
SHENZHEN SHENBAO INDUSTRIAL CO., LTD.
FINANCIAL REPORT FOR SEMI-ANNUAL OF 2012

(UN-AUDITED)

SHENZHEN SHENBAO INDUSTRIAL CO., LTD.

Jan. 1, 2012-Jun. 30, 2012

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Consolidated Balance Sheet for Shenzhen Shenbao Industrial Co., Ltd.

Jun. 30, 2012

(Unless otherwise specified, RMB is used for record)

Assets	Note V	Balance at period-end	Note V	Balance at period-begin
Current assets:				
Monetary funds	(i)	519,197,954.69		437,342,717.15
Transactional financial assets	(ii)	9,043,663.20		14,627,801.40
Notes receivable		-		-
Account receivable	(iii)	25,811,829.87		71,769,419.01
Account paid in advance	(iv)	7,621,344.91		10,243,725.62
Interest receivable		-		-
Dividend receivable		-		-
Other receivables	(v)	23,934,074.34		35,956,860.85
Inventories	(vi)	70,881,287.47		56,983,348.83
Non-current asset due within one year		-		-
Other current assets		-		-
Total current assets		656,490,154.48		626,923,872.86
Non-current assets:				
Finance asset available for sales		-		-
Held-to-maturity investment		-		-
Long-term account receivable		-		-
Long-term equity investment	(vii)	25,471,291.08		63,891,371.62
Investment real estate		-		-
Fixed assets	(viii)	149,858,929.28		150,807,447.25
Construction in progress	(ix)	90,800,393.40		11,113,058.18
Engineering material		-		-
Disposal of fixed asset		-		-
Productive biological asset	(x)	436,156.00		436,156.00
Oil and gas asset		-		-
Intangible assets	(xi)	231,093,757.03		202,531,194.37
Expense on Research and Development		-		-
Goodwill		-		-
Long-term expenses to be apportioned	(xii)	4,239,946.13		3,615,812.95
Deferred income tax asset	(xiii)	2,526,555.01		2,645,321.41
Other non-current asset		-		-
Total non-current asset:		504,427,027.93		435,040,361.78
Total assets		1,160,917,182.41		1,061,964,234.64

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Person in Charge of Accounting Works: Zeng Suyan

Shenzhen Shenbao Industrial Co., Ltd Consolidated balance sheet (Con')

2012-6-30

(Unless otherwise specified, RMB is used for record)

Liabilities and shareholders' equity	Note V	Balance at period-end	Balance at period-begin
Liability & Shareholders' equity			
Current liabilities:	(15)	30,000,000.00	38,000,000.00
Short-term loans		-	-
Transaction financial liabilities		-	-
Notes payable	(16)	16,268,756.13	34,863,967.03
Accounts payable	(17)	2,715,791.05	3,420,712.90
Accounts received in advance	(18)	2,251,965.58	3,666,717.12
Wage payable	(19)	1,403,107.04	4,923,433.34
Taxes payable		-	-
Interest payable	(20)	2,909,182.74	2,909,182.74
Dividend payable	(21)	121,741,682.58	79,810,651.49
Other accounts payable		-	-
Non-current liabilities due within 1 year		843,137.43	43,137.43
Other current liabilities		178,133,622.55	167,637,802.05
Non-current liabilities:			
Long-term loans		-	-
Bonds payable		-	-
Long-term account payable		-	-
Special accounts payable		-	-
Projected liabilities		-	-
Deferred income tax liabilities		-	-
Other non-current liabilities	(22)	4,249,920.00	4,449,920.00
Total non-current liabilities		4,249,920.00	4,449,920.00
Total liabilities			
		182,383,542.55	172,087,722.05
shareholders' equity			
share capital	(23)	250,900,154.00	250,900,154.00
Capital public reserve	(24)	568,489,973.36	568,700,222.51
Less: Inventory shares		-	-
Reasonable reserve		-	-
Surplus public reserve	(25)	32,464,033.34	32,464,033.34
Provision of general risk		-	-
Retained profit	(26)	126,679,479.16	37,812,102.74
Balance difference of foreign currency translation		-	-
Total shareholder's equity attributable to parent company		978,533,639.86	889,876,512.59
Minority interests		-	-
Total shareholder's equity		978,533,639.86	889,876,512.59

Total liabilities and shareholder's equity	1,160,917,182.41	1,061,964,234.64
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(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting Institution: Wang Zhiping

Consolidated Profit Statement for Shenzhen Shenbao Industrial Co., Ltd.

Jan. 2012 to Jun. 2012

(Unless otherwise specified, RMB is used for record)

Item	NoteV	Amount in this period	NoteV	Amount in last period
I. Total operating income		114,026,690.16		139,922,991.06
Including: Operating income	(27)	114,026,690.16		139,922,991.06
II. Total operating cost		131,477,781.95		148,255,335.86
Including: Operating cost	(27)	92,593,340.74		112,209,097.15
Operating tax and extras	(28)	662,775.12		896,845.51
Sales expenses	(29)	6,539,865.06		8,969,300.98
Administration expenses	(30)	31,343,771.04		21,699,521.40
Financial expenses	(31)	381,706.23		4,550,650.77
Losses of devaluation of asset	(32)	(43,676.24)		(70,079.95)
Add: Changing income of fair value(Loss is listed with “-”)	(33)	969,367.20		(42,000.00)
Investment income	(34)	105,857,836.04		(265,249.23)
Including: Investment income on affiliated company and joint venture		(299,393.90)		(269,528.67)
III. Operating profit		89,376,111.45		(8,639,594.03)
Add: Non-operating income	(35)	772,170.63		17,433,557.36
Less: Non-operating expense	(36)	237,648.80		60,551.66
Including: Disposal loss of non-current asset		237,578.80		60,551.66
IV. Total Profit		89,910,633.28		8,733,411.67
Less: Income tax expense	(37)	1,043,256.86		1,674,051.00
V. Net profit		88,867,376.42		7,059,360.67
Incl: Net profit from merged before consolidated		-		-

Net profit attributable to shareholder's of parent company		88,867,376.42	4,396,354.98
Minority shareholders' gains and losses		-	2,663,005.69
VI. Earnings per share			
i. Basic earnings per share	(38)	<u>0.3542</u>	<u>0.0200</u>
ii. Diluted earnings per share	(38)	<u>0.3542</u>	<u>0.0200</u>
VII. Other consolidated income	(39)	<u>(210,249.15)</u>	<u>-</u>
VIII. Total consolidated income		<u>88,657,127.27</u>	<u>7,059,360.67</u>
Total consolidated income attributable to owners of parent company		88,657,127.27	4,396,354.98
Total consolidated income attributable to minority shareholders		-	2,663,005.69

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi
Person in Charge of Accounting Works: Zeng Suyan
Person in Charge of Accounting Institution: Wang Zhiping

Statement of Change in Owners' Equity for semi-annual of 2012
Jan. 2012 to Jun. 2012

(Unless otherwise specified, RMB is used for record)

Items	Owners' equity attributable to the parent company								Minor shareholders' equity	Total of owners' equity
	Paid-up capital(Share capital)	Capital reserves	Less: inventory shares	Reasonable reserve	Surplus reserves	Provision of general risk	Retained profit	Others		
I. Balance at the end of last year	250,900,154.00	568,700,222.51	-	-	32,464,033.34	-	37,812,102.74	-	-	889,876,512.59
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	250,900,154.00	568,700,222.51	-	-	32,464,033.34	-	37,812,102.74	-	-	889,876,512.59
III. Changed in current term(Loss is listed with "-")	-	(210,249.15)	-	-	-	-	88,867,376.42	-	-	88,657,127.27
(I) Net profit	-	-	-	-	-	-	88,867,376.42	-	-	88,867,376.42
(II) Other consolidated income	-	(210,249.15)	-	-	-	-	-	-	-	(210,249.15)
Subtotal of (I) and (II)	-	(210,249.15)	-	-	-	-	88,867,376.42	-	-	88,657,127.27
(III) Owners input and withdraw of share capital	-	-	-	-	-	-	-	-	-	-
1. Capital input by shareholders	-	-	-	-	-	-	-	-	-	-
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-
1. Providing of surplus reserves	-	-	-	-	-	-	-	-	-	-
2. Common risk provision	-	-	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement of shareholders' equity	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
3. Making up losses by surplus reserves	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(VI) Reasonable reserve	-	-	-	-	-	-	-	-	-	-
1. Withdrawal in the report period	-	-	-	-	-	-	-	-	-	-
2. Usage in the report period	-	-	-	-	-	-	-	-	-	-

