



SHENZHEN CHIWAN PETROLEUM SUPPLY BASE CO., LTD.

INTERIM REPORT FOR YEAR 2017

August 2017

PART I Important Notice

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

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

All Directors have attended the Board Meeting to review the Interim Report.

This annual report contains prospective descriptions, which does not constitute substantial commitment to investors. Investors are requested to be aware of the risks attached to their investment decisions.

Impossible risk has been well-described in this report. Please find details of risks and countermeasures of future development described in Section IX, Part IV.

The Company will not distribute cash dividends or bonus shares, neither capitalizing of common reserves for the report period.

This report is prepared both in Chinese and English languages, when ambiguity occurs in the two versions, the Chinese version shall prevail.

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Definition

Terms to be defined	Refers to	Definition
The Company, Chiwan Base	Refers to	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.
Nanshan Group	Refers to	China Nanshan Development (Group) Incorporation
Blogis Holding	Refers to	Blogis Holding Co., Ltd.
Shanghai Baowan	Refers to	Shanghai Baowan International Logistics Co., Ltd.
Guangzhou Baowan	Refers to	Guangzhou Baowan Logistics Co., Ltd.
Kunshan Baowan	Refers to	Kunshan Baowan International Logistics Co., Ltd.
Tianjin Baowan	Refers to	Tianjin Baowan International Logistics Co., Ltd.
Langfang Baowan	Refers to	Langfang Baowan International Logistics Co., Ltd.
Xindu Baowan	Refers to	Chengdu Xindu Baowan International Logistics Co., Ltd.
Longquan Baowan	Refers to	Chengdu Longquan Baowan International Logistics Co., Ltd.
Nanjing Baowan	Refers to	Nanjing Baowan International Logistics Co., Ltd.
Tianjin Bingang Baowan	Refers to	Tianjin Bingang Baowan International Logistics Co., Ltd.
Nantong Baowan	Refers to	Nantong Baowan International Logistics Co., Ltd.
Wuhan Baowan	Refers to	Baowan Logistics (Wuhan) Co., Ltd.
Yangluo Baowan	Refers to	Baowan Logistics (Wuhan) Yangluo Co., Ltd.
Shenzhen Baowan	Refers to	Shenzhen Baowan International Logistics Co., Ltd.
Shanghai Mingjiang	Refers to	Mingjiang (Shanghai) International Logistics Co., Ltd.
Shenyang Baowan	Refers to	Shenyang Baowan International Logistics Co., Ltd.
Tianjin Qingwu Baowan	Refers to	Tianjin Qingwu Baowan International Logistics Co., Ltd.
Feidong Baowan	Refers to	Baowan Logistics Feidong Co., Ltd.
Xi'an Baowan	Refers to	Xi'an Baowan International Logistics Co., Ltd.
Xianyang Baowan	Refers to	Xianyang Baowan International Logistics Co., Ltd.
Blogis (Hongkong)	Refers to	Blogis (Hongkong) Limited
Huitong(H.K.)	Refers to	China Huitong (H.K.) Limited
Nanshan Hong Kong	Refers to	Nanshan Development (Hongkong) Limited
Wuxi Baowan	Refers to	Wuxi Blogis Co. Ltd
Zhenjiang Baowan	Refers to	Zhenjiang Shenjidi Warehouse Co.,Ltd.
Changzhou Baowan	Refers to	Changzhou Baowan Logistics Co., Ltd.
Jiangyin Baowan	Refers to	Jiangyin Baowan International Logistics Co., Ltd.
Qingdao Jiaozhou Baowan	Refers to	Qingdao Jiaozhou Baowan International Logistics Co., Ltd.
Jiaxing Baowan	Refers to	Jiaxing Baowan Logistics Co., Ltd.
Jiangsu Baowan	Refers to	Jiangsu Baowan International Logistics Co., Ltd.
Shaoxing Baowan	Refers to	Shaoxing Baowan Logistics Co., Ltd.
Chongqing Xipeng Baowan	Refers to	Chongqing Xipeng Baowan International Logistics Co., Ltd.
Ezhou Baowan	Refers to	Wuhan Baowan Logistics Ezhou Co., Ltd.
Nantong Xitong Baowan	Refers to	Nantong Xitong Baowan Logistics Co., Ltd.
Jiashan Baowan	Refers to	Jiashan Baowan Logistics Co., Ltd.
Chengdu Oil and Gas Base	Refers to	Chengdu Chiwan International Oil and Gas Base Co., Ltd.
Zhengzhou Baohai	Refers to	Zhengzhou Baohai International Logistics Co., Ltd.
Yuyao Baowan	Refers to	Yuyao Baowan International Logistics Co., Ltd

Beijing Baowan	Refers to	Beijing Konggang Baowan Co., Ltd.
Xiaogan Baowan	Refers to	Xiaogan Baowan Logistics Co., Ltd.
Xinjin Baowan	Refers to	Chengdu Xinjin Baowan International Logistics Co.,Ltd
Sanshui Baowan	Refers to	Foshan Sanshui Baowan Logistics Co., Ltd.
Nanhai Baowan	Refers to	Foshan Nanhai Baowan Logistics Co., Ltd.
Deqing Baowan	Refers to	Deqing Baowan International Logistics Co., Ltd.
Jiaying Supply Chain	Refers to	Blogis Supply Chain Management (Jiaying) Co., Ltd.
Luohuang Baowan	Refers to	Chongqing Luohuang Baowan International Logistics Co., Ltd.
Ningbo Baowan	Refers to	Ningbo Baowan International Logistics Co., Ltd.
Tianjin Haier/Jinnan Project	Refers to	Tianjin Haier Assets Management Ltd.
Dianzhong Baowan	Refers to	Yunnan Dianzhong Baowan Logistics Co., Ltd.
Hubei Baowan/Huazhong Baowan	Refers to	Huazhong Baowan Investment Co., Ltd. (Hubei Baowan Investment Co., Ltd.)
Yuhua Baowan	Refers to	Changsha Yuhua Baowan Logistics Co. Ltd.
Wangcheng Baowan	Refers to	Changsha Wangcheng Baowan Logistics Co., Ltd.
Wenbao Supply Chains	Refers to	Sichuan Wenxuan Baowan Supply Chains Co., Ltd.
Qingshan Baowan	Refers to	Wuhan Qingshan Baowan Logistics Co., Ltd.
Zhangzhou Baowan	Refers to	Zhangzhou Baowan Logistics Co., Ltd.
CSE/Sembawang	Refers to	Shenzhen Chiwan Sembawang Engineering Co., Ltd
CPEC	Refers to	Shenzhen Chiwan Offshore Petroleum Engineering Co., Ltd.
China Development Finance	Refers to	China Development Finance Company Limited

PART II Corporate Information and Accounting Data

I. Company Profile

Stock Abbreviation	Chiwan Base B	Stock Code	200053
Stock Exchange	Shenzhen Stock Exchange		
Company's Name in Chinese	深圳赤湾石油基地股份有限公司		
Company's Short Name in Chinese	深基地 B		
Company's Name in English	Shenzhen Chiwan Petroleum Supply Base Co., Ltd.		
Company's Short Name in English	Chiwan Base		
Legal Representative	Tian Junyan		

II. Contact Person and Method

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

III. Information Disclosure

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

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 2016.

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 2016.

IV. Major Accounting Data and Financial Indicators

Retroactive adjustment

 Yes No

Unit: RMB

	Reporting period (Jan to June, 2017)	Last Period (Jan to June, 2016)	Change (%)
Operating Revenue	356,763,898.79	331,048,288.65	7.77%
Net Profit Attributed to Shareholders of Listed Company	11,067,703.47	20,104,453.49	-44.95%
Net Profit of Non-recurring Gain and Loss Attributed to Shareholders of Listed Company	9,585,398.22	19,162,343.58	-49.98%
Net Cash Flows from Operating Activities	141,157,744.09	151,110,099.80	-6.59%
Basic Earnings per Share (RMB/Share)	0.05	0.09	-44.44%
Diluted Earnings per Share (RMB/Share)	0.05	0.09	-44.44%
Weighted Return on Equity (%)	0.62%	1.14%	-0.52%
	June 30, 2017	December 31, 2016	Change (%)
Total Assets	7,945,275,840.90	7,549,041,526.12	5.25%
Owner's Equity Attributed to Shareholders of Listed Company	1,768,340,263.40	1,756,836,179.91	0.65%

V. Accounting Difference between Chinese General Accepted Accounting Principal (GAAP) and International Financial Reporting Standard (IFRS)**1. Differences of net profit and net assets in financial report pursuant simultaneously to both Chinese accounting standards and international accounting standards.** Applicable Inapplicable**2. Differences of net profit and net assets disclosed in financial report prepared under Offshore and Chinese accounting standards.** Applicable Inapplicable**VI. 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	31,154.25	
Government grants recognized as 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)	417,807.94	
Other non-operating revenue and expenditure excluding the above-mentioned items	1,981,376.85	
Less: Influence on income tax	569,454.29	
Amount affected by minority equity (after tax)	378,579.50	
Total	1,482,305.25	--

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 III Business Summary

I. Main Business of the Company

Whether the company needs to comply with the disclosure requirements of particular industry

No

1. Main Business

- (1) The Company provides oil logistics support services for oil exploration, development and production in the eastern South China Sea and service for science and culture innovation.
- (2) The Company provides services for warehousing, distribution, supply chain management, logistics finance, equipment leasing and e-commerce through developing and constructing logistics parks by controlling subsidiaries.
- (3) The Company provides offshore engineering services for structure design, fabrication and maintenance by associated companies.

2. Characteristics of Industry Development

(1) Offshore Oil Logistics Business

After the fully operation of CNOOC Huizhou Base, it has occupied the majority share of offshore oil logistics market operated by CNOOC. Influenced by continuous downturn of oil price and fall of oil developing and production, Chiwan Base faces great pressure both from operation and operation mode transition. But meanwhile, with the acceleration of construction of the National Free Trade Zones, driven by national strategy of "The Belt and Road" strategy, and the concept of "Mass entrepreneurship and innovation" continuous deepening, Chiwan Base is rising to a new opportunity for development. Positioned as new industrial park of "Technological and Cultural Innovation", business operation of Chiwan Park will resume growth in the near future after transition of new industrial park.

Chengdu Oil Base is still facing challenging by downturn of oil price and marketing. However, it is also facing new development opportunity benefited by state policies of new energy industry and environmental protection.

(2) Warehousing Logistics Services

In the past over ten years, warehousing logistics services developed from nothing rapidly with the overall domestic economic growth and upgrade of consumption level, as well as the rapid development and promotion of e-commerce. However, overall the supply of modern logistics facilities is still lagging behind the growing demand. At present, although warehousing logistics industry still stabilized for the better development, competition is also intensifying. Warehousing logistics industry has become the hot spot investment field for real estate industry, E-commerce industry and other logistics industry. The representatives as Prologis, Goodman, Alibaba and Vanke have accelerated their layout. Till now, Blogis still takes the leading position in domestic market.

II. Major Changes for Main Assets

1. Major Changes for Main Assets

Major assets	Explanation on Significant Changes
Fixed Assets	Increase of 19.84% from the open date to end date, mainly due to stabilization of construction in progress of Beijing Baowan, Zhenjiang Baowan and Jiaxin Phrase I
Construction in Progress	Decrease of 29.37% from the open date to end date, mainly due to stabilization of construction in progress of Beijing Baowan, Zhenjiang Baowan and Jiaxin Phrase I

2. Major Overseas Assets

Applicable Inapplicable

III. Analysis of Core Competitiveness

1. Petroleum logistics and industrial park business

Chiwan Base has more than 30 years of experience in petroleum logistics services, possessed with good wharfs, warehouses and other infrastructures. In 2015, Chiwan Base park was included in Qianhai Shekou district of Guangdong Free Trade Experimental Zone, which has completed comprehensive planning in July, 2017. With the acceleration of construction of free trade zone, promoted of national "One Belt One Road" strategy, and the continuous deepening of the national "mass innovation and multitude entrepreneurship", operation of new industrial park ushered in a new development opportunity. Chiwan Base has started cooperation of scientific and technological innovation, cultural creativity, new media, intelligent manufacturing and other fields. At present, new industrial layout is shaping initially. In the near future, business performance will resume growth if transformation is successfully.

2. BLOGIS business

As a domestic well-known developer and operator of logistics parks, the logistics park scale of BLOGIS ranks among the best at home. The operation scale in the next 3-5 years will continue to achieve rapid growth according to the company's strategic layout, and the network advantages in national economic hot spot regions will continue to increase. The Company has accumulated rich experience in site selection, development and construction, operation and management of logistics parks etc. BLOGIS takes the lead in logistics storage markets such as project development, price benchmarks, customer resources, service standards, brand reputation, profitability and other aspects.

For business model, in addition to the investment in development and construction of standard and professional warehousing facilities to provide warehousing services for customers, the Company also provided the integrated comprehensive value-added logistics services including warehousing loading and unloading, equipment leasing, circulation processing, e-commerce warehousing and distribution management, and supplier inventory management for settled enterprises, strived to build an advanced supply chain integrated management platform, and attracted a large number of domestic and overseas well-known manufacturers, retailers, logistics providers, third-party logistics and e-commerce enterprises by efficient, qualified and safe services.

For management model, as a domestic well-known developer and operator of logistics parks, BLOGIS has professional and talent teams for development and management of modern logistics parks, and has basically formed scientific standardized procedures in project site selection, risk assessment, planning and design, engineering construction, and property management and supply chain business services in operation.

PART IV Business Discussion and Analysis

I. General

The Company achieved operating revenue of RMB 356.76 million, an increase of 7.77%, and net profit attributed to the listed shareholders was RMB 11.07 million, a decrease of 44.95% in the first half of 2017 respectively. The main reasons for differences are as follows:

Income growth mainly stemmed from 5 newly-built logistics parks putting into operation, as well as rising rental price and occupancy rate by some of mature-operating logistics parks.

Decrease of net profit includes the following reasons:

- Increase of operation costs for new-built logistics parks operation: Assets depreciation and property tax payment from newly-operation logistics parks resulted in a sharp increase accordingly.
- Increase of developing and constructing costs for newly-built and constructing projects: amortization of newly-developing parks as obtaining land certificate, and an increase of initial start-up expenses as growing numbers of newly-developing parks
- Increase of financial expenses: with the intensifying development of construction on newly Blogis projects, capital demand and debt financing rose sharply, resulting in interest expenses increased accordingly.
- Adjustment for deferred income tax: due to adjustment of accounting methods, the parent company did not recognize deferred income tax assets in the reporting period, which resulted in an increase of income tax expenses accordingly.

Offshore Oil Logistics Business

Under the continuing recession environment of petroleum industry, accompanying severe challenge from offshore oil industry and operation of CNOOC Huizhou Base, offshore oil logistics business for the Company still faced great pressure both in operation and transition of new operation mode. Meanwhile, the Company promoted transformation and upgrading to new industrial park operations aiming as science and technology innovation, cultural creativity industry, which is still in the incubation period

Operating revenue of offshore oil logistics business was RMB 70.87 million, an increase of 2.94%, and net profit was RMB 23.27 million, an increase of 78.98% in the first half of 2017 respectively. Reasons for the changes mainly stemmed from decline of operation costs caused by decreasing yard renting and equipment leasing and no income tax accrued.

Blogis Business

Operating revenue of Blogis was RMB 278.28 million, increasing by 9.54% and net profit was RMB 41.69 million, decreasing by 13.35% compared with same period last year respectively. Decrease in net profit mainly because of the costs increasing from asset depreciation and property tax payment accrued as a number of new-built parks putting into operation in succession, and land amortization accrued as land acquisition confirmed in reporting period..

Main Operating Index of Blogis

Unit: RMB'0000

Parks	Revenue	Net Profit	Occupancy Rate (%)	Revenue Growth (%)	Net Profit Growth (%)
Shanghai Baowan	4,835	2,523	100.0	2.54	5.58
Shanghai Mingjiang	2,775	1,314	100.0	0.07	4.69
Kunshan Baowan	3,140	1,378	100.0	13.60	19.31
Langfang Baowan	1,524	612	98.0	14.38	56.74
Tianjin Baowan	1,742	363	59.6	-40.05	-70.43
Xindu Baowan	1,269	557	95.3	-6.24	-6.65
Longquan Baowan	3,435	1,069	98.1	8.89	13.77
Guangzhou Baowan	2,723	988	97.0	3.14	1.96
Shenzhen Baowan	1,059	63	79.2	-1.04	3.81
Nanjing Baowan	1,790	710	97.0	12.27	27.29
Nantong Baowan	873	285	100.0	33.93	141.27
Wuhan Baowan	1,868	620	97.0	22.41	27.53
Wuxi Baowan	319	-328	30.1	N/A	N/A
Zhenjiang Baowan	229	-312	23.0	N/A	N/A
Jinnan Baowan	843	416	90.7	N/A	N/A
Beijing Baowan	351	178	98.0	N/A	N/A
Jiaxing Baowan	111	-31	49.0	N/A	N/A

Note:

- The net profit of above-mentioned subsidiaries excludes interest expenses influence.
- Occupancy rate refers to semi-annual cumulative average rate annually.
- Wuxi Baowan has put into operation since October, 2016 and parts of Zhenjiang since December, 2016. Jinnan Baowan has been combined into consolidated financial statements on Oct 31, 2016. Jiaxing Baowan has put into operation since April, 2017. Beijing Baowan has put into operation since May, 2017.
- Shenzhen Baowan is not combined into consolidated financial statements for Blogis.

Note to relevant data change year-on-year

(1) Growth of Nantong Baowan revenue and net profit was mainly due to increase of warehouse rental occupancy and average price; on the other hand, the administrative expenses fell by 53% due to regional innovation management system.

(2) Growth of revenue and net profit of Langfang Baowan was mainly due to increasing warehouse occupancy rate; on the other hand, both sales and management expenses have declined correspondingly.

(3) Decrease of net profit of Tianjin Baowan was mainly due to warehouse withdrawal of significant customers and decrease of rental warehouse occupancy.

(4) Decrease of revenue and net profit of Xindu Baowan was mainly due to decreasing rental price as clients' renewal and warehouse occupancy rate.

Project Development for Blogis in the first half of 2017

In reporting period, the Company has successfully signed investment agreement with local governments including not limited to Zhangzhou, Hefei Xinzhan, etc., covering land area of 1,037 Mu and transfer contracts of state owned lands including not limited to Wangcheng, Zhejiang Deqing, etc., covering land area of 373 Mu.

Market Competition Pattern for Blogis in 2017

According to the report from China federation of logistics and purchasing, Prosperity index for China Logistics Industry was 55.8% in June of 2017, reflecting that the logistics industry is in the period of economic expansion. Meanwhile, China Warehousing index in June of 2017 was reported as 52.7%, which in the expansion zone for 16 consecutive months and rebounded last month. From the economic data in the first half of 2017, with the overall economic growth and enhanced consumption level, overall storage industry environment would be better in 2017, and good trend will continue for the overall stability of the logistics industry.

Although storage demand is strong, competition is becoming more severely. With the international tycoon Prologis, as well as newly-entrant representative Cainiao accelerated their layout of logistics parks, high occupancy rate of high-end storage accompany sustainable rising rental price is coming back to stability in recently years. It is expected to face pressure of rental price stagflation and rental rates decline for high-end storage in some areas in next 1-3 years. And market competition would become more partly intensive because of supply surge such as Tianjin, Chengdu Area, Suzhou Area, etc.

Offshore Engineering and others

CSE: The Company holds 32% stake. CSE contributed an investment income of RMB 9.78 million to the Company, decreased by 10.52% compared with the same period of last year.

CPEC: The Company holds 20% stake. The investment income from CPEC was RMB -0.36 million in reporting period.

China Development Finance Limited: The Company holds 20% stake. It contributed investment income of RMB 7.6 million to the Company, with an increase of 90% compared with same period of last year with business increase.

Project Construction Development

(1) Jiaying Baowan: Construction of Phase I has completed and put into use in April, 2017. Construction of four warehouses for Phase II, expected to be completed at the end of 2017.

(2) Beijing Baowan: Remoulding of four warehouses has completed and put into use in May, 2017.

(3) Tianjin Bingang Baowan: Construction of two warehouses for Phase I, expected to be completed in December, 2017.

(4) Qingdao Jiaozhou Baowan: The construction of eight warehouses and one multiple-used building, expected to be completed in October, 2017.

