

PROFILE OF XIAO HU ISLAND TERMINAL

*Storage Tank Farm of
Xiao Hu Island Terminal*



GENERAL DESCRIPTION

Xiao Hu Island Terminal (“XHIT”) is an integrated provider for oil and liquid petrochemical storage and transshipment. It is strategically located at the centre of the Pearl River Delta region, Xiao Hu Island, Nansha Economic & Technological Development Zone, Guangzhou, Guangdong Province, the PRC. XHIT is about 38 km away from the centre of Guangzhou and 74 km away from Hong Kong. The strategic location and the enabling transport infrastructure allow for oil and liquid petrochemical products to be transported to the Pearl River Delta region efficiently and as a result, XHIT has become one of the key centres and the largest ports for storage and transshipment of oil and liquid petrochemical products in Guangdong Province.

ADVANCED AND COMPREHENSIVE FACILITIES

XHIT has 82 storage tanks for storage of oil and liquid petrochemical products with a total capacity of 325,750 cubic metres, among which 25 storage tanks with a total capacity of 231,000 cubic metres are for oil products and 57 storage tanks with a total capacity of 94,750 cubic metres are for liquid petrochemical products. It is capable for storage of approximately 60 types of different oil and liquid petrochemical products including those highly poisonous petrochemical products and is a bonded warehouse for storing oil and petrochemical products approved by the Customs General Administration of China.

The terminal in XHIT comprises five jetties with capacities ranging from 500 to 30,000 deadweight tons, providing docking, loading and unloading services to storage tanks’ customers and transshipment, a ship-shore-ship service to other users of the terminal. XHIT is authorized by the State Council as a port which allows both foreign and domestic vessels to embark and disembark at its terminal facilities. Meanwhile, XHIT is one of the terminals designated by the Shanghai Futures Exchange for physical delivery of fuel oil futures contracts.

XHIT also houses other ancillary facilities such as oil and liquid petrochemical products loading platforms, drum filling stations, laboratories, on-site offices for two international independent surveyors, SGS and Saybolt, customs office of Panyu, Guangzhou as well as a professional fire-fighting team.



RELATIONSHIP WITH CUSTOMERS

XHIT provides terminalling and storage, transshipment, transmission as well as other related services to its customers and the contracts negotiated are usually one to two years' long and some are as long as 10 years or above. The customers of XHIT are mainly leading domestic and international oil and petrochemical industry giants and the Group has established a long-term business relationship with these strong and loyal customers.

MARKETING STRATEGIES

To continue XHIT's success in the industry, XHIT intends to adopt the following strategies:

- expand the international client base and increase the number of clients for storage of high-end products;
- secure large-scale and long-term contracts with a goal to increase revenue streams and maintain stable profits;
- ally with other petrochemical service providers to provide complementary value-added services to the customers.

SOCIAL RESPONSIBILITY

XHIT considers itself an active community participant. It places great emphasis on social responsibility and environmental protection and preservation such that XHIT seeks to comply with all relevant laws and regulations and to obtain all the necessary licences and permits from the relevant government authorities to operate the business in a safe and lawful manner. XHIT believes continuous good performance of "Safety, Health and Environment" drive XHIT's business excellence and create its competitive edge particularly over other local operators. Wastes from XHIT are professionally treated before discharge.