(VII) Others	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of this term	<u>250,900,154.00</u>	<u>568,489,973.36</u>	<u>-</u>	<u>-</u>	<u>32,464,033.34</u>	<u>-</u>	<u>126,679,479.16</u>	<u>-</u>	<u>-</u>	<u>978,533,639.86</u>

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting Institution: Wang Zhiping

Shenzhen Shenbao Industrial Co., Ltd
Statement of changes in consolidated shareholders' equity
Year 2011

(Unless otherwise specified, RMB is used for record)

Items	Owners' equity attributable to the parent company									
	Paid-up capital(Share capital)	Capital reserves	Less: inventory shares	Reasonable reserve	Surplus reserves	Provision of general risk	Retained profit	Others	Minor shareholders' equity	Total of owners' equity
I. Balance at the end of last year	181,923,088.00	79,873,070.29	-	-	32,464,033.34	-	30,831,869.17	-	47,849,552.44	372,941,613.24
Plus: Change of accounting policy	-	-	-	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	181,923,088.00	79,873,070.29	-	-	32,464,033.34	-	30,831,869.17	-	47,849,552.44	372,941,613.24
III. Changed in current term(Loss is listed with "-")	68,977,066.00	488,827,152.22	-	-	-	-	6,980,233.57	-	(47,849,552.44)	516,934,899.35
(I) Net profit	-	-	-	-	-	-	6,980,233.57	-	2,663,005.69	9,643,239.26
(II) Other consolidated income	-	-	-	-	-	-	-	-	-	-
Subtotal of (I) and (II)	-	-	-	-	-	-	6,980,233.57	-	2,663,005.69	9,643,239.26
(III) Owners input and withdraw of share capital	68,977,066.00	488,827,152.22	-	-	-	-	-	-	(50,512,558.13)	507,291,660.09
1. Capital input by shareholders	68,977,066.00	503,415,075.89	-	-	-	-	-	-	-	572,392,141.89
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-	-	-
3. Others	-	(14,587,923.67)	-	-	-	-	-	-	(50,512,558.13)	(65,100,481.80)
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-
1. Providing of surplus reserves	-	-	-	-	-	-	-	-	-	-
2. Common risk provision	-	-	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(V) Internal settlement of shareholders' equity	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-	-	-
3. Making up losses by surplus reserves	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(VI) Reasonable reserve	-	-	-	-	-	-	-	-	-	-
1. Withdrawal in the report period	-	-	-	-	-	-	-	-	-	-
2. Usage in the report period	-	-	-	-	-	-	-	-	-	-

(VII) Others	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of this term	<u>250,900,154.00</u>	<u>568,700,222.51</u>	<u>-</u>	<u>-</u>	<u>32,464,033.34</u>	<u>-</u>	<u>37,812,102.74</u>	<u>-</u>	<u>-</u>	<u>889,876,512.59</u>

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Institution: Wang Zhiping

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting

Consolidated Cash Flow Statement for Shenzhen Shenbao Industrial Co., Ltd.

Jan. 2012 to Jun. 2012

(Unless otherwise specified, RMB is used for record)

items	Note V	Amount at this period	Amount at last period
I. Cash flows arising from operating activities:			
Cash received from selling commodities and providing labor services		176,491,074.07	177,726,719.69
Write-back of tax received		436,438.16	49,009.53
Other cash received concerning operating activities	(40)	2,938,001.74	6,445,884.77
Subtotal of cash inflow arising from operating activities		179,865,513.97	184,221,613.99
Cash paid for purchasing commodities and receiving labor service		126,671,262.26	139,613,835.64
Cash paid to/for staff and workers		22,096,377.43	17,020,987.85
Taxes paid		12,270,546.05	12,934,545.26
Other cash paid concerning operating activities	(40)	15,568,262.71	22,924,655.87
Subtotal of cash outflow arising from operating activities		176,606,448.45	192,494,024.62
Net cash flows arising from operating activities		3,259,065.52	(8,272,410.63)
II. Cash flows arising from investing activities:			
Cash received from recovering investment		152,102,277.68	24,800,000.00
Cash received from investment income		-	-
Net cash received from disposal of fixed, intangible and other long-term assets		840,414.80	13,051,728.00
Net cash received from disposal of subsidiaries and other units		-	-
Other cash received concerning investing activities		-	-
Subtotal of cash inflow from investing activities		152,942,692.48	37,851,728.00
Cash paid for purchasing fixed, intangible and other long-term assets		65,533,240.27	17,789,197.69
Cash paid for investment		-	-

Net increase of mortgaged loans		(20,000,000.00)
Net cash received from subsidiaries and other units	-	-
Other cash paid concerning investing activities	-	-
Subtotal of cash outflow from investing activities	65,533,240.27	(2,210,802.31)
Net cash flows arising from investing activities	87,409,452.21	40,062,530.31
III. Cash flows arising from financing activities		
Cash received from absorbing investment	-	512,499,992.40
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	-	-
Cash received from loans	145,000,000.00	65,000,000.00
Cash received from issuing bonds	-	-
Other cash received concerning financing activities (40)	2,723,285.23	-
Subtotal of cash inflow from financing activities	147,723,285.23	577,499,992.40
Cash paid for settling debts	153,000,000.00	52,400,000.00
Cash paid for dividend and profit distributing or interest paying	3,039,716.43	5,530,183.59
Including: Dividend and profit of minority shareholder paid by subsidiaries	-	-
Other cash paid concerning financing activities (40)	500,000.00	4,099,501.38
Subtotal of cash outflow from financing activities	156,539,716.43	62,029,684.97
Net cash flows arising from financing activities	(8,816,431.20)	515,470,307.43
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
	3,151.01	(8,344.27)
V. Net increase of cash and cash equivalents		
	81,855,237.54	547,252,082.84
Add: Balance of cash and cash equivalents at the period -begin	436,842,717.15	40,540,179.32
VI. Balance of cash and cash equivalents at the period -end		
(41)	518,697,954.69	587,792,262.16

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi
Zhiping

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting Institution: Wang

Balance Sheet for Shenzhen Shenbao Industrial Co., Ltd.

Jun. 30, 2012

(Unless otherwise specified, RMB is used for record)

	Note XI	Amount at period-end	Amount at period-begin
Current assets:			
Monetary funds		186,945,009.15	399,181,994.57
Transactional financial assets		8,859,163.20	14,441,801.40
Notes receivable		-	
Account receivable	(1)	284,966.26	10,800.00
Account paid in advance		-	
Interest receivable		-	
Dividend receivable		-	
Other receivables	(2)	268,433,564.07	290,113,278.83
Inventories		636,422.82	748,577.05
Non-current asset due within one year		-	-
Other current assets		-	-
Total current assets		465,159,125.50	704,496,451.85
Non-current assets:			
Finance asset available for sales		-	-
Held-to-maturity investment		-	-
Long-term account receivable		-	-
Long-term equity investment	(3)	779,524,266.12	313,836,495.78
Investment real estate		24,255,453.23	24,670,895.45
Fixed assets		3,120,007.86	2,821,015.29
Construction in progress		49,774,696.98	6,977,937.19
Engineering material		-	-
Disposal of fixed asset		-	-
Productive biological asset		436,156.00	436,156.00
Oil and gas asset		-	-
Intangible assets		65,693,524.40	66,607,860.51
Expense on Research and Development		-	-
Goodwill		-	-
Long-term expenses to be apportioned		686,593.67	785,282.95
Deferred income tax asset		1,382,880.17	1,475,455.82
Other non-current asset		-	-
Total non-current asset		924,873,578.43	417,611,098.99
Total assets		1,390,032,703.93	1,122,107,550.84

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting Institution: Wang Zhiping

(Cont')Balance Sheet for Shenzhen Shenbao Industrial Co., Ltd.
Jun. 30, 2012

(Unless otherwise specified, RMB is used for record)

Liabilities and shareholders' equity	Note XI	Amount at period-end	Amount at period-begin
Current liabilities:			
Short-term loans		30,000,000.00	-
Transaction financial liabilities		-	-
Notes payable		-	-
Accounts payable		457,746.88	-
Accounts received in advance		-	130,320.00
Wage payable		1,870,699.47	2,602,137.43
Taxes payable		563,491.00	213,379.40
Interest payable		-	-
Dividend payable		2,909,182.74	2,909,182.74
Other accounts payable		263,089,434.03	115,853,186.53
Non-current liabilities due within 1 year		-	-
Other current liabilities		-	-
Total current liabilities		298,890,554.12	121,708,206.10
Non-current liabilities:			
Long-term loans		-	-
Bonds payable		-	-
Long-term account payable		-	-
Special accounts payable		-	-
Projected liabilities		-	-
Deferred income tax liabilities		-	-
Other non-current liabilities		49,920.00	49,920.00
Total non-current liabilities		49,920.00	49,920.00
Total liabilities		298,940,474.12	121,758,126.10
shareholders' equity			
share capital		250,900,154.00	250,900,154.00
Capital public reserve		583,300,472.29	583,510,721.44
Less: Inventory shares		-	-
Reasonable reserve		-	-
Surplus public reserve		32,464,033.34	32,464,033.34
Provision of general risk		-	-
Retained profit		224,427,570.18	133,474,515.96
Total shareholders' equity		1,091,092,229.81	1,000,349,424.74
Total Liability & Shareholders' equity		1,390,032,703.93	1,122,107,550.84

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting Institution: Wang Zhiping

Profit Statement for Shenzhen Shenbao Industrial Co., Ltd.