(5) Chengdu Oil and Gas Base: The construction of Phase I has completed in the first half of 2017. The construction of three workshops, one building and one dormitory building for Phase II, expected to be completed in March, 2018.

(6) Xi'an Xianyang Baowan: Construction of seven warehouses and one multiple-used building, expected to be completed in January, 2018.

(7) Hefei Feidong Baowan: Construction of three warehouses and one multiple-used building for Phase I, expected to be completed at the end of 2017.

(8) E'zhou Gedian Baowan: Construction of six warehouses, expected to be completed in October, 2017.

(9) Jiangyin Baowan: Construction of five warehouses and one multiple-used building, expected to be completed in June, 2018.

(10) Shaoxing Baowan: Construction of six warehouses and one multiple-used building, expected to be completed in June, 2018.

(11) Xitong Baowan: Construction of six warehouses and one multiple-used building, expected to be completed in June, 2018.

(12) Jiashan Baowan: Construction of eight warehouses and one multiple-used building is at preparatory period.

(13) Xipeng Baowan: Construction of night warehouses and one multiple-used building is at preparatory period.

(14) Luohuang Baowan: Construction of six warehouses and one multiple-used building is at preparatory period.

II. Main Business Analysis

Refer to relevant contents of "1.General" in "Business Discussion and Analysis".

Changes of Major Financial Data

Unit: RMB

	Reporting period (Jan to June, 2017)	Last Period (Jan to June, 2016)	Percentage Change (%)	Notes
Operating Revenue	356,763,898.79	331,048,288.65	7.77%	
Operating Cost	156,076,406.18	143,269,502.63	8.94%	
Selling Expenses	252,176.88	917,022.63	-72.50%	Mainly due to decrease of agent fees
Administrative Expenses	58,031,246.43	55,345,349.17	4.85%	
Financial Expenses	90,232,036.89	86,362,478.62	4.48%	
Income Tax Expense	18,517,694.33	12,085,315.99	53.22%	Mainly due to deferred income tax accrued last period, but not accrued this period
Net Cash Flows from Operating Activities	141,157,744.09	151,110,099.80	-6.59%	
Net Cash Flows from Investing Activities	-422,635,849.48	-541,664,948.09	-21.97%	
Net Cash Flows from Financing Activities	248,783,949.89	717,032,189.77	-65.30%	Mainly resulted from receipt of additional registered capital from China Nanshan

				Development (Group) Incorporation happened last period
Net Increase in Cash and Cash Equivalents	-32,695,966.25	326,477,341.48	-110.01%	

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

Main Business Composition

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	289,345,166.86	113,105,821.87	60.91%	6.33%	11.52%	-1.82%
Loading and Unloading Services	14,087,163.68	12,094,765.15	14.14%	-11.85%	-30.00%	22.26%
Harbor Management	8,903,653.25	2,464,198.80	72.32%	32.63%	-13.37%	14.70%
Office Leasing & other	44,240,097.94	28,411,620.36	35.78%	22.30%	30.76%	-4.16%
By Regions						
South China	108,701,104.98	57,463,672.92	47.14%	2.60%	-6.79%	5.32%
East China	137,561,426.82	48,774,706.48	64.54%	12.38%	28.10%	-4.35%
North China	44,593,301.26	18,343,207.67	58.87%	5.22%	37.34%	-9.62%
Southwest China	47,037,563.50	23,936,890.32	49.11%	4.53%	4.21%	0.16%
Central China	18,682,685.17	7,557,928.79	59.55%	22.42%	4.68%	6.86%

III. Non-core Business Analysis

√ Applicable □ Inapplicable

Unit: RMB

	Amount	Proportion of Gross Profit	Explanation	Sustainable (yes or no)
Investment Income	17,027,845.39	43.69%	Investment income from associated companies	No
impairment of assets	-6,719.89	-0.02%		No
Non-operating income	2,769,634.48	7.11%	government grants, tax relief, disposal of fixed assets, liquidated damages and fines	No
Non-operating	339,295.44	0.87%	disposal of fixed assets,	No

expenditure			compensation, confiscation of expenditure	
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IV. Analysis on Assets and Liabilities

1. Significant Changes in Assets

Unit: RMB

	June 30, 2017		June 30, 2016		Change (%)	Note
	Amount	Ratio in Total Assets (%)	Amount	Ratio in Total Assets (%)		
Cash and Cash Equivalents	491,913,131.33	6.19%	524,609,097.58	6.95%	-0.76%	
Accounts Receivable	71,101,110.24	0.89%	43,862,804.61	0.58%	0.31%	
Inventories	781,212.98	0.01%	961,855.72	0.01%	0.00%	
Investment Real Estate	1,757,704,348.02	22.12%	1,606,049,338.07	21.27%	0.85%	mainly due to stabilization of construction in progress of Beijing Baowan, Zhenjiang Baowan and Jiabin Phase I
Long-term Investment Stocks	621,222,760.45	7.82%	602,194,915.06	7.98%	-0.16%	
Fixed Assets	1,051,111,408.39	13.23%	877,096,096.64	11.62%	1.61%	mainly due to stabilization of construction in progress of Beijing Baowan, Zhenjiang Baowan and Jiabin Phase I
Construction-in-progress	425,117,867.25	5.35%	601,906,964.62	7.97%	-2.62%	mainly due to stabilization of construction in progress of Beijing Baowan, Zhenjiang Baowan and Jiabin Phase I
Short-term Borrowings	1,574,000,000.00	19.81%	850,000,000.00	11.26%	8.55%	Mainly due to the increase of short-term debt financing demand with the intensifying development of construction on newly Blogis projects,
Long-term Borrowings	1,165,227,475.45	14.67%	1,186,288,100.45	15.71%	-1.04%	

2. Assets and Liabilities Measured at Fair Value

Applicable Inapplicable

3. Asset Rights Restrictions at the End of the Reporting Period

Applicable Inapplicable

V. Investment

1. General

Applicable Inapplicable

Investment in Reporting Period (RMB)	Investment for Last Period (RMB)	Changes (%)
62,150,000.00	1,813,171,415.43	-97.00%

2. Significant Equity Investment in the Report Period

√ Applicable □ Inapplicable

Unit: RMB

Company	Main Business	Investment Mode	Amount (RMB)	Equity Ratio	Fund Resource	Partner	Term of Investment	Product	Progress	Estimated Profit	Profit in the Report Period	Law suit	Disclosure Date	Disclosure Index
Huazhong Baowan	Investment	Newly Set	30,100,000.00	100.00%	Self-raised	N/A	Open-ended	Investment and Warehouse, Loading & Unloading Services	Preparatory Period		11,459.00	N/A	2016.06.07	website of http://www.cninfo.com.cn
Qingshan Baowan	Warehousing logistics	Newly Set	30,050,000.00	100.00%	Self-raised	N/A	Open-ended	Warehouse, Loading & Unloading Services	Preparatory Period		14,279.00	N/A	2016.06.07	
Wenbao Supply Chain	Warehousing logistics/investment	Newly Set	2,000,000.00	40.00%	Self-raised	Wenchuan Open-ended Logistics, Chengdu Longchuang	Open-ended	Supply chain management and consulting service	Preparatory Period			N/A	2017.05.04	
Total	--	--	62,150,000.00	--	--	--	--	--	--	0.00	25,738.00	--	--	--

Note: The Company holds above-mentioned companies through Blogis Holding.

3. Significant Non-equity Investment in the Report Period

□ Applicable √ Inapplicable

4. Financial Assets Investment**(1) Securities Investment**

□ Applicable √ Inapplicable

(2) Derivatives Investment

□ Applicable √ Inapplicable

VI. Sales of Major Assets and Equity**1. Sales of Major Assets**

□ Applicable √ Inapplicable

2. Sales of Major Equity

□ Applicable √ Inapplicable

VII. Analysis of Main Subsidiaries and Investment Companies

√ Applicable □ Inapplicable

Major subsidiaries and associated companies affecting more than 10% of the Company's net profit

Unit: RMB

Company Name	Type	Main Product or Service	Industry Classification	Registered Capital	Total Asset	Net Assets	Operating Revenue	Operating Profit	Net Profit
Shanghai	Subsidiary	Warehouse, loading and unloading services	Services	160,000,000.00	261,506,856.92	230,884,754.85	48,352,879.86	33,628,568.99	25,229,791.88
Guanzhou	Subsidiary	Warehouse, loading and unloading services	Services	150,000,000.00	407,742,531.17	157,945,611.93	27,230,643.67	8,529,439.27	6,557,241.48
Kunshan	Subsidiary	Warehouse, loading and unloading services	Services	120,000,000.00	209,777,194.29	144,157,483.66	31,403,886.29	16,956,859.25	12,785,647.39
Langfang	Subsidiary	Warehouse, loading and unloading services	Services	90,000,000.00	192,024,687.09	96,185,684.84	15,242,343.05	5,710,067.89	4,735,078.87
Xindu	Subsidiary	Warehouse, loading and unloading services	Services	60,000,000.00	126,908,718.55	65,074,090.72	12,687,985.95	5,227,742.64	4,412,784.61
Longquan	Subsidiary	Warehouse, loading and unloading services	Services	100,000,000.00	322,458,276.49	109,446,562.17	34,349,577.55	7,980,774.61	6,712,335.89
Nanjing	Subsidiary	Warehouse, loading and unloading services	Services	130,000,000.00	244,655,307.00	135,746,217.41	17,897,424.88	7,139,658.17	5,587,798.12
Mingjiang Logistics	Subsidiary	Warehouse, loading and unloading	Services	120,000,000.00	302,761,629.50	137,860,975.62	27,750,725.66	14,641,114.01	10,939,967.04

		services							
Wuhan	Subsidiary	Warehouse, loading and unloading services	Services	100,000,000.00	343,382,493.33	92,530,646.52	18,683,539.87	3,394,468.26	3,137,298.07
Nantong	Subsidiary	Warehouse, loading and unloading services	Services	200,000,000.00	216,797,505.61	203,213,655.49	8,734,024.80	3,699,513.58	2,847,407.87
Tianjin Haier	Subsidiary	Warehouse, loading and unloading services	Services	35,000,000.00	139,945,488.72	38,604,070.70	8,425,318.32	2,951,034.87	2,999,107.22
Blogis Holding	Subsidiary	Investment	Services	2,500,000,000.00	6,132,753,751.81	3,763,118,153.27	405,070,204.25	-4,411,852.79	-3,305,607.83
Wuxi	Subsidiary	Warehouse, loading and unloading services	Services	407,840,142.00	411,590,943.28	393,486,386.29	3,189,643.11	-4,367,715.41	-3,275,786.55
Jiashan	Subsidiary	Warehouse, loading and unloading services	Services	30,000,000.00	136,570,662.68	26,409,782.31		-2,602,701.37	-1,952,026.03
Zhenjiang	Subsidiary	Warehouse, loading and unloading services	Services	332,877,909.19	354,810,191.30	325,446,344.95	2,294,320.66	-4,163,237.09	-3,122,427.81
Xi'peng	Subsidiary	Warehouse, loading and unloading services	Services	100,000,000.00	123,471,344.27	97,691,593.03		-2,649,251.82	-2,092,942.05
Baowan Hongkong	Subsidiary	Investment	Services	247,672.00	311,249,894.03	-55,948,656.80		-8,752,493.04	-8,752,493.04
Huitong Hongkong	Subsidiary	Investment	Services	810.70	1,008,098,346.59	-57,357,249.30		-9,315,762.81	-9,315,762.81
CSE	Associated	Manufacturing steel products for offshore engineering, etc.	Manufacturing	253,386,000.00	1,660,598,701.66	1,520,367,436.57	405,070,204.25	30,455,356.73	30,573,456.73
Zhongkai Financing	Associated	Financial business	Finance	500,000,000.00	4,361,172,964.44	641,312,156.05	52,563,411.37	50,421,832.75	38,001,490.13

Acquisition and Disposal of Subsidiaries in the Report Period

Applicable Inapplicable

Name	Method of Acquisition and Disposal of Subsidiaries	Impact on Operation
Huazhong Baowan	Newly Set	At preparatory period
Qingshan Baowan	Newly Set	At preparatory period

Explanation of Main Subsidiaries and Joint-ventured Companies: N/A

VIII. Structured Bodies Controlled by the Company

Applicable Inapplicable

IX. Prediction of Business Performance from January to September in 2017

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

X. Risks and Measures for Future Development

For oil logistics and industrial park business, the Company continues to provide high-quality logistics services for traditional oil and oil service companies, but also to actively introduce new industries and develop new projects to improve terminal operation rate. Meanwhile, the Company also would accelerate its transition to new operation mode to be a science and technology innovation and cultural creative park.

Chiwan Base has started cooperation of scientific and technological innovation, cultural creativity, new media, intelligent manufacturing and other fields. At present, new industrial layout is shaping initially. In the future after transformation successfully, business performance will resume growth. Chiwan Park would be benefited by promoted policy such as National Free Trade Zones in Qianhai, Guangdong, Mass entrepreneurship and innovation, etc. to speed up transformation to new mode operation. Meanwhile, positioned as international energy innovation and cooperation industry parks, Chengdu oil base would build and offer bi-innovation and producing service to become a most influential international energy innovation and cooperation park in the Western area.

Speeding up land acquisition is main foundation to the Company's and Blogis long-term development. However, under the background of joining of other developing agents and expanding domestic demand for lands, competition for lands will be intensified.

The expansion of business scale along with larger capital requirement could lead to higher asset-liability ratio and debt costs. The coexistence of slowdown in China's economic growth and inflation pressures, combined with the rising cost of elements such as domestic land, labor, construction materials, and fuel would greatly effect on the company profitability.

There is a need for highly-quality talent and competitive salaries and welfares system to realize the strategic targets on the path of company's rapid growing. Combined with the development of internet and financial industry and logistics, the transform of development cooperation of cross-border joint, competition and business mode may likely change the profit mode of logistics industry.

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

To strengthen immediate study of macro economy, policy trend and industrial development; continue to strengthen centralized management of funds, improve efficiency of funds and reduce financial cost; At the same time actively study and explore diverse financing way; to strengthen the research of extended business, management and incentive mechanism construction; continue to improve leading service management standardization system of the industry; on the basis of guarantee of project quality, to strongly promote progress plan, optimize engineering management cost and explore new mode of project management; to further strengthen the construction and cultivation of talents, establish a training system of capacity improvement.

PART V Significant Events

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

1. Particular about Shareholders' Meeting in the Report Period

Sessions	Type	Proportion of Investors' Participation	Convening Date	Disclosure Date	Disclosure Index
First Extraordinary Shareholders' General Meeting in 2017	Special Shareholders' General Meeting	71.69%	2017.04.18	2017.07.19	Announcement No. 2017-17
Annual General Meeting for Year 2016	Annual	72.08%	2017.06.26	2017.06.27	Announcement No. 2017-39

2. Special Shareholders' General Meeting Applied by the Preferred Stockholder with Restitution of Voting Right

Applicable Inapplicable

II. Pre-plan for Dividend Distribution and Turning Capital Reserve to Share Capital in the Report Period.

Applicable Inapplicable

The Company has no plan to distribute cash dividend to the whole shareholders, nor turn capital reserve to share capital.

III. Implementation of commitments

1. The commitments of the Company, its shareholders, actual controller, directors, supervisors, senior management and other related parties fulfilled in the report period or ongoing at period-end.

Applicable Inapplicable

Commitments	Promisee	Type	Content	Beginning	Time Limit	Status
Other Commitments	Nanshan Group	Other Commitment	to land use	1997-7-18	25 Years	On duty
	Nanshan Group	Other Commitment	to resolve payment difficulties in opening the Finance Limited	2014-1-06	3 Yeas	Fulfilled
	The Company	Other Commitment	to provide regular monthly financial reports to the controlling shareholder	2007-10-25	Long term effective	On duty
	The Company	Commitment for Raised Funds	About the issue of "medium-term notes for 2012" Commitment	2012-3-7	5 Years	Fulfilled
	The Company	Other Commitment	About the issue of "12 base debt" commitment	2013-01-09	7 Years	On duty
Fulfilling commitments timely	Yes					

IV. Engagement/ Disengagement of Certified Public Accountants

Applicable Inapplicable

This interim report is not audited.

V. Notes of the Board of Directors, and the Board of Supervisors on the Unqualified Auditor’s Report for reporting period Issued by CPAs.

Applicable Inapplicable

VI. Notes of the Board of Directors the Unqualified Auditor’s Report for Latest Annual Report Issued by CPAs.

Applicable Inapplicable

VII. Bankruptcy and Recombination

Applicable Inapplicable

VIII. Significant Lawsuits and Arbitration Affairs

Applicable Inapplicable

In the report period, there are no significant lawsuit or arbitration affairs.

Other lawsuit

Basic Information	Involved Amount ('0000)	Whether forming estimated liabilities	Progress	Result and influence	Arbitration Execution	Disclosure Date
Ming Jiang Baowan’s construction contract disputation appealed by China Building and Technology Group LTD.	4,349.66	N/A	Closed	Withdrawal by Plaintiff	-	-
Ming Jiang Baowan’s construction contract disputation appealed by China Building and Technology Group LTD.	2,710.05	N/A	First Trial	In the trial		
Construction disputation of Chixiao Engineering construction Ltd., and the Company appealed by Shenzhen Lingnan Building and Engineering Ltd	143.98	N/A	Closed	Chixiao needs to pay Lingnan amounted to RMB 913,982.77	Paid up	-

IX. Punishment and Rectification

Applicable Inapplicable

X. Honesty Condition of the Company and the Controlling Shareholders and Actual Controller

Applicable Inapplicable

XI. Execution of the Equity Incentive Plan, Employee Stock Ownership Plan or Other Incentive Measures for Employees of the Company.

Applicable Inapplicable

XII. Significant Related Transactions

1. Related transactions Involving Daily Operation

Transaction Party	Relationship	Type of Related Transaction	Contents	Pricing Principle	Price (Unit: '0000)	Amount (Unit: '0000)	Ratio of Same Type of Transaction (%)	Approved Transaction Amount (Unit: '0000)	Whether Exceeded the Approved Amount	Settlement	Market Price (Unit: RMB '0000)	Disclosure Date	Disclosure Index
Nanshan Group	Parent Company	Providing Services	Renting Office and Maintenance Services	Market Price	616	616	40.22%	1,189	No	Bank Settlement	616	2017.04.20	Securities Times, Hong Kong Commercial Daily, www.cninfo.com.cn
Nanshan Group	Parent Company	Receiving Services	Renting Land and Building, Receiving Power Supply	Market Price	250	250	14.84%	524	No	Bank Settlement	250	2017.04.20	Securities Times, Hong Kong Commercial Daily, www.cninfo.com.cn
Total				--	--	866	--	1,713		--	--	--	--
Large Amount Return of Goods				N/A									
Where the Company classifies and estimates the total amount of routine related transactions for the report period, explain the actual implementation during the report period.				The Fifth Session of the Seventh Board of Directors approved the amount of RMB 17.13 million of routine related transactions with Nanshan Group for Year 2017. The actual amount of routine related transactions for first half Year in 2017 is RMB 8.66 million, in which the amount of providing services is RMB 6.16 million and receiving services is RMB 2.50 million.									
Explain why the transaction price is greatly different from the market price				Inapplicable									

2. Related Transactions of Assets Acquisition and Sales

Applicable Inapplicable

3. Important Related Transactions of Joint Investment

Applicable Inapplicable

4. Connected Claims and Liabilities

Applicable Inapplicable

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

Yes No

5. Other Important Related Transaction

(1) Related Transaction of Borrowing Loans from Nanshan Group

The 12th Tele-communication Meeting of 8th Board of Directors and First Extraordinary General Meeting of Shareholders in 2017 have approved the Company to borrow loans from Nanshan Group under the limit of RMB 1 billion with benchmark lending rate of financial institutions and under the borrowing term of 5 year. The estimated interest expense is RMB 249.38 million.

Disclosure of Important Connected Transaction

Announcement	Disclosure Date	Disclosure Website
Related Transaction of Borrowing RMB 1 billion from Nanshan Group	2017.3.29	www.cninfo.com.cn

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

Applicable Inapplicable

XIV. Important Contracts and Implementation

1. Custodian, Contracting and Lease

(1) Custodian

Applicable Inapplicable

Entrusted Operation of Hefei Logistics Park

Approved by the sixteenth tele-communication of 6th Board of Directors, Baowan holding was entrusted to operate Hefei logistics park until December 31, 2014. The entrusted management term will automatically extend for 1 year if both parties agree. Hefei Logistics Park has paid management fees for Y2016 with amount of RMB 0.466 million in reporting period.

