

Stock Code: 000019, 200019

Public Notice No.: 2012-15

Short Form of the Stock: Shenshenbao-A, Shenshenbao-B

Shenzhen Shenbao Industrial Co., Ltd. Summary of Annual Report 2011

§1. Important Notice

1.1 Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

The summary of Annual Report 2011 is abstracted from the Annual Report; and full text of the Annual Report is published on Internet website <http://www.cninfo.com.cn> in the mean time. The investors are suggested to read the full text of Annual Report to get more details.

1.2 No directors, supervisors and senior executives stated that they couldn't ensure the correctness, accuracy and completeness of the contents of the Annual Report or have objection for this report.

1.3 All the directors attended personally the meeting of the board of directors where the Company audited the annual report.

1.4 Dahua Certified Public Accountants Co., Ltd. issued standard unqualified Auditors' Report for the Company.

1.5 Chairman of the Board Mr. Zheng Yuxi, General Manager Mr. Yan Zesong, CFO Ms. Zeng Suyan and person in charge of accounting institution Ms. Wang Zhiping hereby confirm that the Financial Report enclosed in the Annual Report is true and complete.

1.6 This Summary has been prepared in Chinese and English version respectively. In the event of difference in interpretation between the two versions, the Chinese report shall prevail.

§2. Company Profile

2.1 Basic information

Short form of the stock	SHENSHENBAO-A, SHENSHENBAO-B
Stock code	000019, 200019
Listed stock exchange	Shenzhen Stock Exchange
Registered address	South 20/F, Tower Building, Education and Technology Mansion, Zhuzilin, Futian District, Shenzhen
Post code of registered address	518040
Office address	South 20/F(23/F in elevator guidance), Education Technology Mansion, No.26 Zizhu Qi Dao, Zhuzilin Fourth Road, Futian District, Shenzhen, P.R. China
Post code of office address	518040
Internet web site of the Company	http://www.sbsy.com.cn
E-mail	shenbao@sbsy.com.cn

2.2 Contact person and method

	Secretary of Board of Directors:	Securities Affairs Representative
Name	Ms. Li Yiyan	Mr. Zheng Guibo
Contact address	South 23/F, Education Technology Mansion, No.26 Zizhu Qi Dao, Zhuzilin Fourth Road, Futian District, Shenzhen, P.R. China	
Telephone	0755-82027522	
Fax	0755-82027522	
E-mail	lyy@sbsy.com.cn	zhenggb@sbsy.com.cn

§3. Summary of Accounting Data and Financial Indexes

3.1 Major accounting data

	2011	2010	Increase/decrease in this year compared with that of last year	2009
Total operating income(RMB)	318,230,243.67	229,797,398.17	38.48%	184,142,192.53
Operating profit (RMB)	-4,989,779.90	-884,492.38	-464.14%	-10,124,945.16
Total profit (RMB)	13,692,328.77	11,165,014.28	22.64%	-8,726,601.02
Net profit attributable to shareholders of the listed company(RMB)	6,980,233.57	5,687,644.79	22.73%	-12,905,069.92
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-13,338,969.53	-41,851,853.99	68.13%	-13,923,840.20
Net cash flow arising from operating activities (RMB)	-18,790,209.92	5,223,014.63	-459.76%	1,715,410.02
	Year-end of 2011	Year-end of 2010	Increase/decrease at the end of this year compared with that at the end of last year	Year-end of 2009
Total assets (RMB)	1,061,964,234.64	658,468,839.95	61.28%	623,356,758.00
Total liability (RMB)	172,087,722.05	285,527,226.71	-39.73%	285,527,226.71
Owners' equity attributable to shareholders of the listed company (RMB)	889,876,512.59	325,092,060.80	173.73%	320,096,254.94
Total share capital (Share)	250,900,154.00	181,923,088.00	37.92%	181,923,088.00

