897.90	486,528,501.16	602,114,837.16	385,459,267.99	464,376,319.62	325,517,106.01	272,575,285.83	2,391,766,451.27	1,167,447,708.99	(2,939,775,255.99)	(1,925,766,453.48)	2,749,675,489.09	2,929,832,596.02
Supplementary information:														
Depreciation	48,205,223.98	44,152,010.67	11,167,243.69	11,415,101.13	8,847,410.93	8,803,806.72	7,471,564.03	5,292,888.22	-	-	-	-	75,691,442.63	69,663,806.74
Amortisation	22,932,994.94	18,767,988.27	5,312,667.84	4,810,589.95	4,209,038.22	3,710,129.56	3,554,497.34	2,230,546.58	-	-	-	-	36,009,198.34	29,519,254.36
Interest income	-	-	-	-	-	-	-	-	4,459,326.16	10,819,339.82	-	-	4,459,326.16	10,819,339.82
Interest expense	-	-	-	-	-	-	-	-	143,695,188.87	126,717,189.50	-	-	143,695,188.87	126,717,189.50
Impairment losses recognised in the current period	-	-	-	-	-	-	-	-	68,650.31	358,320.98	-	-	68,650.31	358,320.98
Investment income from long-term equity investment under equity method	-	-	-	-	-	-	-	-	62,622,013.46	58,893,228.92	-	-	62,622,013.46	58,893,228.92
Long-term equity investments under equity method	-	-	-	-	-	-	-	-	476,253,695.39	484,031,681.93	-	-	476,253,695.39	484,031,681.93
Non-current assets other than long-term equity investments	-	-	-	-	-	-	-	-	3,125,056,891.61	2,665,647,453.04	-	-	3,125,056,891.61	2,665,647,453.04
Capital expenditure	-	-	-	-	-	-	-	-	744,505,157.35	161,600,977.30	-	-	744,505,157.35	161,600,977.30
Including: Expenditure arising from construction in progress	-	-	-	-	-	-	-	-	370,358,484.62	130,805,916.52	-	-	370,358,484.62	130,805,916.52
Expenditure arising from purchase of fixed assets	-	-	-	-	-	-	-	-	7,272,623.79	11,581,174.80	-	-	7,272,623.79	11,581,174.80
Expenditure arising from purchase of intangible assets	-	-	-	-	-	-	-	-	366,874,048.94	19,213,885.98	-	-	366,874,048.94	19,213,885.98

(X) OTHER SIGNIFICANT EVENTS - continued

2. Segment reporting- continued

(2) External revenue by geographical area of source and non-current assets by geographical location

All external revenues of the Group were derived from the People's Republic of China (the "PRC") and all assets of the Group were located in the PRC.

(3) Degree of reliance on major customers

See note (VI) 33 (3) for details.

3. Financial instruments and risk management

The Group's major financial instruments include cash and bank balances, accounts receivable, interest receivable, dividends receivable, other receivables, other current assets, accounts payable, interest payable, other payables, non-current liabilities due within one year, long-term borrowings, bonds payable, long-term payables and other non-current liabilities. Details of these financial instruments are disclosed in respective notes to the financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

3.1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

3.1.1 Market risk

3.1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's principal activities are denominated and settled in RMB. As at 31 December 2013, the balance of the Group's assets and liabilities are both denominated in RMB except that the assets set out below are denominated in foreign currencies.

Unit: RMB

Item	Closing balance	Opening balance
Cash and cash equivalents	492,960.39	2,110,576.31

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures.

(X) OTHER SIGNIFICANT EVENTS - continued

3. Financial instruments and risk management - continued

3.1 Risk management objectives and policies - continued

3.1.1 Market risk- continued

3.1.1.2 Interest rate risk - risk of changes in fair value

The Group's fair value interest rate risk of financial instruments relates primarily to fixed-rate bank borrowings (see note (VI) 23 and 24 for details) and bonds payable (see note (VI) 25 for details). The Group keeps monitoring the interest rates and determines the proportion between the borrowing contracts adopting fixed interest rates and the floated interest rates based on the market, which to some extent has hedged the impact incurred by interest rates growth.