(2) Contracting

Applicable Inapplicable

(3) Lease

Applicable Inapplicable

2. Significant Guarantee

Applicable Inapplicable

(1) 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 2016.01.13	8,565.4	2014.04.18	8,456.95	Irrevocable	15Years	during execution	N
Nanjing Baowan	2013.07.05 2016.01.13	6,499.6	2014.05.28	6,359.84	Irrevocable	15Years	during execution	N
Wuhan Baowan	2014.04.24 2017.03.29	5,510	2014.11.03	5,509.42	Irrevocable	15 Years	during execution	N
Blogis Holdings	2016.01.13	60,000	2016.03.29 2017.01.24	20,000	Irrevocable	2 Years	during execution	N
Blogis Holdings	2016.08.31	60,000	2017.01.24	17,360	Irrevocable	2 Years	during execution	N
Blogis Holdings	2017.03.29	70,000.00			Irrevocable	3 Years	during execution	N
Huitong Hongkong	2017.06.03	13,722.40			Irrevocable	3 Years	during execution	N
Total guarantee quota to the subsidiaries approved in the reporting period (B1)		83,722.40		Total amount of guarantee to the subsidiaries actually incurred in the reporting period (B2)		61,888		
Total guarantee quota to the subsidiaries approved at the end of the reporting period (B3)		224,297.40		Total balance of actual guarantee to the subsidiaries at the end of the reporting period (B4)		97,229.78		
Guarantees Between Subsidiaries								
Names of Guarantees	Disclosure Date	Guarantee Amount	Date of Occurrence (date of agreement execution)	Actual Amount of	Type	Period	Implementation Status	Guarantee to Related Party?

			Guarantee		(Y/N)
Total guarantee quota to the subsidiaries approved in the reporting period (C1)			Total amount of guarantee to the subsidiaries actually incurred in the reporting period (C2)		
Total guarantee quota to the subsidiaries approved at the end of the reporting period (C3)			Total balance of actual guarantee to the subsidiaries at the end of the reporting period (C4)		
The Company's total guarantee					
Total guarantee quota approved in the reporting period (A1+B1+C1)		83,722.40	Total amount of guarantee actually incurred in the reporting period (A2+B2+C2)		61,888
Total guarantee quota already approved at the end of the reporting period (A3+B3+C3)		224,297.40	Total balance of the actual guarantee at the end of the reporting period (A4+B4+C4)		97,229.78
Actual total guarantee (A4+ B4)/ Net Assets of the Company					54.98%
In which:					
Guarantee quota for shareholders, actual controller and related parties (D)					0
Guarantee quota directly and indirectly for companies with asset-liability ratio over 70% (E)					0
Guarantee quota exceeding 50% of net assets (F)					8,812.77
Total amount of D+E+F					8,812.77

Notes: Approved by Board of Directors and Shareholders' Meeting, guarantee amount to Wuhan Baowan has adjusted from RMB 193.4 million to RMB 55.10 million.

Notes to Guarantee in Complex Method: Inapplicable

(2) Illegal Guarantee

Applicable Inapplicable

3. Other Significant Contracts

Applicable Inapplicable

XIII. Social Responsibility

Applicable Inapplicable

XVI. Other Significant Events

Applicable Inapplicable

1. To Invest in Zhangzhou Baowan logistics park project

Approved by 11th Telecommunication meeting of 8th of the Board, Blogis intends to invest and construct logistics park in Taiwan Businessman's Investment Area, Zhangzhou City, covering an area of 196 Mu with the initial investment of RMB 434 million. To operate and manage the project, Blogis has registered a new company with the name of Zhangzhou Baowan International Logistics Co., Ltd and registration capital of RMB 100 million. BLOGIS Holdings Limited invests with self-raised funds, accounting for 100% stake.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and

<http://www.cninfo.com.cn> on January 25, 2017 and June 30, 2017.

2. To Set up Jiaomei Baowan logistics Co. Ltd.

Approved by 11th Telecommunication meeting of 8th of the Board, Zhangzhou Baowan intends to set up Jiaomei Baowan logistics Co. Ltd. in Zhangzhou City with registration capital of RMB 10 million. BLOGIS Holdings Limited invests with self-raised funds, accounting for 100% stake.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on January 25, 2017.

3. To Purchase 100% stake of Jiangsu Jinwanxin Industrial Company and proceed with the follow-up investment

The 11th Telecommunication meeting of 8th of the Board approved Kunshan Baowan to purchase 100% stake of Jiangsu Jinwanxin Industrial Company and proceed with the follow-up investment. The initial investment of the project is estimated to RMB 365 million (including stake acquisition).

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on January 25, 2017.

4. To Cancel Changzhou Baowan Co. Ltd, Changzhou Baowan Co. Ltd,

The 11th Telecommunication meeting of 8th of the Board approved to cancel Changzhou Baowan Co. Ltd. Administrative procedures have been finished.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on January 25 and June 28, 2017.

5. To Adjust Guarantee Amount

Approved by 12th Telecommunication meeting of 8th of the Board and First Extraordinary General Meeting of Shareholders in 2017, the Company intends to adjust guarantee amount from RMB 193.4 million to RMB 55.1 million offered to Wuhan Baowan.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on March 29, 2017 and April 19, 2017.

6. To Add New Guarantees

Approved by 12th Telecommunication meeting of 8th of the Board and First Extraordinary General Meeting of Shareholders in 2017, the Company intends to offer new guarantee to Blogis under the amount of RMB 700 Million or equivalent other foreign currency with the term of 3 years.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on March 29, 2017 and April 19, 2017.

7. To Authorize Management to Make Financing Arrangement within the Credit Limit of RMB 5.5 billion (or equivalent foreign currency)

The 12th Telecommunication meeting of 8th of the Board and First Extraordinary General Meeting of Shareholders in 2017 has agreed to adjust the company's credit financing amount to no more than RMB 5.5 billion or equivalent foreign currency, and authorize the management to make financing arrangements within authorization according to the Company's operations.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on March 29, 2017 and April 19, 2017.

8. To Reduce Registered Capital of Nantong Baowan

The 2nd Session of 8th of the Board agreed and approved to reduce Nantong Baowan's registered capital from RMB 400 million to RMB 200 million. The administrative procedures have been finished.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on April 20 and August 18, 2017.

9. To Reduce Registered Capital of Zhenjiang Baowan

The 2nd Session of 8th of the Board approved to reduce Zhenjiang Baowan's registered capital from HK \$460 million to HK \$160 million. The administrative procedures have been finished.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on April 20 and July 19, 2017.

10. To Jointly Invest and Establish Sichuan Wenxuan Baowan Supply Chain Company

The 14th Telecommunication meeting of 8th of the Board approved Blogis to jointly invest and establish Sichuan Wenxuan Baowan Supply Chain Company with Sichuan Wenchuan Logistics and Chengdu Longchuang Investment (limited partnership).

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on May 4, 2017.

11. To Invest in Xinzhan Baowan logistics park project

Approved by 15th Telecommunication meeting of 8th of the Board, Blogis intends to invest and construct logistics park in Xinzhan Hi-tech Development Zone, Hefei City, covering an area of 160 Mu with the initial investment of RMB 150 million. To operate and manage the project, Blogis has registered a new company with the name of Xinzhan Baowan International Logistics Co., Ltd and registration capital of RMB 100 million. BLOGIS Holdings Limited invests with self-raised funds, accounting for 100% stake.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on June 3, 2017.

12. To Invest in Guanghan Baowan logistics park project

Approved by 15th Telecommunication meeting of 8th of the Board, Blogis intends to invest and construct a logistics park in Guanghan Economic Development Zone, Deyang City, covering an area of 400 Mu with the initial investment of RMB 397 million. To operate and manage the project, Blogis has registered a new company with the name of Sichuan Guanghan Baowan International Logistics Co., Ltd and registration capital of RMB 100 million. Investment entity of Guanghan Baowan has been changed from Blogis to Chengdu Baowan with self-raised funds approved by 17th Telecommunication meeting of 8th of the Board.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on June 3 and August 30, 2017.

13. To Make Changes and Investment Reductions of Jiangsu Baowan

Approved by 15th Telecommunication meeting of 8th of the Board, Blogis intends to adjust Jiangsu Baowan's investment estimate to RMB 395.18 million.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on June 3, 2017.

14. To Offer new Guarantee to Huitong Hongkong

Approved by 15th Telecommunication meeting of 8th of the Board and Annual General Meeting of Shareholders for 2016, the Company intends to offer new guarantee to Huitong under the amount of US\$ 20 million or equivalent other foreign currency (converted to RMB 137.224 Million) with the term of 3 years.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on June 3 and June 27, 2017.

15. To Cooperate with Equity Investment Fund

Approved by 15th Telecommunication meeting of 8th of the Board and Annual General Meeting of Shareholders for 2016, the Company intends to cooperate with equity investment fund under the total amount of RMB 37.5 billion within 3-5 years.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on June 3 and June 27, 2017.

16.To Increase Registered Capitals for 20 Subsidiaries

Approved by 15th Telecommunication meeting of 8th of the Board and Annual General Meeting of Shareholders for 2016, the Company intends to cooperate with strategic investor to increase registered capitals for 20 subsidiaries both under construction and at preparatory period.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on June 3 and June 27, 2017.

17. Significant Assets Reorganization

1st Session of 8th Board of Directors and 3rd Extraordinary Shareholders' Meeting in 2016 have approved the proposal on Shenzhen New Nanshan Holdings (Group) issuing A share to absorb and merge Chiwan Base with raising funds. Legal person of Chiwan Base would be terminated and cancelled and meanwhile inherited and carried by New Nanshan Holding if such transaction successful approved. The above mentioned transaction has gained approved by Shenzhen Stock Exchange, State-owned Assets Supervision and Administration Commission and Commerce Ministry.

As the relevant policies involved in this transaction are not yet clear, Nanshan Holding and Chiwan Base need to implement the relevant matters. In view of the above situation, the Board has made prudent studies and has applied for the suspension of examining and verifying this administrative license project to CSRC, after the implementation of relevant matters, the Board will apply for examining and verifying this administrative license project timely.

16th Telecommunication meeting of 8th of the Board and Second Extraordinary General Meeting of Shareholders in 2017 have approved to extend validity of resolution and its authorization for this transaction with the term of 12 month.

See details in the company's announcement published on Securities Times, Hong Kong Commercial Daily and <http://www.cninfo.com.cn> on July 2, July 16, July 19, July 30, August 2, August 5, August 9, August 12, August 26 , October 10, 2016, July 5 and August 3, 2017.

XVII. Significant Events of Subsidiaries

Applicable Inapplicable

Please find the details in XVI. Other Significant Events.

PART VI Changes in Capital Stock and Shareholders

I. Changes in Capital Stock

1. 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%
a. 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 Changes in Capital Stock

 Applicable Inapplicable

Approval of Changes in Capital Stock

 Applicable Inapplicable

Transfer of Change in Capital Stock

 Applicable Inapplicable

Change in capital stock's impacts on basic EPS and diluted EPS in recent year and recent issue, and net assets per share attributed to equity shareholder and financial index etc.

 Applicable Inapplicable

Other contents were necessary to the Company or the securities regulators required to be disclosed.

 Applicable Inapplicable

2. Changes of Non-tradable Shares

 Applicable Inapplicable

Unit: Share

Name of Shareholder	Non-tradable Shares at the Beginning of Y2016	Releasing Non-tradable Shares in the Report Period	Increasing Non-tradable Shares in the Report Period	Non-tradable Shares at the End of Y2016	Restricted Reason	Date of Releasing Non-tradable Shares
Yu Zhongxia	48,887	0	0	48,887	Senior management locking shares	-
Zhang Xiang	48,530	0	0	48,530	Senior management locking shares	-
Total	97,417	0	0	97,417	--	--

II. Issuing and Listing

□ Applicable √Inapplicable

III. Shareholders and Actual Controller

Unit: Share

Total Common Shareholders in Reporting period	5,519		Total Number of Preference Shareholders with Resumed Voting Rights at Previous Month-end of this Report's Disclosure (if any)	0				
Top Ten Common Shareholders								
Name	Nature	Ratio (%)	Total Shares Held	Shares Held Change	Non-tradable Shares Held	Tradable Shares Held	Impawnd or Frozen Shares	
							Status	Shares
CHINA NANSHAN DEVELOPMENT (GROUP) INCORPORATION	Domestic Legal Person	51.79%	119,420,000	0	119,420,000	0	-	0
China Logistics Holding(12) PTE.LTD.	Foreign Legal Person	19.90%	45,890,000	0	0	45,890,000	-	Unknown
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign Legal Person	1.76%	4,053,271	-26,538	0	4,053,271	-	Unknown
CHINA MECHANTS SECURITIES (HONGKONG) LTD	State-owned Legal Person	1.60%	3,684,162	-151,892	0	3,684,162	-	Unknown
Shenwan Hongyuan Securities (H.K.) Limited	Foreign Legal Person	1.20%	2,755,939	-21,700	0	2,755,939	-	Unknown
HUANG YINGBIN	Domestic Natural Person	1.01%	2,336,898	32,700	0	2,336,898	-	Unknown
YU ZHIXIANG	Domestic Natural Person	0.62%	1,422,339	48,400	0	1,422,339	-	Unknown
Haitong International Securities Company Limited-Account Client	Foreign Legal Person	0.54%	1,250,005	19,639	0	1,250,005	-	Unknown
GREENWOODS CHINA ALPHA MASTER FUND	Foreign Legal Person	0.43%	984,693	0	0	984,693	-	Unknown
LI WEI	Domestic Natural Person	0.27%	623,000	5,295	0	623,000	-	Unknown
Strategic Investors of General Legal Person Become Top Ten Shareholders Due To Share Issued s (if any)	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	Tradable Shares Held						Share Type	

		Type	Shares
China Logistics Holding(12) PTE.LTD.	45,890,000	B	45,890,000
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	4,053,271	B	4,053,271
CHINA MECHANTS SECURITIES (HONGKONG) LTD	3,684,162	B	3,684,162
Shenwan Hongyuan Securities (H.K.) Limited	2,755,939	B	2,755,939
HUANG YINGBIN	2,336,898	B	2,336,898
YU ZHIXIANG	1,422,339	B	1,422,339
Haitong International Securities Company Limited-Account Client	1,250,005	B	1,250,005
GREENWOODS CHINA ALPHA MASTER FUND	984,693	B	984,693
LI WEI	623,000	B	623,000
SHA SHULI	568,711	B	568,711
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 Top Ten Shareholders Involved in Securities Margin Trading	N/A		

Whether shareholders appointed repurchase transaction during reporting period

Yes No

IV. Change of Controlling Shareholder or Actual Controller

Change of Controlling Shareholder in the Report Period

Applicable Inapplicable

Change of Actual Controller in the Report Period

Applicable Inapplicable

PART VII Particulars about Preferred Share

Applicable Inapplicable

PART VIII Directors, Supervisors, Senior Management and Staff

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

Applicable Inapplicable

There is no change of shares held by directors, supervisors or senior Management occurred in reporting period. Please refer to 2016's Annual Report for more details.

II. Changes of Directors, Supervisors and Senior Management

Name	Post	Type	Date	Reason
Yu Zhongxia	Board Secretary	Appointment	2017.04.18	Appointment
Cao Lirong	Employee Supervisor	Resignation	2017.05.31	Personal Reason
Wang Jianjiang	Vice Chairman & Chief Engineer	Full term	2017.07.15	Retirement

PART IX Corporate Bonds

There was the public issued corporate bonds that listed on the stock exchange which neither to expire on the approval quote date of the annual report nor to pay in full amount when expired.

Yes

1. Basic Information of the Corporate Bonds

Name	Abbreviation	Code	Issue Date	Due Date	Bond Balance (RMB 0000)	Interest Rate	Ways of Debt Service
2012 Corporate Bonds of Shenzhen Chiwan Petroleum Supply Base Co., Ltd.	12 Chiwan Base Bonds	112140	2012.12.17	2019.12.17	57,000	5.78%	To pay interest once a year and to pay for the principal at one time
Exchange Place for the Listing or Transfer of the Corporate Bonds	Shenzhen Stock Exchange						
Eligibility Management of Investors	Inapplicable						
Situation of the Interest Payment of the Corporate Bonds during the Report Period	N/A						
Execution of relevant regulations if the corporate bonds were affiliated with the special regulations such as the options of the issuers or the investors as well as exchangeable regulations. (if applicable)	Inapplicable						

2. List of the Bonds Trustees and the Credit Rating Organization

Bonds Trustees:							
Name	Huarong Securities Co., Ltd.	Office Address	Room 1608, China Life Insurance Building, Chaoyang District, Beijing	Contact Person	Yuan Dong	Contact Number	010-85556464
Credit Rating Organization Tracked and Rated the Corporate Bonds during the Report Period:							
Name	China Chengxin Securities Rating Co., Ltd. (CCXR)		Office Address	8F, An Ji Building, No. 760, South Xizang Road, Huangpu District, Shanghai			
Explanation on Change of Bonds Trustees and the Credit Rating Organization	Inapplicable						

3. List of the Usage of the Raised Funds of the Corporate Bonds

Usage and Execution Process of the Bonds Raised Funds of the Company	The Company used the raised funds strictly followed the regulation.
Closing Balance (RMB10,000')	0
Operation of the Special Account of the Raised Funds	The Company did not create special account for the bonds.
The usage of the raised funds whether met with the committed usage, usage plans and other agreements on the specification.	Yes

4. List of the Rating of the Corporate Bonds Information

CCXR maintained the credit rating of “12 Chiwan Base Bonds” of AA+ as well as the credit rating of the main body of the Company of AA with the stable rating outlook at report period.

5. Credit Supplement Mechanism, Repayment Plans and Other Repayment Guarantee Measures of the Corporate Bonds

At the report period, there were no changes of credit supplement mechanism, repayment plans or other repayment guarantee measures of the Corporate Bonds.

The Company’s controlling shareholder, Nanshan Group, provided guarantee for the Corporate Bonds. By the first half of 2017, Nanshan Group’s net assets were RMB 9.465 billion; assets-liabilities ratio was 63.23%; return on equity was 7.3%; current ratio was 157.41%; and quick ratio was 65.34%. The above-mentioned data were unaudited. The amount of external guarantee of Nanshan Group was RMB 1.48 billion, accounted by 15.64% of its parent net assets.

6. List of the Holder Conference of the Bonds during the Report Period

In reporting period, there is no event required to convene holder conference happened in reporting period.

7. List of the Duties Performance of the Bonds Trustee during the Report Period

At the report period, bonds trustee performed their duties according to related regulation, including supervising the usage of raised funds, continuously paying attention to the Company’s creditability, etc.

(1) The Company has disclosed Entrusted Management Report for Year 2016 of 2012 Corporate Bonds published on Jun 2, 2017, which is made and published by Huarong Securities Co., Ltd.

(2) The Company has disclosed Temporary Entrusted Management Report (I, II, III) for Significant Events of 2012 Corporate Bonds published on Jun 29, 2017, which is made and published by Huarong Securities Co., Ltd.

8. Major Accounting Data and Financial Index in Reporting Period

Item	June 30, 2017	December 31, 2016	Changes (%)
Current Ratio	8.24%	24.99%	-16.75%
Asset-liability Ratio	66.84%	65.37%	1.47%
Quick Ratio	7.94%	24.95%	-17.01
	Report Period	Last Report Period	Changes (%)
EBITDA interest protection multiples	2.31	2.36	-2.12%
Loan Repayment Rate	100%	100%	-
Interest Coverage	100%	100%	-

Note to the year-on-year change of the relevant data

Applicable Inapplicable

9. Any Overdue Repayments Happened at the Report Period

Applicable Inapplicable

10. List of the Interest Payment of Other Bonds and Bonds Financing Instruments during the Report Period

The maturity date of Phase I Medium-term Notes of RMB 400 million for Year 2012 of the Company is March 9, 2017. The Company has paid principal and interests of the medium-term notes timely.

11. List of the Acquired Bank Credit Lines, Usage and Repayment of the Bank Loans

During the report period, the Company has acquired newly added bank credit lines of RMB 1,240 million, made use of credit limit of RMB 347 million and paid back loans of RMB 934 million respectively.

12. List of the Execution of the Agreement or the Commitment Related to the Corporate Bonds Raising Specification during the Report Period

The raised funds of RMB 570 million had used up in 2013.