3.2 Major financial indexes

	2011	2010	Increase/decrease this year compared with that last year	2009
Basic earnings per share (RMB/Share)	0.0323	0.031	4.19%	-0.071
Diluted earnings per share (RMB/Share)	0.0323	0.031	4.19%	-0.071
Basic earnings per share after deducting non-recurring gains and losses (RMB/Share)	-0.0616	-0.23	73.22%	-0.077
Weighted average return on equity (%)	1.15%	1.76%	-0.61%	-3.95%
Weighted average return	-2.20%	-12.98%	10.78%	-4.27%

on equity after deducting non-recurring gains and losses (%)				
Net cash flow arising from operating activities per share (RMB/Share)	-0.075	0.029	-358.62%	0.009
	Year-end of 2011	Year-end of 2010	Increase/decrease at the end of this year compared with that at the end of last year	Year-end of 2009
Net asset per share attributable to shareholders of listed company (RMB/Share)	3.55	1.79	98.32%	1.76
Asset-liability ratio	16.20%	43.36%	-27.16%	45.80%

3.3 Items of non-recurring gains and losses

√Applicable □Inapplicable

Unit: CNY

Items of non-recurring gains and losses	2011	2010	2009
Gains and losses from the disposal of non-current assets	-10,632.50	43,147,293.25	-71,497.11
Governmental subsidy reckoned into current gains and losses, but closely relevant to the Company's business except for the governmental subsidy enjoyed in quota or ration according to the national general standards	1,800,048.00	1,868,815.57	666,800.00
Gains/losses of contingency non-related with normal operation business of the Company	0.00	0.00	208,191.00
Held transaction financial asset, gains/losses of changes of fair values from transaction financial liabilities, and investment gains from disposal of transaction financial asset, transaction financial liabilities and financial asset available for sales, exclude the effective hedging business relevant with normal operations of the Company	1,971,899.34	94,500.00	0.00
Switch-back of impairment of account receivable that practice impairment test independent	70,619.95	0.00	0.00
Other non-operating income and expenditure except for the above items	16,896,972.61	2,851,389.23	594,850.25
Influenced amount of income tax	0.00	-315,614.09	-90,761.30
Influenced amount of minority shareholders' equity	-409,704.30	-106,885.18	-288,812.56
Total	20,319,203.10	47,539,498.78	1,018,770.28

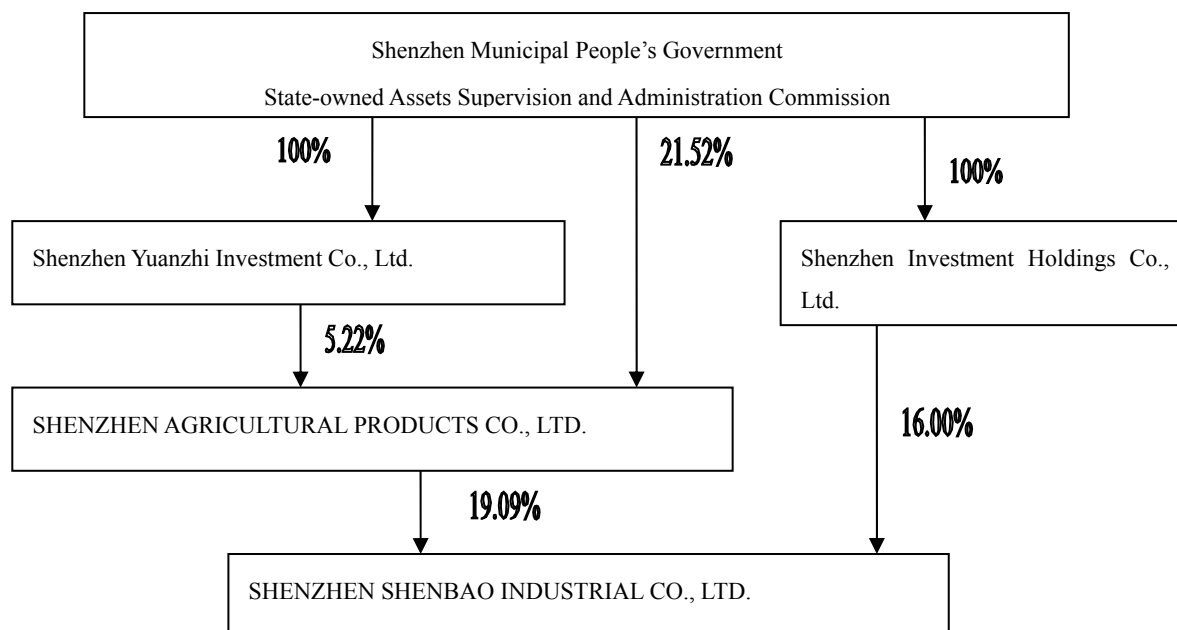
§4. Particular about Shareholding and controlling diagram