3.1.2 Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

- The carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.

In order to minimise the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited in banks with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(X) OTHER SIGNIFICANT EVENTS - continued****3. Financial instruments and risk management - continued****3.1 Risk management objectives and policies - continued***3.1.3 Liquidity risk*

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

The following is the maturity analysis for financial assets and financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

Unit: RMB

Item	Less than 1 year	1-5 years	Over 5 years	Total
Cash and bank balances	233,332,680.86	-	-	233,332,680.86
Accounts receivable	55,359,989.14	-	-	55,359,989.14
Interest receivable	4,797,363.01	-	-	4,797,363.01
Dividends receivable	48,000,000.00	-	-	48,000,000.00
Other receivables	39,105,216.81	22,552,880.00	-	61,658,096.81
Other current assets	547,610,000.00	-	-	547,610,000.00
Accounts payable	(10,629,691.02)	-	-	(10,629,691.02)
Interest payable	(28,339,479.77)	-	-	(28,339,479.77)
Other payables	(235,814,254.97)	-	-	(235,814,254.97)
Non-current liabilities due within one year	(321,952,628.80)			(321,952,628.80)
Long-term borrowings	(12,050,700.84)	(68,277,801.86)	(255,346,273.39)	(335,674,776.09)
Bonds payable	(56,946,000.00)	(584,317,333.33)	(602,122,350.00)	(1,243,385,683.33)
Long-term payables (note)	-	(212,011,691.49)	-	(212,011,691.49)
Other non-current liabilities	(47,705,000.00)	(789,579,388.89)	-	(837,284,388.89)

Note: No fixed repayment term is set for long-term payables. The Group presumes that the balances will be repaid by the end of the fifth year subsequent to the balance sheet date.

3.2 Fair value

Fair values of the financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively;
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions;

(X) OTHER SIGNIFICANT EVENTS - continued

3. Financial instruments and risk management - continued

3.2 Fair value- continued

- The fair value of derivative instruments is determined with reference to quoted market prices in active markets. Where such quoted prices are not available, the fair value of a non-option-based derivative is estimated using discounted cash flow analysis and on the basis of the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model (for example, the binomial model).

The management considers that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values.

3.3 Sensitivity analysis

The Group adopts sensitivity analysis technique to analyse how the profit and loss for the period or shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

3.3.1 Currency risk

Given that the Company holds a relatively small amount of assets and liabilities in foreign currency, the management considers that, where all other variables are held constant, the reasonably possible changes in exchange rates will not have a material pre-tax effect on the profit or loss for the period and shareholders' equity.

3.3.2 Interest rate risk

3.3.2.1 The sensitivity analysis on interest rate risk is based on the following assumptions:

- Changes in the market interest rate may influence the interest income or expense of the variable rate financial instruments;
- For fixed rate financial instruments measured at fair value, changes in the market interest rate only influence their interest income or expense;
- For derivative financial instruments designated as hedging instruments, changes in the market interest rate influence their fair values, and all the hedges of interest rate risk are expected to be highly effective;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated at the market interest rate as at the balance sheet date, using the method of discounted cash flow analysis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(X) OTHER SIGNIFICANT EVENTS - continued

3. Financial instruments and risk management - continued

3.3 Sensitivity analysis- continued

3.3.2 Interest rate risk- continued

3.3.2.2 On the basis of the above assumptions, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

Unit: RMB

Item	Change in interest rate	Current year		Prior year	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
External borrowings	1% increase	(12,475,553.39)	(12,475,553.39)	(11,650,188.50)	(11,650,188.50)
External borrowings	1% decrease	12,475,553.39	12,475,553.39	11,650,188.50	11,650,188.50
External deposits	1% increase	-	-	5,880,000.00	5,880,000.00
External deposits	1% decrease	-	-	(5,880,000.00)	(5,880,000.00)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			261.30			2,900.00
Hong Kong Dollar	46.12	0.79	36.26	45.13	0.81	36.56
Euro	391.75	8.42	3,298.10	390.24	8.32	3,246.80
Sub-total			3,595.66			6,183.36
Bank balances:						
RMB			58,953,113.36			851,515,971.14
United States Dollar	62,766.43	6.10	382,680.65	64,469.07	6.29	405,510.45
Hong Kong Dollar	108,534.54	0.79	85,329.85	2,073,475.12	0.81	1,679,514.85
Sub-total			59,421,123.86			853,600,996.44
Other monetary funds:						
RMB			5,000.00			5,000.00
Sub-total			5,000.00			5,000.00
Total			59,429,719.52			853,612,179.80