13. Significant Events Occurred during the Report Period

The Company has disclosed particulars about accumulated newly loans which is over 20% of the Company's net assets at the end of last year, according to regulators' requirements. Please find details on www.cninfo.com dated on Jan 7, 2017.

14. Whether There Was Guarantor of the Corporate Bonds

Yes No

Whether the Guarantor of the Corporate Bonds was Business Entity or Other Organizations

Yes No

Whether Disclose Guarantor's Financial Report.

Yes No

PART X Financial Report (Attachment)

PART XI Documents Available for Verification

1. Financial Report carrying the signature of Chairman, and other relative persons in charge.
2. Original copies of all the documents disclosed on the newspapers specified by the China Securities Regulatory Commission.

Board of Directors

Shenzhen Chiwan Petroleum Supply Base Co., Ltd.

August 30, 2017

Financial Statements for the First Half of 2017 (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. Balance Sheet
Consolidated

Currency: RMB

Items	Ending Balance	Beginning Balance
Current Assets:		
Cash and bank balances	491,913,131.33	524,609,097.58
Notes receivable	1,400,000.00	-
Accounts receivable	71,101,110.24	43,862,804.61
Prepayments	2,310,602.14	748,064.45
Interest receivable	363,407.67	423,404.92
Dividends receivable		-
Other receivables	63,870,649.98	63,863,606.97
Inventories	781,212.98	961,855.72
Other current assets	23,161,678.79	14,424,379.64
Total Current Assets	654,901,793.13	648,893,213.89
Non-current Assets:		
Long-term equity investments	621,222,760.45	602,194,915.06
Investment properties	1,757,704,348.02	1,606,049,338.07
Fixed assets	1,051,111,408.39	877,096,096.64
Construction in progress	425,117,867.25	601,906,964.62
Disposal of fixed assets	15,835.78	-
Intangible assets	2,307,173,208.35	2,245,211,656.35
Development expenditure	2,083,751.85	1,330,674.42
Goodwill	11,133,118.55	11,133,118.55
Deferred tax assets	31,377,171.96	24,317,786.92
Other non-current assets	1,083,434,577.17	930,907,761.60
Total Non-current Assets	7,290,374,047.77	6,900,148,312.23
TOTAL ASSETS	7,945,275,840.90	7,549,041,526.12
Current Liabilities:		
Short-term borrowings	1,574,000,000.00	850,000,000.00
notes payable	35,891,264.20	16,200,019.20
Accounts payable	15,938,534.08	11,500,505.03
Receipts in advance	6,749,008.98	9,185,065.04
Employee benefits payable	17,477,387.34	21,162,917.90
Taxes payable	28,551,246.35	30,107,734.45
Interest payable	17,611,302.22	23,856,299.00
Other payables	453,944,880.13	437,522,424.61
Non-current liabilities due within one year	238,763,603.40	633,057,978.40
Other current liabilities		564,000,000.00
Total Current Liabilities	2,388,927,226.70	2,596,592,943.63
Non-current Liabilities:		
Long-term borrowings	1,165,227,475.45	1,186,288,100.45
Bonds payable	569,382,500.00	568,641,500.00
Long-term payables		-
Special payable	1,309,524.80	-
Deferred income	48,773,043.55	49,599,079.39
Deferred tax liabilities	22,654,820.35	22,812,085.88
Other non-current liabilities	1,113,988,969.48	511,018,207.18
Total Non-current Liabilities	2,921,336,333.63	2,338,358,972.90
TOTAL LIABILITIES	5,310,263,560.33	4,934,951,916.53
SHAREHOLDERS' EQUITY:		
Share capital	230,600,000.00	230,600,000.00
Capital reserve	234,141,186.09	234,141,186.09
Other comprehensive income	652,079.14	652,079.14
Special reserve	7,211,087.75	6,774,707.73
Surplus reserve	318,603,562.42	318,603,562.42
Unappropriated profits	977,132,348.00	966,064,644.53
Total shareholders' equity attributable to equity holders of the Company	1,768,340,263.40	1,756,836,179.91
Minority interests	866,672,017.17	857,253,429.68
TOTAL SHAREHOLDERS' EQUITY	2,635,012,280.57	2,614,089,609.59
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7,945,275,840.90	7,549,041,526.12

Legal Representative: Tian Junyan

Chief financial officer: Yu Zhongxia

Financial manager: Sun Yuhui

2. Balance Sheet

Parent company

Currency: RMB

Items	Ending Balance	Beginning Balance
Current Assets:		
Cash and bank balances	7,764,595.66	14,320,382.62
Accounts receivable	35,507,444.10	22,179,847.58
Prepayments	295,791.96	199,347.18
Interest receivable		-
Dividends receivable		-
Other receivables	181,921,475.25	458,310,323.30
Inventories	579,563.39	666,721.31
Other current assets		-
Total Current Assets	226,068,870.36	495,676,621.99
Non-current Assets:		
Long-term equity investments	3,283,654,584.75	3,235,207,239.36
Investment properties	112,654,896.96	115,535,029.89
Fixed assets	49,555,008.25	53,000,328.21
Construction in progress	1,991,644.61	2,626,533.00
Disposal of fixed assets	14,316.63	-
Intangible assets	268,479,036.74	276,936,159.10
Deferred tax assets		-
Other non-current assets	2,943,595.75	3,100,849.21
Total non-current assets	3,719,293,083.69	3,686,406,138.77
TOTAL ASSETS	3,945,361,954.05	4,182,082,760.76
Current Liabilities:		
Short-term borrowings	930,000,000.00	800,000,000.00
notes payable	3,553,780.83	-
Accounts payable	12,462,695.95	10,800,195.25
Employee benefits payable	8,154,739.74	8,499,705.90
Taxes payable	1,812,626.52	1,325,799.55
Interest payable	17,197,458.30	22,814,519.98
Other payables	121,360,468.16	85,907,775.53
Non-current liabilities due within one year	1,349,351.16	401,349,351.16
Other current liabilities		220,000,000.00
Total Current Liabilities	1,095,891,120.66	1,550,697,347.37
Non-current Liabilities:		
Long-term borrowings	377,024,302.04	378,824,302.04
Bonds payable	569,382,500.00	568,641,500.00
Deferred tax liability		-
Other non-current liabilities	494,343,531.60	255,018,207.18
Total Non-current Liabilities	1,440,750,333.64	1,202,484,009.22
TOTAL LIABILITIES	2,536,641,454.30	2,753,181,356.59
SHAREHOLDERS' EQUITY:		
Share capital	230,600,000.00	230,600,000.00
Capital reserve	204,534,849.49	204,534,849.49
Special reserve	6,813,000.99	6,468,869.88
Surplus reserve	318,603,562.42	318,603,562.42
Unappropriated profits	648,169,086.85	668,694,122.38
TOTAL SHAREHOLDERS' EQUITY	1,408,720,499.75	1,428,901,404.17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,945,361,954.05	4,182,082,760.76

3. Income Statements

Consolidated

Currency: RMB

Items	Current Period	Same Period Last Year
I. Total operating income	356,763,898.79	331,048,288.65
Including: Operating income	356,763,898.79	331,048,288.65
Less: Total operating costs	337,244,721.32	304,779,907.33
Including: Operating costs	156,076,406.18	143,269,502.63
Business taxes and levies	32,659,574.83	18,867,639.42
Selling expenses	252,176.88	917,022.63
General and administrative expenses	58,031,246.43	55,345,349.17
Financial expenses	90,232,036.89	86,362,478.62
Impairment losses of assets	-6,719.89	17,914.86
Add: Investment income	17,027,845.39	14,962,394.28
Including: Income from investments in associates and joint ventures	17,027,845.39	13,758,166.75
II. Operating profit	36,547,022.86	41,230,775.60
Add: Non-operating income	2,769,634.48	2,702,848.88
Including: Gains from disposal of non-current assets	74,068.43	27,777.65
Less: Non-operating expenses	339,295.44	851,692.02
Including: Losses from disposal of non-current assets	4,086.00	36,978.43
III. Gross profit	38,977,361.90	43,081,932.46
Less: Income tax expenses	18,517,694.33	12,085,315.99
IV. Net profit	20,459,667.57	30,996,616.47
Net profit attributable to owners of the Company	11,067,703.47	20,104,453.49
Profit or loss attributable to minority shareholders	9,391,964.10	10,892,162.98
V. Post-tax net value of other comprehensive income		0.00
Post-tax net value of other comprehensive income attributable to owners of the Company		0.00
Including: Translation differences arising on translation of financial statements denominated in foreign currencies		0.00
Post-tax net value of other comprehensive income attributable to minority shareholders		0.00
VI. Total comprehensive income:	20,459,667.57	30,996,616.47
Total comprehensive income attributable to owners of the Company	11,067,703.47	20,104,453.49
Total comprehensive income attributable to minority shareholders	9,391,964.10	10,892,162.98
VII. Earnings per share:		
(I) Basic earnings per share	0.05	0.09
(II) Diluted earnings per share	Not applicable	Not applicable

Legal Representative: Tian Junyan

Chief financial officer: Yu Zhongxia

Financial manager: Sun Yuhui

4. Income Statements**Parent company**

Currency: RMB

Items	Current Period	Same Period Last Year
I. Operating income	70,879,580.33	68,844,361.06
Less: Operating costs	41,945,992.95	45,529,220.40
Business taxes and levies	1,354,137.66	1,666,673.87
General and administrative expenses	15,161,220.96	17,990,662.26
Financial expenses	50,153,808.12	44,955,212.43
Impairment loss of assets		-35,125.53
Add: Investment income	17,027,845.39	14,962,394.28
Including: Income from investments in associates and joint ventures	17,027,845.39	13,758,166.75
II. Operating profit	-20,707,733.97	-26,299,888.09
Add: Non-operating income	187,444.02	26,125.02
Including: Gains from disposal of non-current assets	66,896.90	
Less: Non-operating expenses	4,745.58	117,787.56
Including: Losses from disposal of non-current assets	1,843.85	1,000.00
III. Gross profit	-20,525,035.53	-26,391,550.63
Less: Income tax expenses		-9,868,962.60
IV. Net profit	-20,525,035.53	-16,522,588.03
V. Other comprehensive income		
VI. Total comprehensive income	-20,525,035.53	-16,522,588.03
VII. Earnings per share:		
(I) Basic earnings per share	Not applicable	Not applicable
(II) Diluted earnings per share	Not applicable	Not applicable

5. Cash Flow Statements

Consolidated

Currency: RMB

Items	Current Period	Same Period Last Year
I. Cash Flows from Operating Activities:		
Cash receipts from sales of goods and rendering of services	347,898,552.59	340,836,855.86
Refund of tax and levies		
Other cash receipts relating to operating activities	15,908,870.63	16,961,342.77
Sub-total of cash inflows from operating activities	363,807,423.22	357,798,198.63
Cash payments for goods purchased and services received	62,312,837.66	64,402,911.49
Cash payments to and on behalf of employees	54,554,753.81	53,260,826.50
Payments of various taxes	78,830,702.02	67,664,546.72
Other cash payments relating to operating activities	26,951,385.64	21,359,814.12
Sub-total of cash outflows from operating activities	222,649,679.13	206,688,098.83
Net Cash Flows from Operating Activities	141,157,744.09	151,110,099.80
II. Cash Flows from Investing Activities:		
Cash receipts from investment income	-	12,908,798.55
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	105,485.00	84,062.00
Other cash receipts relating to investing activities	2,429,524.80	257,590,350.00
Sub-total of cash inflows from investing activities	2,535,009.80	270,583,210.55
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	423,128,715.28	513,233,238.63
Cash payments to acquire investments	2,000,000.00	
Net cash outflows of procurement of subsidiaries and other business units		254,014,920.01
Other cash payments relating to investing activities	42,144.00	45,000,000.00
Sub-total of cash outflows from investing activities	425,170,859.28	812,248,158.64
Net Cash Flows from Investing Activities	-422,635,849.48	-541,664,948.09
III. Cash Flows from Financing Activities:		
Cash receipts from capital contributions		498,080,000.00
Cash receipts from borrowings	914,000,000.00	449,570,000.00
Other cash receipts relating to financing activities	1,204,000,000.00	294,000,000.00
Sub-total of cash inflows from financing activities	2,118,000,000.00	1,241,650,000.00
Cash repayments of borrowings	605,355,000.00	205,955,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	82,952,894.94	43,767,861.82
Other cash payments relating to financing activities	1,180,908,155.17	274,894,948.41
Sub-total of cash outflows from financing activities	1,869,216,050.11	524,617,810.23
Net Cash Flows from Financing Activities	248,783,949.89	717,032,189.77
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	-1,810.75	-
V. Net Increase(Decrease)in Cash and Cash Equivalents	-32,695,966.25	326,477,341.48
Add: Opening balance of Cash and Cash Equivalents	524,609,097.58	321,121,926.73
VI. Closing Balance of Cash and Cash Equivalents	491,913,131.33	647,599,268.21

6. Cash Flow Statements

Parent company

Currency: RMB

Items	Current Period	Same Period Last Year
I. Cash Flows from Operating Activities:		
Cash receipts from sales of goods and rendering of services	60,240,948.93	67,132,430.77
Refund of tax and levies		
Other cash receipts relating to operating activities	2,143,815.67	4,451,235.52
Sub-total of cash inflows from operating activities	62,384,764.60	71,583,666.29
Cash payments for goods purchased and services received	15,844,107.22	25,952,137.67
Cash payments to and on behalf of employees	19,749,505.52	29,028,207.27
Payments of various taxes	3,758,798.59	6,135,326.17
Other cash payments relating to operating activities	3,786,742.21	9,879,000.80
Sub-total of cash outflows from operating activities	43,139,153.54	70,994,671.91
Net Cash Flows from Operating Activities	19,245,611.06	588,994.38
II. Cash Flows from Investing Activities:	-	-
Cash receipts from investment income		12,908,798.55
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	55,000.00	1,012.00
Other cash receipts relating to investing activities	285,261,087.45	459,335,570.00
Sub-total of cash inflows from investing activities	285,316,087.45	472,245,380.55
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	8,913,446.82	2,141,437.33
Cash paid to acquire investments	31,419,500.00	302,376,564.58
Other cash payments relating to investing activities	919,832.93	138,173,595.45
Sub-total of cash outflows from investing activities	41,252,779.75	442,691,597.36
Net Cash Flows from Investing Activities	244,063,307.70	29,553,783.19
III. Cash Flows from Financing Activities:	-	-
Cash receipts from borrowings	270,000,000.00	190,000,000.00
Other cash receipts relating to financing activities	703,896,689.83	4,451,531.60
Sub-total of cash inflows from financing activities	973,896,689.83	194,451,531.60
Cash repayments of borrowings	541,800,000.00	201,200,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses	53,704,919.92	35,338,081.13
Other cash payments relating to financing activities	648,256,475.63	1,891,525.80
Sub-total of cash outflows from financing activities	1,243,761,395.55	238,429,606.93
Net Cash Flows from Financing Activities	-269,864,705.72	-43,978,075.33
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		
V. Net Increase(Decrease) in Cash and Cash Equivalents	-6,555,786.96	-13,835,297.76
Add: Opening balance of Cash and Cash Equivalents	14,320,382.62	28,808,779.96
VI. Closing Balance of Cash and Cash Equivalents	7,764,595.66	14,973,482.20

7. Statement of Changes in Equity

Consolidated

Currency: RMB

ITEM	Amount for the current period								Amount for the same period of last year							
	Attributable to shareholders of the Company						Minority interests	Total shareholders' equity	Attributable to shareholders of the Company						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profits			Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Unappropriated profits		
I. Closing balance of the preceding year	230,600,000.00	234,141,186.09	652,079.14	6,774,707.73	318,603,562.42	966,064,644.53	857,253,429.68	2,614,089,609.59	230,600,000.00	234,141,186.09	652,079.14	5,941,771.48	317,245,288.81	965,504,851.33	317,006,332.01	2,071,091,508.86
Add: Changes in accounting policies																
Corrections of prior period errors																
Business combination involving entities under common control																
II. Opening balance of the current year	230,600,000.00	234,141,186.09	652,079.14	6,774,707.73	318,603,562.42	966,064,644.53	857,253,429.68	2,614,089,609.59	230,600,000.00	234,141,186.09	652,079.14	5,941,771.48	317,245,288.81	965,504,851.33	317,006,332.01	2,071,091,508.86
III. Changes for the year	-	-	-	436,380.02	-	11,067,703.48	9,418,587.49	20,922,670.99	-	-	832,936.25	1,358,273.61	559,793.20	540,247,097.67	542,998,100.73	
(I) Comprehensive income	-	-	-	-	-	11,067,703.48	9,391,964.09	20,459,667.57	-	-	-	-	1,918,066.81	19,126,906.00	21,044,972.81	
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	521,080,000.00	521,080,000.00
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	521,080,000.00	521,080,000.00
2. Capital contribute from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	1,358,273.61	-1,358,273.61	-	-
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	1,358,273.61	-1,358,273.61	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	436,380.02	-	-	26,623.40	463,003.42	-	-	832,936.25	-	-	-	40,191.67	873,127.92
1. Transfer to special reserve in the period	-	-	-	649,012.68	-	-	26,623.40	675,636.08	-	-	1,505,428.41	-	-	-	49,598.61	1,555,027.02
2. Amount utilized in the period	-	-	-	-212,632.66	-	-	-	-212,632.66	-	-	-672,492.16	-	-	-	-9,406.94	-681,899.10
IV. Closing balance of the current year	230,600,000.00	234,141,186.09	652,079.14	7,211,087.75	318,603,562.42	977,132,348.01	866,672,017.17	2,635,012,280.58	230,600,000.00	234,141,186.09	652,079.14	6,774,707.73	318,603,562.42	966,064,644.53	857,253,429.68	2,614,089,609.59

8.Statement of Changes in Equity

Parent company

Currency: RMB

ITEM	Amount for the current period						Amount for the same period of last year					
	Share capital	Capital reserve	Special reserve	Surplus reserve	Unappropriated profits	Total shareholders' equity	Share capital	Capital reserve	Special reserve	Surplus reserve	Unappropriated profits	Total shareholders' equity
I. Closing balance of the preceding year	230,600,000.00	204,534,849.49	6,468,869.88	318,603,562.42	668,694,122.38	1,428,901,404.17	230,600,000.00	204,534,849.49	5,775,987.68	317,245,288.81	730,515,822.29	1,488,671,948.27
Add: Changes in accounting policies												
Corrections of prior period errors												
Others												
II. Opening balance of the current year	230,600,000.00	204,534,849.49	6,468,869.88	318,603,562.42	668,694,122.38	1,428,901,404.17	230,600,000.00	204,534,849.49	5,775,987.68	317,245,288.81	730,515,822.29	1,488,671,948.27
III. Changes for the year			344,131.11	-	20,525,035.53	20,180,904.42			692,882.20	1,358,273.61	61,821,699.91	59,770,544.10
(I) Comprehensive income			-	-	20,525,035.53	20,525,035.53					60,463,426.30	60,463,426.30
(II) Owners' contributions and reduction in capital												
1. Capital contribution from owners												
2. Capital contribute from other equity instrument holders												
3. Share-based payment recognised in owners' equity												
4. Others												
(III) Profit distribution			-	-	-					1,358,273.61	1,358,273.61	
1. Transfer to surplus reserve			-	-	-					1,358,273.61	1,358,273.61	
2. Distributions to shareholders												
3. Others												
(IV) Transfers within owners' equity												
1. Capitalization of capital reserve												
2. Capitalization of surplus reserve												
3. Loss offset by surplus reserve												
4. Others												
(V) Special reserve			344,131.11	-	-	344,131.11			692,882.20			692,882.20
1. Transfer to special reserve in the period			530,140.38	-	-	530,140.38			1,283,632.59			1,283,632.59
2. Amount utilized in the period			186,009.27	-	-	186,009.27			590,750.39			590,750.39
IV. Closing balance of the current year	230,600,000.00	204,534,849.49	6,813,000.99	318,603,562.42	648,169,086.85	1,408,720,499.75	230,600,000.00	204,534,849.49	6,468,869.88	318,603,562.42	668,694,122.38	1,428,901,404.17

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.

The scope of consolidated financial statements in the current period involves 52 subsidiaries. See Note (IX) "Equity in other entities" for details. Changes of scope are subsidiaries acquired in business combinations involving enterprises under common control. See Note (VIII) "Changes of consolidation scope" for details.

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1、Basis of Preparation of financial statements

Basis of Preparation

The Group has adopted the Accounting Standards for Business Enterprises (the "ASBEs") issued by the Ministry of Finance (the "MoF"), including standards newly issued and amended in 2014. 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 2014).