Jan. 2012 to Jun. 2012

(Unless otherwise specified, RMB is used for record)

Items	Note XI	Amount at this period	Amount at last period
I. operating income	(4)	2,050,941.33	1,434,424.23
Less: Operating cost	(4)	422,583.09	91,320.28
Operating tax and extras		72,935.33	66,000.00
Sales expenses		266,780.75	515,239.93
Administration expenses		17,165,949.80	11,040,603.19
Financial expenses		(274,315.92)	2,392,752.83
Losses of devaluation of asset		0.00	540.00
Add: Changing income of fair value(Loss is listed with “-”)		970,867.20	-
Investment income	(5)	105,857,836.04	(265,249.23)
Including: Investment income on affiliated company and joint venture		(299,393.90)	(265,249.23)
II. Operating profit		91,225,711.52	(12,937,281.23)
Add: Non-operating income		-	17,088,533.21
Less: Non-operating expense		180,081.65	35,326.88
Including: Disposal loss of non-current asset		180,081.65	35,326.88
III. Total Profit		91,045,629.87	4,115,925.10

Less: Income tax expense	92,575.65	-
IV. Net profit	<u>90,953,054.22</u>	<u>4,115,925.10</u>
V. Other consolidated income	<u>(210,249.15)</u>	<u>-</u>
VI. Total consolidated income	<u><u>90,742,805.07</u></u>	<u><u>4,115,925.10</u></u>

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting Institution: Wang Zhiping

Statement of Change in Owners' Equity for semi-annual of 2012
Jan. 2012 to Jun. 2012

(Unless otherwise specified, RMB is used for record)

Items	Paid-up capital(Share capital)	Capital reserves	Less:	Reasonable reserve	Surplus reserves	Provision of general risk	Retained profit	Total of owners' equity
			inventory shares					
I. Balance at the end of last year	250,900,154.00	583,510,721.44	-	-	32,464,033.34	-	133,474,515.96	1,000,349,424.74
Plus: Change of accounting policy	-	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	250,900,154.00	583,510,721.44	-	-	32,464,033.34	-	133,474,515.96	1,000,349,424.74
III. Changed in current term(Loss is listed with "-")	-	(210,249.15)	-	-	-	-	90,953,054.22	90,742,805.07
(I) Net profit	-	-	-	-	-	-	90,953,054.22	90,953,054.22
(II) Other consolidated income	-	(210,249.15)	-	-	-	-	-	(210,249.15)
Subtotal of (I) and (II)	-	(210,249.15)	-	-	-	-	90,953,054.22	90,742,805.07
(III) Owners input and withdraw of share capital	-	-	-	-	-	-	-	-
1. Capital input by shareholders	-	-	-	-	-	-	-	-
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-
1. Providing of surplus reserves	-	-	-	-	-	-	-	-
2. Common risk provision	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(V) Internal settlement of shareholders' equity	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-
3. Making up losses by surplus reserves	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(VI) Reasonable reserve	-	-	-	-	-	-	-	-
1. Withdrawal in the report period	-	-	-	-	-	-	-	-
2. Usage in the report period	-	-	-	-	-	-	-	-
(VII) Others	-	-	-	-	-	-	-	-

IV. Balance at the end of this term	250,900,154.00	583,300,472.29	-	-	32,464,033.34	-	224,427,570.18	1,091,092,229.81
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(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi
Institution: Wang Zhiping

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting

Statement of Change in Owners' Equity for semi-annual of 2011
Year 2011

(Unless otherwise specified, RMB is used for record)

Items	Paid-up capital(Share capital)	Capital reserves	Less:	Reasonable reserve	Surplus reserves	Provision of general risk	Retained profit	Total of owners' equity
			inventory shares					
I. Balance at the end of last year	181,923,088.00	80,095,645.55	-	-	32,464,033.34	-	134,399,358.26	428,882,125.15
Plus: Change of accounting policy	-	-	-	-	-	-	-	-
Correcting of previous errors	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Balance at the beginning of current year	181,923,088.00	80,095,645.55	-	-	32,464,033.34	-	134,399,358.26	428,882,125.15
III. Changed in current term(Loss is listed with "-")	68,977,066.00	503,415,075.89	-	-	-	-	(924,842.30)	571,467,299.59
(I) Net profit	-	-	-	-	-	-	(924,842.30)	(924,842.30)
(II) Other consolidated income	-	-	-	-	-	-	-	-
Subtotal of (I) and (II)	-	-	-	-	-	-	(924,842.30)	(924,842.30)
(III) Owners input and withdraw of share capital	68,977,066.00	503,415,075.89	-	-	-	-	-	572,392,141.89
1. Capital input by shareholders	68,977,066.00	503,415,075.89	-	-	-	-	-	572,392,141.89
2. Share payment accounted into shareholders' equity	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-
1. Providing of surplus reserves	-	-	-	-	-	-	-	-
2. Common risk provision	-	-	-	-	-	-	-	-
3. Dividend to shareholders	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(V) Internal settlement of shareholders' equity	-	-	-	-	-	-	-	-
1. Capital reserves transferred to share capital	-	-	-	-	-	-	-	-
2. Surplus reserves transferred to share capital	-	-	-	-	-	-	-	-
3. Making up losses by surplus reserves	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(VI) Reasonable reserve	-	-	-	-	-	-	-	-
1. Withdrawal in the report period	-	-	-	-	-	-	-	-
2. Usage in the report period	-	-	-	-	-	-	-	-
(VII) Others	-	-	-	-	-	-	-	-

IV. Balance at the end of this term	250,900,154.00	583,510,721.44	-	-	32,464,033.34	-	133,474,515.96	1,000,349,424.74
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(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi
Institution: Wang Zhiping

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting

Cash Flow Statement for Shenzhen Shenbao Industrial Co., Ltd.

Jan. 2012 to Jun. 2012

(Unless otherwise specified, RMB is used for record)

Items	Note XI	Amount at this period	Amount at last period
I. Cash flows arising from operating activities:			
Cash received from selling commodities and providing labor services		1,192,862.90	1,413,364.27
Write-back of tax received		-	-
Other cash received concerning operating activities		126,209,411.56	4,239,039.14
Subtotal of cash inflow arising from operating activities		127,402,274.46	5,652,403.41
Cash paid for purchasing commodities and receiving labor service		79,699.32	271,848.55
Cash paid to/for staff and workers		7,395,526.26	5,784,877.12
Taxes paid		1,339,488.17	919,246.61
Other cash paid concerning operating activities		7,502,361.90	20,208,017.33
Subtotal of cash outflow arising from operating activities		16,317,075.65	27,183,989.61
Net cash flows arising from operating activities		111,085,198.81	(21,531,586.20)
II. Cash flows arising from investing activities:			
Cash received from recovering investment		152,102,277.68	24,800,000.00
Cash received from investment income		-	-
Net cash received from disposal of fixed, intangible and other long-term assets		115,000.00	13,000,000.00
Net cash received from disposal of subsidiaries and other units		-	-
Other cash received concerning investing activities		-	-
Subtotal of cash inflow from investing activities		152,217,277.68	37,800,000.00
Cash paid for purchasing fixed, intangible and other long-term assets		1,947,919.14	1,143,684.68
Cash paid for investment		503,497,641.88	-
Net increase of mortgaged loans		-	(20,000,000.00)
Net cash received from subsidiaries and other units		-	-
Other cash paid concerning investing activities		-	-
Subtotal of cash outflow from investing activities		505,445,561.02	(18,856,315.32)