4.1 Particulars about shares held by the top ten shareholders and the top ten shareholders with unrestricted conditions

Total shareholders at year-end of 2011	20,368	Total shareholders at 29 February 2012	20,209		
Particulars about shares held by the top ten shareholders					
Full Name of shareholder	Nature of shareholders	Proportion	Total amount of shares held	Amount of restricted shares held(Share)	Amount of shares pledged or frozen(Share)

Shenzhen Agricultural Products Co., Ltd.	Others	19.09%	47,895,097	7,770,118	0
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	16.00%	40,143,586	6,783,729	0
Shenzhen Tianzhong Investment Co., Ltd.	Others	9.96%	24,983,908	24,983,908	0
Li Duruo	Others	5.28%	13,252,874	13,252,874	0
Yingfu(Tianjin) Equity Investment Management L.P	Others	4.65%	11,662,068	11,662,068	11,662,068
Xinjiang Xiehe Equity Investment Management L.P	Others	4.62%	11,595,402	11,595,402	11,595,402
Lin Yixiang	Others	1.02%	2,561,002	2,561,002	0
Xia Zhenzhong	Others	0.85%	2,134,917	2,134,917	2,134,917
Cao Lijun	Others	0.80%	2,012,758	2,012,758	2,012,758
Zhong Rong International Trust Co., Ltd. – No. 12 Rongyu	Others	0.47%	1,190,000	0	0
Particulars about the shares held by the top ten unrestricted shareholders					
Full Name of shareholder	Amount of unrestricted shares held(Share)		Type of shares		
Shenzhen Agricultural Products Co., Ltd.	40,124,979		RMB common share		
Shenzhen Investment Holdings Co., Ltd.	33,359,857		RMB common share		
Zhong Rong International Trust Co., Ltd. – No. 12 Rongyu	1,190,000		RMB common share		
Yu Jianjun	953,299		RMB common share		
Lai Wei	769,900		RMB common share		
Wang Shulun	709,998		RMB common share		
Zhongjai Trust Co., Ltd. – acquisition capital trust for new shares appointment (7)	630,900		RMB common share		
Chongqing International Trust Co., Ltd. – Runfeng Trust Plan of Security Investment No.7	536,000		RMB common share		
Zhang Huizhen	485,300		RMB common share		
Huang Xiangdong	474,689		Domestically listed foreign share		
Explanation on associated relationship or accordant action among the above said shareholders	STATE-OWNED ASSETS SUPERVISION & ADMINISTRATION COMMISSION OF SHENZHEN MUNICIPALITY GOVERNMENT directly held 21.52% equities of Shenzhen Agricultural Products Co., Ltd. and indirectly held 5.22% equities of Shenzhen Agricultural Products Co., Ltd., and directly held 100% equities of Shenzhen Investment Holdings Co., Ltd.; except that, it is unknown whether there exists associated relationship or belongs to accordant actionist regulated by Administration of the Takeover of Listed Companies among the aforesaid listed other shareholders or not.				

4.2 Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



§5. Report of the Board of Directors

5.1 Discussion and analysis by the management team

Section I. Operation Review of the Company in the Report Period

I. Overall operation of the Company in the report period

In report period, surrounding with annual operation plan, the Company continuous to promoted tea industry's development, core industry, with purpose of forcing stable operation of traditional industry. Concerning serious competition in tea industry, and unfavorable situation of soaring raw materials' price, the Company optimized its marketing strategies and product structure, strength research & development on technology as well as establishment of quality system; Further improved cost controlling and target management, effectively overcome vary unfavorable factors to ensure that sales of tea products presented a tendency of sustained growth. Encounter with the challenge on traditional industry arising from soaring raw materials and labor costs, the Company face the obstacles and stress, searching a development for stable operation with purpose of promoting a steady operation in vary business within traditional industry.