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 the relevant requirements.

Under the historical cost measurement, asset should be measured at the value of cash or cash equivalents or fair value paid to acquire the asset, whereas liability should be measured at the value of cash or assets received due to shoulder present obligation, or at the contract amount of shouldering present obligation, or at the value of cash or cash equivalents expected to pay for the liability in routine activities.

Under the historical cost measurement, asset should be measured at the value of cash or cash equivalents or fair value paid to acquire the asset, whereas liability should be measured at the value of cash or assets received due to shoulder present obligation, or at the contract amount of shouldering present obligation, or at the value of cash or cash equivalents expected to pay for the liability in routine activities.

Pursuant to the observation of input value and the significance of the input value on the whole, measurements of fair value are divided into the below three levels:

- Level 1 input value is the unadjusted price of equivalent assets or liability which can be acquired in an active market on the measurement date.
- Level 2 input value is assets or liability except for those in Level 1, which are observable for the asset or liability, either directly or indirectly
- Level 3 input value is assets or liability which cannot be observed.

2、 Going concern

Ended 30 Jun 2017, the amount of current liabilities had exceeded current assets RMB 1,734,025,433.57 in the Group. The Nanshan Group promised that he will provide any necessary financial support to keep the continuing operation. Hence, the financial statements have been prepared on a going concern basis.

V. SIGNIFICANT ACCOUNTING POLICIES, and ACCOUNTING ESTIMATES

1、 Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with the ASBEs, and present truly and completely, the Company's and consolidated financial position as of 30 June 2017 and the Company's and consolidated results of operations and cash flows for the half-year then ended in 2017.

2、 Accounting period

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

3、 Business Cycle

Business cycle is referred to the period from which an enterprise buys assets to manufacture to the date it achieves cash or cash equivalents.

4、 Functional Currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its subsidiaries in the People's Republic of China (the "PRC") operate. Therefore, the Company and its PRC subsidiaries choose RMB as their functional currency. Subsidiaries not located in PRC choose HK dollar as their functional currency based on the primary economic environment. The Group adopts RMB to prepare its financial statements.

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

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

5.1 Business combinations involving enterprises under common control

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

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and

the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

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

5.2 Business combinations not involving enterprises under common control and goodwill

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

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

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 recognized 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 recognizes the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

6、Preparation of Consolidated Financial Statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. Once above-mentioned essential factor changed due to relevant matters and situation change, the Group needs to reappraise the control.

The consolidation for a subsidiary is involved when the Group keeps the control, and not involved when the Group loses the control.

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.

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 denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized 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 capitalization are capitalized as part of the cost of the qualifying asset during the capitalization 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 amortized cost) of available-for-sale monetary items are recognized as other comprehensive income.

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 recognized in profit and loss or as other comprehensive income.

8.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders' equity in the balance sheet.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

9、 Financial Instruments

Financial assets and financial liabilities are recognized 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 recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

9.1 Effective interest method

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

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

9.2 Classification, recognition and measurement of financial assets

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

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 recognizing 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 recognized 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 amortized cost using the effective interest method. Gain or loss arising from DE recognition, impairment or amortization is recognized 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 amortized cost using the effective interest method. Gain or loss arising from DE recognition, impairment or amortization is recognized 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 recognized as other comprehensive income, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized 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 recognized 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 which are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost.

9.3 Impairment of financial assets

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

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 reorganizations;
- (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 amortized cost

If financial assets carried at amortized 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 recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized 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 recognized, the previously recognized 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 amortized cost would have been had the impairment not been recognized.

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 recognized 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 recognized 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 amortization) and the current fair value, less any impairment loss on that financial asset previously recognized 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 recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized 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 recognized as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognized.

9.4 Transfer of financial assets

The Group derecognizes 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 recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes 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 DE recognition criteria, the difference between (1) the carrying amounts 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 recognized in other comprehensive income is recognized 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 recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

9.5 Classification, recognition and measurement of financial liabilities

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

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

9.5.1 Financial liabilities at fair value through profit or loss

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

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

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognizing the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial

assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) Hybrid instruments associated with embedded derivatives and financial liabilities measured at fair value and of which changes are recorded into the profits and losses as specified in *Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments*.

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

9.5.2 Other financial liabilities

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

9.5.3. Financial guarantee contracts

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

9.6 Derecognition of financial liabilities

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

9.7 Derivatives and embedded derivatives

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

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if 1) the economic characteristics and risks of the embedded derivative are not closely related to the economic

characteristics and risks of the host contract; and 2) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

9.8 Offsetting financial assets and financial liabilities

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

9.9 Equity instruments

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

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

10、Receivables

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

Basis or monetary criteria for determining an individually significant receivable	A receivable that exceeds RMB 1 million (including RMB 1 million) is deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognized 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
Portfolio 1 (Receivables from government, petty cash advanced to employees, security deposit, and receivables from related parties of the Company and its subsidiaries. Bad debt provision is not recognized for such receivables since the possibility of incurring bad debt losses is remote.)	Other methods

Portfolio 2 (mainly includes receivables arising from operating activities other than Portfolio 1)	Based on percentage of accounts balances
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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 (%)
Portfolio 2	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 recognized 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.

12. Long-term equity investments

12.1 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.

12.2 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.

Other long-term equity investments acquired through methods other than business combination, shall be recorded at cost initially. According to *CAS No.22 – Financial Instrument Recognition and Measurement*, if the investor can exert significant influence on the investee or implement co-control but not solely-control, the cost of long-term investment shall be the fair value plus the newly invested cost.

12.3 Subsequent measurement and recognition of profit or loss

12.3.1. 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 recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

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

However, unrealized 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 recognized as other comprehensive income which is included in the capital reserve.

The Group discontinues recognizing 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 recognized 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 recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

12.3.3 Disposal of long-term equity investments

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

13. Investment properties

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is straight-line method.

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 recognized 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 derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

14.2 Depreciation of each category of fixed assets

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

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

15. 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 capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for its intended use.

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized 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. Capitalization 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 recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized 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 capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

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

17、 Intangible assets

17.1 Recognition, useful life and impairment tests

Intangible assets include land use rights, trademarks and software.

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

Category	Amortization method	Useful life (year)	Net residual value (%)
land use rights	Straight-line method	50	-
trademarks	Straight-line method	10	-
Software	Straight-line method	3-10	-

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

17.2 Policies of internal expenditure on research and development

For expenditures occur in the research phase, it should be recorded in current profits or losses.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- (b) its intention to complete the intangible asset and use or sell it.
- (c) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- (d) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(e) its ability to measure reliably the expenditure

For expenditures that can't be classified into research phase or development phase, they should be recorded in current profits and losses.

18、 Long-term assets impairment

The Group assesses at each balance sheet date whether there is any indication that the long-term equity investment, investment property measured at cost method, fixed assets, construction in progress and 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. 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.

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. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

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 recognized in profit or loss for the period.

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

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

19、 Employee benefits

19.1 Accounting method for short-term employee benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

19.2 Accounting method for post-employment benefits

Post-employment benefits are all defined contribution. The contribution payable to the defined contribution plan is recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant

assets in the accounting period in which employees provide services to the Group.

19.3 Accounting method for termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

20、 Provisions

Provision can be recognized when (1) contingent events related obligations is the group's current obligation; (2) economic interests are expected to flow out from the enterprise; (3) the amount can be measured reliably.

At The balance sheet date, risks of contingent events, uncertainty and time value should be concerned and determin the amount of provision. For situations where time value makes a significant effect, use NPV as the estimate value.

If all or part of the payment of provision is expected to be compensated by a third party and the amount of compensation not exceed the carrying value of provision, then it can be recognized as an asset when it is certain that the compensation can be received.

21、 Revenue

21.1 Revenue from rendering of services

Revenue from rendering of services is recognized 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 recognized 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 recognized only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognized as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

21.2 Revenue from rendering of asset usage right

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

21.3 Interest income

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

22、 Government grants

22.1 Basis of judgment and accounting methods for assets-related government grant

The Groups' government grant includes special grants for logistics park construction. As the grant relates to the final formation of assets, this grant is classified as assets-related government grant.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

22.2 Basis of judgment and accounting methods for income-related government grant

The Group's government grant includes governmental supporting funds and subsidies for modern logistics industry. The grant should be classified as income-related government grant.

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 recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the period.

23、Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

23.1 Current income tax

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

23.2 Deferred tax assets and deferred tax liabilities

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

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. 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 recognized.

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

Deferred tax liabilities are recognized 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 recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

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

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

23.3 Income tax offset

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

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

24、 Operating leases and finance leases

24.1 Accounting treatment on operating leases

24.1.1 The Group as lessee under operating leases

Operating lease payments are recognized 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.

24.1.2 The Group as lessor under operating leases

Rental income from operating leases is recognized 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 capitalized when incurred, and are recognized 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.

25、 Other material accounting policies and accounting estimations

No accounting policies or accounting estimations changes in current period.

VI、 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%
	Revenues from taxable services provided by small-scale taxpayers	3%
	Revenues from stack (storage), loading and unloading, delivery and port management services provided by general taxpayers	6%, 11%
Business tax	Taxable revenue from rendering of services, disposal of intangible assets or properties	3% or 5%
City maintenance and construction tax	Actual payment for VAT and business taxes	5% or 7%
Education surcharge	Actual payment for VAT and business taxes	3%
Enterprise income tax	Taxable income	25%,16.5%,15%
Urban land use tax	Actual occupation of land area	RMB1.50- 10.00/square meter
Property tax	70% to 90% of the original cost of the property or rental income	1.2% of properties' residual value

Entities using different enterprise income tax rate:

Name of entity	Enterprise income tax rate
Longquan Baowan	15%
Xindu Baowan	15%
Blogis (Hong Kong) Limited ("Baowan Hong Kong")	16.5%
China Huitong (H.K.) Limited ("China Huitong")	16.5%

2、Tax incentives

Pursuant to Urban Land Use Tax Policy on the Logistics Enterprises with Commodity Warehousing Facilities (Cai Shui [2017] No. 33) issued by the MoF and State Administration of Taxation ("SAT"), from 1 January 2017 to 31 December 2019, the Group as a logistics enterprise, of which land being used for commodity warehousing facilities (including owner-occupied and rental) should be levied on urban land use tax based on 50% of applicable tax rate of different land grades.

Pursuant to *Announcement on Implementing Preferential on Enterprise Income Tax of Encouraged Industries in the Western Region* (2015 No. 14 announcement of SAT), and approved by Chengdu Longquan State Administration of Taxation (Long Guo Shui Fa [2015] No.30), Chengdu Longquan International Logistics Co., Ltd. ("Longquan Baowan"), subsidiary of the Company which locates in

Chengdu, Sichuan Province, is allowed to enjoy enterprise income tax preferential policies tailored to enterprises which fits criteria of China West Development Program. From 2014 to 2020, Longquan Baowan enjoys enterprise income tax preferential rate of 15%.

Pursuant to the second article of *Announcement on Implementing Taxation Policies and Issues of Western Development Region (Cai Shui [2011]No.58)*, and approved by National Development and Reform Commission ([2016] No.195), Chengdu Xindu International Logistics Co., Ltd. ("Xindu Baowan"), subsidiary of the Company which locates in Chengdu, Sichuan Province, is allowed to enjoy enterprise income tax preferential policies tailored to enterprises which fits criteria of China West Development Program. From 2016 to 2020, Xindu Baowan enjoys enterprise income tax preferential rate of 15%.

VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1、 Bank and Cash

Currency: RMB Yuan

Item	Closing balance	Opening Balance
Cash on Hand	16,278.86	17,691.92
Bank Deposit	491,896,852.47	524,591,405.66
Total	491,913,131.33	524,609,097.58

2、 Notes receivables

- ♦ Categories of notes receivable

Currency: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptances	1,400,000.00	
Total	1,400,000.00	

3、 Accounts Receivables

- (1) Disclosure of accounts receivable by categories

Currency: RMB Yuan

Item	Closing Balance					Opening Balance				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivables for which bad debt provision has been assessed by portfolios of credit risk characteristics	71,534,490.72	100.00%	433,380.48	0.61%	71,101,110.24	44,302,904.98	100.00%	440,100.37	1.00%	43,862,804.61
Total	71,534,490.72	100.00%	433,380.48	0.61%	71,101,110.24	44,302,904.98	100.00%	440,100.37	1.00%	43,862,804.61

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

Name of portfolio	Closing balance		
	Carrying amount	Bad debt provision	Proportion of provision (%)
Accruing bad debt provision according to the percentage-of-receivables approach	71,534,490.72	433,380.48	0.61%
Total	71,534,490.72	433,380.48	0.61%

(2) Provision made and reversal of Bad debt

RMB 6,719.89 of provision has been reversed.

(3) Top five enterprises of accounts receivables

Currency: RMB Yuan

Company	Amount	Percentage of Total Receivables (%)	Bad debt provision
Client 1	4,984,573.52	6.97%	35,421.55
Client 2	4,582,562.71	6.41%	72,270.01
Client 3	3,727,143.42	5.21%	3,026.34
Client 4	3,726,078.08	5.21%	
Client 5	3,579,443.75	5.00%	17,900.32
Total	20,599,801.48	28.80%	128,618.22

4、Prepayments

(1) Aging analysis of prepayments is as follows:

Currency: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,287,497.64	99.00%	716,387.12	95.77%
1-2 years	600.00	0.03%	3,323.66	0.44%
2-3 years		0.00%	5,849.17	0.78%
More than 3 years	22,504.50	0.97%	22,504.50	3.01%

Total	2,310,602.14	--	748,064.45	--
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5、Interests receivable

(1) Interests receivable by categories

Currency: RMB Yuan

Item	Closing balance	Opening balance
Fixed deposits	363,407.67	423,404.92
Financing product		
Total	363,407.67	423,404.92

6、Other Receivables

(1) Disclosure of other receivables by categories:

Currency: RMB Yuan

Item	Closing Balance					Opening Balance				
	Carrying amount		Bad debt provision		Net book value	Carrying amount		Bad debt provision		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and provided for bad debt individually										
Other receivables for which bad debt provision has been assessed by portfolios of credit risk characteristics	63,906,531.37	100.00%	35,881.39	0.06%	63,870,649.98	63,899,488.36	100.00%	35,881.39	0.06%	63,863,606.97
Other receivables that are not individually significant and provided for bad debt individually										
Total	63,906,531.37	100.00%	35,881.39	0.06%	63,870,649.98	63,899,488.36	100.00%	35,881.39	0.06%	63,863,606.97

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	Bad debt provision	Proportion (%)
Accruing bad debt provision according to the percentage-of-receivables approach	63,906,531.37	35,881.39	0.06%
Total	63,906,531.37	35,881.39	0.06%

(2) Disclosure of other receivables by nature:

Currency: RMB yuan

Nature	Closing balance	Opening balance
Amount due from operating activities	15,640,245.62	16,231,215.52
Deposits	30,258,018.68	30,899,167.86
Petty cash	1,293,027.15	1,141,493.08
Amount due from related parties	15,398,699.66	15,360,336.60
Others	1,316,540.26	267,275.30
Total	63,906,531.37	63,899,488.36

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

Currency: RMB yuan

Name of entity	Nature	Closing balance	Aging	Proportion (%)	Bad debt provision
Minority shareholder	Amount due from related parties	15,333,000.00	Within 1 year	23.99%	0.00
Client 6	Receivables from government	12,045,000.00	Over 3 year	18.85%	0.00
Client 7	Receivables from government	9,010,000.00	1-2year	14.10%	0.00
Client 8	Receivables from government	5,000,000.00	6 months-1year	7.82%	0.00
Client 9	Receivables from government	3,000,000.00	2-3year	4.69%	0.00
Total	--	44,388,000.00	--	69.46%	0.00

7、Inventory

(1) Categories of inventories

Currency: RMB yuan

Items	Closing Balance			Opening Balance		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	390,476.40		390,476.40	606,805.98		606,805.98

Maintenance accessories	390,736.58		390,736.58	355,049.74		355,049.74
Total	781,212.98		781,212.98	961,855.72		961,855.72

8、 Other Current Assets

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Advance payment of taxes and fees, pending deduct VAT on purchase	23,161,678.79	14,424,379.64
Total	23,161,678.79	14,424,379.64

9、 Long-term equity investments

Currency: RMB Yuan

Investee	Opening balance	Changes in the current period								Closing balance	Closing balance on provision
		Increase in investment	Decrease in investment	Investment income recognized by equity method	Adjustment on other comprehensive income	Other equity changes	Announcing cash dividends or profits	Provisions	Others		
1、 Joint venture											
2、 Associates											
Shenzhen Chiwan Sembawang Engineering Co. Ltd. ("CSE")	480,795,224.35			9,783,506.15						490,578,730.50	
Shenzhen Chiwan Offshore Petroleum Engineering Co., Ltd ("CPEC")	737,557.53			-355,958.79						128,262,431.21	
China Development Finance Co., Ltd. ("CDFC")	120,662,133.18			7,600,298.03						381,598.74	
Sichuan Wenxue		2,000,000.								2,000,000.00	

Baowan Supply Chain co. LTD		00								
Subtotal	602,194,915.06	2,000,000.00		17,027,845.39					621,222,760.45	
Total	602,194,915.06	2,000,000.00		17,027,845.39					621,222,760.45	

10、Investment properties

(1) Investment properties measured at cost

Currency: RMB Yuan

Item	Buildings	Land use right	Construction in progress	Total
I. Total original carrying amount				
1. Opening carrying amount	2,041,872,826.71			2,041,872,826.71
2. Increase in the current period	191,340,526.40			191,340,526.40
(1) Purchase				
(2) Transfer from Construction in Progress	191,340,526.40			191,340,526.40
(3) Increased by Merger				
3. Decrease in the current period	8,043,311.99			8,043,311.99
(1) Disposal				
(2) Other transfer	8,043,311.99			8,043,311.99
4. Closing carrying amount	2,225,170,041.12			2,225,170,041.12
II. Total accumulated depreciation				
1. Opening carrying amount	435,823,488.64			435,823,488.64
2. Increase in the current period	31,642,204.46			31,642,204.46
(1) Amount accrued or amortized	31,642,204.46			31,642,204.46
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer				
4. Closing carrying amount	467,465,693.10			467,465,693.10

III . Total Provision for impairment losses				
1. Opening carrying amount				
2. Increase in the current period				
(1) Amount accrued				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer				
4. Closing carrying amount				
IV. Total net book value of investment properties				
1. Closing net book value	1,757,704,348.02			1,757,704,348.02
2. Opening net book value	1,606,049,338.07			1,606,049,338.07

(2) Investment properties that have not obtained certificates

Currency: RMB Yuan

Item	Net book value	Reasons for not obtained certificates
Buildings	344,746,309.47	Settlement procedures are still in progress
Buildings	110,185,703.14	Properties are built on leased land from Nanshan Group not obtain the use right certificate of the mentioned land.

11、Fixed assets

(1) Details of fixed assets are as follows:

Currency: RMB Yuan

Item	Buildings	Port facilities	Machinery and equipment	Transportation vehicles	Fixed assets decorations	Office and other equipment	Total
I. Total original carrying amount							
1. Opening carrying amount	934,353,609.79	46,462,519.33	169,462,689.06	21,601,213.89	13,767,664.19	101,832,702.22	1,287,480,398.48
2. Increase in the current period	189,004,068.02		12,998,190.39	470,658.23		4,927,343.57	207,400,260.21

(1)Purchase			268,046.64	470,658.23		4,927,343.57	5,666,048.44
(2)Transfer from Construction in Progress	189,004,068.02		12,730,143.75				201,734,211.77
(3)Increase by Mergering							
3.Decrease in the current period			779,796.01	666,004.00		816,158.71	2,261,958.72
(1) Disposal			779,796.01	666,004.00		816,158.71	2,261,958.72
4. Closing carrying amount	1,123,357,677. 81	46,462,519.33	181,681,083.44	21,405,868.12	13,767,664.19	105,943,887.08	1,492,618,699. 97
II. Total accumulated depreciation							
1.Opening carrying amount	187,087,059.71	36,079,112.25	94,223,178.48	15,289,644.32	13,767,664.19	63,937,642.89	410,384,301.84
2.Increase in the current period	22,292,658.91	454,710.66	6,307,785.91	1,117,502.56		3,109,508.66	33,282,166.70
(1) Amount accrued or amortized	22,292,658.91	454,710.66	6,307,785.91	1,117,502.56		3,109,508.66	33,282,166.70
3.Decrease in the current period	0.00		732,408.93	632,703.80		798,749.27	2,163,862.00
(1) Disposal	0.00		732,408.93	632,703.80		798,749.27	2,163,862.00
4. Closing carrying amount	209,379,718.62	36,533,822.91	99,798,555.46	15,774,443.08	13,767,664.19	66,248,402.28	441,502,606.54
III . Total Provision for impairment losses							
1.Opening carrying amount							
2.Increase in the current period							
(1) Amount							

accrued							
3. Decrease in the current period							
(1) Disposal							
4. Closing carrying amount							
IV. Total net book value of investment properties							
1. Closing net book value	913,977,959.19	9,928,696.42	81,882,527.98	5,631,425.04	0.00	39,695,484.80	1,051,116,093.43
2. Opening net book value	747,266,550.08	10,383,407.08	75,239,510.58	6,311,569.57		37,895,059.33	877,096,096.64

(2) Fixed assets that have not obtained certificates

Currency: RMB Yuan

Item	Net book value	Reasons for not obtained certificates
Buildings	17,763,314.11	Settlement procedures are still in progress
Buildings	3,708,500.90	Properties are built on leased land from Nanshan Group not obtain the use right certificate of the mentioned land.

