



SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

THE INTERIM REPORT FOR YEAR 2014

August 2014

PART I Important Notice, Content and Paraphrase

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

All directors attended the Board meeting.

The Company has no plan of cash dividends distribution, bonus shares being sent and converting capital reserve into share capital.

Mr. Tian Junyan, Chairman of the Board, Mdm. Yu Zhongxia, Deputy General Manager & Financial Controller and Mdm. Sun Yuhui, Financial Manager, all guarantee the authenticity and integrity of the financial result in this report.

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

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Paraphrase

Items	Refers to	Contents
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 International 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.
Xindu Baowan	Refers to	Chengdu Xindu Baowan International Logistic Co., Ltd.
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.
Wuhan 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.
Feidong Baowan	Refers to	Baowan Logistic Feidong Co., Ltd.
Xi'an Baowan	Refers to	Xi'an Baowan International Logistic Co., Ltd.
Xianyang Baowan	Refers to	Xianyang Baowan International Logistic Co., Ltd.
Sembawang/ CSE	Refers to	Shenzhen Chiwan Sembawang Engineering Co., Ltd
CPEC	Refers to	Shenzhen Chiwan Offshore Petroleum Equipment Repair & Manufacture Co., Ltd. (CPEC)
Zhongkai/Finance Company	Refers to	China Development Finance Company Limited

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	Mr Tian, Junyan		

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. Other Information

1. Contact Method

For registration address, office address and post code as well as website and email of the Company have no change in reporting period, please find more details in Annual Report for Year 2013.

2. Information Disclosure and Preparation Place

For designated newspapers for information disclosure, website for Interim Report appointed by CSRC and preparation place have no change in reporting period, please find more details in Annual Report for Year 2013.

3. Registration Change of the Company

For registration date & place of the Company, registration number for enterprise legal license, organization code and number of taxation registration have no change in reporting period, please find more details in Annual Report for Year 2013.

PART III Accounting Data and Financial Indicators

I. Major Accounting Data and Financial Indicators

Retroactive Adjustment

Yes No

Unit: RMB

	Report Period (Jan to June, 2014)	Last Period (Jan to June, 2013)	Percentage Change (%)
Operating Revenue	350,271,977.64	324,914,333.97	7.80%
Net Profit Attributed to Shareholders of Listed Company	119,725,120.29	97,688,879.23	22.56%
Net Profit Net of Non-recurring Gain and Loss Attributed to Listed Company	115,952,266.09	95,751,585.09	21.10%
Net Cash Flows from Operating Activities	136,559,887.41	193,207,120.14	-29.32%
Basic Earnings per Share (RMB/Share)	0.52	0.42	23.81%
Diluted Earnings per Share (RMB/Share)	0.52	0.42	23.81%
Weighted Average Return on Equity (%)	7.81%	7.33%	0.48%
	June 30, 2014	December 31, 2013	Percentage Change (%)
Total Assets	4,832,531,002.44	4,501,064,624.96	7.36%
Owner's Equity Attributed to Shareholders of Listed Company	1,593,523,154.09	1,472,986,548.28	8.18%

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

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

Applicable Inapplicable

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

Applicable Inapplicable

3. Explanation of Differences of Accounting Data between Foreign and China Accounting Standards

Applicable Inapplicable

III. Items of Non-recurring Gains & Losses

Unit: RMB

Item	Amount	Note
Disposal of non-current assets, including the part offset with the provision for impairment of assets	129,663.27	
Government grants recognized in current period's gain or loss (except for the fixed or quantitative government grants closely related to the enterprise businesses according to the national unified standard)	4,060,913.02	
Other non-operating revenue and expenditure excluding the above-mentioned items	1,891,244.55	
Less: Influence on income tax	1,520,455.21	
Amount affected by minority equity (after tax)	788,511.43	
Total	3,772,854.20	--

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

In the first half year of 2014, the Company has achieved revenue of RMB 350 million, an increase of 7.8% compared with same period of last year; the net profit attributed to the parent Company was RMB120 million, an increase of 22.6% compared with same period of last year. The Company has obtained outstanding achievement with clear ideas and sound measures.

1. Offshore Oil Logistics Business: In the case of leasing costs and labor costs rising sharply, offshore oil logistics business has maintained a stable profitability by means of successful innovation management, technology optimization, costs controlling and etc.
2. Blogis Business: Good performance of operating Baowan logistics parks. To promote establishment of standard operating system, optimize the quality and efficiency of service and etc, the rent price of warehouses for operating logistics parks achieved a stable growth.
3. Investment Income: Investment income from CSE has steady growth compared to the same period last year.

II. Analysis of Main Business

Changes of Major Financial Data

Unit: RMB

	Report Period (Jan to June, 2014)	Last Period (Jan to June, 2013)	Percentage Change (%)	Reason
Operating Revenue	350,271,977.64	324,914,333.97	7.80%	
Operating Cost	120,852,155.43	112,798,866.77	7.14%	
Selling Expenses	34,889.70	43,267.18	-19.36%	
Administrative Expenses	39,717,743.31	35,431,311.90	12.10%	
Financial Expenses	63,497,268.39	70,750,834.66	-10.25%	
Income Taxes Expenses	22,704,550.04	18,939,004.80	19.88%	
Net Cash Flows from Operating Activities	136,559,887.41	193,207,120.14	-29.32%	detained revenue from renewal rental contracts for oil clients
Net Cash Flows from Investing Activities	-250,686,405.56	-427,262,914.73	-41.33%	cash flow from financial products decreased
Net Cash Flows from Financing Activities	36,959,303.32	-232,772,327.56	-115.88%	bank loans increased
Net Increase in Cash and Cash Equivalents	-77,167,214.83	-466,828,355.44	-83.47%	

No major changes on profit composition or profit resources occurred in reporting period

No future development or planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement.

Business Performance and Analysis of Main Subsidiaries and Associated Companies

Offshore Oil Logistics Business

In the first half year of 2014, offshore oil logistics business achieved revenue of RMB 172 million, an increase of 9.5% compared with the same period of last year and net profit of RMB 77 million, an increase of 9.8% compared with the same period of last year. In the case of leasing costs and labor costs rising sharply, offshore oil logistics business has maintained a stable profitability by means of successful innovation management, technology optimization, costs controlling etc.

Blogis Business

Business Performance of Blogis

Unit: RMB '0000

	Revenue	Net Profit	Occupation Rate (%)	Revenue Change(%)	Net Profit Change (%)
Shanghai Baowan	4383	2190	100	4.86	-15.15
Shanghai Mingjiang	2618	1341	100	16.61	1.36
Kunshan Baowan	2655	1338	100	10.35	25.87
Langfang Baowan	1293	486	82.01	-23.36	-21.36
Tianjin Baowan	2863	1209	96.58	12.67	20.66
Xindu Baowan	993	325	97.79	4.31	67.53
Longquan Baowan	1794	595	98.64	18.26	39.34
Guangzhou Baowan	394	24	100	4.79	242.86
Shenzhen Baowan	834	67	85	-5.44	-54.11

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

Baowan logistics parks have operated well in reporting period. Net profit of Shanghai Baowan decreased resulted from tax policy adjustment, Net profit of Langfang Baowan decreased resulted from surrender of tenancy. Net profit of Shenzhen Baowan decreased by rising costs from warehouse maintenance.

Associated Companies

CSE: The Company holds 32% equity of CSE. CSE has contributed an investment income of RMB 24.96 million to the Company, an increase of 3% compared with the same period of last year.

CPEC: The Company holds 20% equity of CPEC. CPEC has cumulative loss of RMB 3.95 million in reporting period and affected investment income to the Company by -0.79 million.

China Development Finance Company Limited: The Company holds 20% equity. It contributed investment income of RMB1.33 million to the Company in reporting period.

Project Construction Progress

Guangzhou Baowan Plot A: The construction of 4 3-tier warehouses, one office building and ancillary building with an area of about 133,000m².Plot A1 has completed construction, which plans to be delivered in September 2014.

Chengdu Longquan Baowan: The 3th phase construction of 2 warehouses with an area of around 48,000m², which has completed construction and put into operation.

Nanjing Baowan: The construction of 7 warehouses and one multiple-used building with an area of 107,000 m² is expected to be completed in August 2014.

Nantong Baowan 1st Phase: The construction of four warehouses and two multiple-used buildings 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 12,000m² is completed at the end of 2013. The office building expansion project in Land B plans to be completed and delivered in July 2014 with an area of 1,000m².The construction of one warehouse in Land C with an area of 4,800 m² is expected to be completed in November 2014.

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

III.Composition of Main Business

Unit: RMB

	Operating Revenue	Operating Cost	Gross Profit Rate (%)	Change of Operating Revenue over the Same Period of Last Year (%)	Change of Operating Cost over the Same Period of Last Year (%)	Change of Gross Profit Rate over the Same Period of Last Year (%)
By Industries						
Warehouse and Storage	217,366,481.92	78,265,066.50	63.99%	1.19%	5.44%	-1.45%
Loading and Unloading Services	70,289,085.35	20,875,744.27	70.30%	48.27%	14.45%	8.78%
Harbor Management	34,144,921.98	7,668,823.62	77.54%	-2.54%	18.96%	-4.06%
Office Leasing&other	28,462,161.39	14,042,521.04	50.66%	2.89%	1.15%	0.85%
By Regions						
South China	184,276,440.94	69,933,465.04	62.05%	8.64%	10.42%	-0.61%
East China	96,550,216.72	25,307,604.84	73.79%	9.32%	0.47%	2.31%
North China	41,558,277.81	14,017,703.04	66.27%	-1.71%	5.80%	-2.39%
Southwest China	27,877,715.17	11,593,382.51	58.41%	12.88%	5.14%	3.06%

IV. Core Competitiveness Analysis

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 "Chiwan 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 and 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 has shaped 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 Holding 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 and comprehensive supply chain platform with efficient, excellent and safe services to absorb more well-known manufacturers, retailers, e-commerce and logistic partners home and abroad.

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

V. Analysis on Investment

1. External Investment

(1) External Investment

External Investment		
Investment in reporting period (RMB)	Investment in same period over last year (RMB)	Changes
182,640,000.00	500,000,000.00	63.47%
Particulars of Investees		

Company Name	Main Business	Ratio in the investees' equity (%)
Baowan Feidong Logistic Co., Ltd.	Providing warehouse, loading and unloading services	77.36%
Xi'an Baowan International Logistic Co., Ltd.	Providing warehouse, loading and unloading services	77.36%
Xianyang Baowan International Logistic Co., Ltd.	Providing warehouse, loading and unloading services	77.36%

(2)Particulars about Investment on Financial Enterprises

Name	Category	Initial Investment(RMB)	Share Holding at the beginning of the period	Holding Ratio at the beginning of the period (%)	Share Holding at the end of the period	Holding Ratio at the end of the period	Book Value at the end of the period (RMB)	Gains & Loss at the reporting period (RMB)	Accounting Item	Share Resource
China Development Finance Company Limited	100,000,000.00	100,000,000	100,000,000	20.00%	100,000,000.00	20.00%	102,440,444.83	1,335,305.69	Long term equity investment	
Total		100,000,000.00	0	--	0	--	102,440,444.83	1,335,305.69	--	--

(3) Particulars about Securities Investment

Applicable Inapplicable

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

(1)Entrusted Financing

Unit: RMB '0000

Trust Party	Relationship	Connected Transaction	Product Types	Amount	Beginning Date	Ending Date	Determination of Reward	Withdraw of Principal	Provision for Impairment	Expected revenue	Actual Revenue
BOC	N/A	N/A	Entrusted Financing	4,000	2013.08.27	2014.02.17	Cash	4,000	0	93.44	25.78
				7,761	2013.09.27	2014.03.20		7,761	0	184.99	83.99
				5,000	2013.10.24	2014.03.20		5,000	0	103.71	55.73
				5,000	2013.10.29	2014.03.27		5,000	0	105.12	61.38
				2,000	2014.02.17	2014.02.26		2,000	0	1.13	1.13
				1,999	2014.02.17	2014.02.28		1,999	0	1.51	1.51
				12,900	2014.03.20	2014.03.31		12,900	0	8.94	8.94
				3,500	2014.04.3	2014.05.4		3,500		9.79	9.79
ICBC	N/A	N/A	Entrusted Financing	1,000	2013.10.17	2014.02.07	Cash	1,000	0	12.63	4.82
CMBC	N/A	N/A	Entrusted Financing	10,000	2013.10.17	2014.01.10	Cash	10,000	0	128.08	15.07
				5,000	2013.11.07	2014.01.09		5,000	0	46.6	6.66

			7,000	2013.12.02	2014.01.21		7,000	0	51.78	21.75
			10,000	2013.12.16	2014.03.06		10,000	0	131.51	106.85
			7,000	2014.01.07	2014.03.18		7,000	0	83.23	83.23
			2,000	2014.01.13	2014.02.20		2,000	0	11.87	11.87
			13,000	2014.01.14	2014.03.25		13,000	0	147.1	147.1
			5,000	2014.02.01	2014.04.07		5,000		53.34	53.34
			2,500	2014.02.08	2014.04.14		2,500	0	26.27	26.27
			2,000	2014.02.24	2014.04.23		2,000	0	18.75	18.75
			4,000	2014.02.27	2014.06.05		4,000	0	64.44	64.44
			10,000	2014.03.07	2014.06.05		10,000	0	147.95	147.95
			2,000	2014.03.13	2014.05.22		2,000	0	22.63	22.63
			3,000	2014.03.18	2014.05.12		3,000	0	25.32	25.32
			6,000	2014.03.21	2014.06.19		6,000	0	87.28	87.28
			6,000	2014.04.01	2014.07.02			0	88.47	
			11,000	2014.04.02	2014.06.03		11,000	0	104.63	104.63
			4,500	2014.04.04	2014.05.19		4,500	0	29.96	29.95
			5,000	2014.04.09	2014.08.27			0	110.27	
			6,000	2014.04.18	2014.08.30			0	123.35	
			5,500	2014.05.04	2014.08.08			0	81	
			7,500	2014.05.21	2014.06.4		7,500	0	12.23	12.23
			7,500	2014.06.4	2014.06.25		7,500	0	18.33	18.33
			15,000	2014.06.09	2014.09.22			0	239.49	
			10,000	2014.06.09	2014.10.17			0	197.67	
			4,000	2014.06.12	2014.08.29			0	47.87	
Total			213,660	--	--	--	162,160	0	2,620.68	1,256.72
Capital Resource			Short term idle fund							
Unrecovered Principal and Revenue			0							
Board Resolution Disclosure Date			2014.4.24							
			2013.01.04							
			2012.06.11							
Shareholders Meeting Resolution Disclosure Date			2013.05.21							

(2) Derivative Investment

Applicable Inapplicable

(3) Entrusted Loan

Applicable Inapplicable

3. Application of Raised Proceeds

Applicable Inapplicable

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	280,915,389.45	213,757,211.90	43,825,247.35	29,040,069.65	21,903,500.35
Shenzhen Baowan	Subsidiary	Service		34,409,050.00	58,768,338.98	54,966,043.75	8,344,529.38	850,815.98	667,806.31
Tianjin Baowan	Subsidiary	Service		150,000,000.00	358,204,243.53	146,760,638.74	28,625,839.74	10,876,238.87	8,160,725.53
Kunshan Baowan	Subsidiary	Service		120,000,000.00	229,131,946.81	136,160,690.93	26,550,368.76	14,909,655.00	11,843,080.47
Langfang Baowan	Subsidiary	Service		90,000,000.00	196,412,415.78	93,065,903.45	12,932,438.07	2,280,167.03	2,857,678.83
Xindu Baowan	Subsidiary	Service		60,000,000.00	132,639,234.45	53,402,577.75	9,933,200.66	1,858,109.96	1,408,060.48
Longquan Baowan	Subsidiary	Service		100,000,000.00	265,259,037.64	97,773,490.44	17,944,514.51	4,461,655.84	3,345,941.88
Guangzhou Baowan	Subsidiary	Service		150,000,000.00	385,722,725.84	144,122,191.90	3,941,930.10	30,758.45	45,391.69
Shanghai Mingjiang	Subsidiary	Service		120,000,000.00	282,176,626.80	131,117,178.95	26,183,927.61	13,830,765.25	10,350,952.22
CSE	Associated Company	Manufacturing		Manufacturing steel products for offshore engineering, etc	253,386,000	1,300,914,205.84	1,219,779,902.93	381,948,104.79	101,901,356.61
CPEC	Associated Company	Manufacturing	Providing equipment maintenance services	22,845,500.00	36,876,171.02	24,369,808.58	21,905,410.75	-3,869,825.39	-3,952,461.05
Financial Company	Associated Company	Finance	Financial Business	500,000,000.00	2,431,569,954.93	512,202,224.22	29,944,543.15	9,133,700.15	6,676,528.47

5. Major Investments with Non-raised Proceeds

Unit: RMB '0000

Project	Total Investment	Investment in the report period	Accumulated investment	Progress	Earnings
Chengdu Longquan Baowan	36,100	2,628	27,934	Phase III completed construction and put into use	decorating period
Guangzhou Baowan Plot A	48,000	8,408	36,092	A1 completed construction	under construction
Nanjing Baowan	37,300	8,900	22,063	expected to complete in August 2014	under construction
Tianjin Bingang Baowan	43,000	307	19,360	On the stage of earthwork backfilling	under construction

Wuhan Hannan Baowan	54,300	4,556	13,945	expected to complete in November 2014	under construction
Nantong Baowan	40,800	4,927	9,474	Two warehouses for Phase I, the rest other two expected to complete in August 2014	under construction
Shenyang Baowan	51,300	59	3,729	Preliminary preparation work	Preliminary preparation work
Yangluo Baowan	21,800	5,225	5,225	under preparation	under preparation
Feidong Baowan	26,399	0	0	under preparation	under preparation
Xi'an Baowan	45,000	4,000	4,000	under preparation	under preparation
Xianyang Baowan	54,978	5,064	5,064	under preparation	under preparation
合计	458,977	44,074	146,886	--	--

VI. Prediction of Business Performance from January to September 2014

Alert of loss or significant change in accumulative net profit from the beginning of the year to the next reporting period or compared with the same period of last year, and statement of causations.