Net cash flows arising from investing activities	(353,228,283.34)	56,656,315.32
III. Cash flows arising from financing activities		
Cash received from absorbing investment	-	512,499,992.40
Cash received from loans	130,000,000.00	30,000,000.00
Cash received from issuing bonds	-	-
Other cash received concerning financing activities	1,977,263.06	-
Subtotal of cash inflow from financing activities	131,977,263.06	542,499,992.40
Cash paid for settling debts	100,000,000.00	29,000,000.00
Cash paid for dividend and profit distributing or interest paying	2,071,163.95	3,818,933.23
Other cash paid concerning financing activities	-	4,099,501.38
Subtotal of cash outflow from financing activities	102,071,163.95	36,918,434.61
Net cash flows arising from financing activities	29,906,099.11	505,581,557.79
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-	-
V. Net increase of cash and cash equivalents	(212,236,985.42)	540,706,286.91
Add: Balance of cash and cash equivalents at the period -begin	399,181,994.57	23,617,846.34
VI. Balance of cash and cash equivalents at the period -end	(6) 186,945,009.15	564,324,133.25

(annotation after financial sheet is part of financial sheet)

Principal of the Company: Zheng Yuxi

Person in Charge of Accounting Works: Zeng Suyan

Person in Charge of Accounting Institution: Wang Zhiping

Shenzhen Shenbao Industrial Co., Ltd.

Notes of Financial Statement for semi-annual of 2012

I. Company profile

Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as the Company) (formerly named Shenzhen Shenbao Canned Food Company), obtained approval (Document (1991) No.978) from Shenzhen Municipal People's Government to change to the present name as at 1 August 1991. Then with the approval (Document (1991)No.126) from People's Bank of China, the Company began to list on Shenzhen Stock Exchange and was granted the business license numbered Shen-Si-Zi N27358.

The Company initially issued 107,312,935 shares in the stock exchange. In 1992, one bonus share was dispatched for each 10 shares held by its shareholders, thus totally 10,731,290 shares were increased. In 1993, one bonus share and one allotted share were dispatched for each 10 shares held by its shareholders, thus totally 20,878,845 shares were increased. Sequently, one bonus share was dispatched for each 10 shares held by shareholders upon the basis of total share capital as at the end of 1996, and capitalizing of capital reserves was carried out at one to ten basis, thus totally 27,784,614 shares were increased. In 2001, based on the total share capital as at the end of 1999, 3 shares were allotted for each 10 shares held by shareholders, and totally 15,215,404 shares were allotted. The registered capital of the Company amounts to RMB181,923,088.

On 22 June 2011, the Company placed RMB ordinary share (A-Share) of 68,977,066 shares privately to specific targets with carrying value of 1.00 yuan each, placing subscription price of 8.70 yuan per share. The placing totaling raised fund of 600,100,474.20 yuan and changed procedures for Industrial and Commerce has been done on 12 July. Register capital for the Company currently amount to 250,900,154.00 yuan.

The Company belongs to food and beverage industry, with the following major operations: production of food can, beverage and local products(business license of their production base is applied additionally;domestic trade (excluding specialized operation ,specialized control and specialized commodities); import and export business (excluding law, rules and regulators, items the State Council forbid; the limited ones should be permitted before operating);development and operation of real estate on legal land.

Registration place: Southern F20, Tower Building, Education Technology Building, Zhuzilin, Futian District, Shenzhen. Operation Certificate: 440301103223954.

The Company's main products are: tea series under "Jindiao" brand include instant tea powder and tea concentrate; seasoning series under "Sanjing" brand include oyster sauce, olive vegetable, and soy; beverages series under "Shenbao" brand include daisy tea, lemon tea, and wax gourd tea.

II. Major accounting policy, accounting estimation and prior-period errors

(I)Basis of preparation of financial statements

Taking continuing operation as basis, the Company processed confirmation and measurements according to the actual businesses and proceedings, by reference to regulations of Accounting Standards for Enterprises-Basic Standards and other various accounting standards, and then prepared financial statements on such basis.

(II)Statement for observation of Accounting Standard for Enterprise

The financial statements prepared by the Company are in accordance to requirements of

Accounting Standard for Enterprise, which truly and completely reflect the information related to financial position, operational results and cash flow of the Company.

(III) Accounting period

One accounting period falls to the range starting from 1 January to 31 December. This accounting period refers to Jan. 1 to Jun. 30 of 2012.

(IV) Standard currency

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

(V) Accounting treatment for business combinations under the same control and those not under the same control

1. Business combination under the same control

Assets and liabilities acquired by the Company during business combination are measured by their carrying value recorded in the accounting book of the combined party as at the combination date. The difference between the carrying value of the net assets acquired through combination and the carrying value of combination consideration paid (or total carrying value of shares in issue) shall be used to adjust capital reserve. When the capital reserve is insufficient for offset, then the retained profit shall be adjusted.

Each direct expense related to business combination born by the Company, among other things, the audit fee, valuation expense and law service expense paid for business combination shall be written into current gains and losses upon happening.

Charge and commission arising from issuance of equity securities during business combination shall be used for offsetting premium income of such securities. When such premium income is not enough for offset, then it shall turn to retained profit for offset.

As for the combined parties which adopt different accounting policies from the Company, the Company shall make relevant adjustment in accordance to its own accounting policy as at the combination date, and offer confirmation by virtue of Accounting Standard for Enterprise on this basis.

2. Business combination not under the same control

The Company measures the assets and liabilities paid or occurred or undertaken as consideration for business combination at their fair value as at the purchase day. Difference between fair value and carrying value shall be recorded in current gains and losses.

Combined cost is allocated by the Company as at the purchase date.

Combined cost less the fair value of the recognizable net assets acquired from vendor through combination is confirmed as goodwill if the result is positive, while as current gains and losses if it is negative.

As for other various assets (except for intangible assets and not only limited to the assets originally recognized by vendor) obtained by business combination from vendor, the economic benefits brought by such assets are likely to flow into the Company, besides, their fair value could be reliably measured. Thus, they shall be recognized separately and measured at fair value; the intangible assets whose fair value could be reliably measured shall be separately recognized as intangible assets and measured at fair value; As for other

various liabilities (except for contingent liabilities) obtained from vendor, implementation of relevant obligations leads to that economic benefits are likely to flow out from the Company, besides, their fair value could be reliably measured. Thus, they shall be recognized separately and measured at fair value; the contingent liabilities obtained from vendor whose fair value could be reliably measured shall be separately recognized as liabilities and measured at fair value.

(VI)Methods for preparation of consolidated financial statements

The consolidation scope of the consolidated financial statements of the Company is fixed on the basis of control, and all subsidiaries have been consolidated.

The accounting policies and accounting period adopted by the subsidiaries taken into account of the consolidation scope are in line with the Company. If it is not the same as the Company, necessary adjustments will be made when preparing consolidated financial statements according to the accounting policy and accounting period of the Company.

Based on the financial statements of the Company and its subsidiaries, the Company prepares the consolidated financial statements by reference to other related information after adjustment in its long-term equity investments to subsidiaries by equity method.

When consolidating financial statements, the Company shall offset all effects upon consolidated balance sheet, consolidated profit statement, consolidated cash flow statement and consolidated statement of changes in equity arising from the internal transactions between the Company and each subsidiary and between various subsidiaries.

Balance between the current losses shared by minority shareholders of subsidiaries exceeding the proportion shared by those shareholders in beginning owners' equity of those subsidiaries, the balance shall be used to offset minority's equity of the Company.

During the report period, beginning amounts in consolidated balance sheet shall be subject to adjustment if business combination under the same control results in additional subsidiaries; income, expense and profit of such subsidiaries occurred during the whole consolidation period shall be accounted into consolidated profit statement; and the cash flow of subsidiaries occurred during the whole consolidation period shall be accounted into consolidated cash flow statement.

During the report period, beginning amounts in consolidated balance sheet is not subject to adjustment if business combination not under the same control results in additional subsidiaries; income, expense and profit of such subsidiaries occurred during the period commencing from purchase day to the end of reporting year shall be accounted into consolidated profit statement; and the cash flow of such subsidiaries occurred during the period commencing from purchase day to the end of reporting year shall be accounted into consolidated cash flow statement.

During the report period, if the Company disposes subsidiaries, then the income, expense and profit of the subsidiaries occurred during the period commencing from period-begin to the disposal day shall be written into consolidated profit statement; and cash flow arising during such period of such subsidiaries shall be written into consolidated cash flow statement.