12. 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
Bingang Blogis Park	62,030,875.34		62,030,875.34	59,149,313.16		59,149,313.16
Zhenjiang Warehouse Blogis Park	162,582.46		162,582.46	151,999,058.12		151,999,058.12
Wuxi Blogis Park	125,402.03		125,402.03	157,642.00		157,642.00
Jiaozhou Blogis Park	204,942,027.80		204,942,027.80	172,495,930.90		172,495,930.90
Shenyang Blogis Park	646,090.10		646,090.10	646,090.10		646,090.10
Xi'an Blogis Park	1,279,945.17		1,279,945.17	823,660.36		823,660.36
Xianyang Blogis Park	20,368,572.40		20,368,572.40	2,215,162.70		2,215,162.70
Qingwu Blogis Park	120,000.00		120,000.00	120,000.00		120,000.00

Jiaxing Blogis Park	10,982,756.10		10,982,756.10	44,562,016.70		44,562,016.70
Jiangyin Blogis Park	11,170,396.56		11,170,396.56	70,843.00		70,843.00
Feidong Blogis Park	7,595,764.55		7,595,764.55	292,789.91		292,789.91
Chengdu oil and gas base project	27,457,555.68		27,457,555.68	6,499,857.37		6,499,857.37
Beijing Konggang Blogis Park	0.00		0.00	145,962,022.82		145,962,022.82
Ezhou Blogis Park	29,526,301.89		29,526,301.89	518,070.48		518,070.48
Shaoxing Blogis Park	505,702.21		505,702.21	411,154.06		411,154.06
Yangluo Blogis Park	173,223.62		173,223.62	173,223.62		173,223.62
Xipeng Blogis Park	103,820.22		103,820.22	21,962.67		21,962.67
Xitong Blogis Park	9,268,071.02		9,268,071.02	10,000.00		10,000.00
Deqing Blogis Park	21,433,577.00		21,433,577.00			
Other miscellaneous constructions	17,225,203.10		17,225,203.10	15,778,166.65		15,778,166.65
Total	425,117,867.25		425,117,867.25	601,906,964.62		601,906,964.62

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

Currency: RMB Yuan

Item	Budget amount	Opening balance	Increase in the current period	Transferred to fixed assets	Decreased in the current period	Closing balance	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalized interest	Including: capitalized interest for the period	Interest capitalization rate for the period (%)	Source of funds
Bingang Blogis Park	343,600,000.00	59,149,313.16	2,881,562.18			62,030,875.34	18.05%	18.05%	7,730,707.04	2,078,920.45	5.16%	
Zhenjiang Warehouse Blogis Park	362,220,000.00	151,999,058.12	10,307,450.00	87,535,984.32	74,607,941.34	162,582.46	44.81%	44.81%				
Wuxi Blogis Park	361,530,000.00	157,642.00		32,239.97		125,402.03	0.03%	0.03%				
Jiaozhou Blogis Park	274,000,000.00	172,495,930.90	32,446,096.90			204,942,027.80	74.80%	74.80%	3,318,371.91	2,920,363.67	4.35%	
Shenyang Blogis Park	433,240,000.00	646,090.10				646,090.10	0.15%	0.15%				
Xi'an Blogis Park	448,120,000.00	823,660.36	456,284.81			1,279,945.17	0.29%	0.29%				
Xianyang Blogis Park	549,780,000.00	2,215,162.70	18,153,409.70			20,368,572.40	3.70%	3.70%				
Qingwu Blogis Park	279,060,000.00	120,000.00				120,000.00						
Yangluo Blogis Park	163,980,000.00	173,223.62				173,223.62						
Jiaxing Blogis Park	193,690,000.00	44,562,016.70	17,624,529.25	18,808,585.48	32,395,204.37	10,982,756.10	32.11%	32.11%	203,880.33	203,880.33	4.75%	
Jiangyin Blogis Park	267,280,000.00	70,843.00	11,099,553.56			11,170,396.56	4.18%	4.18%				
Feidong Blogis Park	228,530,000.00	292,789.91	7,302,974.64			7,595,764.55	3.32%	3.32%				
Chengdu oil and gas	820,000,000.00	6,499,857.37	20,957,698.31			27,457,555.68	3.35%	3.35%				

base project												
Beijing Konggang Blogis Park	35,110,000.00	145,962,022.82	12,914,884.76	82,493,453.63	76,383,453.95		100.00%	100.00%	1,260,729.17	554,166.67	4.75%	
Ezhou Blogis Park	525,000,000.00	518,070.48	29,008,231.41			29,526,301.89	5.62%	5.62%				
Shaoxing Blogis Park	356,000,000.00	411,154.06	94,548.15			505,702.21	0.14%	0.14%				
Xipeng Blogis Park	375,000,000.00	21,962.67	81,857.55			103,820.22	0.03%	0.03%				
Xiting Blogis Park	213,000,000.00	10,000.00	9,258,071.02			9,268,071.02	4.35%	4.35%				
Deqing Blogis Park	190,000,000.00		21,433,577.00			21,433,577.00	11.28%	11.28%				
Other miscellaneous constructions		15,778,166.65	17,955,383.56		16,508,347.11	17,225,203.10		Not applicable				
Total	6,419,140,000.00	601,906,964.62	211,976,112.80	188,870,263.40	199,894,946.77	425,117,867.25	--	--	12,513,688.45	5,757,331.12		--

13. Disposal of Fixed Assets

Currency: RMB Yuan

Item	Closing Balance	Opening Balance
Disposal	15,835.78	
Total	15,835.78	

14. Intangible Assets

(1) Details of intangible assets

Currency: RMB Yuan

Item	Land use rights	patent rights	Non-Patents	Trademarks	Software	Total
I. Total original carrying amount						
1. Opening carrying amount	2,733,015,122.16			439,046.42	3,098,409.44	2,736,552,578.02
2. Increase in the current period	85,512,605.13				7,523,681.81	93,036,286.94
(1) Purchase	85,512,605.13				7,523,681.81	93,036,286.94
(2) Internal research and development						
(3) Increase by Mergering						
3. Decrease in the current period						
(1) Disposal						
4. Closing carrying amount	2,818,527,727.29			439,046.42	10,622,091.25	2,829,588,864.96
II. Total accumulated amortization						
1. Opening carrying amount	489,397,565.17			244,910.09	1,698,446.41	491,340,921.67
2. Increase in the current period	30,886,902.88			11,687.34	176,144.72	31,074,734.94
(1) Amortization accrued	30,886,902.88			11,687.34	176,144.72	31,074,734.94
3. Decrease in the current period						
(1) Disposal						
4. Closing carrying amount	520,284,468.05			256,597.43	1,874,591.13	522,415,656.61
III. Total Provision for impairment losses						
1. Opening carrying amount						
2. Increase in the current period						
(1) Amount accrued						
3. Decrease in the current period						

(1) Disposal						
4. Closing carrying amount						
IV. Total net book value						
1. Closing net book value	2,298,243,259.24			182,448.99	8,747,500.12	2,307,173,208.35
2. Opening net book value	2,243,617,556.99			194,136.33	1,399,963.03	2,245,211,656.35

(2) Intangible assets that have not obtained certificates

Currency: RMB Yuan

Item	Net book value	Reasons for not obtained certificates
Land use rights	259,820,153.90	Note 1
Land use rights	7,342,445.28	Note 2

Note 1: Land use right and dock use right are assets leased from Nanshan Group, the controlling shareholder of the Company. In 1984, Nanshan Group contributed the land use right and dock use right for 25 years as the investment capital to the Company. The term of the use rights expired on 15 July 2009. On 18 July 2006, the Company and Nanshan Group entered into *Agreement on Land Use*, which specifies that the Company can continue to lease the land and dock by means of operating lease after the expiration. The lease term is 25 years that starts from 15 July 2009 and ends on 14 July 2034. The Company has paid off all the rentals in a lump sum. As at 30 June 2017 Nanshan Group has not obtained the use right certificate of the above mentioned land and dock.

Note 2: Use right of the eastern land is an asset leased from Nanshan Group, the controlling shareholder of the Company, by means of operating lease in 1997. The lease term is 25 years from 1 August 1997 to 31 July 2022. The Company has paid off all the rentals in a lump sum. Given that Nanshan Group has not obtained the use right certificate of the mentioned land, in addition to the guarantee of the Company's legal use right on the land, Nanshan Group entered into an *Agreement on Immunity from Liabilities Caused by the Land Use* with the Company on 18 July 1997, agreeing to compensate the Company for any losses, expenditures and liabilities associated with the leased land. As at 30 June 2017 Nanshan Group has not obtained use right certificate of the above mentioned land and dock.

15. Development Expenditure

Item	Opening Balance	Increase in the current period			Decrease in the current period			Closing Balance
Warehouse management system	920,050.29	656,587.14			937,350.09			639,287.34
SAP software	410,624.13	1,033,840.38						1,444,464.51
Total	1,330,674.42	1,690,427.52			937,350.09			2,083,751.85

16. Goodwill

Acquired entities or events that cause goodwill	Opening Balance	Increase in the current period		Decrease in the current period		Closing Balance
Tianjin Haier Management co. LTD	11,133,118.55					11,133,118.55
Total	11,133,118.55					11,133,118.55

17. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred tax assets that are not offset

Currency: RMB Yuan

Item	Closing Balance		Opening Balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	184,053.76	46,013.44	233,708.00	45,201.65
Deductible losses	125,324,634.08	31,331,158.52	97,090,341.05	24,272,585.27
Impairment in revaluation of acquired entities not under common control	29,181,977.84	7,295,494.46	29,181,977.84	7,295,494.46
Total	154,690,665.68	38,672,666.42	126,506,026.89	31,613,281.38

(2) Deferred tax liabilities that are not offset

Item	Closing Balance		Opening Balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation in revaluation of acquired entities not under common control	61,437,303.56	15,359,325.89	62,066,365.68	15,516,591.42
Total	61,437,303.56	15,359,325.89	62,066,365.68	15,516,591.42

(3) Deferred tax assets and deferred tax liabilities that are presented at net value after offsetting

Currency: RMB Yuan

Item	Offsetting amounts at closing date	Closing balance of deferred tax assets or deferred tax liabilities	Offsetting amounts at opening date	Opening balance of deferred tax assets or deferred tax liabilities
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		after offsetting		after offsetting
Deferred tax assets	-7,295,494.46	31,377,171.96	-7,295,494.46	24,317,786.92
Deferred tax liabilities	7,295,494.46	22,654,820.35	7,295,494.46	22,812,085.88

(4) Details of unrecognized deferred tax assets

Currency: RMB Yuan

Item	Closing Balance	Opening balance
Deductible temporary difference	290,161.32	290,161.32
Deductible losses	256,116,135.34	217,901,282.72
Total	256,406,296.66	218,191,444.04

(3) Deadline of deductible losses of unrecognized deferred tax assets

Currency: RMB Yuan

Years	Closing Balance	Opening balance	Notes
Deductible losses without deadline	110,890,988.33	92,822,732.48	It refers to the accumulated loss of Baowan Hong Kong and China Huitong.
2019	831,022.59	831,022.59	It refers to the accumulated loss of the Company
2020	38,627,080.46	38,627,080.46	It refers to the accumulated loss of the Company
2021	85,620,447.19	85,620,447.19	It refers to the accumulated loss of the Company
2022	20,436,758.09		It refers to the accumulated loss of the Company
Total	256,406,296.66	217,901,282.72	--

18. Other non-current assets

Currency: RMB Yuan

Item	Closing Balance	Opening Balance
Payments for assets (note 1)	610,136,328.02	567,480,000.00
Prepayments for land use rights (note 2)	441,212,200.70	311,733,581.18
Refundable deposits for land use rights (note 3)	26,115,124.80	38,954,624.80
Prepayments for software installation (note 4)		6,690,456.61
Others	5,970,923.65	6,049,099.01
Total	1,083,434,577.17	930,907,761.60

Note 1: Closing balance represents assets prepayments by Baowan Logistics Holdings Co., Ltd. ("Baowan Holdings"), subsidiary of the Company.

Note 2: Closing balance represents Prepayments for land use rights by Yangluo Baowan, Xianyang Baowan, Xipeng Baowan, Changsha Yuhua Baowan Logistics Co., Ltd ("Yuhua Baowan"), Ningbo Baowan International Logistics Co., Ltd. ("Ningbo Baowan"), Chongqing Luohuang Baowan International Logistics Co., Ltd. ("Luohuang Baowan"), Changsha Wangcheng Baowan Logistics Co., Ltd ("Wangcheng Baowan"), Wuhan Qingshan Baowan Logistics Co., Ltd ("QingshanBaowan"), subsidiaries of the Company.

Note 3: Closing balance represents refundable deposits for land use rights paid by Jiaxing Baowan, Jiaxing Supply Chain, Yuyao Baowan Logistics Co., Ltd. ("Yuyao Baowan"), Jiashan Baowan Logistics Co., Ltd ("Jiashan Baowan"), subsidiaries of the Company.

Note 4: Closing balance represents prepayments for software installation by Kunshan Baowan International Logistics Co., Ltd ("Kunshan Baowan"), subsidiary of the Company.

19. Short-term Borrowings

(1) Classification of short-term borrowings

Currency: RMB Yuan

Item	Closing Balance	Opening Balance
Guaranteed borrowings	644,000,000.00	50,000,000.00
Credit borrowings	930,000,000.00	800,000,000.00
Total	1,574,000,000.00	850,000,000.00

20. Notes payable

Currency: RMB Yuan

Item	Closing Balance	Opening Balance
Trade acceptance	35,891,264.20	16,200,019.20
Total	35,891,264.20	16,200,019.20

The amount of unpaid mature notes is 0.

21. Accounts Payable

(1) Details of accounts payable are as follows:

Currency: RMB Yuan

Item	Closing balance	Opening balance
Rents	12,757,364.46	7,274,685.37
Allowances for repairs and maintenance	2,328,997.63	1,899,243.70
Service charges	852,171.99	727,374.70
Others		1,599,201.26
Total	15,938,534.08	11,500,505.03

22、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	6,694,000.98	8,998,939.24
Others	55,008.00	186,125.80
Total	6,749,008.98	9,185,065.04

23、Employee benefits payable

(1) Details of employee benefits payable are as follows

Currency: RMB Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term compensation	21,147,173.58	47,998,257.05	51,682,825.06	17,462,605.58
II. Post-employment benefits-defined contribution plans	15,744.32	3,449,812.74	3,450,775.30	14,781.76
III. Termination benefits		199,806.06	199,806.06	
IV. Other welfare due within one year				
Total	21,162,917.90	51,647,875.85	55,333,406.42	17,477,387.34

(2) Short-term Compensation

Currency: RMB Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	20,628,167.59	42,727,455.54	46,552,086.76	16,803,536.38
II. Staff welfare		1,145,746.45	1,035,946.43	109,800.02
III. Social security contributions	7,697.14	1,562,352.17	1,562,783.58	7,265.73
Including: Medical insurance	5,957.83	1,304,975.89	1,305,283.67	5,650.05
Work-related injury insurance	1,326.76	138,316.62	138,432.92	1,210.46
Birth insurance	412.55	119,059.66	119,066.99	405.22

IV. Housing funds	667.00	1,818,332.36	1,818,332.36	667.00
V. Expenditure for trade union and employee training	510,641.85	744,370.53	713,675.93	541,336.45
Total	21,147,173.58	47,998,257.05	51,682,825.06	17,462,605.58

(3) Post-employment benefits- defined contribution plans

Currency: RMB Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Basic endowment insurance	14,983.68	3,361,245.47	3,361,852.61	14,376.54
II. Unemployment insurance	760.64	88,567.27	88,922.69	405.22
Total	15,744.32	3,449,812.74	3,450,775.30	14,781.76

Note: The Group participates in the social security contributions and the unemployment insurance plan established by government institutions as required. According to such plans, the Company and its subsidiaries contributes amounts according to local supervision agency's requirement respectively to such plans. The Group does not undertake further payment obligations other than the above monthly contributions. Corresponding expenses are charged to profit or loss for the period or costs of the related assets when incurred.

Ended 30 Jun 2017 the Group had contributed RMB 3,361,245.47 and RMB 88,567.27 respectively to the social security contributions and the unemployment insurance plan(2016: RMB 6,780,550.96 and RMB 197,928.73). As at 30 Jun 2017, the Group still have outstanding contributions of RMB 14,376.54 and RMB 405.22 (31 December 2016: RMB 14,983.68 and RMB 760.64) to be paid to the social security contributions and the unemployment insurance plan. The related outstanding contributions have been made after the reporting period.