Applicable Inapplicable

VII .Notes of the Board of Directions and Supervisory Committee on the Unqualified Auditor's Report Issued by the CPAs in reporting period

Applicable Inapplicable

VIII. Notes of the Board of Directions on the Unqualified Auditor's Report for Year 2013

Applicable Inapplicable

IX. Implementation of Profit Distribution in Reporting Period

Applicable Inapplicable

The Company has no plan of cash dividends distribution, bonus shares being sent and converting capital reserve into share capital for Year 2013.

X. Preplanning of Profit Distribution and Converting Capital Reserve into Share Capital for the half of 2014

Applicable Inapplicable

The Company has no plan of cash dividends distribution, bonus shares being sent and converting capital reserve into share capital for the half of Year 2014.

XI. Research and Interview in Reporting Period

Time	Location	Method	Type of Visitors	Visitor	Topics Discussed
Jan 20, 2014	Conference Room	Field Research	Institute	Cederberg Capital UK LLP	Business operation and development of logistics parks.
Feb 18, 2014	Conference Room	Field Research	Institute	Greenwoods Asset Management	Business operation and development of logistics parks.

Jun 6, 2014	Conference Room	Field Research	Institute	Ping An Securities Company Ltd	Business operation and development of logistics parks.
Jun 25, 2014	Shanghai Baowan	Field Research	Institute	Greenwoods Asset Management	Business operation and development of Shanghai Baowan.
Jun 27, 2014	Conference Room	Field Research	Institute	China International Capital Corporation Limited	Business operation and development of logistics parks.

PART V Significant Events

I. Corporate Governance

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

Non-normative Corporate Governance

According to the requirements of Ministry of Finance and Accounting Standards for Enterprises, the Company provided financial reports monthly to its controlling shareholders, Nanshan Group, for compiling consolidated financial statements. In accordance with requirements of the Supplementary Notice on Strengthened Supervision of Non-Standard Behaviors in Corporate Governance Including Providing Undisclosed Information to Controlling Shareholders and Effective Controller, the Board of Directors reviewed and approved the Resolution on Regular Submission of Financial Statements to the Controlling Shareholders on the Second Tele-communication Meeting of the Fifth Board of Directors. Nanshan Group and the Company signed the commitment letter respectively, and the Company provided the insiders' list to CSRC Shenzhen Bureau for record as well.

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

II. Significant Lawsuits and Arbitration Affairs

Applicable Inapplicable

There is no important lawsuit or arbitration affair occurred in reporting period.

III. Media Query

Applicable Inapplicable

There is no universal media query in reporting period.

IV. Bankruptcy and Restructure

Applicable Inapplicable

V. Assets Transaction

Applicable Inapplicable

There is no purchase or sale of assets affair, or enterprise combination at the end of reporting period.

VI. Implementation and Influence of Equity Incentives

Applicable Inapplicable

VII. Significant Connected Transactions

1. Connected Transactions Involving Daily Operation

Unit: RMB '0000

Transaction Party	Relationship	Type	Contents	Pricing Principle	Price	Amount	Ratio of Same Type (%)	Settlement	Available Market Price	Disclosure Date	Disclosure Index
Nanshan Group	Parent Company	Providing Services	Renting Office and Maintenance Services	Market Price	323	323	19.31%	Bank Settlement	323	Apr 24, 2014	Announcement No. 2014-12
Nanshan Group	Parent Company	Receiving Services	Renting Land and Building, Power Supply service	Market Price	365	365	100.00%	Bank Settlement	365	Apr 24, 2014	Announcement No. 2014-12
Total				--	--	688	--	--	--	--	--

2. Related Transactions of Assets Acquisition and Sales

Applicable Inapplicable

3. Significant Related Transactions of Joint Investment

Applicable Inapplicable

There is no related transaction of assets acquisition at the end of reporting period.

4. Related Credits and Liabilities

Applicable Inapplicable

Whether any non-operational related credit and liabilities existed or not

Yes No

Unit: RMB '0000

Connected Party	Relationship	Type	Reason	Non-operation oriented fund occupancy	Opening Balance	Incurred Amount	Ending Balance
Nanshan Group---Long-term Payables	Parent Company	Account Payables	Long-term payables are construction funds of logistics parks paid by Nanshan Group	N/A	21,201	0	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.	N/A	70,000	0	70,000

5. Other Significant Connected Transaction

(1) Related Transactions of Entrusting Construction Warehouses of Zone H (Block C) to Chixiao Engineering

To meet the need of deepwater oil exploration served the South China Sea, the Third session of 7th Board of Directors has approved the proposal on entrusting Warehouses of Zone H (Block C) to Chixiao Engineering, a wholly owned subsidiary of CNDI. As the contractor, the main construction includes civil engineering, steel work, electrical, fire protection and etc amounted to RMB 9.7 million, which is planned to complete in November 2014.

(2) Related Transactions of Financial Services Agreement with China Development Finance Company, Ltd

In order to broader financing channel and improve funds efficiency, approved by the Second session of 7th Board of Directors and the Second Extraordinary shareholder's Meeting in 2013, the Company agreed to sign on Finance service agreement with Finance Company for the following 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 branches.

On Jan 6, 2014, the Company and the Finance company have signed the above mentioned contract. Meanwhile the Company has posted Risk Assessment Report Ended at Jun 30, 2014 for China Development Company, which states there is no significant defect on risk management. At the end of report period, the Company has deposit of RMB 66.4999 million, and no loan from the Finance company.

(3) Related Transactions of Borrowing RMB 310 million from CNDI

Disclosure of Significant Connected Transaction

Announcement Name	Disclosure Date	Website of the Announcement
Announcement on the Related Transaction of Entrusting construction warehouses of Zone H with Chixiao Engineering	2014.04.24	www.cninfo.com.cn
Announcement on Risk Assessment Report for Finance Company Ended at Jun 30, 2014	2014.04.30	www.cninfo.com.cn
Announcement on the Related Transaction of Borrowing RMB 310 million from CNDI	2014.06.05.	www.cninfo.com.cn

VIII. Non-operation Oriented Fund Occupied by Controlling Shareholders and its parties

Applicable Inapplicable

IX. Significant Contracts and Implementation

1. Custodian, Contracting and Lease

(1) Custodian

Approved by the Sixth tele-communication of 6th Board of the Company, Blogis Holdings is entrusted to manage Hefei Baowan's operation with the term ended at the Dec 31, 2014. Currently, both parties have signed Entrusted Management Agreement.

Any Project brought gains or losses over 10% of the Company's total profit or above in reporting period

Applicable Inapplicable

(2) Contracting

Applicable Inapplicable

(3) Lease

Applicable Inapplicable

2. Guarantee

Unit: RMB '0000

Outward guarantees (excluding guarantee to the subsidiaries)								
Names of Guarantees	Disclosure Date	Guarantee Amount	Date of occurrence (date of agreement execution)	Actual amount of guarantee	Type	Period	Implementation status	Guarantee to related party? (Y/N)
Guarantees to the Subsidiaries								
Names of Guarantees	Disclosure Date	Guarantee Amount	Date of occurrence (date of agreement execution)	Actual amount of guarantee	Type	Period	Implementation status	Guarantee to related party? (Y/N)
Guangzhou Baowan	2013.07.05	20,500.4	2014.04.18	2,433.07	Irrevocable	15Years	N/A	Y
Nanjing Baowan	2013.07.05	20,113.6	2014.05.28	1,727.39	Irrevocable	15Years	N/A	Y
Total guarantee quota to the subsidiaries approved in the reporting period (B1)		38,680		Total amount of guarantee to the subsidiaries actually incurred in the reporting period (B2)		4,160.46		
Total guarantee quota to the subsidiaries approved at the end of the reporting period (B3)		139,294		Total balance of actual guarantee to the subsidiaries at the end of the reporting period (B4)		4,160.46		
The Company's total guarantee (i.e. total of the first two main items)								
Total guarantee quota approved in the reporting period (A1+B1)		38,680		Total amount of guarantee actually incurred in the reporting period (A2+B2)		4,160.46		
Total guarantee quota already approved at the end of the reporting period (A3+B3)		139,294		Total balance of the actual guarantee at the end of the reporting period (A4+B4)		4,160.46		
Actual total guarantee (A4+ B4)/ Net Assets of the Company				2.61%				

Guarantee Violation

Applicable Inapplicable

There is no guarantee violation occurred in reporting period.

3. Other Significant Contracts

Applicable Inapplicable

4. Other Significant Transactions

(1) The Project of Hefei Feidong Baowan Logistics Park

The Second session of the 7th 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 263.99 million. 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 RMB 100 million.

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

(2) Establishment of the Hong Kong subsidiary

To take convenience of Hong Kong financing, tax advantages, and to build overseas financing and investment platform, reducing consolidated financing costs, the Second session of the 7th Board of Directors has approved Baowan holdings to set up a wholly owned subsidiary in Hong Kong SAR.

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

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

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

The third tele-communication meeting of the 7th 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 RMB 100 million.

Currently, the company has obtained its business license.

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

(4) The Project of Xianyang Baowan Logistics Park

To improve the layout in Northwestern China, the Fourth tele-communication meeting of the 7th Board of Directors has approved the proposal on Xianyang Baowan logistics project, covering an area of 633 acres with the initial investment of RMB 549.78 million. To operate and manage the project, Baowan Holdings intends to register a new company with the name of Xianyang Baowan International Logistics Co. Ltd and registration capital of 100 million.

More details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on Feb 18, 2014.

(5) The Project of Chongqing Jiulongpo Baowan Logistics Park

To improve the layout in Southwestern China, the Fourth tele-communication meeting of the 7th Board of Directors has approved the proposal on Chongqing Jiulongpo Baowan logistics project, covering an area of 300 acres with the initial investment of RMB 374.78 million. To operate and manage the project, Baowan Holdings intends to register a new company with the name of Chongqing Jiulongpo Baowan International Logistics Co. Ltd and registration capital of 100 million.

More details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on Feb 18, 2014.

(6) Establishment of Shenzhen Qianhai subsidiary

To take the tax advantages and other financing convenience in Qianhai, the Third session of the 7th Board of Directors has approved Baowan holdings to set up a wholly owned subsidiary in Qianhai with registered capital of RMB 10 million.

More details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on Apr 24, 2014.

(7) Quota Authorization Extension of Purchasing Bank Financial Products

To improve the capital efficiency, the Third session of the 7th Board of Directors has approved to extend quota authorization of purchasing bank financial products to Jun 30, 2016 within financial line of RMB 400 million.

More details were published on Securities Times, Hong Kong Commercial Daily and website of <http://www.cninfo.com.cn> on Apr 24, 2014.

X. Commitments made by the Company or shareholders holding over 5% shares of the Company in reporting period or extending to reporting period.

Applicable Inapplicable

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				

XI. Engagement/ Disengagement of Certified Public Accountants

Whether the Financial Statements for the First Half Year of 2014 were audited or not

Yes No

XII. Punishment and Rectification

Applicable Inapplicable

There is no punishment or rectification affair occurred in reporting period

XIII. Violation of Delisting Risk Revealed

Applicable Inapplicable

XIV. Statements on Other Significant Events

Applicable Inapplicable

PART VI Changes in Capital Stock and Shareholders

I. Changes in Capital Stock

Unit: Share

	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%
Promoters' Shares	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%

Reason of Capital Stock Changed

Applicable Inapplicable

Approval of Share Changed

Applicable Inapplicable

Ownership Transfer of Share Changed

Applicable Inapplicable

Influence from the shareholding movements upon such financial indicators as earnings per share, net asset per share of the latest year and the latest accounting period

Applicable Inapplicable

Other information as the Company considers necessary to be disclosed or demanded by the securities regulatory authority for disclosing

Applicable Inapplicable

Explanation on changes in aspect of total shares, shareholders structure as well as structures of assets and liabilities of the Company

Applicable Inapplicable

II.Particulars about Shareholders and Shares holding

Unit: Share

Total shareholders in reporting period	7,037		Total preferred shareholders in reporting period	0				
Particulars about Shareholders with 5% or above /Top Ten Common Shareholders								
Name	Nature	Ratio (%)	Total shares held	Change in the report period	Non-tradable shares	Tradable shares	Impawned or Frozen Shares	
							Status	Shares
CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Domestic Legal Person	51.79%	119,420,000	0	119,420,000	0		
China Logistics Holding (12) PTE.LTD.	Foreign Legal Person	19.90%	45,890,000	0	0	45,890,000		
CHINA MECHANTS SECURITIES (HONGKONG) LTD	State-owned Legal Person	1.46%	3,361,068	44,140	0	3,361,068		
MATTHEWS CHINA DIVIDEND FUND	Foreign Legal Person	0.81%	1,861,968	0	0	1,861,968		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign Legal Person	0.55%	1,275,742	430,062	0	1,275,742		
GREENWOODS CHINA ALPHA MASTER FUND	Foreign Legal Person	0.43%	984,693	984,693	0	984,693		
DEUTSCHE BANK AG LONDON	Foreign Legal Person	0.36%	833,136	833,136	0	833,136		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign Legal Person	0.33%	756,136	756,136	0	756,136		
LI SHU CHUN	Domestic Natural Person	0.30%	681,720	0	0	681,720		
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	Foreign Legal Person	0.27%	631,089	24,700	0	631,089		
Strategic Investors of General Legal Person Become Top Ten Shareholders Due To Share Issued	N/A							
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.							
Top Ten Tradable Shareholders								
Name	Shares Held	Type						
		Type	Shares					
China Logistics Holding (12) PTE.LTD.	45,890,000	B	45,890,000					
CHINA MECHANTS SECURITIES (HONGKONG) LTD	3,361,068	B	3,361,068					
MATTHEWS CHINA DIVIDEND FUND	1,861,968	B	1,861,968					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	1,275,742	B	1,275,742					
GREENWOODS CHINA ALPHA MASTER FUND	984,693	B	984,693					
DEUTSCHE BANK AG LONDON	833,136	B	833,136					
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	756,136	B	756,136					
LI SHU CHUN	681,720	B	681,720					
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	631,089	B	631,089					

LI MING YA	599,380	B	599,380
Statement on Associated Relationship or Consistent Action among the Above Shareholders	It is unknown that whether other tradable-share shareholders fall into the scope of united action person.		
Remarks on Shareholders Involved in Securities Margin Trading	N/A		

Whether shareholders appointed repurchase transaction during reporting period

Yes No

III.Changes of Controlling Shareholders and Actual Controller

Change of Controlling Shareholder in the Report Period

Applicable Inapplicable

Change of Actual Controller in the Report Period

Applicable Inapplicable

Submission or Implementation of Increasing Holdings of Shares Scheme by Shareholders and Persons Acting in Concert in the Reporting Period

Applicable Inapplicable

PART VII Particulars about Preferred Shares

Applicable Inapplicable

PART VIII Particulars about Directors, Supervisors and Senior Management

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

Applicable Inapplicable

II. Particulars about Directors, Supervisors and Senior Management Changed

Name	Post	Type	Date	Reason
Mr. Zhang Xiang	Deputy General Manager	Appointment	2014.04.22	-

PART IX Financial Statements (Attachment)

The Financial Statements for the First Half Year of 2014 are not audited.