Note: Other monetary funds are the refundable deposits of credit cards.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS- continued****2. Accounts receivable**

(1) Disclosure of accounts receivable by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivables that are individually significant and provided for bad debt individually	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by portfolios								
Portfolio 1	-	-	-	-	-	-	-	-
Portfolio 2	40,523,415.65	99.60	405,234.19	1.00	31,253,353.22	98.78	312,533.53	1.00
Subtotal of portfolios	40,523,415.65	99.60	405,234.19	1.00	31,253,353.22	98.78	312,533.53	1.00
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	164,138.37	0.40	164,138.37	100.00	386,523.37	1.22	164,138.38	42.47
Total	40,687,554.02	100.00	569,372.56	1.40	31,639,876.59	100.00	476,671.91	1.51

Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	40,440,745.65	99.40	404,407.49	40,036,338.16	31,230,124.22	98.71	312,301.24	30,917,822.98
More than 1 year but not exceeding 2 years	82,670.00	0.20	826.70	81,843.30	3,450.00	0.01	34.50	3,415.50
More than 2 years but not exceeding 3 years	-	-	-	-	386,523.37	1.22	164,138.38	222,384.99
More than 3 years	164,138.37	0.40	164,138.37	-	19,779.00	0.06	197.79	19,581.21
Total	40,687,554.02	100.00	569,372.56	40,118,181.46	31,639,876.59	100.00	476,671.91	31,163,204.68

(1) No accounts receivable are due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period. See note (XI) 9(7) for details of accounts receivable due to related parties.

(2) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total accounts receivable(%)
Shenzhen Weisheng Offshore Oil Technology Co., Ltd.	Customer	17,426,334.72	Within 1 year	42.83
CSE	Associate	3,854,041.82	Within 1 year	9.47
CACT Operators Group	Customer	2,452,531.86	Within 1 year	6.03
Husky Oil China Ltd.	Customer	2,201,344.95	Within 1 year	5.41
Baker Hughes Asia Pacific Ltd.	Customer	1,610,374.74	Within 1 year	3.96
Total		27,544,628.09		67.70

SHENZHEN CHIWNA PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Other receivables that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision has been assessed by portfolios								
Portfolio 1	1,084,317,318.00	99.88	-	-	674,359,006.21	99.78	-	-
Portfolio 2	1,264,199.34	0.12	12,642.00	1.00	1,473,359.00	0.22	14,733.59	1.00
Subtotal of portfolios	1,085,581,517.34	100.00	12,642.00	0.00	675,832,365.21	100.00	14,733.59	0.00
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-
Total	1,085,581,517.34	100.00	12,642.00	0.00	675,832,365.21	100.00	14,733.59	0.00

Aging analysis of other receivables is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	450,022,806.33	41.45	10,555.23	450,012,251.10	675,121,899.66	99.89	7,628.94	675,114,270.72
More than 1 year but not exceeding 2 years	635,554,793.16	58.55	2,076.16	635,552,717.00	174,881.16	0.03	1,748.81	173,132.35
More than 2 years but not exceeding 3 years	1,061.40	0.00	10.61	1,050.79	535,584.39	0.08	5,355.84	530,228.55
More than 3 years	2,856.45	0.00	-	2,856.45	-	-	-	-
Total	1,085,581,517.34	100.00	12,642.00	1,085,568,875.34	675,832,365.21	100.00	14,733.59	675,817,631.62

(2) No other receivables are due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period. See note(XI) 9(7) for details of accounts receivable due to related parties.