24、 Taxes payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Value Added Tax	3,973,826.95	3,614,107.55
Corporate Income Tax	14,430,906.40	13,910,953.26
Individual Income Tax	244,102.99	226,153.20
Urban Maintenance & Construction Tax	183,612.85	235,320.44
Land-use Tax	4,102,808.81	5,146,891.43
Property Tax	4,536,533.67	6,020,749.61
Educational Surcharges	126,979.57	172,408.79
Others	952,475.11	781,150.17
Total	28,551,246.35	30,107,734.45

25、Interest Payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Long-term borrowing interest	772,235.57	3,072,061.82
Corporate bond interest	16,839,066.65	20,784,237.18
Total	17,611,302.22	23,856,299.00

26、Other Payables

(1) Details of other payables are as follows:

Currency: RMB Yuan

Item	Closing balance	Opening balance
Construction costs	309,620,658.18	322,429,515.38
Deposits	67,029,163.52	68,669,191.97
Others	77,295,058.43	46,423,717.26
Total	453,944,880.13	437,522,424.61

(2) Significant other payables over 1 year

Item	Closing balance	Reason for not repay or carry over
Supplier 1	12,985,141.62	Construction balance not reaching payment terms
Supplier 2	10,257,045.00	Construction balance not reaching payment terms
Supplier 3	10,133,058.12	Construction balance not reaching payment terms
Supplier 4	9,154,447.91	Construction balance not reaching payment terms
Supplier 5	9,003,726.41	Construction balance not reaching payment terms
Supplier 6	3,999,342.09	Construction balance not reaching payment terms
Supplier 7	3,438,677.46	Construction balance not reaching payment terms
Customer 16	3,330,000.00	Storage deposit not reaching payment terms
Customer 17	2,757,869.00	Construction balance not reaching payment terms
Supplier 8	2,734,107.20	Construction balance not reaching payment terms
Customer 18	2,450,921.40	Construction balance not reaching payment terms
Supplier 9	1,612,000.25	Construction balance not reaching payment terms
Customer 19	1,283,010.00	Construction balance not reaching payment terms
Customer 20	1,264,991.60	Construction balance not reaching payment terms
Supplier 10	1,185,738.38	Construction balance not reaching payment terms
Customer 21	1,120,530.00	Construction balance not reaching payment terms
Customer 22	1,102,930.10	Construction balance not reaching payment terms
Customer 23	1,015,461.58	Construction balance not reaching payment terms
Customer 24	1,000,000.00	Construction balance not reaching payment terms
Total	79,828,998.12	--

27、Non-current liabilities due within one year

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Long-term loans due within one year	211,349,351.16	211,349,351.16
Bond payable due within one year		400,000,000.00
long-term payable due within one year	27,414,252.24	21,708,627.24
Total	238,763,603.40	633,057,978.40

28、Other current liabilities

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Loans borrowed from Nanshan Group	0.00	564,000,000.00
Total		564,000,000.00

29、Long-term Borrowings

(1) Classification of the long-term borrowings

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Guaranteed loan	325,253,194.75	441,572,609.77
Credit loan	839,974,280.70	744,715,490.68
Total	1,165,227,475.45	1,186,288,100.45

30、Bonds payable

(1) Details of bonds payable

Currency: RMB Yuan

Items	Closing Balance	Opening Balance
Corporate bond	569,382,500.00	568,641,500.00
Total	569,382,500.00	568,641,500.00

(2) Changes in the current period of bonds payable

Currency: RMB Yuan

Item	Par value	Issue date	Maturity term	Issued amount	Opening balance	Issue in the current period	Accrued interest for the period	Premium or discount amortization	Repay for the period	Closing balance
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Corporate bond	570,000,000.00	17/12/2012	7 years	570,000,000.00	568,641,500.00		15,649,350.00	741,000.00	0.00	569,382,500.00
Total	570,000,000.00			570,000,000.00	568,641,500.00		15,649,350.00	741,000.00	0.00	569,382,500.00

31、Account payable special funds

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Land repurchase payment from Shenyang Government	0.00	1,309,524.80		1,309,524.80	Land repurchase from Shenyang Government
Total		1,309,524.80		1,309,524.80	--

32、Deferred income

Currency: RMB Yuan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government Subsidy	49,599,079.39		826,035.84	48,773,043.55	Special subsidy for purchasing fixed assets
Total	49,599,079.39		826,035.84	48,773,043.55	--

Items concerning government subsidy:

Currency: RMB Yuan

Liabilities items	Opening balance	Increase of government subsidy in the current period	Amount recognized in non-operating income in the current period	Closing balance	Related to assets or revenue	Liabilities items
Wuhan Blogis Park	48,249,079.39		788,535.84		47,460,543.55	Related to assets
Guangzhou Blogis Park –Lot A Construction	1,350,000.00		37,500.00		1,312,500.00	Related to assets
Total	49,599,079.39		826,035.84		48,773,043.55	--

33、 Other non-current liabilities

Currency: RMB Yuan

Item	Closing balance	Opening balance
Medium and long-term borrowings	1,100,000,000.00	496,000,000.00
Rental received in advance	13,988,969.48	15,018,207.18
Total	1,113,988,969.48	511,018,207.18

34、 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

35、 Capital reserve

Currency: RMB Yuan

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

36、 Other comprehensive income

Currency: RMB Yuan

Item	Opening Balance	Amount for the current period					Closing Balance
		Before-tax amount for the current period	Less: Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less : income tax	Post-tax net amount belonging to parent company owners	Post-tax net amount belonging to minority shareholders	
II. Net amount included in other comprehensive income that can be transferred to profit or loss in the future	652,079.14						652,079.14
Translation differences of financial statements denominated in foreign currencies	652,079.14						652,079.14
Total	652,079.14						652,079.14

37、Special reserve

Currency: RMB Yuan

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Production safety fee	6,774,707.73	622,389.29	186,009.27	7,211,087.75
Total	6,774,707.73	622,389.29	186,009.27	7,211,087.75

38、Surplus reserves

Currency: RMB Yuan

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Statutory surplus reserve	218,585,153.26			218,585,153.26
Discretionary surplus reserve	100,018,409.16			100,018,409.16
Total	318,603,562.42			318,603,562.42

39、Unappropriated profits

Currency: RMB Yuan

Item	Amount for current period	Amount for prior period
Before adjustment: Unappropriated profits at the end of prior year	966,064,644.53	965,504,851.33
After adjustment: Unappropriated profits at the beginning of the year	966,064,644.53	965,504,851.33
Add: Net profit attributable to owners of the Company for the period	11,067,703.47	1,918,066.81
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		1,358,273.61
Dividends paid to ordinary shares		
Undistributed profit at the end of the year	977,132,348.00	966,064,644.53

40、Operating income and operating costs

Currency: RMB Yuan

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating cost	Operating income	Operating cost
Principal operating activities	356,576,081.73	156,076,406.18	330,993,998.17	143,269,502.63
Other operating activities	187,817.06		54,290.48	
Total	356,763,898.79	156,076,406.18	331,048,288.65	143,269,502.63

41、Business Tax and Surcharges

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
City construction and maintenance tax	1,092,109.68	1,124,525.04
Education surcharges	811,337.99	863,216.39
Property tax	15,344,974.22	12,635,340.98
Land use tax	14,620,829.87	3,556,743.99
Others	790,323.07	687,813.02
Total	32,659,574.83	18,867,639.42

42、 Selling expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Agency brokerage	252,176.88	917,022.63
Total	252,176.88	917,022.63

43、 Administrative Expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Payroll	35,863,205.88	30,782,964.25
Asset depreciation	1,979,265.54	2,065,391.20
Asset amortization	12,075,647.47	6,882,181.50
Taxes		5,339,571.17
Business entertainment	1,364,496.99	1,200,941.26
Vehicle expense	905,636.87	824,987.89
Travelling expense	1,573,725.05	1,596,611.26
Others	4,269,268.63	6,652,700.64
Total	58,031,246.43	55,345,349.17

44、 Financial Expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	99,909,420.44	89,265,690.31
Less: capitalized interest expenses	5,757,331.12	1,826,715.35
Less: interest income	2,365,771.90	2,616,828.72
Exchange differences	2,794.85	309.85
Others	808,696.52	1,540,642.23
Total	90,232,036.89	86,362,478.62

45、 Impairment loss

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Loss from bad debt	-6,719.89	17,914.86
Total	-6,719.89	17,914.86

46、 Investment income

Currency: RMB Yuan

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from long-term equity investments under equity method	17,027,845.39	13,758,166.75
Income from bank financing products		1,204,227.53
Total	17,027,845.39	14,962,394.28

47、 Non-operating Income

Currency: RMB Yuan

Item	Amount recognized in the current period	Amount recognized in the prior period	Amount included in non-recurring profit or loss for the period
Total gains on disposal of non-current assets	74,068.43	27,777.65	74,068.43
Including: Gains on disposal of fixed assets	74,068.43	27,777.65	74,068.43
Government grants	1,503,443.61	1,721,474.24	1,503,443.61
Penalty gains	901,028.72	258,640.27	901,028.72
Others	291,093.72	694,956.72	291,093.72
Total	2,769,634.48	2,702,848.88	2,769,634.48

Details of government grants recorded into current profit or loss:

Item	Entity	Reason for grants	The nature of grants	Whether affect current profit or loss	Whether special grants	Amount incurred in the current period	Amount incurred in the current period	Assets related/ Income related
Financial subsidies		subsidies	subsidies from investments fits criteria of local policies	YES	NO	1,384,234.59	1,711,474.24	Income related
Financial incentive		incentive	subsidies from	YES	NO	119,209.02	10,000.00	Income related

			investments fits criteria of local policies					
Total	--	--	--	--	--	1,503,443.61	1,721,474.24	--

48、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	4,086.00	36,978.43	4,086.00
Including: Losses on disposal of fixed assets	4,086.00	36,978.43	4,086.00
Donations	12,000.00		12,000.00
Penalty losses	129,681.49	664,737.28	129,681.49
Others	193,527.95	149,976.31	193,527.95
Total	339,295.44	851,692.02	339,295.44

49、Income Tax Expenses

(1) Details of income tax expenses

Currency: RMB Yuan

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expense	25,019,093.22	26,974,453.88
Deferred tax expense	-6,501,398.89	-14,889,137.89
Total	18,517,694.33	12,085,315.99

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

Currency: RMB Yuan

Item	Amount for the current period
Accounting profit	38,977,361.90
Income tax expenses calculated at statutory tax rate or applicable tax rate	10,656,352.01
Effect of different tax rates adopted by subsidiaries	-1,275,313.63
Effect of adjusting income tax for previous years	-86,564.24
Effect of tax-free income	-503,248.81
Effect of expenses that are not deductible for tax purposes	55,646.99
Effect of deductible temporary differences and deductible losses from unrecognized deferred tax assets in the current period	9,670,822.01
Income tax expense	18,517,694.33

50、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	Amount for the prior period
Interest income	2,425,455.29	2,109,786.13
Government grants	119,209.02	543,658.40
Others	13,364,206.32	14,307,898.24
Total	15,908,870.63	16,961,342.77

(2) Other cash payments relating to operating activities

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
Payments for administrative expense	13,504,499.79	16,236,662.53
Payments for deposits	6,403,128.06	2,498,042.94
Others	7,043,757.79	2,625,108.65
Total	26,951,385.64	21,359,814.12

(3) Other cash receipts relating to investing activities

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
Principal and investment income from financing products		257,235,570.00
Others	2,429,524.80	354,780.00
Total	2,429,524.80	257,590,350.00

(4) Other cash payments relating to investing activities

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
Purchase of financing products		45,000,000.00
Others	42,144.00	
Total	42,144.00	45,000,000.00

(5) Other cash receipts relating to financing activities

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
Borrowing from Nanshan Group	1,204,000,000.00	294,000,000.00

Total	1,204,000,000.00	294,000,000.00
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(6) Other cash payments relating to financing activities

Currency: RMB Yuan

Item	Amount for the current period	Amount for the prior period
Payments for commission of medium term note	1,200,000.00	1,200,000.00
Payments for the interest and principal from Nanshan group loans	1,179,203,299.09	273,580,492.48
Others	504,856.08	114,455.93
Total	1,180,908,155.17	274,894,948.41

51、Supplementary information for the cash flow statement

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

Currency: RMB Yuan

Supplementary information	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	20,459,667.57	30,996,616.47
Add: Provision for the impairment of assets	-6,719.89	17,914.86
Depreciation of fixed assets, depletion of oil & gas assets and productive biologic material depreciation	65,164,186.33	58,108,135.15
Amortisation of intangible assets	34,529,198.86	22,752,336.51
Losses on disposal of fixed assets, intangible assets and other long-term assets('-' for gain)	-69,982.43	9,200.78
Financial expenses(gains are indicated by "-")	91,862,447.77	86,786,898.42
Losses arising from investments (gains are indicated by "-")	-17,027,845.39	-14,962,394.28
Decrease in deferred tax assets (increase is indicated by "-")	-7,059,385.02	-10,440,147.95
Increase in deferred tax liabilities	-157,265.53	
Decrease in inventories (increase is indicated by "-")	180,642.74	66,958.38
Decrease in receivables from operating activities (increase is indicated by "-")	-29,954,924.87	-23,741,607.16
Increase in payables from operating activities (decrease is indicated by "-")	-16,762,276.05	1,516,188.62
Net cash flow from operating activities	141,157,744.09	151,110,099.80
2. Significant investment and financing activities not involving receipts and disbursements:	--	--
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	491,913,131.33	647,599,268.21

Less: Opening balance of cash	524,609,097.58	321,121,926.73
Net increase in cash and cash equivalents	-32,695,966.25	326,477,341.48

(2) Composition of cash and cash equivalents

Currency: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	491,913,131.33	524,609,097.58
Including: Cash on hand	16,278.86	17,691.92
Bank deposit available for immediate payment	491,896,852.47	524,591,405.66
III. Closing balance of cash and cash equivalents	491,913,131.33	524,609,097.58

52、 Foreign currency monetary items

Currency: RMB Yuan

Item	Closing balance in foreign currency	Exchange rate	Closing balance translate in RMB
Bank and Cash	--	--	4,950,122.33
Including: United State Dollar	339,675.22		2,356,327.00
Euro	380.00		2,776.58
Hong Kong Dollar	2,896,611.23		2,591,018.75

VIII、 Changes of Consolidated Financial Statement Scope

1、 Changes of consolidated financial statement scope for other reasons

Provide details of any changes of consolidated financial statement scope for other reasons.

During the first half year of 2017, the following companies were found.

Currency: RMB Yuan

Entities	Net assets at closing balance
Hubei Baowan Logistics Investment Co. Ltd	30,088,541.21
Wuhan Qingshan Baowan Logistics Co., Ltd	30,035,720.73
Zhangzhou Baowan Logistics Co., Ltd.	

During the first half year of 2017, the following company was cancelled

Currency: RMB Yuan

Entities	Net assets at closing balance
Changzhou Baowan Logistics Co., Ltd.	-1,413.00

IX、Equity in other entities

1、Equity in subsidiaries

(1) Group Composition

Name of subsidiary	Business premise	Registered place	Business nature	Proportion of holding equity (%)		Acquired method
				Direct	Indirect	
Blogis Holdings	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Investment	77.36%		Set-up
Shanghai Blogis	Shanghai	Shanghai	Logistics Service		100.00%	Set-up
Guangzhou Blogis	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Logistics Service		100.00%	Set-up
Kunshan Blogis	Kunshan, Jiangsu Province	Kunshan, Jiangsu Province	Logistics Service		100.00%	Set-up
Tianjin Blogis	Tianjin	Tianjin	Logistics Service		100.00%	Set-up
Langfang Blogis	Langfang, Hebei Province	Langfang, Hebei Province	Logistics Service		100.00%	Set-up
Longquan Blogis	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Logistics Service		100.00%	Set-up
Xindu Blogis	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Logistics Service		100.00%	Set-up
Nanjing Blogis	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Logistics Service		100.00%	Set-up
Bingang Blogis	Tianjin	Tianjin	Logistics Service		100.00%	Set-up
Nantong Blogis	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Logistics Service		100.00%	Set-up
Wuhan Blogis	Wuhan, Hubei Province	Wuhan, Hubei Province	Logistics Service		100.00%	Set-up
Qingwu Blogis	Tianjin	Tianjin	Logistics Service		100.00%	Set-up
Shenyang Blogis	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Logistics Service		100.00%	Set-up
Yangluo Blogis	Wuhan, Hubei Province	Wuhan, Hubei Province	Logistics Service		100.00%	Set-up
Feidong Blogis	Hefei, Anhui Province	Hefei, Anhui Province	Logistics Service		100.00%	Set-up
Xi'an Blogis	Xi'an, Shanxi Province	Xi'an, Shanxi Province	Logistics Service		100.00%	Set-up
Xianyang Blogis	Xianyang, Shanxi Province	Xianyang, Shanxi Province	Logistics Service		100.00%	Set-up
Blogis Hongkong	Hong Kong Special Administrative Region	Hong Kong Special Administrative Region	Investment		100.00%	Set-up

Jiaozhou Blogis	Qingdao, Shandong Province	Qingdao, Shandong Province	Logistics Service		100.00%	Set-up
Changzhou Blogis	Changzhou, Jiangsu Province	Changzhou, Jiangsu Province	Logistics Service		100.00%	Set-up
Jaixing Blogis	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Logistics Service		100.00%	Set-up
Jiangyin Blogis	Jiangyin, Jiangsu Province	Jiangyin, Jiangsu Province	Logistics Service		100.00%	Set-up
Shenzhen Blogis	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics Service	100.00%		Business combination involving enterprises under common control
Mingjiang Blogis	Shanghai	Shanghai	Logistics Service		100.00%	Business combination involving enterprises under common control
China Huitong	Hong Kong Special Administrative Region	Hong Kong Special Administrative Region	Investment		100.00%	Business combination involving enterprises under common control
Wuxi Blogis	Wuxi, Jiangsu Province	Wuxi, Jiangsu Province	Logistics Service		100.00%	Business combination involving enterprises under common control
Zhenjiang Warehouse	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Logistics Service		100.00%	Business combination involving enterprises under common control
Chengdu Oil&gas Base	Chengdu, Sichuan Province	Chengdu, Sichuan Province	The development of new energy	100.00%		Set-up
Shaoxing Blogis	Shaoxing, Zhejiang province	Shaoxing, Zhejiang province	Logistics Service		100.00%	Set-up
Jiangsu Blogis	Nanjiang, Jiangsu Province	Nanjiang, Jiangsu Province	Logistics Service		100.00%	Set-up
Xipeng Blogis	Chongqing	Chongqing	Logistics Service		100.00%	Set-up
Zhengzhou Bsea	Zhengzhou, Henan province	Zhengzhou, Henan province	Logistics Service		80.00%	Set-up
E'zhou Blogis	Ezhou, Hubei province	Ezhou, Hubei province	Logistics Service		100.00%	Set-up
Xintong Blogis	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Logistics Service		100.00%	Set-up
Jiashan Blogis	Jiashan, Zhejiang province	Jiashan, Zhejiang province	Logistics Service		100.00%	Set-up
Beijing Konggang	Beijing	Beijing	Logistics Service		100.00%	Business combination involving enterprises not

Baowan						under common control
Yuyao Baowan	Zhejiang, Yuyao	Zhejiang, Yuyao	Logistics Service		100.00%	Set-up
Xiaogan Baowan	Hubei Xiaogan	Hubei Xiaogan	Logistics Service		100.00%	Set-up
Xinjin Baowan	Sichuan Chengdu	Sichuan Chengdu	Logistics Service		100.00%	Set-up
Sanshui Baowan	Guangdong Foshan	Guangdong Foshan	Logistics Service		100.00%	Set-up
Nanhai Baowan	Guangdong Foshan	Guangdong Foshan	Logistics Service		100.00%	Set-up
Yuhua Baowan	Hunan Changsha	Hunan Changsha	Logistics Service		100.00%	Set-up
Deqing Baowan	Zhejiang Deqing	Zhejiang Deqing	Logistics Service		100.00%	Set-up
Wangcheng Baowan	Hunan Changsha	Hunan Changsha	Logistics Service		100.00%	Set-up
Luohuang Baowan	Chongqing	Chongqing	Logistics Service		100.00%	Set-up
Tianjin Haier	Tianjin	Tianjin	Logistics Service		100.00%	Business combination involving enterprises not under common control
Jiaxing Supply Chain	Zhejiang Jiaxing	Zhejiang Jiaxing	Logistics Service		90.00%	Set-up
Ningbo Baowan	Zhejiang Ningbo	Zhejiang Ningbo	Logistics Service		100.00%	Set-up
Dianzhong Baowan	Yunnan Kunming	Yunnan Kunming	Logistics Service		100.00%	Set-up
Hubei Baowan	Hubei Wuhan	Hubei Wuhan	Logistics Service		100.00%	Set-up
Qingshan Baowan	Hubei Wuhan	Hubei Wuhan	Logistics Service		100.00%	Set-up

(2) Significant non-wholly owned subsidiary:

Currency: RMB Yuan

Name of Subsidiary	Proportion of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Closing Balance of minority shareholders
Blogis Holdings	22.64%	9,390,443.24		866,553,903.14

(3) Financial information of significant non-wholly owned subsidiary:

Currency: RMB Yuan

Name of Subsidiary	Closing Balance						Opening Balance					
	Current Assets	Non-current Assets	Total of Assets	Current Liabilities	Non-current Liabilities	Total of Liabilities	Current Assets	Non-current Assets	Total of Assets	Current Liabilities	Non-current Liabilities	Total of Liabilities
Blogis Holdings (Consolidation)	646,854,171.23	6,144,221,942.97	6,791,076,114.20	1,561,226,372.97	1,480,677,976.44	3,041,904,349.41	622,065,828.35	5,775,904,816.25	6,397,970,644.60	1,554,202,443.71	1,135,874,963.68	2,690,077,407.39

Currency: RMB Yuan

Name of Subsidiary	Amount incurred in the current period				Amount incurred in the prior period			
	Operating Revenue	Net Profits	Comprehensive Income	Cash Flows from Operating Activities	Operating Revenue	Net Profits	Comprehensive Income	Cash Flows from Operating Activities
Blogis Holdings (Consolidation)	278,278,857.43	41,689,355.73	41,160,933.08	137,644,957.28	254,035,417.18	48,110,260.58	48,110,260.58	153,540,706.42

2、Equity in the joint venture arrangement and Associated Enterprises

(1) Significant joint venture arrangement and Associated Enterprises

Company	Business premise	Registered place	Business nature	Proportion of holding equity (%)		Accounting method
				Direct	Indirect	
CSE	Shenzhen	Shenzhen	Offshore oil engineering construction	32.00%		Equity method
CDFC	Shenzhen	Shenzhen	Capital management	20.00%		Equity method
CPEC	Shenzhen	Shenzhen	Petrochemical equipment manufacturing	20.00%		Equity method
Sichuan Wenxuan	Sichuan Chengdu	Sichuan Chengdu	Supply chain management services and consulting		40.00%	Equity method

(2) Financial information in significant Associated Enterprises

Currency: RMB Yuan

	Closing balance/ Amount for the current period				Opening balance/ Amount for the prior period		
	CSE	CDFC	CPEC	Sichuan Wenxuan	CSE	CDFC	CPEC
Current Assets	502,048,923.33	4,352,320,033.03	12,687,986.52	5,000,000.00	475,445,258.66	5,683,218,806.86	14,761,345.19
Non-current assets	1,158,549,778.33	4,361,172,964.44	2,174,920.71		1,116,355,891.44	9,238,857.55	3,099,232.49
Total asset	1,660,598,701.66	8,713,492,997.47	14,862,907.23	5,000,000.00	1,591,801,150.10	5,692,457,664.41	17,860,577.68
Current liabilities	140,231,265.09	3,719,860,808.39	13,208,589.65		102,007,170.26	5,089,049,191.91	14,426,466.13
Non-current liabilities						97,806.58	
Total liability	140,231,265.09	3,719,860,808.39	13,208,589.65		102,007,170.26	5,089,146,998.49	14,426,466.13
Net assets share calculated according to proportion of shareholding	490,578,728.04	128,262,431.21	381,598.76	2,000,000.00	480,795,224.35	120,662,133.18	737,557.53
Net book value of the equity investment in associates	490,578,728.04	128,262,431.21	381,598.76	2,000,000.00	480,795,224.35	120,662,133.18	737,557.53
Income	405,070,204.25	52,563,411.37	1,529,670.70	0.00	223,381,557.46	44,319,651.24	14,208,275.85
Net profit	30,573,456.73	38,001,490.13	-1,779,793.97	0.00	34,166,910.65	19,994,696.19	-5,870,919.49
Total comprehensive income	30,573,456.73	38,001,490.13	-1,779,793.97		34,166,910.65	19,994,696.19	-5,870,919.49
Dividend received from associates in the current period					12,908,798.55		

X、RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1、Parent of the Company

Currency: RMB Yuan

Entity name	Registered location	Business nature	Registered capital (RMB)	Shareholding percentage (%)	Voting power percentage (%)
Nanshan Group	Guangdong Shenzhen	Port and shipping, offshore oil service, real estate development and new construction material	900,000,000.00	51.79	51.79

2、Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in note (IX) 1.