PART X Documents Available for Verification

1. Original copy of Interim Report carrying the signature of the Chairman.
2. Financial Statements carrying the signature of relative persons in charge.
3. All text of the Company's documents and original public notices disclosed on newspapers specified by the China Securities Regulatory Commission in reporting period.

Board of Directors
Shenzhen Chiwan Petroleum Supply Base Co., Ltd.
August 30, 2014

Financial Statements for the First Half of 2014 (Unaudited)

I. Audit Report

Whether or not audited for the half-year report:

Yes No

II. Financial Statements

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

1、 Consolidated Balance Sheet

SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Current Assets:		
Cash and Cash Equivalents	156,165,466.03	233,332,680.86
Deposit Reservation for Balance		
Lending to Banks and Other Financial Institutions		
Held for Trading Financial Assets		
Notes Receivable		
Accounts Receivable	114,574,200.62	55,359,989.14
Accounts Prepayment	967,941.93	552,431.59
Insurance Premium Receivable		
Reinsurance Accounts Receivable		
Reinsurance Reserve Receivable		
Accrued Interest Receivable		4,797,363.01
Dividend Receivable		48,000,000.00
Other Receivables	61,435,520.68	61,658,096.81
Redemptory Monetary Capital for Sale		
Inventories	965,725.26	996,356.55
Current Portion of Non-current Assets		
Other Current Assets	515,000,000.00	547,610,000.00
Subtotal of Current Assts	849,108,854.52	952,306,917.96
Non-current Assets		
Disbursement of Entrust Loans and Advance		
Financial Assets Available for Sale		
Held-to-maturity Investment		
Long-term Accounts Receivable		
Long-term Investment on Stocks	501,755,861.53	476,253,695.39
Investment Real Estate	938,480,668.66	904,216,455.40

Fixed Assets	530,074,826.83	516,378,454.46
Construction-in-progress	609,922,868.96	376,118,459.02
Engineer Material		
Liquidation of Fixed Assets	16,643.86	
Capitalized Biological Assets		
Oil and Gas Assets		
Intangible Assets	1,222,747,630.14	1,242,104,033.52
Development Expenditure		
Goodwill		
Long-term Deferred Expenses		
Deferred Income Tax Assets	14,553,664.89	16,413,246.95
Other Non-current Assets	165,869,983.05	17,273,362.26
Subtotal of Non-current Assets	3,983,422,147.92	3,548,757,707.00
Total Assets	4,832,531,002.44	4,501,064,624.96
Current Liabilities		
Short-term Loans		
Borrowing from the Central Bank		
Accept Money Deposits and Call Loans from Banks		
Other Financial Institutions		
Transactional Monetary Liabilities		
Notes Payable		
Accounts Payable	15,743,430.21	10,629,691.02
Downpayment Received	5,843,572.95	6,130,153.26
Financial Assets Sold for Repurchase		
Commission Payable		
Payroll Payable	20,765,185.77	29,173,650.77
Tax Payable	34,112,961.80	47,821,808.03
Accrued Interest Payable	53,095,506.20	28,339,479.77
Dividend Payable		
Other Payables	344,996,639.06	235,814,254.97
Dividend Payable for Reinsurance		
Reserves for Insurance Contract		
Acting Trading Securities		
Acting Underwriting Securities		
Current Portion of Non-current Liabilities	310,749,351.16	311,049,351.16
Other Non-current Liabilities		
Subtotal of Current Liabilities	785,306,647.15	668,958,388.98
Non-current Liabilities		
Long-term Loans	265,719,036.25	185,443,647.96
Bonds Payable	964,936,500.00	964,195,500.00
Long-term Accounts Payable	212,011,691.49	212,011,691.49
Special Accounts Payable		
Accrued Liabilities		

Deferred Income Tax Liabilities		
Other Non-current Liabilities	718,391,585.08	719,066,260.66
Subtotal of Non-current Liabilities	2,161,058,812.82	2,080,717,100.11
Total Liabilities	2,946,365,459.97	2,749,675,489.09
Owner's Equity(Shareholders' Equity)		
Paid-in Capital (Capital Stock)	230,600,000.00	230,600,000.00
Capital Reserves	234,141,186.09	234,141,186.09
Less : Treasury Stock		
Special Reserves	3,434,216.33	2,622,730.81
Surplus Reserves	292,196,407.57	284,684,747.72
General Risk Reserve		
Retained Earnings	833,151,344.10	720,937,883.66
Translation Reserve		
Total Chiwan Base Shareholders' Equity	1,593,523,154.09	1,472,986,548.28
Non-controlling interests	292,642,388.38	278,402,587.59
Total Shareholders' Equity	1,886,165,542.47	1,751,389,135.87
Total Liabilities and Equities	4,832,531,002.44	4,501,064,624.96

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

2、Parent Company Balance Sheet

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Current Assets:		
Cash and Cash Equivalents	100,383,972.84	59,429,719.52
Held for Trading Financial Assets		
Notes Receivable		
Accounts Receivable	101,850,456.25	40,118,181.46
Accounts Prepayment	357,993.37	163,921.32
Accrued Interest Receivable		4,797,363.01
Dividend Receivable		48,000,000.00
Other Receivables	1,147,431,326.60	1,085,568,875.34
Inventories	722,531.99	747,075.29
Current Portion of Non-current Assets		
Other Current Assets	515,000,000.00	547,610,000.00
Subtotal of Current Assts	1,865,746,281.05	1,786,435,135.94
Non-current Assets		
Financial Assets Available for Sale		
Held-to-maturity Investment		
Long-term Accounts Receivable		
Long-term Investment on Stocks	1,373,561,621.24	1,348,059,455.10
Investment Real Estate	111,736,049.72	106,792,020.08
Fixed Assets	71,616,068.82	74,973,379.32

Construction-in-progress	3,380,698.05	7,174,594.15
Engineer Material		
Liquidation of Fixed Assets	2,797.36	
Capitalized Biological Assets		
Oil and Gas Assets		
Intangible Assets	317,381,686.04	325,806,871.10
Development Expenditure		
Goodwill		
Long-term Deferred Expenses		
Deferred Income Tax Assets	151,389.97	151,389.97
Other Non-current Assets	501,138.74	585,092.78
Subtotal of Non-current Assets	1,878,331,449.94	1,863,542,802.50
Total Assets	3,744,077,730.99	3,649,977,938.44
Current Liabilities		
Short-term Loans		
Transactional Monetary Liabilities		
Notes Payable		
Accounts Payable	15,582,036.20	9,934,722.92
Downpayment Received		
Payroll Payable	15,073,569.46	19,641,409.26
Tax Payable	18,308,699.61	28,393,537.23
Accrued Interest Payable	53,095,506.20	28,301,589.75
Dividend Payable		
Other Payables	58,825,936.74	65,217,657.24
Current Portion of Non-current Liabilities	310,749,351.16	311,049,351.16
Other Non-current Liabilities		
Subtotal of Current Liabilities	471,635,099.37	462,538,267.56
Non-current Liabilities		
Long-term Loans	178,788,812.34	165,048,306.62
Bonds Payable	964,936,500.00	964,195,500.00
Long-term Accounts Payable		
Special Accounts Payable		
Accrued Liabilities		
Deferred Income Tax Liabilities		
Other Non-current Liabilities	718,391,585.08	719,066,260.66
Subtotal of Non-current Liabilities	1,862,116,897.42	1,848,310,067.28
Total Liabilities	2,333,751,996.79	2,310,848,334.84
Owner's Equity(Shareholders' Equity)		
Paid-in Capital (Capital Stock)	230,600,000.00	230,600,000.00
Capital Reserves	204,534,849.49	204,534,849.49
Less : Treasury Stock		
Special Reserves	3,329,604.40	2,533,941.99
Surplus Reserves	292,196,407.57	284,684,747.72

Retained Earnings		
Translation Reserve	679,664,872.74	616,776,064.40
Total Shareholders' Equity		
Total Liabilities and Equities	1,410,325,734.20	1,339,129,603.60

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

3、Consolidated Income Statement

Currency: RMB Yuan

Items	Current Period	Prior Period
1. Gross Revenue	350,271,977.64	324,914,333.97
Incl. : Operation Revenue	350,271,977.64	324,914,333.97
Interest Revenue		
Earned Premium		
Commission Revenue		
2. Total operating cost	237,753,725.86	234,514,491.98
Incl. : Operating cost	120,852,155.43	112,798,866.77
Interest Expenses		
Commission Expenses		
Surrender Value		
Net Payments for Insurance Claims		
Net Provision for Insurance Contracts		
Expenditures Dividend Policy		
Amortized Reinsurance Expenditures		
Business Tax and Surcharge	13,651,669.03	15,490,211.47
Selling Expenses	34,889.70	43,267.18
Administrative Expenses	39,717,743.31	35,431,311.90
Financial Expenses	63,497,268.39	70,750,834.66
Assets Impairment Loss		
Plus: Fair Value Change Income("-" for net loss)		
Investment Income("-" for net loss)	38,069,398.50	34,925,937.12
Incl.: Investment Income from Associate and Joint Venture	25,502,166.14	24,385,334.51
Exchange Earnings("-" for net loss)		
3. Operating Profits("-" for net loss)	150,587,650.28	125,325,779.11
Plus: Non-operating Income	5,959,210.52	2,605,878.97
Less: Non-operating Expenses	-122,610.32	10,836.15
Incl.: Loss of Liquidation of Non-current Assets	6,736.19	
4. Total Profit("-" for net loss)	156,669,471.12	127,920,821.93
Less: Income Taxes Expenses	22,704,550.04	18,939,004.80
5. Net Profit("-" for net loss)	133,964,921.08	108,981,817.13
Incl.: Net Profit before Consolidated		
Net Profit attributable to Controlling Interests	119,725,120.29	97,688,879.23

Net Profit attributable to Non-controlling Interests	14,239,800.79	11,292,937.90
6. Earnings per Share(EPS)	--	--
1) Basic EPS	0.52	0.42
2) Diluted EPS	0.52	0.42
7. Other Comprehensive Income		
8. Total Comprehensive Income	133,964,921.08	108,981,817.13
Total comprehensive income attributable to the owners of parent company	119,725,120.29	97,688,879.23
Total comprehensive income attributable to non-controlling interests	14,239,800.79	11,292,937.90

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

4、Parent Company Income Statement

Currency: RMB Yuan

Items	Current Period	Prior Period
1. Gross Revenue	171,989,981.46	157,047,311.82
Less: Operating cost	62,571,965.39	56,521,556.16
Business Tax and Surcharge	3,316,855.42	3,218,208.78
Selling Expenses		
Administrative Expenses	20,003,815.36	19,286,625.36
Financial Expenses	40,035,192.70	46,707,597.28
Assets Impairment Loss		
Plus: Fair Value Change Income("-" for net loss)		
Investment Income("-" for net loss)	38,069,398.50	34,925,937.12
Incl.: Investment Income from Associate and Joint Venture	25,502,166.14	24,385,334.51
2. Operating Profits("-" for net loss)	84,131,551.09	66,239,261.36
Plus: Non-operating Income	1,417,641.41	2,524,883.15
Less: non-operating Expenses	2,566.24	3,180.00
Incl.: Loss of Liquidation of Non-current Assets	566.24	
3. Total Profit("-" for net loss)	85,546,626.26	68,760,964.51
Less: Income Taxes Expenses	15,146,158.07	11,117,895.54
4. Net Profit("-" for net loss)	70,400,468.19	57,643,068.97
5. Earnings per Share(EPS)	--	--
1) Basic EPS		
2) Diluted EPS		
6. Other Comprehensive Income		
7. Total Comprehensive Income	70,400,468.19	57,643,068.97

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

5、Consolidated Statement of Cash Flows

Currency: RMB Yuan

Items	Current Period	Prior Period
1. Cash Flows from Operating Activities		
Cash from Sales of Goods & Services	311,455,044.44	321,103,493.38
Net Increase in Customer Bank Deposits and due to Banks and Other Financial Institutions		
Net Increase in Borrowings from Central Bank		
Net Increase in Placements from Other Financial Institutions		
Cash from Insurance Premium of Original Insurance Contracts		
Net cash received from reinsurance business		
Net increase in deposits from policyholders		
Net increase from disposal of tradable financial assets		
Cash from Interest、 Handling Charges and commission Income		
Net Increase in Placements from Banks and Other Financial Institutions		
Net Increase in Repurchase Business Capital		
Tax Refunds	653,064.01	
Cash from Other Operating-related Activities	15,314,474.44	18,172,400.70
Subtotal of Cash Inflows from Operating Activities	327,422,582.89	339,275,894.08
Cash Paid for Purchasing of Goods&Services	55,626,917.25	42,129,375.84
Net Increase in Loans and Advances to Customers		
Net Increase in Deposits with Central Bank and Other Financial Institutions		
Cash Paid for Claims of Original Insurance Contracts		
Cash Paid for Interest、 Handling Charges and Commission Income		
Cash Paid for Policy Dividends		
Cash Paid for Staffs	47,332,021.10	41,664,910.17
Taxes and Dues	70,880,585.86	49,688,375.09
Cash Paid for Other Operating-related Activities	17,023,171.27	12,586,112.84
Subtotal of Cash Outflows from Operating Activities	190,862,695.48	146,068,773.94
Net Cash Flows from Operating Activities	136,559,887.41	193,207,120.14
2. Cash Flows from Investing Activities		
Cash from Disinvestment		
Cash from Investment Income	48,000,000.00	22,400,000.00
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets	3,061.50	13,880.00
Net Cash Received from Disposal of Subsidiaries and Other Business Units		
Cash Received from Other Investing-related Activities	1,638,964,595.37	2,101,374,356.03
Sub-total of Cash Inflows from Investing Activities	1,686,967,656.87	2,123,788,236.03
Cash Paid for Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	348,664,062.43	181,051,150.76
Cash Paid for Investment		
Net Increase in Pledge Loans		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Cash Paid for Other Investing-related Activities	1,588,990,000.00	2,370,000,000.00
Subtotal of Cash Outflows from Investing Activities	1,937,654,062.43	2,551,051,150.76

Net Cash Flows from Investing Activities	-250,686,405.56	-427,262,914.73
3. Cash Flows from Financing Activities		
Cash Received from Absorbing Investment		
Incl. : Cash from absorbing minority investment		
Cash Received from Borrowings	80,275,388.29	16,874,390.11
Cash Received from Bonds Issuance		
Cash from Other Financing-related Activities		4,790,521.86
Subtotal of Cash Inflows from Financing Activities	80,275,388.29	21,664,911.97
Debt Redemption	300,000.00	207,300,000.00
Cash Paid for Dividends or Interests	39,534,884.97	45,937,239.53
Incl : Dividends and Profits Paid by Subsidiaries to Minorities		
Cash Paid for Other Financing-related Activities	3,481,200.00	1,200,000.00
Sub-total of Cash Outflows from Financing Activities	43,316,084.97	254,437,239.53
Net Cash Flows from Financing Activities	36,959,303.32	-232,772,327.56
4. Influence from Fluctuations in Exchange for Cash and Cash Equivalents		-233.29
5. Net Increase in Cash and Cash Equivalents	-77,167,214.83	-466,828,355.44
Plus: Beginning Balance of Cash and Cash Equivalents	233,332,680.86	893,354,140.32
6. Ending Balance of Cash and Cash Equivalents	156,165,466.03	426,525,784.88