(3) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total other receivables(%)
Baowan Holdings	Subsidiary	1,083,299,193.15	Within 2 years	99.79
CNOOC Sales Shenzhen Co., Ltd.	Supplier	314,100.00	Within 1 year	0.03
Ping An Insurance (Group) Company of China Ltd. Shenzhen Shekou Sub-branch	Supplier	180,419.00	Within 1 year	0.02
CPEC	Associate	146,888.94	1 - 2 years	0.01
AIG Insurance Company China Limited Shenzhen Branch	Supplier	98,339.00	Within 1 year	0.01
Total		1,084,038,940.09		99.86

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Long-term equity investments

(1) Details of long-term equity investments are as follows:

Unit: RMB

Investee	Accounting method	Investment cost	Opening balance	Changes [increase/ (decrease)]	Closing balance	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Baowan Holdings	Cost method	830,531,987.58	830,531,987.58	-	830,531,987.58	77.36	77.36	Not applicable	-	-	-
Shenzhen Baowan	Cost method	41,834,700.07	41,273,772.13	-	41,273,772.13	100.00	100.00	Not applicable	-	-	2,160,354.98
CDFC	Equity method	100,000,000.00	100,000,000.00	1,105,139.15	101,105,139.15	20.00	20.00	Not applicable	-	-	-
CSE	Equity method	79,488,000.00	379,088,864.51	(9,655,497.42)	369,433,367.09	32.00	32.00	Not applicable	-	-	70,400,000.00
CPEC	Equity method	3,312,000.00	4,942,817.42	772,371.73	5,715,189.15	20.00	20.00	Not applicable	-	-	-
Total		1,055,166,687.65	1,355,837,441.64	(7,777,986.54)	1,348,059,455.10				-	-	72,560,354.98

(2) There is no restrictions on the ability of transferring funds to the Company from the investee entities which are held by the Company as long-term equity investment as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

5. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Guaranteed loans (note)	165,048,306.62	343,763,851.56
Credit loans	-	489,300,000.00
Total	165,048,306.62	833,063,851.56

Note 1: The annual interest rate of the guaranteed loans is 6.5500% (31 December 2012: 5.1840% to 6.8775%). Nanshan Group has provided a full-amount irrevocable guarantee with joint-liability for the said loans. See note (XI) 9(3) for details.

(2) Top five long-term borrowings

Unit: RMB

Lender	Inception date of borrowing	Maturity date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Amount in foreign currency	Amount in domestic currency	Amount in foreign currency	Amount in domestic currency
China Development Bank Corporation Shenzhen Branch	Note 1	Note 1	RMB	Note 1		126,019,651.23		141,475,408.33
China Development Bank Corporation Shenzhen Branch	Note 2	Note 2	RMB	Note 2		39,028,655.39		1,288,443.23
China Merchant Bank Shenzhen Chiwan Sub-Branch (note 4)	13/09/2012	13/09/2015	RMB	5.8425		-		200,000,000.00
China Merchant Bank Shenzhen Chiwan Sub-Branch	21/08/2009	21/08/2014	RMB	5.1840		-		199,500,000.00
Bank of China Limited Shenzhen Branch	10/11/2009	10/11/2014	RMB	5.1840		-		159,800,000.00
Total						165,048,306.62		702,063,851.56

Note 1: See note 1 in note (VI) 24(2) for details.

Note 2: See note 2 in note (VI) 24(2) for details.

6. Operating income and operating costs

(1) Operating income

Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the prior period
Principal operating income	335,477,056.78	305,349,110.18
Other operating income	14,834,601.43	1,026,248.28
Operating costs	131,928,558.14	121,446,694.04

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

6. Operating income and operating costs- continued

(2)Principal operating activities (classified by industries)

Unit: RMB

Name of industry	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Stack (storage)	138,857,664.86	64,975,809.40	127,480,331.74	64,480,960.56
Loading and unloading	92,257,789.37	33,050,211.58	84,609,673.29	31,249,658.66
Port management	80,866,836.85	15,098,162.53	72,720,364.43	14,786,749.77
Office leasing and others	23,494,765.70	5,960,349.77	20,538,740.72	9,660,668.98
Total	335,477,056.78	119,084,533.28	305,349,110.18	120,178,037.97