3、Associates and joint ventures of the Company

Details of the associates and joint ventures of the Company are set out in note (IX) 2.

4、Related transactions

(1) Provision and receipt of services

Receipt of service

Currency: RMB Yuan

Related party	Details of Transaction	Amount for the current period	Approved transaction amount	Whether exceed the approved transaction amount	Amount for the prior period
Nanshan Group (Power Station)	Power supply service	1,445,770.77	3,050,000.00	No	1,456,454.40

Provision of service

Currency: RMB Yuan

Related party	Details of Transaction	Amount for the current period	Amount for the prior period
CSE	Maintenance service	65,641.98	2,612,203.11
CPEC	Maintenance service, loading and unloading service	3,841.73	23,680.92
Nanshan Group	Maintenance service	86,060.95	87,112.69
CDFC	Maintenance service	13,629.85	12,709.41
Chixiao Project Company	Maintenance service	162,065.92	
Shenzhen Chiwan Steamship transportation	Loading and unloading service, warehouse service	57,434.00	
Oriental Logistics Company	Loading and unloading service, warehouse service	1,374,144.63	

(2) Leases with related parties

Leases where a group entity is the lessor:

Currency: RMB Yuan

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the prior period
Nanshan Group	Office building	3,454,772.87	3,238,823.24
Nanshan Real Estate Company	Office building	43,009.14	43,882.56
Chiwan Real Estate Company	Warehouse	510,194.16	485,940.00
Chixiao Company	Office building	234,178.40	240,852.90

CSE	Office building, warehouse	2,053,494.34	2,395,052.28
CPEC	Office building	167,535.54	371,614.48
CDFC	Office building	578,956.55	704,813.55
Oriental Logistics Company	Office building	181,562.40	66,830.40
Oriental Supply Chain Company	Office building	128,800.00	

Leases where a group entity is the lessee:

Currency: RMB Yuan

Name of lessor	Type of leased assets	Lease payment recognized in the current period	Lease payment recognized in the prior period
Nanshan Group	Site (Note 1)	1,134,368.82	1,134,368.82
Nanshan Group	Site (Note 2)	28,709,851.32	13,921,230.06

Note 1: The leased land is located to the southeast of the intersection of Chiwan 2nd Road and 6th Road, which Shenzhen Baowan has leased from Nanshan Group, the Company's parent company.

Note 2: The leased assets include two pieces of lands which the Company has leased from Nanshan Group: one is to the east of Chiwan 1st Road, with the lease term from 1 September 2006 to 31 August 2026; the other is the Chiwan east coast venue (phase I), with the lease term from 1 January 2012 to 14 July 2034.

(3) Guarantees with related parties

A group entity as the guaranteed party:

Currency: RMB Yuan

Guarantor	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Nanshan Group (Note 1)	570,000,000.00	17/12/2012	17/12/2019	No
Nanshan Group (Note 1)	400,000,000.00	09/03/2012	09/03/2017	Yes
Nanshan Group (Note 2)	200,000,000.00	31/03/2012	30/03/2029	No
Nanshan Group (Note 3)	120,000,000.00	29/11/2012	28/11/2029	No
Nanshan Group (Note 4)	15,670,958.25	17/12/2014	16/12/2029	No
Nanshan Group (Note 5)	45,280,000.00	28/06/2016	37/03/2029	No
Nanshan Group (Note 6)	24,070,715.56	22/04/2014	21/04/2029	No
Nanshan Group (Note 7)	18,408,783.06	29/05/2014	28/05/2019	No
Nanshan Group (Note 8)	181,120,000.00	24/01/2017	23/01/2019	No

Note 1: Guarantee provided by Nanshan Group for corporate bond and medium term note. See note (V) 30 for details.

Note 2: Pursuant to the long-term borrowings contract, the loan withdrawal is expired, and the Company can no longer use the residual facility. Nanshan Group only provides guarantee for the closing balance of the loan within the guaranteed term. As at 30 Jun 2017, the closing balance of the aforesaid guaranteed loan is RMB 126,019,651.68.

Note 3: Pursuant to the long-term borrowings contract, the loan withdrawal is expired, and the Company can no longer use the residual facility. Nanshan Group only provides guarantee for the closing balance of the loan within the guaranteed term. As at 30 Jun 2017, the closing balance of the aforesaid guaranteed loan is RMB 52,804,650.36.

Note 4: Pursuant to the long-term borrowings contract, Wuhan Baowan can apply for loans within the scope of guaranteed amount and guaranteed term. Nanshan Group and the Company has provide guarantee for the borrowings by 22.64% and 77.36% of the amount respectively. As at 30 Jun 2017, the closing balance of the aforesaid guaranteed loan is RMB 69,218,013.48, which Nanshan Group and the Company guarantee RMB 15,670,958.25 and RMB 53,547,055.23 by 22.64% and 77.36% respectively.

Note 5: Pursuant to the short-term borrowings contract, the Company has provided a maximum of RMB 200,000,000.00 irrevocable guarantee with joint-liability for Baowan Holdings, whereas Nanshan Group has provided a counter-guarantee against the Company by 22.64% of RMB 200,000,000.00.

Note 6: Pursuant to the long-term borrowings contract, Guangzhou Baowan can apply for loans within the scope of guaranteed amount and guaranteed term. Nanshan Group and the Company has provide guarantee for the borrowings by 22.64% and 77.36% of the amount respectively. As at 30 Jun 2017, the closing balance of the aforesaid guaranteed loan is RMB 106,319,415.02, which Nanshan Group and the Company guarantee RMB 24,070,715.56 and RMB 82,248,699.46 by 22.64% and 77.36% respectively.

Note 7: Pursuant to the long-term borrowings contract, Nanjing Baowan can apply for loans within the scope of guaranteed amount and guaranteed term. Nanshan Group and the Company has provide guarantee for the borrowings by 22.64% and 77.36% of the amount respectively. As at 30 Jun 2017, the closing balance of the aforesaid guaranteed loan is RMB 81,310,879.23, which Nanshan Group and the Company guarantee RMB 18,408,783.06 and RMB 62,902,096.17 by 22.64% and 77.36% respectively.

Note 8: Pursuant to the short-term borrowings contract, the Company has provided a maximum of RMB 800,000,000.00 irrevocable guarantee with joint-liability for Baowan Holdings, whereas Nanshan Group has provided a counter-guarantee against the Company by 22.64%. As at 30 Jun 2017, the closing balance of the aforesaid guaranteed loan is RMB 594,000,000.00, which Nanshan Group and the Company guarantee RMB 181,120,000.00 and RMB 412,880,000.00 by 22.64% and 77.36% respectively.

(4) Money lending between related parties

Currency: RMB Yuan

Related parties	Amounts	Starting date	Maturity date	Note
Borrowing				
Nanshan Group	200,000,000.00	06 March 2017	06 March 2022	
Nanshan Group	240,000,000.00	11 November 2016	31 October 2019	
Nanshan Group	220,000,000.00	13 April 2017	13 April 2020	
Nanshan Group	50,000,000.00	08 November 2016	08 November 2019	
Nanshan Group	40,000,000.00	27 June 2017	27 June 2022	
Nanshan Group	50,000,000.00	27 June 2017	27 June 2022	
Nanshan Group	207,000,000.00	02 March 2017	02 March 2020	
Nanshan Group	87,000,000.00	02 March 2017	02 March 2020	
CDFC	207,900,000.00	27 May 2016	27 May 2026	
CDFC	100,000,000.00	31 March 2016	30 March 2019	
CDFC	100,000,000.00	29 December 2016	29 December 2019	
CDFC	94,500,000.00	07 November 2016	07 November 2026	
CDFC	69,000,000.00	04 August 2016	04 August 2026	
CDFC	63,455,100.00	08 December 2016	08 December 2019	
CDFC	53,000,000.00	17 October 2016	17 October 2026	
CDFC	34,000,000.00	01 August 2016	01 August 2019	
Lending				
CDFC	-500,000.00	04 August 2016	04 August 2026	
CDFC	-1,000,000.00	17 October 2016	17 October 2026	
CDFC	-1,000,000.00	27 May 2016	27 May 2026	
CDFC	-1,000,000.00	08 December 2016	08 December 2019	
CDFC	-1,000,000.00	01 August 2016	01 August 2019	
CDFC	-500,000.00	07 November 2016	07 November 2026	
Nanshan Group	294,000,000.00	25 January 2016	25 January 2017	
Nanshan Group	50,000,000.00	15 August 2016	15 August 2017	

5、Amounts due from / to related parties

(1) 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	Nanshan Group	79,710.74	494.78	76,616.55	766.17
Accounts receivable	Chixiao Engineering Company	83,722.44	524.95		
Accounts receivable	Chiwan Real Estate	82,595.70	517.88	82,595.70	825.96
Accounts receivable	CDFC	103,702.62	650.22		
Accounts receivable	CSE	1,120,603.02	7,026.26	268,743.22	2,687.43
Accounts receivable	Nanshan Real Estate	7,526.60	47.19		
Accounts receivable	CPEC	427,037.42	4,270.37	318,036.50	3,180.37
Other receivable	Mingjiang international	127,065,964.44		130,843,804.90	
Other receivable	Tianjin Baowan			104,045,923.86	
Other receivable	Langfang Baowan			91,453,113.76	
Other receivable	Guangzhou Baowan			73,806,105.00	

Other receivable	Longquan Baowan	53,235,516.43		56,124,406.58	
Other receivable	Chengdu Oil and Gas base	98,026.00		1,110,383.33	
Other receivable	CSE	27,336.60	273.36	27,336.60	273.37
Other receivable	Baowan Holding	21,989.05		116,098.68	
Other receivable	Jiaying Investment	15,333,000.00		15,333,000.00	
Other receivable	Nanshan Group	2,750.00	27.50	2,750.00	27.50

(2) Amounts due to related parties

Currency: RMB Yuan

Item	Related party	Closing balance	Opening balance
Accounts payable	Nanshan Group	12,630,080.43	7,286,492.59
Accounts payable	Chixiao Engineering Company	93,258.66	93,258.66
Accounts payable	CSE	16,554.40	16,554.40
Accounts payable	Chixiao Construction Company	9,740.00	9,740.00
Accounts payable	Nanshan Group	358,391.65	570,633.32
Accounts payable	CDFC		888,845.72
Other payables	Nanshan Hong Kong	21,651,668.80	21,655,761.67
Other payables	Nanshan Group	16,942,647.35	13,598,928.74
Other payables	Chixiao Project Company	878,261.27	8,718,573.62
Other payables	Chixiao Construction Company	446,736.04	4,840,413.70
Other payables	CSE		255,726.00
Other payables	CPEC		204,224.04
Other payables	Oriental Logistics Company	216,171.00	179,375.00
Other payables	Chiwan Real Estate		62,059.90
Other payables	Chixiao Company	35,790.30	35,790.30
Non-current liabilities within one year	Nanshan Hong Kong	210,000,000.00	210,000,000.00
Non-current liabilities within one year	CSE	785,836.56	785,836.56
Other current liabilities	Nanshan Group		564,000,000.00
Other non-current liabilities	Nanshan Group	1,094,000,000.00	490,000,000.00
Other non-current liabilities	Nanshan Hong Kong	6,000,000.00	6,000,000.00
Other non-current liabilities	CSE	3,093,362.46	3,879,199.02

6、Amounts deposited in related parties

Cash and bank balances deposited in related parties

Currency: RMB Yuan

Item	Related party	Closing balance	Opening balance
Cash and bank balances	CDFC	89,424,188.09	177,270,206.74

XI. COMMITMENTS AND CONTINGENCY

1. Significant commitments

(1) Capital commitments

Currency: RMB Yuan

	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognized in the financial statements:		
- Commitment for acquisition and construction of long-term assets	297,349,050.63	297,349,050.63

(2) Operating lease commitments

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

	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	16,559,149.07	33,118,298.13
2nd year subsequent to the balance sheet date	39,388,509.13	39,388,509.13
3rd year subsequent to the balance sheet date	38,814,361.08	38,814,361.08
Subsequent periods	449,937,149.06	449,937,149.06
Total	544,699,168.34	561,258,317.40

2. Significant commitments

There is no significant contingency needed to be disclosed for the Group.

XII. TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1、Accounts Receivable

(1) Disclosure of accounts receivable by categories:

Currency: RMB Yuan

Item	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Net Book Value	Carrying amount		Bad debt provision		Net Book Value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and provided for bad debt individually										
Accounts receivables for which bad debt provision has been assessed by portfolios of credit risk characteristics	35,731,482.96	100.00%	224,038.86	0.63%	35,507,444.10	22,403,886.44	100.00%	224,038.86	1.00%	22,179,847.58
Other receivables that are not individually significant and provided for bad debt individually										
Total	35,731,482.96	100.00%	224,038.86	0.63%	35,507,444.10	22,403,886.44	100.00%	224,038.86	1.00%	22,179,847.58

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	Closing balance		
	Carrying amount	Bad debt provision	Proportion of provision (%)
Accruing bad debt provision according to the percentage-of-receivables approach	35,731,482.96	224,038.86	0.63%
Total	35,731,482.96	224,038.86	0.63%

(2) Provision made and reversal of Bad debt

0 f provision has been reversed.

(3) Top five enterprises of accounts receivables

Currency: RMB Yuan

Name of entity	Amount	Proportion (%)	Bad debt provision
Client 2	4,582,562.71	12.83%	72,270.01
Client 10	2,805,883.88	7.85%	11,702.24
Client 11	2,300,000.00	6.44%	
Client 12	1,840,604.69	5.15%	5,259.46
Client 13	1,833,395.94	5.13%	13,240.67
Total	13,362,447.22	37.40%	102,490.38

2、Other Receivables

(1) Disclosure of other receivables by categories:

Currency: RMB Yuan

Item	Closing balance					Opening balance				
	Carrying amount		Bad debt provision		Net Book Value	Carrying amount		Bad debt provision		Net Book Value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables for which bad debt provision has been assessed by portfolios of credit risk characteristics	181,247,494.26	99.63%	0.00		181,247,494.26	457,636,342.31	99.85%	0.00%		457,636,342.31
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	680,788.88	0.37%	6,807.89	1.00%	673,980.99	680,788.88	0.15%	6,807.89	1.00%	673,980.99
Total	181,928,283.14		6,807.89		181,921,475.25	458,317,131.19		6,807.89		458,310,323.30

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	Closing Balance		
	Carrying amount	Bad debt provision	Proportion of provision (%)
Accruing bad debt provision according to the percentage-of-receivables approach	181,928,283.14	6,807.89	0.00%
Total	181,928,283.14	6,807.89	0.00%

In portfolio, accruing bad debt provision accounting to other approaches

Applicable Not Applicable

(2) Provision made and reversal of Bad debt

No provision has been reversed.

(3) Disclosure of other receivables by nature:

Currency: RMB Yuan

Nature	Closing Balance	Opening Balance
Deposits	26,174.80	26,174.80
Petty cash	251,357.61	76,087.60
Amount due from related parties	180,474,301.58	457,499,836.11
Others	1,176,449.15	715,032.68
Total	181,928,283.14	458,317,131.19

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

Currency: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Bad debt provision for the closing balance
Mingjiang Blogis	Related party	127,065,964.44	1-2year	69.84%	
Longquan Blogis	Related party	53,235,516.43	1-2year	29.26%	
Chengdu Oil and Gas base	Related party	98,026.00	Within 3 months	0.05%	
Client 14	Non-related party	92,413.91	3-6 months	0.05%	
client 15	Non-related party	77,153.00	1-2year	0.04%	
Total	--	180,569,073.78	--	99.25%	0.00

3、Long-term Equity Investment

Currency: RMB Yuan

Item	Closing Balance			Opening Balance		
	Carrying amount	Bad debt provision	Net book value	Carrying amount	Bad debt provision	Net book value
Subsidiaries	2,664,431,824.30		2,664,431,824.30	2,633,012,324.30		2,633,012,324.30
Associates	619,222,760.45		619,222,760.45	602,194,915.06		602,194,915.06
Total	3,283,654,584.75		3,283,654,584.75	3,235,207,239.36		3,235,207,239.36

(1) Long-term Equity Investment to subsidiaries:

Currency: RMB Yuan

Investee	Opening Balance	Increase in investment	Decrease in investment	Closing Balance	Provision for bad debts of the current period	Closing balance on bad debts provision
Blogis Holdings	2,532,451,987.58			2,532,451,987.58		
Shenzhen Blogis	41,273,772.13			41,273,772.13		
Chengdu Oil & Gas Base	59,286,564.59	31,419,500.00		90,706,064.59		
Total	2,633,012,324.30	31,419,500.00		2,664,431,824.30		

(2) Long-term Equity Investment to associates:

Currency: RMB Yuan

Investee	Opening balance	Changes in the current period								Closing balance	Closing balance on provision
		Increase in investment	Decrease in investment	Investment income recognized by equity method	Adjustment on other comprehensive income	Other equity changes	Announcing cash dividends or profits	Provision	Others		
I、Joint Venture											

II、Associates										
CSE	480,795,224.35			9,783,506.15						490,578,730.50
CFDC	120,662,133.18			7,600,298.03						128,262,431.21
CPEC	737,557.53			-355,958.79						381,598.74
Subtotal	602,194,915.06			17,027,845.39						619,222,760.45
Total	602,194,915.06			17,027,845.39						619,222,760.45

4、Operating income and operating costs

(1) Operating income and operating costs

Currency: RMB Yuan

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating activities	70,879,580.33	41,945,992.95	68,844,361.06	45,529,220.40
Other operating activities				
Total	70,879,580.33	41,945,992.95	68,844,361.06	45,529,220.40

5、Investment income

Currency: RMB Yuan

Item	Amount recognized in the current period	Amount recognized in the prior period
Income from long-term equity investments under equity method	17,027,845.39	13,758,166.75
Income from bank financing products		1,204,227.53
Total	17,027,845.39	14,962,394.28

XIII. 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	31,154.25	
Government grants recognized as profit or loss for the current period (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	417,807.94	
Other non-operating income or expenses other than the above	1,981,376.85	
Less: Tax effects	569,454.29	
Effects attributable to minority interests (after tax)	378,579.50	
Total	1,482,305.25	--

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

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	0.62%	0.05	0.05
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	0.54%	0.04	0.04