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

6、Parent Company Statement of Cash Flows

Currency: RMB Yuan

Items	Current Period	Prior Period
1. Cash Flows from Operating Activities		
Cash from Sales of Goods & Services	120,153,661.69	150,006,408.75
Tax Refunds	653,064.01	
Cash from Other Operating-related Activities	1,921,833.27	14,713,904.63
Subtotal of Cash Inflows from Operating Activities	122,728,558.97	164,720,313.38
Cash Paid for Purchasing of Goods&Services	31,954,421.61	27,516,241.09
Cash paid for Staffs	27,572,514.03	23,872,166.62
Taxes and Dues	38,065,047.93	23,735,906.17
Cash Paid for Other Operating-related Activities	10,160,623.97	6,402,435.80
Subtotal of Cash Outflows from Operating Activities	107,752,607.54	81,526,749.68
Net Cash Flows from Operating Activities	14,975,951.43	83,193,563.70
2. Cash Flows from Investing Activities		
Cash from Disinvestment		
Cash from Investment Income	48,000,000.00	50,137,557.54
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		10,880.00
Net Cash Received from Disposal of Subsidiaries and Other Business Units		
Cash Received from Other Investing-related Activities	1,999,964,595.37	2,574,374,426.03
Subtotal of Cash Inflows from Investing Activities	2,047,964,595.37	2,624,522,863.57

Cash Paid for Construction of Fixed Assets, Intangible Assets and Other Long-term Assets	5,239,990.48	7,557,371.25
Cash Paid for Investment		
Net Cash Paid for Acquisition of Subsidiaries and Other Business Units		
Cash Paid for Other Investing-related Activities	1,987,155,720.58	3,014,984,991.37
Subtotal of Cash Outflows from Investing Activities	1,992,395,711.06	3,022,542,362.62
Net Cash Flows from Investing Activities	55,568,884.31	-398,019,499.05
3. Cash Flows from Financing Activities		
Cash Received from Absorbing Investment		
Cash received from Borrowings	13,740,505.72	16,874,390.11
Cash from Other Financing-related Activities		
Subtotal of Cash Inflows from Financing Activities	3,399,247.26	2,315,061.99
Debt Redemption	17,139,752.98	19,189,452.10
Cash Paid for Dividends or Interests	300,000.00	207,300,000.00
Cash Paid for Other Financing-related Activities	37,909,262.35	45,937,239.53
Subtotal of Cash Outflows from Financing Activities	8,521,073.05	2,268,073.57
Net Cash Flows from Financing Activities	46,730,335.40	255,505,313.10
4. Influence from Fluctuations in Exchange for Cash and Cash Equivalents	-29,590,582.42	-236,315,861.00
5. Net Increase in Cash and Cash Equivalents		-233.29
Plus: Beginning Balance of Cash and Cash Equivalents	40,954,253.32	-551,142,029.64
6. Ending Balance of Cash and Cash Equivalents	59,429,719.52	853,612,179.80

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

7、 Consolidated Statement of Changes in Equity

Current Period

Currency: RMB Yuan

Items	Current Period									
	Stockholders' equity in parent company								Minority interests	Total owner's equity
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury stock	Special reserves	Surplus reserves	General risk reserve	Retained Earnings	Others		
1. Ending Balance of Last Year	230,600,000.00	234,141,186.09		2,622,730.81	284,684,747.72		720,937,883.66		278,402,587.59	1,751,389,135.87
plus: Changes in Accounting Policies										
Corrections of Prior Period Errors										
Others										
2.Beginning Balance of Current Period	230,600,000.00	234,141,186.09		2,622,730.81	284,684,747.72		720,937,883.66		278,402,587.59	1,751,389,135.87
3. Changes for Current Period ("-" stands for decrease)				811,485.52	7,511,659.85		112,213,460.44		14,239,800.79	134,776,406.60
(1) Net Profit							119,725,120.29		14,239,800.79	133,964,921.08
(2)Other Comprehensive Income										
Sub-total for (1) and (2) above							119,725,120.29		14,239,800.79	133,964,921.08
Investment by Owners and Decreased in Capital										
1) Contributed Capital by Owners										
2)Share-based Payment in Shareholders' Equity										
3)Others										
(4)Profit Distribution					7,511,659.85		-7,511,659.85			
1) Appropriation of Surplus Reserves					7,511,659.85		-7,511,659.85			

2)Appropriation of General Risk Reserve										
3) Distribution for Owners(or Stockholders)										
4) Others										
(5)Inside Carry-over within Shareholders' Equity										
1)Capital Surplus Convert to Capital or Stock										
2)Surplus Reserves Convert to Capital or Stock										
3) Surplus Reserves Cover the Deficit										
4)Others										
(6) Special Reserves				811,485.52						811,485.52
1) Current Extraction				1,200,538.14						1,200,538.14
2) Current Usage				-389,052.62						-389,052.62
(7) Others										
4.Ending Balance of Current Period	230,600,000.00	234,141,186.09		3,434,216.33	292,196,407.57		833,151,344.10		292,642,388.38	1,886,165,542.47

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

Prior Period

Currency: RMB Yuan

Items	Prior Period									Minority interests	Total owner's equity
	Stockholders' equity in parent company								Others		
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury stock	Special reserves	Surplus reserves	General risk reserve	Retained Earnings				
1. Ending Balance of Last 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
Plus: Retroactive adjustment under the same control for business combination											

plus : Changes in Accounting Policies									
Corrections of Prior Period Errors									
Others									
2.Beginning Balance of Current Period	230,600,000.00	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	
3. Changes for Current Period ("-" stands for decrease)			1,153,220.78	20,858,657.15		163,415,167.01	16,708,167.18	202,135,212.12	
(1) Net Profit						207,564,394.21	16,708,167.18	224,272,561.39	
(2)Other Comprehensive Income									
Sub-total for (1) and (2) above						207,564,394.21	16,708,167.18	224,272,561.39	
Investment by Owners and Decreased in Capital									
1) Contributed Capital by Owners									
2)Share-based Payment in Shareholders' Equity									
3)Others				20,858,657.15		-44,149,227.20		-23,290,570.05	
(4)Profit Distribution				20,858,657.15		-44,149,227.20		-23,290,570.05	
1) Appropriation of Surplus Reserves				20,858,657.15		-20,858,657.15			
2)Appropriation of General Risk Reserve								-23,290,570.05	
3) Distribution for Owners(or Stockholders)						-23,290,570.05		-23,290,570.05	
4) Others									
(5)Inside Carry-over within Shareholders' Equity									
1)Capital Surplus Convert to Capital or Stock									
2)Surplus Reserves Convert to Capital or Stock									
3) Surplus Reserves Cover the									

Deficit									
4)Others									1,153,220.78
(6) Special Reserves				1,153,220.78					1,153,220.78
1) Current Extraction				1,713,819.06					1,713,819.06
2) Current Usage				-560,598.28					-560,598.28
(7) Others									
4.Ending Balance of Current Period	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

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

8、Parent Company Statement of Changes in Equity

Current Period

Currency: RMB Yuan

Items	Current Period							
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury Stock	Special Reserves	Surplus Reserves	General Risk Reserve	Retained Earnings	Total Owner's Equity
1. Ending Balance of Last Year	230,600,000.00	204,534,849.49		2,533,941.99	284,684,747.72		616,776,064.40	1,339,129,603.60
plus: Changes in Accounting Policies								
Corrections of Prior Period Errors								
Others								
2.Beginning Balance of Current Period	230,600,000.00	204,534,849.49		2,533,941.99	284,684,747.72		616,776,064.40	1,339,129,603.60
3. Changes for Current Period ("-" stands for decrease)				795,662.41	7,511,659.85		62,888,808.34	71,196,130.60
(1) Net Profit							70,400,468.19	70,400,468.19
(2)Other Comprehensive Income								
Sub-total for (1) and (2) above							70,400,468.19	70,400,468.19
Investment by Owners and Decreased in Capital								
1) Contributed Capital by Owners								
2)Share-based Payment in Shareholders' Equity								

3)Others								
(4)Profit Distribution					7,511,659.85		-7,511,659.85	
1) Appropriation of Surplus Reserves					7,511,659.85		-7,511,659.85	
2)Appropriation of General Risk Reserve								
3) Distribution for Owners(or Stockholders)								
4) Others								
(5)Inside Carry-over within Shareholders' Equity								
1)Capital Surplus Convert to Capital or Stock								
2)Surplus Reserves Convert to Capital or Stock								
3) Surplus Reserves Cover the Deficit								
4)Others								
(6) Special Reserves				795,662.41				795,662.41
1) Current Extraction				1,168,764.84				1,168,764.84
2) Current Usage				-373,102.43				-373,102.43
(7) Others								
4.Ending Balance of Current Period	230,600,000.00	204,534,849.49		3,329,604.40	292,196,407.57		679,664,872.74	1,410,325,734.20

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

Prior Period

Currency: RMB Yuan

Items	Prior Period							
	Paid-in Capital (Capital Stock)	Capital Reserves	Loss: Treasury Stock	Special Reserves	Surplus Reserves	General Risk Reserve	Retained Earnings	Total Owner's Equity
1. Ending Balance of Last Year	230,600,000.00	204,534,849.49		1,428,499.80	263,826,090.57		510,692,094.63	1,211,081,534.49
plus: Changes in Accounting Policies								
Corrections of Prior Period Errors								
Others								
2.Beginning Balance of Current Period	230,600,000.00	204,534,849.49		1,428,499.80	263,826,090.57		510,692,094.63	1,211,081,534.49

3. Changes for Current Period ("- stands for decrease)				1,105,442.19	20,858,657.15		106,083,969.77	128,048,069.11
(1) Net Profit							150,233,196.97	150,233,196.97
(2)Other Comprehensive Income								
Sub-total for (1) and (2) above							150,233,196.97	150,233,196.97
Investment by Owners and Decreased in Capital								
1) Contributed Capital by Owners								
2)Share-based Payment in Shareholders' Equity								
3)Others								
(4)Profit Distribution					20,858,657.15		-44,149,227.20	-23,290,570.05
1) Appropriation of Surplus Reserves					20,858,657.15		-20,858,657.15	
2)Appropriation of General Risk Reserve								
3) Distribution for Owners(or Stockholders)							-23,290,570.05	-23,290,570.05
4) Others								
(5)Inside Carry-over within Shareholders' Equity								
1)Capital Surplus Convert to Capital or Stock								
2)Surplus Reserves Convert to Capital or Stock								
3) Surplus Reserves Cover the Deficit								
4)Others								
(6) Special Reserves				1,105,442.19				1,105,442.19
1) Current Extraction				1,660,540.47				1,660,540.47
2) Current Usage				-555,098.28				-555,098.28
(7) Others								
4.Ending Balance of Current Period	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

Legal Representative: Tian Junyan

Accounting Supervisor: Yu Zhongxia

Accounting Department Principal: Sun Yuhui

III. 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 scopes of the Company and its subsidiaries (together 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.

IV. 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 (“ASBE”) issued by the Ministry of Finance (“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 keeping accounts and principle of valuation

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 relevant requirements.

2、Statements of Compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2014, and the Company's and consolidated results of operations and cash flows for the half-year then ended in 2014.

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

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

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

6、 Preparation of Consolidated Financial Statements

6.1 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.

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.

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

8.1 Transactions 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 (1) 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; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and 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.

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 initial recognised amounts.

9.1 Classification of Financial Instruments

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.

9.2 Recognition and measurement of financial instruments

9.2.1 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.

9.2.2 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.

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

9.2.3. 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.

9.2.4. 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

9.3 Recognition and measurement of financial assets transfer

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.

9.4 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.

9.5 Determination of Fair Value for Financial Assets and Financial Liabilities

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.

9.6 Impairment of Financial Assets (excluding Accounts Receivables)

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.

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.

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.

10、 Recognition Criterion and Accruing Method of Bad Debt Provision for 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.

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

Name of the Portfolio	Accruing Method	Basis of bad Debt Provision
Portfolio 1	No bad debt provision	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	Based on percentage of accounts	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

	balances	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.
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10.2.1 Portfolios that the aging schedule of total receivables outstanding is used for bad debt provision:

Applicable Not applicable

10.2.2 Portfolios that percentage of total receivables outstanding is used for bad debt provision:

Applicable Not applicable

Name of portfolio	Provision as a proportion of accounts receivable (%)	Provision as a proportion of other receivables (%)
Based on percentage of accounts balances	1%	1%

10.2.3 Portfolios that other method of total receivables outstanding is used for bad debt provision:

Applicable Not applicable

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.

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.

11.5 Amortization method of low-value consumables

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

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 otherwise 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.

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 individual separately 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.

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

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

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.

14、 Fixed Asset

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
Machinery and equipments	3-20	5%、10%	4.5-31.7

Transportation vehicles	3-14	5%、10%	6.4-31.7
Port facilities	50	5%	1.9
Fixed asset decorations	2-5		20-50
Office and other equipments	3-5	5%、10%	18-31.7

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.

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 account 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 process

15.1 Classification of construction in process

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.

15.2 Recognition criteria and time for Construction in process transferring to fixed assets

Construction in progress is transferred to a fixed asset when it is ready for intended use.

15.3 Methods of impairment assessment and determining the provision for impairment losses of Construction in process

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.

16, Borrowing costs

16.1 Recognition Principle of capitalized 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.

16.2 Capitalization Duration

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.

16.3 Cease of Borrowing Costs Capitalized

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

16.4 Measurement of Capitalized Borrowing Costs

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.

17, Intangible assets

17.1 Measurement of Intangible assets

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.

18、 Revenue

18.1 Recognition of 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.

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.

The revenue from Storage service for the Group will be recognized monthly according to the contract signed with clients.

19、 Government grants

19.1 Classification of 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.

19.2 Accounting Treatment

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.

20、 Deferred Income Tax Assets/Deferred Income Tax Liabilities

20.1 Recognition of Deferred Income Tax Assets

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.

20.2 Recognition of Deferred Income 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.

21、 Operating leases and finance leases

21.1 Accounting treatment of 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.

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.

22、 Changes in major accounting policies and assessment

Applicable Not applicable

23、 Corrections of prior period errors

The Group has no corrections of prior period errors.

24、 Other significant accounting policies, accounting estimates, and preparation of financial statements

24.1 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.

24.2 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.

V、 TAXES

1、 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%

Business tax	Taxable revenue from rendering services, disposals 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%
Value-added tax ("VAT")	Revenues from taxable services provided by small scale taxpayers	3%
Value-added tax ("VAT")	Revenues from stack (storage), loading and unloading and port management services provided by general taxpayers	6%, 11%
Land use tax	Actual occupation of land area	RMB 1.5- 10.00/square meter
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

VI. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Information of subsidiaries

(1) Subsidiaries established or acquired through investments

Currency: 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 consolidated	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	29,264.24	-
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
Chengdu Longquan Baowan	Limited company	Chengdu, Sichuan	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Chengdu 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	Limited company	Nanjing, Jiangsu	Logistics service	13,000	Storage, stack	13,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Bingang Baowan	Limited company	Tianjin	Logistics service	5,000	Storage, stack	5,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Nantong Baowan	Limited company	Nantong, Jiangsu	Logistics service	40,000	Storage, stack	40,000	-	100.00	100.00	Yes	Not applicable	Not applicable

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 consolidated	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)
Wuhan Baowan	Limited company	Wuhan, Hubei	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Qingwu Baowan	Limited company	Tianjin	Logistics service	5,000	Storage, stack	5,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Shenyang Baowan	Limited company	Shenyang, Liaoning	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Wuhan Yangluo Baowan	Limited company	Wuhan	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Feidong Baowan	Limited company	Anhui	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Xi'an Baowan	Limited company	Shanxi	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable
Xianyang Baowan	Limited company	Shanxi	Logistics service	10,000	Storage, stack	10,000	-	100.00	100.00	Yes	Not applicable	Not applicable

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

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 consolidated	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

2、Explanation to changes in scope of consolidation

Feidong Baowan, Xi'an Baowan and Xianyang Baowan are new subsidiaries incorporated by the Group this year and the scope of consolidation for this year is expanded accordingly.