(3)Operating income from the Company's top five customers

Unit: RMB

Customer	Operating income	Proportion to total operating income of the Company (%)
Shenzhen Weisheng Offshore Oil Technology Co., Ltd.	112,761,024.56	32.19
CNOOC Offshore Oil Engineering Co., Ltd.	29,353,658.33	8.38
Cameron (Shenzhen) Systems Co., Ltd.	22,467,823.86	6.41
CACT Operators Group	21,306,796.96	6.08
Husky Oil China Ltd.	13,707,446.36	3.91
Total	199,596,750.07	56.97

7. Investment income

(1)Details of investment income

Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the prior period
Income from long-term equity investments under equity method	62,622,013.46	58,893,228.92
Income from bank financing products	32,845,899.16	18,217,455.73
Income from long-term equity investments under cost method	2,160,354.98	532,985.37
Total	97,628,267.60	77,643,670.02

(2)Income from long-term equity investments under cost method

Unit: RMB

Investee	Amount recognised in the current period	Amount recognised in the prior period
Shenzhen Baowan	2,160,354.98	532,985.37

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued****7. Investment income - continued****(3) Income from long-term equity investments under equity method**

Unit: RMB

Investee	Amount recognised in the current period	Amount recognised in the prior period	Reasons for increase or decrease in the current period compared to the prior period
CSE	60,744,502.58	58,131,919.13	Changes in net profits gained by the investee in the current period
CDFC	1,105,139.15	-	Changes in net profits gained by the investee in the current period
CPEC	772,371.73	761,309.79	Changes in net profits gained by the investee in the current period
Total	62,622,013.46	58,893,228.92	

There are no significant restrictions on remittance of investment income stated above.

8. Supplementary information to the cash flow statement**(1) Supplementary information to the cash flow statement**

Unit: RMB

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	150,233,196.97	116,706,749.09
Add: Provision for impairment losses of assets	109,482.06	184,673.81
Depreciation of fixed assets	9,525,137.43	9,632,788.36
Amortisation of intangible assets	16,869,065.65	16,872,684.52
Depreciation of investment properties	5,324,508.55	5,370,595.70
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(223,284.16)	6,135.21
Financial expenses	91,976,345.99	84,057,637.95
Losses (gains) arising from investments	(97,628,267.60)	(77,643,670.02)
Decrease (increase) in deferred tax assets	(23,460.26)	(42,228.08)
Decrease (increase) in inventories	36,407.72	18,027.25
Decrease (increase) in receivables from operating activities	2,526,959.89	(1,488,784.87)
Increase (decrease) in payables from operating activities	19,063,756.61	(2,313,836.69)
Net cash flow from operating activities	197,789,848.85	151,360,772.23
2. Net changes in cash and cash equivalents:		
Closing balance of cash (note)	59,424,719.52	853,607,179.80
Less: Opening balance of cash	853,607,179.80	324,220,901.87
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(794,182,460.28)	529,386,277.93

Note: The closing balance of cash and cash equivalents excludes the refundable deposits of credit cards of the Company. See note (XI) 1 for details.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services

Receipt of service

Unit: RMB

Related party	Transaction type	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount for the current period		Amount for the prior period	
				Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Chixiao Project Company	Receipt of service	Construction service	By reference to market price	20,714,789.98	62.40	1,302,465.61	29.92
Nanshan Group	Receipt of service	Power supply service	By reference to market price	2,815,330.70	100.00	3,022,557.21	100.00
Haiqin Project Company	Receipt of service	Construction service	By reference to market price	-	-	120,000.00	2.76
Total				23,530,120.68		4,445,022.82	