(VII)Recognition standards for cash and cash equivalents

When preparing cash flow statement, the Company recognized the stock cash and deposits

available for payment at any time as cash, and investments featuring with the following four characters at the same time as cash equivalents: short term (expire within 3 months commencing from purchase day), active liquidity, easy to convert to already-known cash, and small value change risks.

(VIII) Foreign currency business

When initially recognizing foreign currency business, the Company translates the foreign currency amount to standard currency amount by virtue of spot exchange rate as at the happening date of trade.

As at the balance sheet date, monetary items of foreign currency are translated at spot exchange rate as at balance sheet day. Translation difference arising from difference between the spot exchange rates respectively as at balance sheet day and initial recognition day or previous balance sheet day, shall be written in current gains and losses. As for non-monetary items denominated by foreign currency which are measured at historical cost, translation is still subject to spot exchange rate as at happening day of trade, without any change in the amount in standard currency.

(IX) Financial instruments

Financial instruments include financial assets, financial liabilities and equities instruments.

1. Categories of financial instruments

According to the purposes held for financial assets and liabilities, the management categorizes them into: financial assets or financial liabilities at fair value through current gains and losses, including transactional financial assets or financial liabilities; held-to-maturity investment; accounts receivable; financial assets available for sale; other financial liabilities, etc.

2. Recognition evidence and measurement methods for financial instruments

(1) Financial assets (financial liabilities) at fair value through current gains and losses

Such assets bear initial recognition amounts at fair value (after deduction of cash dividends declared but not granted yet or bond interests which arrives at settlement moment but not collected yet) when being obtained, and relevant transaction expense falls into current gains and losses.

Interests or cash dividends acquired during holding are recognized as investment income, and movement of fair value is recorded in current gains and losses as at year end.

When disposing such assets or liabilities, the Company shall recognize the difference between fair value and initial booking amount as investment income, and gains and losses from movements of fair value shall be subject to adjustment at the same time.

(2) Held-to-maturity investment

Held-to-maturity investment bears initial recognition amount at aggregate of fair value (after deduction of bond interests which arrives at settlement moment but not collected yet) and relevant transactional expenses when being obtained.

When holding such investments, interest income is calculated and recognized according to remaining amortized cost and effective interest rate, and then written into investment income. Effective interest rate is recognized when obtaining such investments, and not subject to change during the expected duration period or applicable shorter period.

When disposing such investments, the Company shall treat the balance between the payment for obtaining such investments and carrying value thereof as investment income.

(3) Financial assets available for sale

Financial assets available for sale bear initial recognition amount at aggregate of fair value (after deduction of cash dividends declared but not granted yet or bond interests which arrive at settlement moment but not collected yet) and relevant transactional expenses when being obtained.

Interests or cash dividends acquired during holding are recognized as investment income. They will be measured at fair value and movements of their fair values shall be recorded in capital reserve (other capital reserve) at year end.

When disposing such assets, the Company shall treat the balance between the payments for obtaining such financial assets and carrying value thereof as investment gains and losses; meanwhile, the amounts correspondingly disposed due to accumulative movements of fair value originally recorded in owners' equity directly shall be reversed out and recorded in investment gains and losses.

(4) Other financial liabilities

Other financial liabilities bear initial recognition amount at aggregate of fair value and relevant transactional expenses. Subsequent measurement is conducted at amortized cost.

3. Confirmation evidence and measurement methods for transfer of financial assets

When transfer of financial assets occurs, the Company shall stop recognition of such financial assets if all risks and remunerations related to ownership of such financial assets have almost been transferred to the receiver; while shall continue to recognize such financial assets if all risks and remunerations related to ownership of such financial assets have almost been retained.

When judging whether or not the aforesaid terminal recognition condition for financial assets is arrived at for transfer of financial assets, the Company generally adopts the principle that substance overweighs format. The Company divides such transfer into entire transfer and part transfer. As for the entire transfer meeting condition for discontinued recognition, balance between the following two items is recorded in current gains and losses:

(1) Carrying value of financial assets in transfer;

(2) Aggregate of the consideration received from transfer and accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets available for sale).

As for the part transfer meeting condition for discontinued recognition, entire carrying value of financial assets in transfer is shared by discontinued recognition part and continued recognition part, in light of their respective fair value. Balance between the following two items is recorded in current gains and losses:

(1) Carrying value of discontinued recognition part;

(2) Aggregate of the consideration of discontinued recognition part and amount of such part attributable to accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets available for sale).

Financial assets are still subject to recognition if transfer of such assets doesn't satisfy the condition for discontinued recognition. And consideration received is recognized as financial liability.

4. Recognized measures on the fair value of financial assets

The financial assets measured by fair value should be valued based on the quotation which

exists in the active market at period-end.

5. Accruing provision for depreciation of financial assets (receivable accounts excluded)

(1) Depreciation provision for financial assets available for sale:

If fair value of financial assets available for sale declined largely, or having considered various related factors, it's predicted that the decline is non-temporary thus the depreciation is confirmed. And accumulated losses from depreciation of fair value previously calculated in owner's equity directly should be transferred out and confirmed.

(2) Depreciation provision for held-to-maturity investment:

In accordance with the calculation of receivable accounts'

(X) Account receivable

Accounts receivable refer to trade receivables and other receivables.

The Company adopts the following standards for recognition of bad debt: ① debts which cannot be collected by settlement with bankruptcy properties or heritage of debtors who face revoke, bankruptcy or death, and cash flow is in serious shortage; ② debts which are past due while not settled by debtors and featured with obvious characteristics indicating that it is not able to collect. Account receivable is recognized as bad debt losses if there are obvious evidences indicating that the accounts are not possible to collect, and the provision of bad debt reserve shall then be offset.

The Company adopts allowance method to calculate bad debt reserve which is likely to happen.

1. Standards for recognized and withdrawal method on account receivable with single significant item and withdrawal bad debt provision separately

Recognized standards for account receivable with single significant item and withdrawal bad debt provision separately:

Standard for single significant item: amount occupied 10 percent (including 10 percent) of the balance of account receivable.

Withdrawal method on bad debt provision for account receivable with single significant item: conducted impairment testing separately, balance between the present value of future cash flow and its carrying value, bad debt provision withdrawal and reckoned into current gains/losses.

2. Standards for recognized and withdrawal method on bad debt provision of account receivable withdrawal by age combination

(1) Combination of account receivable with no impairment is found after separately testing.

(2) Withdrawal method recognized by the combination: way for the withdrawal of bad debt is the age analysis method, standards as:

Aging	Withdrawal proportion for account receivable	Withdrawal proportion for other account receivable
Within one year (one year included)	0%	0%
One to two years(two years included)	5%	5%
Two to three years(three years included)	10%	10%
Above three years	15%	15%

3. Reasons and withdrawal method etc. required disclosure for those account receivable with minor single item but withdrawal bad debt provision single

The combination refers to the account receivable with minor single item but conducted impairment testing separately without bad debt provision withdrawal by age analysis, that according to actual situation of the Company.

Concerning the account receivable with minor single item of no impairment is found in testing separately, withdrawal the bad debt provision by risk combination with the age.

(XI)Inventories

1. Classification

Inventories of the Company mainly are: stock goods, delivered goods, product-in-process, raw materials, packing materials, low value consumables and materials for entrust processing, etc.

2. Valuation

Inventories are priced at costs when purchased or delivered to stock, and by weighted average method when delivered out from stock.

3. Recognized standards of the net realizable value for inventory and withdrawal method on provision of inventory

After inventory at period-end, the inventories are accounted depending on which is lower between the cost and the net realizable value or adjusted the provision of inventory.

The net realizable value of finished goods, products and sellable materials, in normal business production, is measured as the residual value after deducting the estimated sales expense and related taxes and fees from the estimated selling price; the net realizable value of an item of inventories subject to further processing, in normal business production, is measured as the residual value after deducting the sum of the estimated costs of completion, sales expense and related taxes and fees from the estimated selling price of the sellable item. The net realizable value of the quantity of inventories held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

An impairment allowance, if any, is generally individually recognized for each type of inventories at period-end except: For an individual impairment allowance, if any, is recognized for the whole category of inventories of low value and large quantities; and for an individual impairment allowance, if any, is recognized for a group of inventories, which are held for the production and sales of products of a single territory and for identical or similar usages or purposes, and which are indistinguishable from other types of inventories within the group.

If the previous factors resulting in deduction of inventories values disappear, then such deduction of value shall be reversed back from the original provision of inventory depreciation reserve, and turns to current gains and losses.

4. Stocktaking

The Company adopts the perpetual stocktaking system.