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

Currency: RMB Yuan

Name of entity	Net assets at the end of the period	Net profit for the current period
Feidong Baowan	99,957,383.12	-42,616.88
Xi'an Baowan	31,988,593.03	-11,406.97
Xianyang Baowan	50,619,554.70	-20,445.30

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1、Bank and Cash

Currency: RMB Yuan

Items	Closing balance			Opening Balance		
	Amount in Foreign Currency	Exchange Rate	Amount in RMB	Amount in Foreign Currency	Exchange Rate	Amount in RMB
Cash on Hand	--	--	19,043.47	--	--	17,305.49
RMB	--	--	15,001.53	--	--	13,971.13
HKD	391.75	8.42	3,298.10	391.75	8.42	3,298.10
EUR	946.12	0.79	743.84	46.12	0.79	36.26
Bank Deposit	--	--	156,146,422.56	--	--	233,310,375.37
RMB	--	--	155,655,206.60	--	--	232,820,749.34
USD	62,782.30	6.10	382,777.41	62,766.43	6.10	382,680.65
HKD	137,927.44	0.79	108,438.55	136,028.22	0.79	106,945.38
Other Monetary Fund	--	--		--	--	5,000.00
RMB	--	--		--	--	5,000.00
Total	--	--	156,165,466.03	--	--	233,332,680.86

2、Dividend receivable

Items	Opening Balance	Current Increase	Current Decrease	Closing balance	Reason for not resumed	Whether or not impairment

Dividend receivable within one year	48,000,000.00		48,000,000.00			
including:	--	--	--	--	--	--
CES	48,000,000.00		48,000,000.00			
Dividend receivable over one year	--	--	--	--	--	--
including:	--	--	--	--	--	--
Total	48,000,000.00		48,000,000.00		--	--

3、Interest receivable

Currency: RMB Yuan

Items	Opening Balance	Current Increase	Current Decrease	Closing balance
Financing Product	4,797,363.01		4,797,363.01	
Total	4,797,363.01		4,797,363.01	

4、Accounts Receivables

(1) Disclosure of accounts receivable by categories:

Currency: RMB Yuan

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 for which bad debt provision has been assessed by portfolios								
Accruing bad debt provision according to the percentage-of-receivables approach	115,133,392.50	99.86%	559,191.88	0.49%	55,919,181.02	99.71%	559,191.88	1.00%
Subtotal of portfolios	115,133,392.50	99.86%	559,191.88	0.49%	55,919,181.02	99.71%	559,191.88	1.00%
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	164,138.37	0.14%	164,138.37	100.00%	164,138.37	0.29%	164,138.37	100.00%
Total	115,297,530.87	--	723,330.25	--	56,083,319.39	--	723,330.25	--

Accounts receivable that are significant in amount individually and provided for bad debt individually

Applicable Not Applicable

In portfolio, accruing bad debt provision accounting to aging analysis of accounts receivable:

Applicable Not Applicable

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

Applicable Not Applicable

Currency: RMB Yuan

Portfolio	Carrying amount	Proportion (%)	Bad debt provision
Revenue from operating activity	115,133,392.50	0.49%	559,191.88
Total	115,133,392.50	--	559,191.88

In portfolio, accruing bad debt provision accounting to other approaches

Applicable Not Applicable

Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually:

Currency: RMB Yuan

Item	Carrying amount	Bad debt provision	Proportion (%)	Reasons for accruing
Revenue from storage activity	164,138.37	164,138.37	100.00%	The customer's company was closed down.
Total	164,138.37	164,138.37	--	--

(2) Reversals and collections during the current period:

Content of accounts receivable	Reasons for reversals or collections	Basis of determining the original bad debt provision	Accumulated bad debt provision prior to reversals or collections	Amount of reversals or collections
Receivables due from business trading	Cancelling stocks	Based on percentage of accounts balances	91.02	9,102.71
Total	--	--	91.02	--

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

Name of Company	Closing Balance		Opening Balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Nanshan Group	807,992.52	0.00	0.00	0.00
Total	807,992.52	0.00	0.00	0.00

(4) Top five enterprises of accounts receivables

Currency: RMB Yuan

Company	Related with the Group	Amount	Age Limit	Percentage of Total Receivables (%)
Shenzhen Weisheng Offshore Oil Technology Co.	Unrelated party	36,633,236.55	within 6 months	31.97%
Shenzhen Oilfield Engineering Underwater Technology Ltd	Unrelated party	22,963,351.96	Within 3 months	20.04%

CNOOC Limited-Huizhou Operation Company	Unrelated party	6,037,973.44	within 6 months	5.27%
Newfield China LDC,NCL	Unrelated party	4,143,371.88	Within 3 months	3.62%
China Oilfield Services Limited -oiling	Unrelated party	3,590,796.29	within 6 months	3.13%
Total	--	73,368,730.12	--	64.03%

(5) Receivables from related parties

Currency: RMB Yuan

Company	Relation with the Group	Amount	Percentage of Total Receivables (%)
CSE	Affiliated Company	366,883.87	0.32%
CPEC	Affiliated Company	528,692.99	0.46%
Shenzhen Nanshan Real Estate Development Ltd. ("Nanshan Real Estate Company")	Related Party	31,327.80	0.03%
Nanshan Group	Parent Company	807,992.52	0.71%
Total	--	1,734,897.18	1.52%

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 for which bad debt provision has been assessed by portfolios								
Other receivables for which bad debt provision has been assessed by portfolios	53,767,680.88	87.43%			55,671,924.14	90.20%		
Accruing bad debt provision according to the percentage-of-receivables approach	7,728,306.19	12.57%	60,466.39	0.78%	6,046,639.06	9.80%	60,466.39	1.00%
Subtotal of portfolios	61,495,987.07	100.00%	60,466.39	0.10%	61,718,563.20	100.00%	60,466.39	0.66%
Other receivables that are not individually significant but for	61,495,987.07	--	60,466.39	--	61,718,563.20	--	60,466.39	--

which bad debt provision has been assessed individually								
Total	53,767,680.88	87.43%			55,671,924.14	90.20%		

Other receivables that are significant in amount individually and provided for bad debt individually

Applicable Not Applicable

In portfolio, accruing bad debt provision accounting to aging analysis of other receivable:

Applicable Not Applicable

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

Applicable Not Applicable

Currency: RMB Yuan

Portfolio	Carrying amount	Proportion (%)	Bad debt provision
Accruing bad debt provision according to the percentage-of-receivables approach	7,728,306.19	0.78%	60,466.39
Total	7,728,306.19	--	60,466.39

In portfolio, accruing bad debt provision accounting to other approaches

Applicable Not Applicable

Other receivables that are not individually significant but for which bad debt provision has been assessed individually:

Applicable Not Applicable

(3) Top five enterprises of other receivables

Currency: RMB Yuan

Company	Relation with the Group	Amount	Age Limit	Percentage of Total Other Receivables (%)
Nanjing Lukou Airport investment and development Ltd.,Co.	Unrelated party	42,552,880.00	1-2 years	69.20%
Chongqing Xipeng industrial parks finance office	Unrelated party	6,000,000.00	Within 1 year	9.76%
Nantong Construction Project Management Office	Unrelated party	1,760,000.00	Within 1 year	2.86%
Nantong Gangzha district Finance Bureau	Unrelated party	1,346,672.00	Within 1 year	2.19%
People's Government of Wuhan Hannan District	Government agency	1,000,000.00	1-2 years	1.63%
Total	--	52,659,552.00	--	85.64%

(4) Other receivables from related parties

Company	Relation with the Group	Amount	Percentage of Total Receivables (%)
CPEC	Affiliated Company	22,741.77	0.04%
CSE	Affiliated Company	145,420.07	0.24%
Yahgee Company	Related Party	19,800.00	0.03%
Total	--	187,961.84	0.31%

6、Prepayment

(1) Prepayment presented by aging

Currency: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	890,949.86	92.05%	458,172.03	82.94%
Over 3 years	76,992.07	7.95%	94,259.56	17.06%
Total	967,941.93	--	552,431.59	--

7、Inventory

(1) Categories of inventories

Currency: RMB Yuan

Items	Closing Balance			Opening Balance		
	Book Balance	Inventory Revaluation Reserve		Book Balance	Inventory Revaluation Reserve	
Raw materials	103,130.32		103,130.32	130,297.23		130,297.23
Maintenance accessories	862,594.94		862,594.94	866,059.32		866,059.32
Total	965,725.26		965,725.26	996,356.55		996,356.55

8、Other Current Assets

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Bank financing products	515,000,000.00	547,610,000.00
Total	515,000,000.00	547,610,000.00

9、Investments in joint ventures and associates

Currency: RMB Yuan

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%	1,300,914,205.84	81,134,302.91	1,219,779,902.93	381,948,104.79	77,991,727.05
Zhongkai Finance Co.,Ltd. ("Zhongkai Finance") (note)	20.00%	20.00%	2,431,569,954.93	1,919,367,730.72	512,202,224.22	29,944,543.15	6,676,528.47
CPEC	20.00%	20.00%	36,876,171.02	12,506,362.44	24,369,808.58	21,905,410.75	-3,952,461.05

10、 Long-term Equity Investment

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

Currency: 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	369,433,367.09	24,957,352.66	394,390,719.75	32.00%	32.00%				
CPEC	equity method	3,312,000.00	5,715,189.15	-790,492.21	4,924,696.94	20.00%	20.00%				
Zhongkai Finance Co.,Ltd. ("Zhongkai Finance")	equity method	100,000,000.00	101,105,139.15	1,335,305.69	102,440,444.84	20.00%	20.00%				
Total	--	182,800,000.00	476,253,695.39	25,502,166.14	501,755,861.53	--	--	--			

11、 Investment Real Estate Investment properties

(1) Investment properties measured at cost

Currency: RMB Yuan

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	1,158,032,182.95	51,912,806.14		1,209,944,989.09
Housing& buildings	1,158,032,182.95	51,912,806.14		1,209,944,989.09
II. Total accumulated depreciation and amortisation	253,815,727.55	17,648,592.88		271,464,320.43
Housing& buildings	253,815,727.55	17,648,592.88		271,464,320.43
III. Total net book value of investment properties	904,216,455.40	34,264,213.26		938,480,668.66

Housing& buildings	904,216,455.40	34,264,213.26		938,480,668.66
IV. Total accumulated provision for impairment losses of investment properties				
Housing& buildings				
V. Total carrying amounts of investment properties	904,216,455.40	34,264,213.26		938,480,668.66
. Housing& buildings	904,216,455.40	34,264,213.26		938,480,668.66

Currency: RMB Yuan

	Current Period
Total accumulated depreciation and amortisation	17,648,592.88
Accrued impairment for current period	0.00

12、Fixed Assets

(1) Details of Fixed Assets

Currency: RMB Yuan

Item	Opening carrying amount	Increase in the current period		Decrease in the current period	Closing carrying amount
I. Total original carrying amount	781,526,661.99	33,418,679.86		493,091.30	814,452,250.55
Including: Buildings	477,185,961.89	29,559,128.17			506,745,090.06
Machinery and equipments	145,194,274.20	1,715,586.53			146,909,860.73
Transportation vehicles	20,071,607.76	1,122,582.80		240,680.00	20,953,510.56
Port facilities	46,462,519.33				46,462,519.33
Fixed assets decorations	13,767,664.19				13,767,664.19
Office and other equipments	78,844,634.62	1,021,382.36		252,411.30	79,613,605.68
	Opening carrying amount	Newly increased in the current period	Provision in the current period	Decrease in the current period	Closing carrying amount
II. Total accumulated depreciation	265,148,207.53	6,131,718.89	13,563,413.43	465,916.13	284,377,423.72
Including: Buildings	92,648,184.94	1,109,502.66	8,960,503.57		102,718,191.17
Machinery and equipments	67,384,689.08	3,162,617.31	2,645,207.95	228,646.00	72,963,868.34
Transportation vehicles	12,225,083.30	742,811.20	334,492.09		13,302,386.59
Port facilities	33,240,759.71	472,817.16			33,713,576.87

Fixed assets decorations	13,767,664.19				13,767,664.19
Office and other equipments	45,881,826.31	643,970.56	1,623,209.82	237,270.13	47,911,736.56
III. Total net book value of fixed assets	516,378,454.46		--		530,074,826.83
Including: Buildings	384,537,776.95		--		404,026,898.89
Machinery and equipments	77,809,585.12		--		73,945,992.39
Transportation vehicles	7,846,524.46		--		7,651,123.97
Port facilities	13,221,759.62		--		12,748,942.46
Fixed assets decorations			--		
Office and other equipments	32,962,808.31		--		31,701,869.12
IV. Total Provision for impairment losses			--		
Including: Buildings			--		
Machinery and equipments			--		
Transportation vehicles			--		
Port facilities			--		
Fixed assets decorations			--		
Office and other equipments			--		
V. Total carrying amount of fixed assets	516,378,454.46		--		530,074,826.83
Including: Buildings	384,537,776.95		--		404,026,898.89
Machinery and equipments	77,809,585.12		--		73,945,992.39
Transportation vehicles	7,846,524.46		--		7,651,123.97
Port facilities	13,221,759.62		--		12,748,942.46
Fixed assets decorations			--		
Office and other equipments	32,962,808.31		--		31,701,869.12

In current period, accumulated depreciation is RMB 19,695,132.32 and the original cost of the fixed asset transferred from construction in progress is RMB 31,033,942.02

. (2) Fixed asset without obtain the certificate of title

Item	Reason for not obtain the certificate	Expected time of obtain the certificate
Buildings	the land leased from Nanshan Group that not obtain the use right certificate of the	-

	mentioned land	
Buildings	unfinished settlement procedures of the buildings	End of 2014

13. Construction in progress

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

Currency: RMB Yuan

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment losses	Net carrying amount	Carrying amount	Provision for impairment losses	Net carrying amount
Longquan Baowan logistic park construction III phase	100,102.34		100,102.34	48,716,488.49		48,716,488.49
Guangzhou Baowan lot A logistic park construction	290,729,036.19		290,729,036.19	199,349,637.54		199,349,637.54
Nanjing Baowan logistic park construction	156,048,770.13		156,048,770.13	63,482,722.70		63,482,722.70
Bingang Baowan logistic park construction	28,717,693.69		28,717,693.69	25,497,427.30		25,497,427.30
Wuhan Baowan logistic park construction	69,614,426.73		69,614,426.73	22,084,639.62		22,084,639.62
Nantong Baowan logistic park construction	58,850,957.03		58,850,957.03	9,040,855.12		9,040,855.12
Shenyang Baowan logistic park construction	646,090.10		646,090.10	46,090.10		46,090.10
Xi'an Baowan logistic park construction	190,000.00		190,000.00			
Other miscellaneous constructions	5,025,792.75		5,025,792.75	7,900,598.15		7,900,598.15
Total	609,922,868.96		609,922,868.96	376,118,459.02		376,118,459.02

(2) Changes to construction-in-progress project

Currency: RMB Yuan

Item name	Budget amount	Opening balance	Increase in the current period	Transferred to fixed assets	Transferred to investment properties	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
Longquan Baowan III logistic park construction	319,070,000.00	48,716,488.49	31,973,617.55	80,590,003.70		100.00%	100%	13,918,583.84	2,331,950.25	40.16%	Self-financing and borrowings	100,102.34
Guangzhou Baowan lot A logistic park construction	445,420,000.00	199,349,637.54	91,379,398.65			65.27%	65.27%	6,605,056.20	2,979,927.92	92.10%	Self-financing and borrowings	290,729,036.19
Nanjing Baowan logistic park construction	305,630,000.00	63,482,722.70	92,566,047.43			51.06%	51.06%	1,620,914.83	1,230,776.56	99.64%	Self-financing and borrowings	156,048,770.13
Bingang Baowan logistic park construction	343,600,000.00	25,497,427.30	3,220,266.39			8.36%	8.36%				Self-financing and borrowings	28,717,693.69
Wuhan Baowan logistic park construction	463,710,000.00	22,084,639.62	47,529,787.11			15.01%	15.01%	1,353,645.93	1,273,921.48	100.00%	Self-financing and borrowings	69,614,426.73
Nantong Baowan logistic park construction	341,040,000.00	9,040,855.12	49,810,101.91			17.26%	17.26%				Self-financing and borrowings	58,850,957.03
Total	2,218,470,000.00	368,171,770.77	316,479,219.04	80,590,003.70		--	--	23,498,200.80	7,816,576.21	--	--	604,060,986.11

(3) Schedule of construction-in-progress project

Item	Construction Schedule	Note
Longquan Baowan III logistic park construction	Completed	
Guangzhou Baowan lot A logistic park construction	Four three-story warehouses, one business building and subsidiary buildings with covered area of 133 thousand square metres. Warehouse A1 has been finished, and the whole logistic park is expected to be inspected entirely in September.	
Nanjing Baowan logistic park construction	Seven warehouses and one complex building with covered area of 107 thousand square metres, expected to be finished in August 2014.	
Bingang Baowan logistic park construction	The ground treatment has been finished, and construction drawing design is in the process.	
Wuhan Baowan logistic park construction	Eight warehouses and one complex building with covered area of 177 thousand square metres by two stages, of which 140 thousand square metres for the first stage, and expected to be finished in November.	
Nantong Baowan logistic park construction	Four warehouses and two complex buildings with 46.7 thousand square metres of which two warehouses have been finished, and the other two would be finished in August.	