Provision of service

Unit: RMB

Related party	Transaction type	Details of related party transaction	Pricing and decision-making procedures of related party transactions	Amount for the current period		Amount for the prior period	
				Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
CSE	Provision of service	Loading and unloading service	By reference to market price	7,415,958.81	8.04	11,769,372.14	13.91
CSE	Provision of service	Stack (storage)	By reference to market price	3,593,909.00	2.59	5,456,241.92	4.28
CPEC	Provision of service	Stack (storage)	By reference to market price	882,175.00	0.64	1,119,608.00	0.88
CPEC	Provision of service	Loading and unloading service	By reference to market price	117,607.23	0.13	350,695.18	0.41
Nanshan Group	Provision of service	Maintenance service	By reference to market price	31,058.22	0.21	27,249.59	7.08
Chiwan Wharf Company	Provision of service	Maintenance service	By reference to market price	-	-	11,633.66	3.02
Total				12,040,708.26		12,158,950.57	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Related party transactions- continued

(2) Leases with related parties

Leases where the Company is the lessor:

Unit: RMB

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease income	Lease income recognised in the current year
The Company	Nanshan Group	Office building	01/06/2006	31/12/2014	By reference to market price	6,651,072.60
The Company	CSE	Office building	16/10/2002	15/10/2022	By reference to market price	785,836.56
The Company	CDFC	Office building	01/07/2013	31/12/2014	By reference to market price	560,228.76
The Company	CPEC	Office building	01/11/2009	31/12/2014	By reference to market price	437,832.00
The Company	Nanshan Real Estate Company	Office building	01/01/2013	31/12/2013	By reference to market price	79,683.84
Total						8,514,653.76

Leases where the Company is the lessee:

Unit: RMB

Name of lessor	Name of lessee	Type of leased assets	Commencement date of leases	Expiration date of leases	Basis of determining the lease payment	Lease payment recognised in the current year
Nanshan Group	The Company	Land	01/09/2006	14/07/2034	By reference to market price	28,708,824.65

(3) Guarantees with related parties

Unit: RMB

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Nanshan Group	The Company	570,000,000.00	17/12/2012	17/12/2019	No
Nanshan Group	The Company	400,000,000.00	09/03/2012	09/03/2017	No
Baowan Holdings(note)	The Company	400,000,000.00	07/09/2012	07/09/2015	No
Nanshan Group	The Company	200,000,000.00	31/03/2012	30/03/2029	No
Nanshan Group	The Company	120,000,000.00	29/11/2012	28/11/2029	No

Note: Pursuant to the long-term borrowings contract, the Company can apply for loans within the scope of guaranteed amount and guaranteed term. As at 31 December 2013, the closing balance of the aforesaid guaranteed loan is RMB150,100,000.00.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Related party transactions- continued

(4) Borrowings/loans with related parties

During the year:

Unit: RMB

Related party	Amount for the current period	Inception date	Maturity date	Amount at the end of the current period	Remarks
Borrowed from:					
Nanshan Group	-	11/11/2011	11/11/2016	650,000,000.00	
Nanshan Group	-	11/11/2011	11/11/2016	50,000,000.00	
Nanshan Group	(4,255.00)			2,280,000.00	
Shenzhen Baowan	2,138,802.94			42,007,879.27	Note
Total	2,134,577.94			744,287,879.27	
Lent to:					
Baowan Holdings	362,794,837.15			989,424,952.62	Note

Note: There is no fixed term for repayment for the above mentioned borrowings and loans. The interest rates are based on the market interest rates.

In the prior year:

Related party	Amount for the current period	Inception date	Maturity date	Amount at the end of the current period	Remarks
Borrowed from:					
Nanshan Group	-	11/11/2011	11/11/2016	650,000,000.00	
Nanshan Group	-	11/11/2011	11/11/2016	50,000,000.00	
Nanshan Group	2,284,255.00			2,284,255.00	
Baowan Holdings	(99,457,056.00)			-	
Nanjing Baowan	(54,611,657.58)			-	Note
Shenzhen Baowan	(3,533,865.70)			39,869,076.33	
Total	(155,318,324.28)			742,153,331.33	
Lent to:					
Baowan Holdings	626,630,115.47			626,630,115.47	
Tianjin Baowan	(164,613,831.11)			-	
Kunshan Baowan	(109,760,338.88)			-	
Mingjiang International	(87,792,908.97)			-	
Langfang Baowan	(81,359,091.94)			-	
Longquan Baowan	(66,973,668.71)			-	Note
Xindu Baowan	(61,325,514.37)			-	
Guangzhou Baowan	(55,275,945.26)			-	
Shanghai Baowan	(49,035,029.33)			-	
Bingang Baowan	(10,206,400.00)			-	
Shenzhen Baowan	(1,167,086.35)			-	
Total	(60,879,699.45)			626,630,115.47	