5. Amortization of low-value consumables and packaging materials

(1) Installment amortization is applicable to low value consumables;

(2) Packing materials are recorded in production cost at once when being received.

(XII) Long-term equity investment

1. Recognition of investment cost

(1) Long-term equity investment formed from business combination

Long-term equity investment formed from business combination under the same control: if the Company takes cash payment, transfers non-cash assets or undertakes debts and issues equity securities as consideration for combination, the share of carrying value of owner's equity of the merged party on the merger date shall be taken as the initial investment cost for such long-term equity investment. Capital reserve is subject to adjustment at difference between the initial investment cost and combination consideration paid for the long-term equity investment; or otherwise adjust retained profit if the capital reserve is not enough for offset. Each direct expense related to business combination, among other things, the audit fee, valuation expense and law service expense paid for business combination shall be written into current gains and losses upon happening. If the merged have consolidated sheet, initial investment cost of long-term equity investment will be on basis of owners' equity of the merged one's consolidated sheet.

Long-term equity investment formed from business combination not under the same control: the combination cost is the asset given, liabilities occurred or undertaken by the Company for obtaining controlling power, and the fair value of equity securities issued and various direct related expenses occurred for business combination. As for the kind of business combination realized by multiple exchange transactions step by step, its combination cost equals to aggregate of each single combination, including the fees paid to advisers such as auditors, solicitors, values, consultants, etc. and other related administrative expenses are accounted for through profit or loss for the reporting period during which they are incurred; transaction costs incurred by the acquirer directly attributable to the issuance of equity instruments or debt instruments, which are consideration for the acquisition, are capitalized as part of the initial measurement of the relevant equity instruments or debt instruments.

If the Company realized corporation merges under different control by stages through couples of trades, we should cope with the individual financial sheet and consolidated financial sheet respectively:

①As for individual financial sheet, initial investment cost should be on basis of book value of equity investment held from the purchased one before purchasing day, as well as plus of increased investment cost on purchasing day. If the equity investment held from the purchased one before purchasing day concerned other comprehensive income, other related comprehensive income (such as the part of change in the fair value of financial assets available for sale transferred to capital reserve) related to it when disposing this investment should be transferred in current investment income.

②when consolidating financial sheet, as for the equity held from the purchased one on purchasing day, it should re-calculated on basis of fair value of equity on purchasing day. The difference between fair value and book value should be included in current income. If the equity investment held from the purchased one before purchasing day concerned other comprehensive income, other related comprehensive income related to it should be transferred in current investment income of the purchasing day.

(2) Long-term equity investments obtained through other ways

For long-term equity investments obtained through payment with cash, then the actual payment shall be viewed as initial investment cost.

For long-term equity investments obtained through issuance of equity securities, then the fair value of such securities shall be viewed as initial investment cost.

For long-term equity investments input by investors, then the value agreed in investment contract or agreement (after deduction of cash dividend or profit declared while not granted yet) shall be viewed as initial investment cost, while excluding the value agreed in contract or agreement is not fair valued.

Under the precedent condition that non-monetary assets exchanges are featured with commercial nature and fair values of exchange-in or exchange-out assets can be reliably measured, long-term equity investment exchange-in through non-monetary assets exchange shall be recognized with initial investment cost on the basis of the fair value of the assets exchange-out, unless there is obvious evidence showing that fair value of exchange-in assets is more reliable; as for non-monetary assets exchanges not satisfying such precedent condition, initial investment cost of exchange-in long-term equity investment falls to the carrying value of exchange-out assets and relevant taxes payable.

For long-term equity investments obtained through debt reorganization, its initial investment cost is recognized based on fair value.

2. Subsequent measurement and recognition of gains and losses

(1) Subsequent measurement

As for long-term equity investment made by the Company to its subsidiaries, calculation is conducted by cost method, while equity method is adopted for adjustment when preparing consolidated financial statements.

Cost method is used for calculation when the Company has no common control or significant influence over the invested units. Besides, such long-term equity investments have no quotation in an active market and their fair values can't be reliably measured.

Equity method is used for calculation when the Company has common control or significant influence over the invested units. When initial investment cost is higher than the share of fair value of net realizable assets of the invested unit, then the initial investment cost of the long-term equity investment remains with no adjustment; while if the aforesaid former is lower than the later, then difference shall be recorded in current gains and losses.

Disposal of other changes in owners' equity (except for changes in net gains and losses) of the invested units: for other changes in owners' equity (except for changes in net gains and losses) of the invested units, with shareholding proportion held constant, the Company computes how much it should share or undertake according to the shareholding proportion, adjusts carrying value of such long-term equity investment and increase or decrease capital reserve (other capital reserve) at the same time. During period of holding investment, if the invested unit could offer consolidated financial sheet, it should be calculated on basis of consolidated financial sheet, net profit and other investment change.

(2) Recognition of gains and losses

Under cost method, other than payment actually paid for obtaining investment or cash dividend or profit included in consideration which has been declared while not granted yet, the Company recognizes investment income according to its share in the cash dividend or profit declared for grant by the invested unit.

Under equity method, when the investors are sure to enjoy net profit or net loss of invested ones, net profit should be confirmed after adjustment on basis of fair value of various recognizable assets of the invested units. while the part belonging to investors based on gains and losses from internal trade among the investors and affiliated as well as merged, should be cancelled. And afterward the investment gains and loss can be confirmed. When

the Company is confirmed to share losses of the invested units, the following order shall prevail for disposal: first of all, offset carrying value of long-term equity investment. Second, for long-term equity investment whose carrying value is not enough for offset, investment loss should be continued to recognize within the limit of carrying value of other long-term equity which substantially forms net investment to invested units, to offset carrying value of long-term items receivable. At last, after the aforesaid treatment, if enterprise still bears additional duties according to investment contract or agreement, projected liabilities are recognized in accordance to the the obligations which are expected to undertake, and then recorded in current gains and losses.

In the event that the invested unit realizes profit in later periods, the Company will adopt disposal adversed to the above order after deduction the unrecognized share of loss, i.e. write off the carrying value of the recognized projected liabilities, recover carrying value of long-term equity which substantially forms net investment to invested unit and long-term equity investment, and recognize investment income at the same time.

3. Evidence showing common control and significant influence with invested units

Common control over certain economic activity agreed by contract only exist when investors who need to share control power on material financial and operation decisions related to such economic activity make unanimous agreement, and then it is deemed as common control implemented by other parties to invested unit; if a party has power to join decision-making related to finance and operation of an enterprise, while no ability of control or joint control with other parties upon establishment of such decisions, the party is then deemed that it has significant influence upon invested unit.

4. Impairment testing and withdrawal of the impairment

For long-term equity investment with no significant influence, no quotation in active market and whose fair value could not be reliably measured, its impairment reserve is recognized based on the balnce between its carrying value and present value recognized through discounted future cash flow of similar financial assets at the prevailing market rate of return.

For other long-term equity investments (except for goodwill) formed from business combination where impairment signs appear, if the measurement on the recoverable amount shows that the recoverable amount of such long-term equity investment is lower than its fair value, then the difference is recognized as impairment loss.

Long-term equity investment calculated by cost should be considered probality of depreciation because invested units declare sending cash dividend or profit.

As for goodwill formed from business combination, impairment testing will be made each year, no matter whether or not there is impairment indication.

Once impairment loss is recognized for long-term equity investment, there will be no stand for any reversal.

(XIII) Investment real estate

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings.

The Company adopts the cost model for measurement on current investment real estate. Concerning the investment real estate measured by cost model, buildings for rent-used

adopts the same depreciation policies of fixed assets as the Company used; land use rights for rent-used adopts the amortization policies same to intangible assets.

If the recoverable value of an asset is lower than its book value, relevant impairment losses should be recognized.

Once impairment of investment real estate was recognized, it will not be written back in the subsequent fiscal periods.

(XIV)Fixed assets

1. Recognition of fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time:

- (1) It is probable that the economic benefits associated with the assets will flow into the Company; and
- (2) The cost of the assts can be measured reliably.

2. Depreciation on various fixed assets

Fixed assets are withdrawal by classification on the age average basis, according to the categories, predicted service life and predicted net salvage, depreciation was recognized.

Depreciation term and annual depreciation of various fixed assets are as:

Fixed asset categories	Depreciation term(year)	Salvage value	Annual depreciation ratio
Buildings: Consistenc– Production buildings	35 years	5%	2.71%
– Non-production buildings	40 years	5%	2.38%
Temporary buildings	9 years	5%	10.56%
Equipment & machinery	12 years	5%	7.92%
Transportation tools	9 years	5%	10.56%
Other equipment	6 years	5%	15.83%

3. Impairment test on fixed asset and providing of impairment provision

Judging the fixed assets at each period-end for probably evidence of impairment exists.