14、 Disposal of Fixed Assets

Currency: RMB Yuan

Items	Opening Book Value	Closing Book Value	Reason for Disposal
Disposal of Office and other equipments	0.00	16,643.86	Due to scrap
Total		16,643.86	--

15、 Intangible Assets

(1) Details of intangible assets

Currency: RMB Yuan

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	1,593,736,479.05		1,116,672.00	1,592,619,807.05
Including: Land use rights	1,591,794,755.33		1,116,672.00	1,590,678,083.33

Trademarks	230,500.00			230,500.00
Softwares	1,711,223.72			1,711,223.72
II. Total accumulated amortisation	351,632,445.53	18,239,731.38		369,872,176.91
Including: Land use rights	350,263,775.78	18,129,839.22		368,393,615.00
Trademarks	163,441.38	11,524.98		174,966.36
Softwares	1,205,228.37	98,367.18		1,303,595.55
III. Total net book value of intangible assets	1,242,104,033.52	-18,239,731.38	1,116,672.00	1,222,747,630.14
Including: Land use rights	1,241,530,979.55	-18,129,839.22	1,116,672.00	1,222,284,468.33
Trademarks	67,058.62	-11,524.98		55,533.64
Softwares	505,995.35	-98,367.18		407,628.17
IV. Total Provision for impairment losses				
Including: Land use rights				
Trademarks				
Softwares				
V. Total carrying amount of intangible assets	1,242,104,033.52	-18,239,731.38	1,116,672.00	1,222,747,630.14
Including: Land use rights	1,241,530,979.55	-18,129,839.22	1,116,672.00	1,222,284,468.33
Trademarks	67,058.62	-11,524.98		55,533.64
Softwares	505,995.35	-98,367.18		407,628.17

Accumulated amortization for current period is RMB 18,239,731.38.

16. Deferred Tax Assets and Deferred Tax Liabilities

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

Details of recognized Deferred Tax Assets and Deferred Tax Liabilities

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Deferred Tax Assets:		
Impairment Provision	170,375.73	170,375.73
Preliminary Expenses	14,376,185.38	16,235,767.44
Deductible Loss	7,103.78	7,103.78

Tangible Assets	14,553,664.89	16,413,246.95
Subtotal	170,375.73	170,375.73
Deferred Tax Liabilities		
Valuation of Tradable Financial Instruments and Financial Derivatives		
Changes in the Fair Value of Financial Assets Available for Sale included in Capital Reserve		
Total		

Details of unrecognized deferred tax assets

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Deductible Temporary Differences	102,293.71	102,293.71
Deductible Loss		
Total	102,293.71	102,293.71

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

Details of Deferred Tax Assets and Deferred Tax Liabilities after offset mutually

Currency: RMB Yuan

Item	Deferred Tax Assets or Deferred Tax Liabilities after offset mutually at the end of the period	Deductible or Taxable Temporary Differences after offset mutually at the end of the period	Deferred Tax Assets or Deferred Tax Liabilities after offset mutually at the beginning of the period	Deductible or Taxable Temporary Differences after offset mutually at the beginning of the period
Deferred Tax Assets	14,553,664.89	58,214,659.56	16,413,246.95	65,652,987.80

17、Details of Assets Impairment Provision

Currency: RMB Yuan

Item	Opening carrying amount	Increase in the current period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
I、Allowance for Bad Debts	783,796.64				783,796.64
II、Provision for Inventory	0.00				0.00
III、Provision for Available-for-sale Financial Assets					

IV、Impairment for Held-to-maturity Investments					
V、Impairment for long-term equity investment					
VI、Impairment for Real Estate					
VII、Impairment for Fixed Assets					
VIII、Impairment for Material holds for construction of fixed assets					
IX、Impairment for construction in progress	0.00				0.00
X、Impairment for Capitalized Biological Assets					
Incl: Impairment for Mature Capitalized Biological Assets					
XI、Impairment for Oil and Gas Assets					
XII、Impairment for intangible assets					
XIII、Impairment for Goodwill					
XIV、Other Impairments					
Total	783,796.64				783,796.64

18、Other Non-current Assets

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Prepayments for construction	20,547,841.32	16,688,269.48
Prepayment for land-use right	144,310,164.44	
Others	1,011,977.29	585,092.78

Total	165,869,983.05	17,273,362.26
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19、Accounts Payable

(1) Details of accounts payable are as follows:

Currency: RMB Yuan

Item	Closing balance	Opening balance
Rents	13,127,076.06	6,132,919.30
Allowances for repairs and maintenance	573,467.29	1,486,193.95
Service charges	146,184.64	335,614.64
Others	1,896,702.22	2,674,963.13
Total	15,743,430.21	10,629,691.02

(2) Accounts payable due to shareholders holding at least 5% of the Company's shares with voting power

Currency: RMB Yuan

Name of Company	Closing balance	Opening balance
Nanshan Group	7,008,201.06	6,132,919.30
Total	7,008,201.06	6,132,919.30

20、Receipts in advance

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

Currency: RMB Yuan

Item	Closing balance	Opening balance
Storage service fees collected in advance	5,834,932.27	6,057,344.09
Others	8,640.68	72,809.17
Total	5,843,572.95	6,130,153.26

21、Accrued Payroll Employee benefits payable

Currency: RMB Yuan

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	28,257,711.80	35,821,303.78	44,799,158.45	19,279,857.13
II. Staff welfare		486,697.09	486,697.09	
III. Social security contributions	21,377.55	5,069,803.36	5,067,396.17	23,784.74

Including: Basic medical insurance	5,378.00	1,123,753.90	1,123,191.82	5,940.08
Complementary medical insurance		151,511.91	151,511.91	
Basic endowment insurance	13,445.00	2,448,552.80	2,446,950.32	15,047.48
Annuities		996,173.96	996,153.96	20.00
Unemployment insurance	672.25	127,865.46	127,793.56	744.15
Work-related injury insurance	1,210.05	137,771.43	137,674.52	1,306.96
Birth insurance	672.25	84,173.90	84,120.08	726.07
IV. Housing funds		1,301,133.30	1,300,685.82	447.48
V. Retire benefits				
VI. Others	894,561.42	1,291,987.77	725,452.77	1,461,096.42
Total	29,173,650.77	43,970,925.30	52,379,390.30	20,765,185.77

There are no arrears in the employee benefits payable.

Expenditure for trade union and employee training is RMB 1,461,096.42. No non-monetary welfare and compensation for severing labor relation.

22. Taxes payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Value Added Tax	2,803,968.50	2,446,581.15
Business Tax	132,372.45	200,492.21
Corporate Income Tax	24,765,569.15	39,565,976.92
Individual Income Tax	1,225,264.08	123,847.43
Urban Maintenance & Construction Tax	191,930.27	180,087.09
Land-use Tax	3,384,872.98	2,739,395.77
Property Tax	1,260,876.19	1,961,612.84
Educational Surcharges	155,663.57	144,748.77
Others	192,444.61	459,065.85
Total	34,112,961.80	47,821,808.03

23、Interest Payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Interest for Straight Long-term Loans	29,418,083.35	7,555,242.57
Interest for Corporate bond interest	23,677,422.85	20,784,237.20
Total	53,095,506.20	28,339,479.77

24、Other Payables

(1) Details of other payables are as follows:

Currency: RMB Yuan

Item	Closing balance	Opening balance
Construction costs	283,408,249.52	169,060,501.22
Deposits	44,557,527.11	39,982,668.98
Others	17,030,862.43	26,771,084.77
Total	344,996,639.06	235,814,254.97

(2) **Other payables due to shareholders holding at least 5% of the Company's shares with voting power**

Currency: RMB Yuan

Name of Company	Closing balance	Opening balance
Nanshan Group	8,277,200.51	8,201,702.79
Total	8,277,200.51	8,201,702.79

(3) Details of other payables in large amount over 1 year

Other payables in large amount over one year mainly are the construction balance and quality warranty deposits that have not met the conditions of payment.

25、Non-current liabilities due within one year

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

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Long-term Loans due within 1 year	309,400,000.00	309,700,000.00
Long-term Payables due within 1 year	1,349,351.16	1,349,351.16
Total	310,749,351.16	311,049,351.16

(2) Long-term borrowings due within 1 year

Details of Long-term borrowings due within 1 year

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Credit loan	159,410,000.00	159,600,000.00
Guaranteed loan	149,990,000.00	150,100,000.00
Total	309,400,000.00	309,700,000.00

Top five of the long-term borrowings due within 1 year

Currency: RMB Yuan

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 Co., Ltd. Shenzhen Branch	2009-11-10	2014-11-10	RMB	5.18%		149,900,000.00		159,600,000.00
China Merchants Bank Co., Ltd. Shenzhen Chiwan Branch	2009-08-21	2014-08-21	RMB	5.18%		159,500,000.00		150,100,000.00
Total	--	--	--	--	--	309,400,000.00	--	309,700,000.00

26、Long-term Borrowings

(1) Classification of the long-term loans

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Guaranteed loan	220,393,485.34	165,048,306.62
Credit loan	45,325,550.91	20,395,341.34
Total	265,719,036.25	185,443,647.96

(2) Top Five of the long-term loans

Currency: RMB Yuan

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	31/03/2012	28/03/2027	RMB	6.55%		126,019,651.23		126,019,651.23
China Development Bank Corporation Shenzhen Branch	13/09/2012	13/09/2027	RMB	6.55%		52,769,161.11		39,028,655.39

Bank of China Limited Shenzhen Branch	13/09/2013	13/09/2018	RMB	6.08%		45,325,551.00		20,395,341.34
China Development Bank Corporation Shenzhen Branch	22/04/2014	22/04/2029	RMB	6.88%		24,330,730.91		
China Development Bank Corporation Shenzhen Branch	29/05/2014	29/05/2029	RMB	6.88%		17,273,942.00		
Total	--	--	--	--	--	265,719,036.25	--	185,443,647.96

27、Bonds payable

Currency: RMB Yuan

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	400,000,000.00	09/03/2012	5 years	400,000,000.00	19,594,520.53	11,243,835.62	24,000,000.00	6,838,356.15	400,000,000.00
Corporate bond	570,000,000.00	19/12/2012	7 years	570,000,000.00	1,189,716.67	15,649,350.03		16,839,066.70	563,454,500.00

28、Long-term Payables

(1) Top Five Long-term Payables

Currency: RMB Yuan

Company	Duration	Initial Amount	Interest Rate (%)	Accrued Interest	Closing Balance	Condition
Nanshan Group	No fixed date	212,011,691.49		7,953,521.76	212,011,691.49	

29、Other Non-current Liabilities

Currency: RMB Yuan

Items	Closing Book Balance	Opening Book Balance
Advanced rental receipts	18,391,585.08	19,066,260.66
Medium and long-term Loans from Nanshan Group	700,000,000.00	700,000,000.00
Total	718,391,585.08	719,066,260.66

30、Share Capital

Currency: RMB Yuan

Opening Balance	Changes for Current Period (+、-)					Closing Balance
	New Issued	Bonus Share	capitalization of surplus reserves	Others	Subtotal	

Total Shares	230,600,000.00						230,600,000.00
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31、Special reserve

Currency: RMB Yuan

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Production safety fee	2,622,730.81	1,200,538.14	389,052.62	3,434,216.33

32、Capital reserve

Currency: RMB Yuan

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Capital premium	124,868,225.67	0.00	0.00	124,868,225.67
Other capital reserve	109,272,960.42	0.00	0.00	109,272,960.42
Total	234,141,186.09			234,141,186.09

33、Surplus Reserves

Currency: RMB Yuan

Items	Opening Balance	Increase for current period	Decrease for current period	Closing Balance
Statutory Surplus Reserve	200,980,383.36			200,980,383.36
Discretionary Surplus Reserve	83,704,364.36	7,511,659.85		91,216,024.21
Total	284,684,747.72	7,511,659.85		292,196,407.57

34、Unappropriated profits

Currency: RMB Yuan

Item	Amount	Percentage for withdrawal or distribution (%)
Before adjustment: Unappropriated profits at the end of prior year	720,937,883.66	--
Adjustment: Total unappropriated profits at beginning of year		--
After adjustment: Unappropriated profits at beginning of year	720,937,883.66	--
Add: Net profit attributable to owners of the Company for the period	119,725,120.29	--
Less: Appropriation to statutory surplus reserve	7,511,659.85	
Appropriation to discretionary surplus reserve		

Appropriation to General Risk Preparation		
Declaration of dividends on ordinary shares		
Declaration of dividends on ordinary shares turn to capital		
Unappropriated profits at the end of the year	833,151,344.10	--

35、 Operating income and operating costs

(1) Details of Operating Revenues and Operating Costs

Currency: RMB Yuan

Items	Amount recognised in the current period	Amount recognised in the prior period
Principal operating income	350,262,650.64	324,912,703.97
Other operating income	9,327.00	1,630.00
Operating costs	120,852,155.43	112,798,866.77

(2) Operating activities (classified by industries)

Currency: RMB Yuan

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)	217,366,481.92	78,265,066.50	214,812,549.85	74,229,205.97
Loading and unloading	70,289,085.35	20,875,744.27	47,404,593.83	18,239,947.61
Port management	34,144,921.98	7,668,823.62	35,033,521.05	6,446,336.68
Office leasing and others	28,462,161.39	14,042,521.04	27,662,039.24	13,883,376.51
Total	350,262,650.64	120,852,155.43	324,912,703.97	112,798,866.77

(3) Operating activities (classified by products)

Currency: RMB Yuan

Name of Product	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Stack (storage)	217,366,481.92	78,265,066.50	214,812,549.85	74,229,205.97
Loading and unloading	70,289,085.35	20,875,744.27	47,404,593.83	18,239,947.61
Port management	34,144,921.98	7,668,823.62	35,033,521.05	6,446,336.68
Office leasing and others	28,462,161.39	14,042,521.04	27,662,039.24	13,883,376.51

Total	350,262,650.64	120,852,155.43	324,912,703.97	112,798,866.77
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(4) Operating activities (classified by regions)

Currency: RMB Yuan

Region	Amount recognised in the current period		Amount recognised in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
South China	184,276,440.94	69,933,465.04	169,621,327.09	63,333,728.18
East China	96,550,216.72	25,307,604.84	88,315,789.10	25,189,407.71
North China	41,558,277.81	14,017,703.04	42,279,749.14	13,249,258.76
Southwest China	27,877,715.17	11,593,382.51	24,695,838.64	11,026,472.12
Total	350,262,650.64	120,852,155.43	324,912,703.97	112,798,866.77