Note: There is no fixed term for repayment for the above mentioned borrowings and loans. The interest rates are based on the market interest rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Related party transactions- continued

(5) Income from deposits, loans and purchase of bank financing products

Unit: RMB

Related party	Type of related party transaction	Pricing principle of related party transaction	Amount for the current period		Amount for the prior period	
			Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Interest income:						
Subsidiaries	Interest income	Negotiated interest rate(by reference to market rate)	47,903,162.99	92.21	46,918,166.92	82.89
China Merchants Bank	Interest income	Interest rate set by the People's Bank of China	-	-	5,077,404.77	8.97
Total			47,903,162.99	92.21	51,995,571.69	91.86
Investment income;						
China Merchants Bank	Investment income	Negotiated interest rate(by reference to market rate)	-	-	4,669,757.10	25.63

(6) Interest expense for borrowings

Unit: RMB

Related party	Type of related party transaction	Pricing principle of related party transaction	Amount for the current period		Amount for the prior period	
			Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Nanshan Group	Interest expense	Negotiated interest rate (by reference to market rate)	47,705,000.00	51.87	47,705,000.00	56.80
China Merchants Bank	Interest expense	Interest rate set by the People's Bank of China	-	-	20,463,089.07	24.36
Total			47,705,000.00	51.87	68,168,089.07	81.16

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Related party transactions- continued

(7) Amounts due from/to related parties

Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Dividends receivable	Shanghai Baowan	-	-	2,158,992.45	-
	Shenzhen Baowan	-	-	578,565.09	-
	Baowan Holdings	-	-	28,643,455.78	-
	CSE	48,000,000.00	-	-	-
	Total	48,000,000.00	-	31,381,013.32	-
Accounts receivable	CSE	3,854,041.82	38,540.42	1,021,439.48	10,214.39
	CPEC	366,834.89	3,668.35	419,023.92	4,190.24
	Nanshan Real Estate Company	6,390.32	63.90	-	-
	Total	4,227,267.03	42,272.67	1,440,463.40	14,404.63
Other receivable	Baowan Holdings	1,083,299,193.15	-	672,601,193.00	-
	CPEC	146,888.94	1,468.89	146,888.94	-
	CSE	22,971.48	229.71	1,061.40	-
	Total	1,083,469,053.57	1,698.60	672,749,143.34	-

Amounts due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance
Accounts payable	Nanshan Group	6,132,919.30	6,340,144.88
	CSE	16,554.40	-
	Chixiao Construction Company	9,740.00	9,740.00
	Total	6,159,213.70	6,349,884.88
Interest payable	Nanshan Group	6,758,208.33	6,758,208.33
Other payables	Shenzhen Baowan	42,007,879.27	39,869,076.33
	Nanshan Group	2,577,318.45	2,369,550.24
	Chixiao Project Company	1,277,632.65	4,214,956.33
	Chixiao Construction Company	500,000.00	-
	CPEC	202,913.64	194,213.64
	CSE	164,425.00	630,440.08
	Total	46,730,169.01	47,278,236.62
Non-current liabilities due within one year	CSE	785,836.56	785,836.56
Other non-current liabilities	Nanshan Group	700,000,000.00	700,000,000.00
	CSE	6,236,708.70	7,022,545.26
	Total	706,236,708.70	707,022,545.26

(XII) APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the board of directors and authorised for issue on 22 April 2014.