The Company's operation income, operation profit, net profit and the y-o-y increasing and decreasing rates compared with those of the same period of last year is described as below for year 2011:

Unit: CNY

Items	2011	2010	y-o-y (+,-)
Operating income	318,230,243.67	229,797,398.17	38.48%
Operating profit	-4,989,779.90	-884,492.38	-464.14%
Net profit attributable to owners of parent company	6,980,233.57	5,687,644.79	22.73%

1. Operating income increased mainly due to the y-o-y 58.16% growth in sales income from tea products;

2. Operating profit decrease mainly due to the highering operation cost and downing investment income.

II. Main works in report period

(I) Center on the annual production and operation plans overcome all adverse factors and achieve the sustainable development of main business.

1. Increase efforts for market development, and the sales of tea industry grows rapidly. According to

the actual conditions of the market, the Company has timely adjusted strategies, replenished and optimized the marketing team, improved the performance assessment mechanism, mobilized the positivity and activity of sales personnel, and effectively promoted the implementation for all sales targets. At the same time, the Company has made use of the strong technological superiority and good services to improve the customer cooperation compactness, especially has promoted tea raw materials for beverage to clients and achieved great sales growth by using the technological achievements about fashioning new process and equipment technology of dedicated tea for tea beverage. During the reporting period, the sales revenue of tea industry of the Company has achieved 279,183,466.39 yuan, with an increase of 58.16% year on year.

2. Strengthen cost management and improve operation performance. Aiming at the pressure of rise in price of tea raw materials, the Company has expanded the supply scope of producing areas and the purchasing channels of raw materials, positively transformed the purchasing mode, implemented tendering and bidding strategies for a large amount of raw materials, ensured the supply for raw materials and demand for quality, and controlled the growth trend of cost; while improving the production process and implementing technical measures to save energy and reduce costs, the Company has deepened the cost target management, effectively controlled the production cost and improved the operation performance by quantitatively decomposing production capacity, production, sales volume, purchasing costs, product development, and quality control

3. During the reporting period, the Company has completed the market research on famous tea, known and analyzed the current development tendency and competition conditions and market space of all famous tea markets, and cleared the brand positioning, variety confirmation and implementation time for famous tea. Based on this, the Company has further clarified the business implementation direction and profit model of famous tea, completed the establishment of sales team, and successively launched the product development, channel cultivation and platform building for famous tea so as to lay the foundation for business development of famous tea in the next phase.

4. Strengthen the development of technology research and quality system so as to provide strong science and technology guarantee for the major work development. Facing the furious market competition, maintaining technology advantages is keeping enterprise core competitiveness. During the reporting period, the Company has founded Shenbao research institute, confirmed the research direction and development ideas, taken charge of arrangement, research and development, and completed the process design and equipment selection for new factory in Wuyuan. Strengthen the research on new products and process improvement, upgrade the technology for some products, improve the product technological barriers. Establish complete quality system, strengthen the qualification appraisal and assessment for suppliers and inspection requirements for raw materials, ensure the stability of product quality, and consolidate and substantially promote the product sales volume.

(II) Successfully accomplish the optimization and integration for traditional industries

The reporting period is the first year for the beverage and condiment industry of the Company to put on production after completing transregional move. Under the circumstance of great turnover of production personnel, relatively insufficient labor skills, large increases in raw and auxiliary prices and fierce market competition, the subordinate Huizhou Science and Technology has increased integration and adjustment for internal resources, completed the merger to Guangdong Shenbao, carried out optimization and integration to personnel structure of Shenbao Sanjing, rearrange the personnel of beverage factories and spice factories, coordinated the human resources, effectively improved the production efficiency and reduced the operating costs. In the premise of consolidating the stable development of the current markets, the Company has adjusted marketing strategy in time and positively explored a transforming and upgrading road for the traditional industries.