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

Currency: RMB Yuan

Customer	Operating income	Proportion to total operating income of the Group (%)
COOEC Subsea Technology Co., Ltd.	36,425,314.06	10.40%
Shenzhen Weisheng Offshore Oil Technology Co., Ltd.	34,560,087.08	9.87%
Volkswagen Automobile Sales Co.,Ltd.	16,672,167.60	4.76%
LF Logistics (China) Co., Ltd.	15,289,565.31	4.37%
Guangzhou Fengshen Logistics Co.,Ltd.	12,614,537.42	3.60%
Total	115,561,671.47	33.00%

36. Business Tax and Surcharges

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period	Basis of calculation
Business tax	1,560,398.76	3,168,150.53	5%, 3%
City construction and maintenance tax	762,336.26	951,117.03	5%, 7%
Education surcharges	666,535.43	670,827.72	3%
Property tax	6,921,907.68	7,173,379.36	1.2% on bases of 70% to 90% of

			the original cost of the property
Land use tax	3,487,958.08	3,425,589.29	RMB1.5- 10/square meter
Others	252,532.82	101,147.54	
Total	13,651,669.03	15,490,211.47	--

37、 Selling expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Others	34,889.70	43,267.18
Total	34,889.70	43,267.18

38、 Administrative Expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Payroll	22,352,425.00	21,658,213.05
Asset depreciation	2,228,749.00	2,360,625.78
Asset amortisation	4,416,975.00	2,258,978.31
Taxes	2,924,456.00	2,131,478.49
Business entertainment	1,005,233.00	917,972.15
Vehicle expense	724,165.00	733,698.21
Travelling expense	958,184.00	825,530.80
Board of directors fee	533,309.00	415,922.94
Others	4,574,247.31	4,128,892.17
Total	39,717,743.31	35,431,311.90

39、 Financial Expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	70,031,639.10	72,570,908.57
Less: interest income	688,037.61	3,787,986.64

Less: capitalised interest expenses	7,816,576.21	
Exchange losses	1,721.35	335.26
Less: exchange gains		
Others	1,968,521.76	1,967,577.47
Total	63,497,268.39	70,750,834.66

40、Investment income

(1)Details of investment income

Currency: RMB Yuan

Item	Amount recognised in the current period	Amount recognised in the prior period
Income from long-term equity investments under equity method	25,502,166.14	24,385,334.51
Others	12,567,232.36	10,540,602.61
Total	38,069,398.50	34,925,937.12

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

Currency: RMB Yuan

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	24,957,352.66	24,182,821.83	Changes of net profits gained by the investee in the current period
CPEC	-790,492.21	202,512.68	Changes of net profits gained by the investee in the current period
Zhongkai Finance	1,335,305.69		
Total	25,502,166.14	24,385,334.51	--

41、Non-operating Income

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

Currency: RMB Yuan

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	136,399.46	335,274.80	136,399.46
Including: Gains on disposal of fixed assets	136,399.46	335,274.80	136,399.46

Government grants	4,060,913.02	2,043,800.00	4,060,913.02
Penalty gains on breach of contract	1,711,793.94		1,711,793.94
Others	50,104.10	226,804.17	50,104.10
Total	5,959,210.52	2,605,878.97	5,959,210.52

(2) Details of government grants:

Currency: RMB Yuan

Item	Amount recognised in the current period	Amount recognised in the prior period	Related to assets/income	Whether non-recurring profit or loss
Governmental subsidies	3,114,013.02	2,011,800.00	Related to income	Yes
Financial rewards	946,900.00	32,000.00	Related to income	Yes
Total	4,060,913.02	2,043,800.00	--	

42、 Non-operating Expenses

Currency: RMB Yuan

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	6,736.19		6,736.19
Including: Losses on disposal of fixed assets	6,736.19		6,736.19
Donations to third parties	30,000.00		30,000.00
Inventory losses	840.16		840.16
Penalty losses	1,165.99	950.00	1,165.99
Others	-161,352.66	9,886.15	-161,352.66
Total	-122,610.32	10,836.15	-122,610.32

43、 Income Tax Expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expense calculated according to tax laws and relevant requirements	21,300,115.84	17,746,280.27
Adjustments to deferred tax	1,404,434.20	1,192,724.53
Total	22,704,550.04	18,939,004.80

44、 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:

Currency: RMB Yuan

	Amount for the current period	Amount for the prior period
Net profit for the current period attributable to ordinary shareholders	119,725,120.29	97,688,879.23
Including: Net profit from continuing operations	119,725,120.29	97,688,879.23
Net profit from discontinued operations	-	-

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:

Currency: RMB Yuan

	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 year	230,600,000.00	230,600,000.00

Earnings per share

Currency: RMB Yuan

	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	0.52	0.42
Diluted earnings per share	0.52	0.42
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	0.52	0.42
Diluted earnings per share	0.52	0.42

45、Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

Currency: RMB Yuan

Item	Amount for the current period
------	-------------------------------

Other cash receipts relating to operating activities	10,563,830.00
Interest income	686,731.42
Government grants	4,063,913.02
Total	15,314,474.44

(2) Other cash payments relating to operating activities

Currency: RMB Yuan

Item	Amount for the current period
Payments for administrative expense	10,643,103.24
Payments for deposits	4,680,740.68
Others	1,699,327.35
Total	17,023,171.27

(3) Other cash receipts relating to investing activities

Currency: RMB Yuan

Item	Amount for the current period
Principal and investment income from financing products	1,638,964,595.37
Total	1,638,964,595.37

(4) Other cash payments relating to investing activities

Currency: RMB Yuan

Item	Amount for the current period
Purchase of financing products	1,588,990,000.00
Total	1,588,990,000.00

(5) Other cash receipts relating to financing activities

Currency: RMB Yuan

Item	Amount for the current period

(6) Other cash payments relating to financing activities

Currency: RMB Yuan

Item	Amount for the current period
Payments for commission of medium term note	1,200,000.00
Payments for security cost of corporate bond	2,280,000.00

Others	1,200.00
Total	3,481,200.00

46、Supplementary information for the cash flow statement

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

Currency: RMB Yuan

Supplementary information	Current period	Perior period
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	133,964,921.08	108,981,817.13
Depreciation of fixed assets, depletion of oil & gas assets and productive biologic material depreciation	37,340,101.92	38,282,378.64
Amortisation of intangible assets	18,239,731.38	16,081,735.08
Gains on disposal of fixed assets, intangible assets and other long-term assets('-' for gain)	-128,823.11	-331,735.10
Financial expenses(gains are indicated by "-")	61,743,557.78	74,658,755.08
Losses arising from investments (gains are indicated by "-")	-38,069,398.50	-34,925,937.12
Decrease in deferred tax assets (increase is indicated by "-")	1,859,582.06	2,512,690.51
Decrease in inventories (increase is indicated by "-")	30,631.29	25,466.01
Decrease in receivables from operating activities (increase is indicated by "-")	-61,130,264.14	-11,664,695.85
Increase in payables from operating activities (decrease is indicated by "-")	-17,290,152.35	-413,354.24
Net cash flow from operating activities	136,559,887.41	193,207,120.14
2. Significant investment and financing activities not involving receipts and disbursements:	--	--
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	156,165,466.03	426,525,784.88
Less: Opening balance of cash	233,332,680.86	893,354,140.32
Net increase in cash and cash equivalents	-77,167,214.83	-466,828,355.44

(2) Composition of cash and cash equivalents

Currency: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	156,165,466.03	233,332,680.86

Including: Cash on hand	19,043.47	17,305.49
Bank deposit available for immediate payment	156,146,422.56	233,310,375.37
Other monetary funds available for immediate payment		5,000.00
Deposit in central bank available for payment		
Deposit from other banks		
Call loan from other Banks		
II. Cash equivalents		
Including: Investments in debt securities due within three months		
III. Closing balance of cash and cash equivalents	156,165,466.03	233,332,680.86

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1、Basic information of the Company's parent company

Currency: RMB Yuan

Entity name	Relationship with the Company	Type of enterprise	Registration location	Legal representative	Business nature	Registration capital (RMB)	Shareholding percentage (%)	Voting power percentage (%)	Ultimate Control Party	Organisation code
Nanshan Group	Actual Controller	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	Nanshan Group	61883297-6

2、Subsidiaries of the Company

Currency: RMB Yuan

Subsidiaries	Type of Subsidiaries	Type of enterprise	Registration location	Legal representative	Business nature	Registration capital (RMB)	Shareholding percentage (%)	Voting power percentage (%)	Organisation code
Baowan Holding Co., Ltd	Holding Company	limited liability	Shenzhen	Liu Wei	Investment	500,000,000	77.36%	77.36%	58007384-6
Shanghai Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Shanghai	Ren Yongping	Logistics service	160,000,000	100%	100%	76057836-6
Guangzhou Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Guangzhou	Ren Yongping	Logistics service	150,000,000	100%	100%	76954322-3
Kunshan Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Kunshan	Liu Wei	Logistics service	120,000,000	100%	100%	79231068-X
Tianjin Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Tianjin	Liu Wei	Logistics service	150,000,000	100%	100%	78334845-9
Langfang Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Langfang	Ren Yongping	Logistics service	90,000,000	100%	100%	79546095-8
Chengdu Longquan Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Chengdu	Ren Yongping	Logistics service	100,000,000	100%	100%	66530615-1
Chengdu Xindu Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Chengdu	Ren Yongping	Logistics service	60,000,000	100%	100%	66533423-2
Nanjing Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Nanjing	Ren Yongping	Logistics service	130,000,000	100%	100%	67133602-3
Tianjin Bingang Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Tianjin	Ren Yongping	Logistics service	50,000,000	100%	100%	58327930-5
Nantong Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Nantong	Liu Wei	Logistics service	400,000,000	100%	100%	59562929-6

Baowan Logistic (Wuhan) Co., Ltd.	Holding Company	limited liability	Wuhan	Liu Wei	Logistics service	100,000,000	100%	100%	59791167-4
Tianjin Qingwu Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Tianjin	Liu Wei	Logistics service	50,000,000	100%	100%	59874201-6
Shenyang Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Liaoning	Liu Wei	Logistics service	100,000,000	100%	100%	05078213-5
Baowan Logistic (Wuhan Yangluo) Co., Ltd.	Holding Company	limited liability	Wuhan	Liu Wei	Logistics service	100,000,000	100.00%	100.00%	07051892-1
Feidong Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Anhui	Fu Jialin	Logistics service	100,000,000	100.00%	100.00%	08759376-8
Xi'an Baowan International Logistic Co., Ltd.	Holding Company	limited liability	ShanXi	Yu Zhongxia	Logistics service	100,000,000	100.00%	100.00%	08104722-1
Xianyang Baowan International Logistic Co., Ltd.	Holding Company	limited liability	ShanXi	Yu Zhongxia	Logistics service	100,000,000	100.00%	100.00%	09394984-7
Shenzhen Baowan International Logistic Co., Ltd.	Holding Company	limited liability	Shenzhen	Liu Wei	Logistics service	34,409,050	100%	100%	61885906-0
Mingjiang (Shanghai) International Logistic Co., Ltd.	Holding Company	limited liability	Shanghai	Ren Yongping	Logistics service	120,000,000	100%	100%	79149154-6

3、 Associates and joint ventures of the Company

Currency: RMB Yuan

Investee	Type of enterprise	Registration location	Legal representative	Business nature	Registration capital (RMB)	Shareholding percentage (%)	Voting power percentage (%)	Relationship with the Company	Organisation code
Associates									
CSE	Limited liability	Shenzhen	Deng Jianhui	Service	US\$30,000,000.00	32%	32%	Affiliated Company	61880960-2
CPEC	Limited liability	Shenzhen	Sun Jianjun	Service	US\$2,000,000.00	20%	20%	Affiliated Company	61887962-7
Zhongkai Finance	Limited liability	Shenzhen	Tian Junyan	Financial Service	RMB50000,000.00	20%	20%	Affiliated Company	L0078H244030001

4、Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Organisation code
Shenzhen Nanshan Real Estate Development Ltd. ("Nanshan Real Estate")	Controlled by the same party	61883297-6
Shenzhen Chixiao Project Engineering Co., Ltd. ("Chixiao Project")	Controlled by the same party	61883136-7
Shenzhen Chixiao Construction Technology Co., Ltd. ("Chixiao Construction")	Controlled by the same party	61881595-7
Yahgee Ltd.	Controlled by the same party	72855133-1
Shenzhen Chiwan Oriental Logistics Co., Ltd. ("Oriental Logistics")	Controlled by the same party	69018024-7
Directors, general manager, vice-general managers, etc. of the Company	Key management personnel	Not applicable

5、Related party transactions

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

Receipt of service

Currency: RMB Yuan

Related party	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 (%)
Nanshan Group	Power supply service	Referred to market price	1,344,957.27	100.00%	1,291,232.00	100%
Chixiao Project	Construction service	Referred to market price	6,206,193.93	1.96%	6,296,909.64	3.01%

Provision of service

Currency: RMB Yuan

Related party	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	Loading and unloading service	Referred to market price	2,245,790.92	3.20%	3,394,034.98	18.61%
CPEC	Loading and unloading , Maintenance service	Referred to market price	37,661.95	0.05%	65,305.88	0.36%
Nanshan Group	Maintenance service, Water Supply	Referred to market price	58,846.58	0.73%	25,828.22	0.14%
Zhongkai Finance	Maintenance service, Water Supply	Referred to market price	11,162.24	0.14%		
CSE	Stack (storage) service	Referred to market price	1,544,382.00	0.71%		
CPEC	Stack (storage) service	Referred to market price	430,716.00	0.20%		
Nanshan Group	Stack (storage) service	Referred to market price	4,800.00	0.00%		

(2) Leases with related parties

Leases where a group entity is the lessor:

Currency: RMB Yuan

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	Referred to market price	3,063,854.61
The Company	Nanshan Real Estate	Office Building	01/01/2014	31/12/2014	Referred to market price	39,822.96
The Company	CSE	Office Building	16/10/2002	15/10/2022	Referred to market price	392,918.28
The Company	CPEC	Office Building	01/11/2009	31/12/2014	Referred to market price	236,926.08
The Company	Zhongkai Finance	Office Building	01/07/2013	31/12/2014	Referred to market price	560,228.76
Shanghai Baowan	Oriental Logistics	Office Building	01/01/2013	31/12/2014	Referred to market price	45,402.60

Leases where a group entity is the lessee:

Currency: RMB Yuan

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
Nanshan Group	The Company	Field	01/09/2006	14/07/2034	Referred to market price	14,354,412.33
Nanshan Group	Shenzhen Baowan	Field	12/11/1988	11/12/2018	Referred to market price	993,708.80

(3) Guarantees with related parties

Currency: RMB Yuan

Guarantor	Guaranteed party	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Nanshan Group	The Company	400,000,000.00	09/03/2012	09/03/2017	No
Nanshan Group	The Company	570,000,000.00	17/12/2012	17/12/2019	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

(4) Borrowings/loans with related parties

Currency: RMB Yuan

Related party	Amount of borrowing	Inception date	Maturity date	Remarks
Borrow from:				
Nanshan Group	650,000,000.00	11/11/2011	11/11/2016	The loan is used for the construction of logistics parks of the Company's subsidiaries and the workshop wharf engineering project of the Company. The annual interest rate is 6.8150%.
Nanshan Group	50,000,000.00	11/11/2011	11/11/2016	The loan is to satisfy the development needs of the Group. The annual interest rate is 6.8150%.
Nanshan Group	212,017,631.49			There is no fixed term for repayment for the above mentioned borrowings and loans. The interest rates are based on the market interest rates

6. Amounts due from / to related parties

Amounts due from related parties:

Currency: RMB Yuan

Item	Related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable	CSE	366,883.87		3,854,041.82	38,540.42
Accounts receivable	CPEC	528,692.99		366,834.89	3,668.35
Accounts receivable	Nanshan Real Estate	31,327.80		6,390.32	63.90
Accounts receivable	Nanshan Group	807,992.52			
Other receivables	CSE	22,971.48	229.71	22,971.48	229.71