If evidence of impairment has been found on fixed assets, evaluate its recoverable value. The recoverable value was determined by the higher one between the amount of fair value of the fixed assets minors the net amount after disposal expenses and the current value of predicted cash flow in future of the fixed assets.

While the recoverable amount of the fixed assets lower its carrying value, the carrying value should be reduced counted as recoverable amount. The reduced amount recognized as impairment losses for fixed assets reckoned into current gains and losses and withdrawal relevant impairment losses for fixed assets.

After the impairment losses being recognized, depreciation of the impairment on fixed assts should be adjusted correspondingly in future period. And during the rest of service life, the fixed assts should be amortized the book value of fixed assts (with predicted net salvage deducted) after adjustment systematically.

Once fixed asset impairment is recognized, it shall not be written back in subsequent fiscal periods.

When evidence showing that impairment has occurred, the recoverable value shall be

assessed. Assessment of recoverable value is based on individual asset. If the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to.

(XV) Construction in process

1. Category of construction in process

Construction in process is calculated at categorized initiated projects.

2. Standard and point of time for construction in process carrying forward to fixed assets

Fixed asset is booked with the entire expenditures occurred in the construction in process till it arrives at predicted state for use. For those constructions in process of fixed assets which have already arrived at the predicted state for use, while still with absence of completion settlement, they shall be carried forward to fixed assets at the estimated value based on engineering budget, construction cost or actual cost commencing from the date of arrival of the predicted state for use. Meanwhile, they shall be also subject to the depreciation policies applicable to fixed assets of the Company for provision of depreciation. Once completion settlement is made, the original temporary estimated value shall be adjusted at the effective cost. However, the original provision of depreciation remains unchanged.

3. Methods of impairment testing and provision of impairment reserve for construction in process

The Company makes judgment at end of each year on whether there is indication showing that impairment is likely to happen in construction in process.

In case of existence of impairment indication in construction in process, the recoverable amount thereof shall be estimated. And the recoverable amount is confirmed at fair value of construction in process less the higher of net amount after disposal expense and present value of predicted future cash flow of such construction in process.

In the event that the recoverable amount of construction in process is lower than its carrying value, then the carrying value shall be reduced to the recoverable amount, and the reduced part is recognized as impairment loss of such construction in process through current gains and losses. Meanwhile, corresponding impairment reserve for construction in process shall be provided.

Once impairment loss is recognized in construction in process, it will not be reversed in subsequent accounting periods.

Should be there any indication showing possible impairment of one item construction in process, enterprise will estimate its recoverable amount based on the single construction in process. If enterprise has difficulty in estimating recoverable amount of such single construction in process, it shall turn to estimation of the recoverable amount of the assets portfolio to which such single construction in process belongs.

(XVI) Borrowing expenses

1. Recognition of the borrowing expenses capitalization

Borrowing expenses that attributed for purchasing or construction of assets that are complying with capitalizing conditions start to be capitalized and counted as relevant assets

cost; other borrowing expenses, reckoned into current gains and losses after expenses recognized while occurred.

Assets satisfying the conditions of capitalization are those assets of fixed, investment real estate etc. which need a long period of time to purchase, construct, or manufacturing before becoming usable.

Capitalizing for borrowing expenses by satisfying the followed at same time:

- (1) Assets expense occurred, and paid as expenses in way of cash, non-cash assets transfer or debt with interest taken for purchasing, constructing or manufacturing assets that complying with capitalizing condition;
- (2) Borrowing expenses have occurred;
- (3) Necessary activities occurred for reaching predicted usable statues or sale-able status for assets purchased, constructed or manufactured.

2. Period of capitalization

Capitalizing period was from the time star capitalizing until the time of suspended capitalization. The period for borrowing expensed suspended excluded in the period.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization reached its predicted usable status or sale-able status, capitalization suspended for borrowing expenses.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization completed projects and usable independently for part of the projects, borrowing expenses for this kind of assts shall suspended capitalization.

If the assets have been completed in every part, but can be reached the useful status or sale-able status while completed entirely, the borrowing expense shall be suspended for capitalization while the assets completely finished in whole.

3. Period of suspended

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended; the suspended assets that satisfying the conditions of capitalization meets the necessary procedure of reaching predicted usable status or sellable status, capitalizing of borrowing expenses shall be resumed. The borrowing expenses occurred during the period of suspended shall reckon into current gains and losses until the purchasing, construction, or manufacturing process is resumed for capitalizing.

4. Calculation for capitalization amount

Interest expenses practically occurred at the current term of a special borrowing are capitalized after deducting of the bank saving interest of unused borrowed fund or provisional investment gains

Capitalization amounts of common borrowings are decided by the weighted average of exceeding part of accumulated asset expenses over the special borrowing assets multiply the capitalizing rate of common borrowings adopted. Capitalization rates are decided by the weighted average of common borrowings.

For those expenses with discount or premium, determined the amortizable discount or premium in every fiscal year by effective interest method, than adjusted interest amount in every period

(XVII) Biological assets

1. Classification and measurement

Biological assets of the Company refer to the productive biological assets with initial measurement by cost. The actual expenses occurred before reached its predicted production purpose for productive biological assets recognized as cost; the subsequent expenditure occurred after reached its predicted production purpose for productive biological assets counted into current gains and losses.

2. Withdrawal method on depreciation of biological assets

Biological assets of the Company refer to the tea plants. For those productive biological assets that reached its predicted productive purpose, withdrawal depreciation by average age method. The service life was determined by the residual terms of the residual term of land use after deducting the un-maturity period (5-year) of the tea plants with 5 percent salvage value calculated. Reviewing the service life, predicted salvage value and depreciation method at year-end, if there have difference between the predicted number and original estimated number or have major changes on way of profit earning, than adjusted the service life or predicted salvage value or depreciation method as account estimation variation.

3. Depreciation reserves on biological assets

At every end of the year, examine the productive biological assets, if there have evidence showing that the net realizable value of recoverable amount for productive biological assets lower its book value, than depreciation provision recognized by the losses provision of productive biological assets withdrawal and reckoned into current gains and losses; Once productive biological assets impairment loss was recognized, shall not be written back in subsequent fiscal periods.

(XVIII) Intangible assets and R&D costs

1. Measurement

(1) Intangible assets are initially measured at cost while obtained.

For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments attributable to predicted purpose obtained should recognized as cost for this assets. For those purchased amount that paid overdue exceeded the normal credit condition, owns financing natures actually, the cost should be recognized based on the current value while purchased

Intangible assets obtained by means of enterprise merged under common control, recognized book-keeping value by the book value of merged party; Intangible assets obtained by means of enterprise merged under different control, recognized book-keeping value by the its fair value.

For those cost of intangible assets development internally including: the used materials, labor cost and register charge for development; amortization for other patent and concession used and interest expense satisfying the capitalization condition during process of development; other directly expense before reached its predicted useful purpose.

(2) Subsequent measurement

Analysis and determined the service life for intangible assets while obtained.

Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become useable to the end of expected useful life; for those intangible assets without limited useful life predicted, amortized nothing due to intangible assets without certain service life.

2. Particular about the estimation on intangible assets with limited service life

Item	Predicted useful life	Basis
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Land use right	Amortized the actual rest of life after certificate of land use right obtained	Certificate of land use right
Manufacture technology for patent	20-year	Actual situation of the Company

At end of report term, revising will be performed on the useful life of intangible assets with limited useful life and the methods of amortizing.

Being revising, the useful life and methods of amortizing for intangible assets at period-end was same as the previously estimation.

3. Basis for intangible assets without certain service life:

No intangible assets without certain service life has been found in the period-end for the Company.

4. Withdrawal for depreciation reserve of intangible assets

For those intangible assets with certain service life, conducting impairment testing at period-end if there has clearly evidence of impairment.

Concerning the intangible assets without certain service life, conducted impairment testing at every end of the term.

Estimated the recoverable amount for those intangible assets with impairment testing conducted; The recoverable amount was determined by the higher one between the net amount resulted from fair value for intangible assets minor disposal expenses and current value of the predicted future cash flow.

If the recoverable amount lower its book value, than the book value shall reckoned as recoverable amount. The minor amount recognized as depreciation losses for intangible assets reckoned into current gains and losses. And withdrawal relevant impairment reserves for intangible assets.