(III) Complete the non-public offering of stock to provide strong guarantee for strategy implementation of the Company

During the reporting period, to insure the non-public offering of stock proceeds smoothly, the

Company has efficiently and orderly done the data preparation and communication and coordination for all links according to the requirements and has ensured the non-public offering of stock proceeds smoothly. On 6th, May, the non-public offering of stock plan of the Company has been examined and verified by the Issuance Examination Commission of China Securities Regulatory Commission and passed the examination unconditionally; at the beginning of June, the Company has started the issuing work of non-public offering of stock, fully communicated with all relevant departments and attained sufficient support and guidance, each department makes concerted effort and arranges scientifically to realize the seamless chaining for links, including subscribing the transfer of ownership of stock equity and property, stock issue, capital account, capital verification, stock registration, and floatation of stock, etc; on 23rd, Jun., all subscription funds of non-public offering of stock have been received and the capital raising and verification have been completed; on 4th, Jul., non-public offering of stock of the Company has gone public at Shenzhen Stock Exchange. The successful completeness of the non-public offering of stock of the Company not only provides strong financial security for the implementation of raising capital project, but also infuses powerful driving force into the future strategy development of the Company.

(IV) Steadily boost the internal management optimization and integration of the Company

1. Optimize and adjust organization structure of the Company to lay a solid management foundation for successfully impelling the strategy implementation.

To meet the demand for future strategy positioning and business development, the Company has adjusted the organization structure, established business division management mode, founded tea division and food division based on the functional integration to the some former departments, and also has correspondingly founded project development department, planning department, engineering department, purchase department and research laboratory. The optimization and adjustment for organization structure of the Company lay a good structure foundation for centralizing superior resources and developing main business.

2. Penetrate into the construction of internal control system and strengthen the flow control and risk management.

According to the requirements of the notification about completing standard pilot project of internal control for listed companies in Shenzhen issued by Shenzhen Securities Regulatory Bureau, the Company has been enrolled to be one of the 83 experimental companies in Shenzhen for implementing the fundamental norms of enterprise internal control this year. The Company pays high attention and will regard the work as a great move for optimizing internal management level and promoting risk prevention capability. On 7th, March, the Company has established a special leading group for internal control development and engaged Deloitte Touche Tohmatsu with abundant operating experience as the external consultant. Combining the reality of the Company and professional suggestions, the Company has formulated the working program to build up and carry out the construction of internal control system related to financial report at headquarters, subordinate Shenbao Huacheng and other enterprises. At present, the Company has successfully completed a series work of risk identification, formation risk control matrix, internal control test, internal control defect recognition and internal control defect reformation for headquarters and Shenbao Huacheng in internal control construction stage and formed the business process and system results covering all working domains, including operating business, financial management, personal administration, project management and investment and finance management, etc. The internal control work of the Company has comprehensively entered into self-evaluation phase for the time being.

3. Detail comprehensive budget management so as to play a role in enterprise resource allocation.

Comprehensive budget management is an important means for enterprises to implement strategy target management and guide daily operation. During the reporting period, the Company elaborately arrays and strengthens organizational leadership and refining budget management by combining top-down and bottom-up means according to operational characteristics and work arrangement of each business link. Each enterprise and department strictly contrasts the budget performance of

previous year, matter-of-factly analyzes, concludes and compiles the annual budget based on the positive and objective principle so as to insure the budget objective overall cover every link of the Company's production and operation. After repeated rounds of communication, refining and modification, the Company has successfully completed the annual budget reporting for 2012, effectively improved the comprehensive budget management so that budget management has played a role in enterprise resource allocation.

(V) Strengthen safety management and implement safety responsibility to ensure the safety in production all year round

During the reporting period, the Company has centered on production safety management and food safety management, and has emphasized to strengthen four "full coverage", i.e., full coverage of responsibility system, full coverage of safety training, full coverage of organization check, and full coverage of supervision and reformation. At the beginning of the year, the Company has signed liability agreement of safety management with each department and subordinate enterprises so that safety target can be detailed ring upon ring and safety responsibility can be implemented to system, mechanism and personnel. To strengthen the daily safety supervision and inspection, the Company has replenished the members of safety management supervisory organ and established superincumbent regular safety inspection and bottom up self-examination report system for safety production, meanwhile, the Company has insisted on the supervision and control work for food safety and quality according to provisions of our Country to food quality supervision and inspection and requirements of internal quality management and control of the Company. During the reporting period, there is no major safety production accident or major food quality safety accident.