Other receivables	CPEC	146,888.96	1,468.89	146,888.94	1,468.89
Other receivables	Yahgee Ltd	20,000.00	200.00	20,000.00	200.00
Dividend receivable	CSE			48,000,000.00	

Amounts due to related parties:

Currency: RMB Yuan

Item	Related party	Closing balance	Opening balance
Accounts payable	Nanshan Group	7,008,201.06	6,132,919.30
Accounts payable	CSE	16,554.40	16,554.40
Accounts payable	Chixiao Construction	9,740.00	9,740.00
Interest payable	Nanshan Group	29,418,083.35	6,758,208.33
Other payables	Nanshan Group	8,277,200.51	8,201,702.79
Other payables	Chixiao Construction Company	5,906,878.46	6,306,878.46
Other payables	Chixiao Project Company	3,455,933.30	1,751,292.65
Other payables	CPEC	207,642.00	202,913.64
Other payables	CSE	204,224.04	164,425.00
Other payables	Oriental Logistics	5,000.00	5,000.00
Non-current liabilities due within one year	CSE	785,836.56	785,836.56
Long-term payables	Nanshan Group	212,011,691.49	212,011,691.49
Other non-current liabilities	Nanshan Group	700,000,000.00	700,000,000.00
Other non-current liabilities	CSE	5,843,790.42	6,236,708.70

IX. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1、Accounts Receivable

(1) Disclosure of accounts receivable by categories:

Currency: RMB Yuan

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 for which bad debt provision has been assessed by portfolios								
Accruing bad debt provision according to the percentage-of-receivables approach	102,255,690.44	99.84%	405,234.19	0.40%	40,523,415.65	99.60%	405,234.19	1.00%

Subtotal of portfolios	102,255,690.44	99.84%	405,234.19	0.40%	40,523,415.65	99.60%	405,234.19	1.00%
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	164,138.37	0.16%	164,138.37	100.00%	164,138.37	0.40%	164,138.37	100.00%
Total	102,419,828.81	--	569,372.56	--	40,687,554.02	--	569,372.56	--

Accounts receivable that are significant in amount individually and provided for bad debt individually

Applicable Not Applicable

In portfolio, accruing bad debt provision accounting to aging analysis of accounts receivable:

Applicable Not Applicable

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

Applicable Not Applicable

Currency: RMB Yuan

Name of the portfolio	Book value	Accruing Ratio (%)	Allowance for Bad Debts
Accruing bad debt provision according to the percentage-of-receivables approach	102,255,690.44	0.40%	405,234.19
Total	102,255,690.44	--	405,234.19

In portfolio, accruing bad debt provision accounting to other approaches

Applicable Not Applicable

Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually:

Applicable Not Applicable

Currency: RMB Yuan

Content	Book value	Allowance for Bad Debts	Accruing Ratio (%)	Reasons for Accruing
Revenue from Storage Activity	164,138.37	164,138.37	100.00%	The customer's company was closed down.
Total	164,138.37	164,138.37	--	--

(2) Accounts receivable are due from shareholders holding at least 5% of the Company's shares with voting power in the reporting period

Currency: RMB Yuan

Name of Company	Closing Balance		Opening Balance	
	Book value	Allowance for Bad Debts	Book value	Allowance for Bad Debts
Nanshan Group	807,992.52	0.00	0.00	0.00
Total	807,992.52	0.00	0.00	0.00

(3) Top five enterprises of accounts receivables

Currency: RMB Yuan

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.	Unrelated party	36,633,236.55	Within 1 year	31.97%
Shenzhen Oilfield Engineering Underwater Technology Ltd	Unrelated party	22,963,351.96	Within 1 year	20.04%
CNOOC Limited-Huizhou Operation Company	Unrelated party	6,037,973.44	Within 1 year	5.27%
Newfield China LDC,NCL	Unrelated party	4,143,371.88	Within 1 year	3.62%
China Oilfield Services Limited -oiling	Unrelated party	3,590,796.29	Within 1 year	3.13%
Total	--	73,368,730.12	--	64.03%

(4) Receivables from related parties

Currency: RMB Yuan

Company	Relation with the Group	Amount	Percentage of Total Receivables (%)
CSE	Affiliated Company	366,883.87	0.36%
CPEC	Affiliated Company	528,692.99	0.52%
Nanshan Real Estate	Related Party	31,327.80	0.03%
Nanshan Group	Parent Company	807,992.52	0.79%
Total	--	1,734,897.18	1.70%

2、Other Receivables

(1) Disclosure of other receivables by categories:

Currency: RMB Yuan

Category	Closing balance				Opening balance			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable for which bad debt provision has been assessed by portfolios								
Portfolio1	1,144,990,160.26	100.00%			1,084,317,318.00	99.88%		

Portfolio2	2,453,808.34	0.00%	12,642.00	0.52%	1,264,199.34	0.12%	12,642.00	1.00%
Subtotal of portfolios	1,147,443,968.60	100.00%	12,642.00	0.00%	1,085,581,517.34	100.00%	12,642.00	0.00%
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	1,147,443,968.60	--	12,642.00	--	1,085,581,517.34	--	12,642.00	--
Total	1,144,990,160.26	100.00%			1,084,317,318.00	99.88%		

Other receivables that are significant in amount individually and provided for bad debt individually

Applicable Not Applicable

In portfolio, accruing bad debt provision accounting to aging analysis of accounts receivable:

Applicable Not Applicable

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

Applicable Not Applicable

Currency: RMB Yuan

Name of the portfolio	Book value	Accruing Ratio (%)	Allowance for Bad Debts
Accruing bad debt provision according to the percentage-of-receivables approach	2,453,808.34	0.00%	12,642.00
Total	2,453,808.34	--	12,642.00

In portfolio, accruing bad debt provision accounting to other approaches

Applicable Not Applicable

Other receivables that are not individually significant but for which bad debt provision has been assessed individually:

Applicable Not Applicable

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

Currency: RMB Yuan

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total accounts receivable (%)
Baowan Holding	Subsidiary	1,144,680,942.30	Within 2 years	99.76%
Suzhou Dafang Special Vehicle Ltd.,Co.	Unrelated Party	585,000.00	Within 1 year	0.05%
CNOOC Sales Shenzhen Co., Ltd.	Related Party	288,000.00	Within 2 year	0.03%
CPEC	Unrelated Party	146,888.94	Over 3 years	0.01%
China Oilfield Services Limited	Unrelated Party	115,646.60	Over 3 years	0.01%

Total	--	1,145,816,477.84	--	99.86%
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(3) Receivables from related parties

Related Party	与本公司关系	Amount	Percentage of Total Receivables (%)
CSE	Affiliated Company	22,971.48	0.00%
CPEC	Affiliated Company	146,888.94	0.01%
Baowan Holdings	Subsidiary	1,144,680,942.30	99.76%
Total	--	1,144,850,802.72	99.77%

3、Long-term Equity Investment

Details of long-term equity investments are as follows:

Currency: RMB Yuan

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
CSE	Equity method	79,488,000.00	369,433,367.09	24,957,352.66	394,390,719.75	32.00%	32.00%				
CPEC	Equity method	3,312,000.00	5,715,189.15	-790,492.21	4,924,696.94	20.00%	20.00%				
Zhongkai Finance	Equity method	100,000,000.00	101,105,139.15	1,335,305.69	102,440,444.84	20.00%	20.00%				
Baowan Holdings	Cost method	830,531,987.58	830,531,987.58		830,531,987.58	77.36%	77.36%				
Shenzhen Baowan	Cost method	41,834,700.07	41,273,772.13		41,273,772.13	100.00%	100.00%				
Total	--	1,055,166,687.65	1,348,059,455.10	25,502,166.14	1,373,561,621.24	--	--	--			

4、Operating income and operating costs

(1) Operating income and operating costs

Currency: RMB Yuan

Item	Amount recognised in the current period	Amount recognised in the prior period
Principal operating income	171,989,981.46	157,047,311.82

Other operating income	0.00	0.00
Operating income	171,989,981.46	157,047,311.82
Operating costs	62,571,965.39	56,521,556.16

(2) Operating activities (classified by industries)

Currency: RMB Yuan

Name of industry	Amount recognised in the current period		Amount recognised in the current period	
	Operating income	Operating costs	Operating income	Operating costs
Stack (storage)	58,958,232.94	32,276,698.95	66,903,984.24	31,194,165.34
Loading and unloading	66,318,414.45	17,940,655.21	42,286,604.49	14,525,107.42
Port management	34,144,921.98	7,668,823.62	35,033,521.05	6,446,336.68
Office leasing and others	12,568,412.09	4,685,787.61	12,823,202.04	4,355,946.72
Total	171,989,981.46	62,571,965.39	157,047,311.82	56,521,556.16

(3) Operating activities (classified by products)

单位：元

Name of Product	Amount recognised in the current period		Amount recognised in the current period	
	Operating income	Operating costs	Operating income	Operating income
Stack (storage)	58,958,232.94	32,276,698.95	66,903,984.24	31,194,165.34
Loading and unloading	66,318,414.45	17,940,655.21	42,286,604.49	14,525,107.42
Port management	34,144,921.98	7,668,823.62	35,033,521.05	6,446,336.68
Office leasing and others	12,568,412.09	4,685,787.61	12,823,202.04	4,355,946.72
Total	171,989,981.46	62,571,965.39	157,047,311.82	56,521,556.16

(4) Operating activities (classified by regions)

region	Amount recognised in the current period		Amount recognised in the current period	
	Operating income	Operating costs	Operating income	Operating costs
Southwest China	171,989,981.46	62,571,965.39	157,047,311.82	56,521,556.16
Total	171,989,981.46	62,571,965.39	157,047,311.82	56,521,556.16

(5) Operating income from the Company's top five customers

Currency: RMB Yuan

Customer	Operating income	Proportion to total operating income of the Company (%)
Shenzhen Oilfield Engineering Underwater Technology Ltd	36,425,314.06	21.18%
Shenzhen Weisheng Offshore Oil Technology Co.,Ltd	34,560,087.08	20.09%
CNOOC Limited-Huizhou Operation Company	11,093,660.46	6.45%
Baker Hughes Asia Pacific Ltd.	6,537,150.27	3.80%
Newfield China LDC,NCL	6,147,404.24	3.57%
Total	94,763,616.11	55.09%

5、Investment income

(1)Details of investment income

Currency: RMB Yuan

Item	Amount recognised in the current period	Amount recognised in the prior period
Income from long-term equity investments under equity method	25,502,166.14	24,385,334.51
Others	12,567,232.36	10,540,602.61
Total	38,069,398.50	34,925,937.12

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

Currency: RMB Yuan

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	24,957,352.66	24,182,821.83	Changes of net profits gained by the investee in the current period
CPEC	-790,492.21	202,512.68	Changes of net profits gained by the investee in the current period
Zhongkai Finance	1,335,305.69		
Total	25,502,166.14	24,385,334.51	--

6、Supplementary information to the cash flow statement

(1)Supplementary information to the cash flow statement

Currency: RMB Yuan

Supplementary information	Current Period	Prior Period
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	70,400,468.19	57,643,068.97
Depreciation of fixed assets, depletion of oil & gas assets and productive biologic material depreciation	7,650,713.89	7,420,552.28
Amortisation of intangible assets	8,425,185.06	8,442,805.19
Gains on disposal of fixed assets, intangible assets and other long-term assets('-' for gain)	-135,831.30	-331,734.80
Financial expenses(gains are indicated by "-")	38,539,937.57	50,479,574.23
Losses arising from investments (gains are indicated by "-")	-38,069,398.50	-34,925,937.12
Decrease in inventories (increase is indicated by "-")	24,543.30	11,676.17
Decrease in receivables from operating activities (increase is indicated by "-")	-61,730,299.61	-19,615,993.86
Increase in payables from operating activities (decrease is indicated by "-")	-10,129,367.17	14,069,552.64
Net cash flow from operating activities	14,975,951.43	83,193,563.70
2. Significant investment and financing activities not involving receipts and disbursements:	--	--
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	100,383,972.84	302,470,150.16
Less: Opening balance of cash	59,429,719.52	853,612,179.80
Net increase in cash and cash equivalents	40,954,253.32	-551,142,029.64

XIV. SUPPLEMENTARY INFORMATION

1、Breakdown of non-recurring profit or loss

Currency: RMB Yuan

Item	Amount	Remark
Profit or loss on disposal of non-current assets	129,663.27	
Government grants recognised in profit or loss for 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)	4,060,913.02	

Other non-operating income or expenses other than the above	1,891,244.55	
Tax effects	1,520,455.21	
Effects attributable to minority interests (after tax)	788,511.43	
Total	3,772,854.20	--

2、 Return on equity (ROE) and earnings per share ("EPS")

Currency: RMB Yuan

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	7.81%	0.52	0.52
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	7.56%	0.50	0.50

3、 Abnormal financial statements items ("F/S items") and description of those reasons

Currency: RMB Yuan

	F/S items	Current Period	Opening balance/Prior period	Change by%	Reasons for the changes
1	Cash and bank balances	156,165,466.03	233,332,680.86	-33.07%	Mainly due to purchase of bank financial products.
2	Accounts receivable	114,574,200.62	55,359,989.14	106.96%	Mainly caused by deferred payment due to some contracts of Petroleum Service not signed.
3	Prepayment	967,941.93	552,431.59	75.21%	Mainly due to the prepayment of insurance premium.
4	Interest receivable	0	4,797,363.01	-100.00%	Mainly due to the decrease in the earnings from bank financial products
5	Dividend receivable	0	48,000,000.00	-100.00%	Representing dividends announced by Shenzhen Chiwan Sembawang Engineering Co., Ltd., associate of the Company, distributed from its previous year's profits
6	Construction-in-progress	609,922,868.96	376,118,459.02	62.16%	Mainly caused by new construction in progress started in current period, specifically Nanjing Bawoan , Nantong Baowan , Wuhan Baowan and Guangzhou Baowan Lot A Logistics Park
7	Other non-current asset	165,869,983.05	17,273,362.26	860.26%	Mainly due to some subsidiaries' acquisition of land use rights, leading to decrease in prepayments on lands.

8	Accounts Payable	15,743,430.21	10,629,691.02	48.11%	Mainly due to the increase in the location rental accordingly.
9	Interest payable	53,095,506.20	28,339,479.77	87.36%	Mainly due to the increase in accrued interest
10	Other payables	344,996,639.06	235,814,254.97	46.30%	Mainly due to input of construction in progress of some subsidiaries, leading to increase in payables to construction contractors.
11	Long-term borrowings	265,719,036.25	185,443,647.96	43.29%	Mainly due to the increase in bank loans.
12	Special Reserve	3,434,216.33	2,622,730.81	30.94%	Mainly due to the increase in accrued production safety fee for current period.
13	Non-operating income	5,959,210.52	2,605,878.97	128.68%	Mainly due to the increase in obtaining government grants in current period
14	Cash payments for goods purchased and services received	55,626,917.25	42,129,375.84	32.04%	Mainly are the payments for expenses of previous year.
15	Other cash payments relating to operating activities	17,023,171.27	12,586,112.84	35.25%	Mainly due to the increase in refund of deposits
16	Cash receipts from investment income	48,000,000.00	22,400,000.00	114.29%	Mainly due to the increase in the cash dividend announced by Shenzhen Chiwan Sembawang Engineering Co., Ltd., associate of the Company, distributed from its previous year's profits
17	Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	348,664,062.43	181,051,150.76	92.58%	Mainly due to the increase in the payment for land funds and project funds.
18	Other cash payments relating to investing activities	1,588,990,000.00	2,370,000,000.00	-32.95%	Mainly due to the duration of bank financial products are longer than those of prior period.
19	Cash receipts from borrowings	80,275,388.29	16,874,390.11	375.72%	Mainly due to the increase in bank loans.
20	Cash repayments of borrowings	300,000.00	207,300,000.00	-99.86%	Mainly due to the decrease in repayment for borrowings
21	Other cash payments relating to financing activities	3,481,200.00	1,200,000.00	190.10%	Mainly due to the payment for security cost of corporate bond for Nanshan Group.