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

1. Breakdown of non-recurring profit or loss

Unit:RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets	223,146.43	
Government grants recognised in profit or loss for the current period(other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	4,694,608.73	
Other non-operating income or expenses other than the above	265,188.43	
Tax effects	(1,295,735.90)	
Effects attributable to minority interests (after tax)	(12,317.29)	
Total	3,874,890.40	

2. Return on equity (ROE) and earnings per share ("EPS")

The ROE and EPS have been prepared by Shenzhen Chiwan Petroleum Supply Base Co., Ltd. (the "Company") in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Equity and Earnings per Share (Revised 2010)* issued by China Securities Regulatory Commission.

Unit: RMB

Profit for the reporting period	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	15.07%	0.90	Not applicable
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	14.78%	0.88	Not applicable

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

3. Abnormal financial statements items (“F/S items”) and description of reasons

Unit: RMB

	F/S items	2013	2012	Change by%	Cause for the changes
1	Cash and bank balances	233,332,680.86	893,354,140.32	(73.88%)	Mainly due to purchase of bank financing products and repayment of loans.
2	Other receivables	61,658,096.81	8,439,487.37	630.59%	Mainly due to increase in refundable prepayment for land use right of subsidiaries.
3	Dividends receivable	48,000,000.00	-	Not Applicable	Representing dividends announced by Shenzhen Chiwan Sembawang Engineering Co., Ltd., associate of the Company, to be distributed from its previous year's profits.
4	Other current assets	547,610,000.00	370,086,712.21	47.97%	Mainly due to increase in investment in bank financing products.
5	Construction in progress	376,118,459.02	20,382,765.11	1,745.28%	Mainly caused by some subsidiaries' new construction in progress started in current period, specifically the lot A logistics park construction of Guangzhou Baowan Logistics Co., Ltd, subsidiary of the Company, logistics park construction projects of Nanjing Baowan International Logistics Co., Ltd ("Nanjing Baowan") and Phase III project of Chengdu Longquan Baowan International Logistics Co., Ltd, subsidiary of the Company.
6	Intangible assets	1,242,104,033.52	911,239,182.92	36.31%	Mainly due to some subsidiaries' acquisition of land use rights, i.e., Nanjing Baowan, Tianjin Bingang Baowan International Logistics Co., Ltd, Nantong Baowan International Logistics Co., Ltd, Shenyang Baowan International Logistics Co., Ltd and Baowan Logistics (Wuhan) Co., Ltd.
7	Other non-current assets	17,273,362.26	232,296,392.97	(92.56%)	Mainly due to some subsidiaries' acquisition of land use rights, leading to decrease in prepayments for lands.
8	Taxes payable	47,821,808.03	21,070,585.27	126.96%	Mainly due to increase in income tax payable balances of the Company and Shanghai Baowan International Logistics Co., Ltd.
9	Other payables	235,814,254.97	137,058,564.60	72.05%	Mainly due to input of construction in progress of some subsidiaries, leading to increase in payables to construction contractors.
10	Non-current liabilities due within one year	311,049,351.16	1,349,351.16	22,951.77%	Mainly caused by re-classification of long-term borrowings due within one year.
11	Long-term borrowings	185,443,647.96	833,063,851.56	(77.74%)	Mainly due to repaying of long-term borrowings in current period and re-classification of long-term borrowings due within one year.
12	Operating income	691,832,626.47	578,591,906.37	19.57%	Mainly arising from performance growth of the Company and some subsidiaries.
13	Operating costs	252,860,477.85	230,078,993.62	9.90%	Mainly arising from performance growth of the Company and some subsidiaries.
14	Operating expenses	88,860,395.44	65,804,669.78	35.04%	Mainly due to increase in labor cost.
15	Investment income	95,467,912.62	77,110,684.65	23.81%	Mainly arising from performance growth of associates and income from bank financing products.
16	Income tax expenses	53,582,318.37	26,045,194.39	105.73%	Mainly due to increase of Company's profit before tax and the change from assessment basis to statutory tax rate of 25% on taxable income in Shanghai Baowan International Logistics Co., Ltd.'s income tax.

The supplementary information was signed by the following responsible persons of Shenzhen Chiwan Petroleum Supply Base Co., Ltd. on 22 April 2014:

TianJunyan
Legal Representative

Yu Zhongxia
Person in Charge of
the Accounting Body

Sun Yuhui
Chief Accountant