(VI) Reduce 15% stock rights of Shenzhen PepsiCo according the development strategy of the Company

According to the development strategy program and prudent judge to the development tendency of carbonated soft drinks industry, the Company has launched to transfer the possession of 15% stock rights of Shenzhen Pepsi during the reporting period, and has performed relevant approval and auditing procedures according to the relevant provisions of sales of substantial assets. On 22nd, Dec., the Company obtained the approval of China Securities Regulatory Commission for transferring 15% stock right of Shenzhen PepsiCo is related to restructuring proposal of major assets. The Company reduces 15% stock right of Shenzhen Pepsi, and recovers the funds for developing the main business.

Section II. Prospect on Future Development and Operation Plan for the Following Year

I The development prospect of the industry the Company engaged

(I) The development tendency of finishing and deep processing products of tea and natural plants
Along with the upturning living standards and the changing consumption concept, the formerly venerated carbonated beverage gradually comes down, while the healthy conception beverage represented by tea beverage rises rapidly and becomes the new main force of beverage market. Abroad, tea beverage is the fastest growing beverage in Occident in the 1990s, which is deemed to meet the consumption pursuit of modern people for nature and green. The tea beverage market of China has started since 1993 and accessed fast development stage since 2002. According to the statistical data of China Beverage Industry Association, the tea beverage has been one of the fastest growing varieties in the domestic beverage market since 2002, which has grown from 1.982 million tons to 8 million tons in 2009; the average annual growth rate has reached to 23.06% which towered over other beverage varieties. If calculating according to the average growing rate 12%, it is predicted that the tea beverage market can achieve the market size of 16 million tons in 2015. On the other hand, as people's recognition to the active ingredients in tea and natural plants gradually deepens, applying these products to pharmaceuticals, food and chemical industries becomes another new trend for finishing and deep processing business development of tea and natural plants. The prosperous development of tea beverage market and the expansion of application fields of finishing and deep processing products of tea and natural plants will lay a solid market development foundation for the sustainable development of tea industry.

(II) The development tendency of tea industry

In 2012, the tea planting area of China is 1.97 million hectares, tea production volume is 1.47 million tons, and the tea sales volume in domestic market is 1.1 million tons, the above-mentioned indicators all rank first in the world. The domestic tea market is developing swift and violent, and has fundamental formed the tendency of taking green tea as the principle and integrated development of oolong tea, pu'er tea and black tea. Along with the sustainable uplifting of consumption level and constant increase of demand for natural and healthy tea drink, the sales volume and turnover of famous tea keeps promoting, and drinking top tea drink becomes the pursue for life quality. According to the information of Euromonitor International, the tea retail market of China has grown rapidly from 2000 to 2010, the tea retail sales has increased from 28.436 billion yuan in 2000 to 93.775 billion yuan in 2012, with the compound annual growth rate of 12.7%, and it is estimated that the compound annual growth rate of tea retail market from 2011 to 2013 will reach to 11.7%. The tea market has enormous potential and broad prospects.

(III) The competition situation of the industry

The current China tea industry market is in the primary phase of sufficient competition but low concentration ratio. At present, many international industry tycoons with abundant capitals and affluent experience successively enter into China, which will have a certain impact on the local enterprises. If these enterprises cannot seize opportunities to increase their strength and competitive capability, they will be forced out the market. On the other hand, following the constant development of domestic healthy industries, the large pharmacy enterprises and food enterprises with abundant capitals will also start to expand their businesses to tea industry, which will form new challenges to the enterprises in the industry. At the same time, vast capitals will swarm into tea industry, which will not only play a boosting role in rapid development of the industry, but also form challenges to the Company.

II. The future development opportunity of the Company

(I) In the future, China economy will keep a high level of growth, the urbanization will continuously accelerate, the disposable income of urban household will continue to increase, the residents' consumption will keep growing, and the popularization of tea drinking tradition and culture will lay a solid foundation for the sustainable increase of the future China tea industry. The upgrading of residents' consumption and transforming of consumption form to nature, health and nutrition and the above-mentioned macro-economy factors will provide wide market space for the health industry the Company engaged.

(II) After years of development, the tea industry of the Company has rather strong competitive advantages.

The Company has formed a rather complete tea industry chain, including tea garden base, tea primary processing, tea refining, deep processing and terminal sales; the Company has tea and deep processing production lines and production technology with the domestic leading level, whose research and development and technological advantages are obvious; the Company has passed quality and purchase approval of a number of food and beverage companies with domestic and global well-known brands, and accumulated many superior and large customer resources in domestic and abroad and become their main raw materials supplier. The Company has completed the private placement to provide abundant fund supports for the follow-up development, and confirmed the natural, green and healthy operation ideas and established the development direction of taking tea industry as the major work. The achievement of these competition advantages has laid a good foundation and opportunity for the follow-up development of the tea industry of the Company.

III. The development strategy of the Company

Grasp the opportunity, concentrate the resources, take fine and further processing of the tea as the core, set the construction of integrative industry chain for natural and healthy products and services as the target, extent to tea garden cultivation and experience base and terminal products, carry out industrialization, standardization and international operation, and focus on promoting the cooperative

effect of tea industry chain and the value creation capability of traditional industry so as to forge Shenzhen to be the leading enterprise of China tea industry.

IV. Operating plan of the Company for 2012

(I) Comb and refine the development strategy and implementation essentials for the Company in the next 3-5 years, and formulate practical and feasible route chart for the sustainable development of the Company.

(II) Check the human resource reserve, promote the business ability and comprehensive quality of the current personnel, introduce top professional talents, and satisfy the employment demands to provide talent guarantee for the strategy implementation of the Company.

(III) Strengthen the investment for technological research and development, complete the establishment of quality system, and accelerate the development and popularization for new products to provide strong technology guarantee for the development of the Company.

(IV) Carry out brand development strategy, and create brand core values for the Company.

(V) Boost the implementation for raised projects in a planned and steady way according to the market environment.

(VI) Strictly carry out KPI and overall budget management program.

(VII) Continue to strengthen the production safety and food safety, ensure there is no significant safety production accident or significant food quality and safety accident throughout the year

(VIII) Complete the development of internal control system of the Company, promote the overall internal control level of the Company, and improve the ability to prevent and resist risks.

5.2 Statement of main operations classified according to industries or products

Unit: RMB'0000

Main operations classified according to industries						
Classified according to industries	Income from operations	Cost of operations	Gross profit ratio	Increase/decrease in income from operations over the last year	Increase/decrease in cost of operations over the last year	Increase/decrease in gross profit ratio over the last year
Manufacture of teas	27,918.35	22,609.51	19.02%	58.16%	60.86%	-1.36%
Manufacture of condiments	995.41	671.73	32.52%	-43.86%	-41.03%	-3.23%
Manufacture of soft drinks	2,721.03	2,286.67	15.96%	-22.02%	-10.12%	-11.13%
Main operations classified according to products						
Classified according to products	Income from operations	Cost of operations	Gross profit ratio	Increase/decrease in income from operations over the last year	Increase/decrease in cost of operations over the last year	Increase/decrease in gross profit ratio over the last year
Tea products	27,918.35	22,609.51	19.02%	58.16%	60.86%	-1.36%
Sanjing' brand condiment	995.41	671.73	32.52%	-43.86%	-41.03%	-3.23%
Soft packing drinks	2,721.03	2,286.67	15.96%	-22.02%	-10.12%	-11.13%

5.3 Reasons for major changes on profit constitution, main business and structures as well as profitability for main business compare with year-earlier period

Applicable Inapplicable

§6. Financial Report**6.1 Explanation on changes on accounting policies, accounting estimation and calculation compare with latest annual report**

Applicable Inapplicable

6.2 Content of fundamental accounting errors, amount changed as well as their reasons and influence

Applicable Inapplicable

6.3 Explanation on changes of consolidation range compare with latest annual report

Applicable Inapplicable

6.4 Explanation on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors and Supervisory Committee

Applicable Inapplicable

Chairman of the Board: Zheng Yuyi
Shenzhen Shenbao Industrial Co., Ltd.

5 April 2012