After impairment losses recognized, adjusted correspondingly in future period for depletion or amortized expenses of intangible assets depreciated, make sure that the book value (with predicted salvage value deduction) of intangible assets should systematically amortized after adjustment in rest of the service life of intangible assets.

Once intangible asset impairment loss was recognized, shall not be written back in subsequent fiscal periods.

When evidence showing that impairment has occurred, estimated its recoverable amount by individual assets; if the recoverable value was hard to evaluate separately, it shall be decided along with the group of assets it belongs to.

5. Detail standard for classification on research stage and exploitation stage

Research stage: stage of the investigation and research activities exercising innovative-ness for new science or technology knowledge obtained and understanding.

Exploitation stage: stage of the activities that produced new or material advance materials, devices and products that by research results or other knowledge adoption in certain plan or design before the commercial production or usage.

The expenditure of the research stage in R&D project internally shall reckon into current gains and losses while occurred.

6. Standards for capitalization satisfaction of expenditure in exploitation state

Intangible assets recognized for expenditure in exploitation stage by satisfying the followed at same time:

- (1) Owes feasibility in technology and completed the intangible assets for useful or for sale;
- (2) Owes the intention for completed the intangible assets and for sale purpose;
- (3) Way of profit generated including: show evidence that the products generated from the intangible assets owes a market or owes a market for itself; if the intangible assets will use

internally, than show evidence of usefulness;

(4) Possess sufficient technique, financial resources and other resources for the development of kind of intangible assets and has the ability for used or for sale;

(5) The expenditure attributable to the exploitation stage for intangible assets could be measured reliably.

(XIX) Long-term deferred expenses

Long-term deferred expense is amortized at straight line method, averagely during the beneficial period.

(XX) Income recognition

1. Recognition of the income from commodity sales

When main risks and rewards attached to the ownership of goods have been transferred to the buyer, reserved neither continuous management power nor effective control over the goods, incoming payment can be measured reliably, relative financial benefit possibly inflow to the company, cost occurred or will occur can be reliably measured, sales income of goods is recognized.

2. Basis on use right income for transaction assets

Financial benefit attached to the contract is possibly inflow to the company; Overall income of the contract can be measured reliably. Determined the use right income for transaction assets respectively as followed:

(1) Amount of interest income: determined by the time and effective interest rate of the currency capital used by other people.

(2) Amount of income from use: determined by the charge time and calculation method agreed in the relevant contract or agreement

3. Basis and methods on completion while determined income of labor provided and income of construct contracts by percentage of completion

When the results of construct contracts can be reliably estimated, income and costs are recognized at the percentage of completion at the balance sheet day. Percentage of completion of the construction contracts are decided by estimation of completed work and other whole work.

Total labor income provided determined by the amount of contract or agreement received or receivable except the un-fair contract and agreement. At balance sheet date, recognized current labor income provided by the amount resulted from the total labor income provided multiplied by the amount of completion process after accumulative labor income confirmed in previously accounting period deduction; meanwhile, transferred current labor cost by amount of completion process after accumulative labor income confirmed in previously accounting period deduction.

If the results of construction contract are not able to reliably estimated at balance sheet date, treatment as:

(1) Labor cost occurred expected to be compensated; recognized labor income by amount of labor cost occurred and transferred labor cost at same amount.

(2) Labor cost occurred un-expected to be compensated, reckoned the labor cost occurred into current gains and losses without labor income recognized.

(XXI) Government grants

1. Type

Governments grants of the Company refer to the monetary and non-monetary assets obtained from government for free, and are divided into those related to assets and others related to revenues.

2. Accounting method

Government grants in relation to purchase of long-term assets such as fixed assets or

intangible assets shall be recognized as deferred income, and are recorded in non-operating income according to service life of such constructed or purchased assets by installments;

Government grants in relation to revenues, shall be recognized as deferred income upon acquisition and recorded in current non-operating income during the periods in which relevant expenses are recognized when such grants are for the purposes of compensating relevant expenses or losses of an enterprise in future periods; and shall be directly credited to current non-operating income upon acquisition when such grants are for the purposes of compensating occurred relevant expenses or losses of an enterprise.

(XXII) Deferred income tax assets and deferred income tax liabilities

1. Reference for recognition of deferred income tax assets

Under the limit of the taxable income which is very likely to be obtained by the Company for use of offsetting deductible temporary difference, the Company recognizes the deferred income tax assets arising from such deductible temporary difference.

2. Reference for recognition of deferred income tax liabilities

The Company recognizes taxable temporary difference of current and prior periods which should have been taxed while not paid yet as deferred income tax liabilities, while other than the temporary differences formed from transactions constituted by combination of goodwill and non-enterprises, meanwhile, such transactions bring no affect on accounting profit and taxable income when happening.

(XXIII) Employeess' remuneration

During accounting period, employees' remuneration payable is recognized as liabilities which are recorded in cost of products or services, current expense, or cost of fixed assets or intangible assets in light of different beneficial parties. Subject to relevant regulations, the Company provides insurance and public reserve according to certain proportion of monthly salary, and pays them to labor and social security authorities month by month, and credits relevant expenditures to current costs or expenses.

(XXIV) Predicted liability

Concerning the lawsuit, debt guarantee, deficit contract and restructuring events involved, if fulfilling of the responsibility may lead to assets payment or labour provide and the amount can be measured reliably, than predicted liability shall be recognized.

1. Recognition of predictive liabilities

Responsibilities connected to contingent issues and satisfied all of the following conditions are recognized as predictive liabilities:

- (1) The responsibility is a current responsibility undertaken by the Company;
- (2) Fulfilling of the responsibility may lead to financial benefit outflow;
- (3) The responsibility can be measured reliably for its value.

2. Measurement

Predictive liabilities shall conduct initial measurement by best estimation of expenditures needed by fulfillment of current responsibilities.

While determined the best estimation, take the risks, uncertainty and periodic value of currency that connected to the contingent issues into consideration.

For major influence from periodic value of currency, determined best estimation after discount on future relevant cash out-flow.

Treatment for best estimation:

If the expenditure has a continuous range, and with similar possibility within the range, the best estimation should determined by the middle value within the range, that is the average amount between the up and low limit.

If the expenditure has no continuous range, or has a continuous range but with different possibility within the range, the possibility amount shall determined as the best estimation while single events involved by contingency; if many events were involved by contingency, the best estimation shall be determined by various results and relevant probability.

If the expenses for clearing of predictive liability is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognized separated as asset. Though the compensated amount shall not greater than the book value of the predictive liability

(XXV) Accounting method for disposal of income tax

The Company adopts balance sheet debt method to dispose income tax. Interest rate of enterprise income tax is detailed in Note III.

(XXVI) Changes on major accounting policy and accounting estimation

1. Changes on accounting policy

No changes on accounting policy in the period for Company.

2. Changes on accounting estimation

No changes on accounting estimation in the period for Company.

(XXVII) Errors correction on previously period

1. Reviewing re-telling method

No previous accounting error calculated by reviewing and re-telling happened at period-end.

2. Future applicable method

No previous accounting error calculated by **future applicable method** happened at period-end.

III. Taxes

Major taxes applicable to he Company: VAT, business tax, urban maintenance and construction tax, educational surtax and surcharge, enterprise income tax, and housing property tax as well.

Tax rates for turnover tax: 17% for VAT, 5% for business tax, 1%, 5% or 7% of turnover tax for urban maintenance and construction tax (5% in Wuyuan, 7% in other places excluding Wuyuan%), 3% of turnover tax for educational surtax and surcharge.

Ratio of income tax of the Company and controlling subsidiaries in this reporting period:

Company	Remark	ratio
The Company		25%
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd. (Shenbao Huacheng)*	Wholly-owned subsidiary	15%
Including: Shantou Branch of Shenbao Huacheng	Subsidiary of Shenbao Huacheng	25%
Jufangyong Tea Industry Co., Ltd. in Wuyuan County (Wuyuan Jufangyong)	Wholly-owned subsidiary	25%
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd. (Shenbao Sanjing)	Wholly-owned subsidiary	25%
Huizhou Shenbao Technologies Co., Ltd. (Huizhou Shenbao Technologies)	Wholly-owned subsidiary	25%
Shenzhen Shenbao Properties Management Co., Ltd. (Shenbao Properties)	Wholly-owned subsidiary	25%
Shenzhen Shenbao Industrial Trading & Development Co., Ltd. (Shenbao Industrial Trading & Developmen)	Wholly-owned subsidiary	25%

Huizhou Shenbao Industrial Investment Co., Ltd. (Huizhou Shenbao Investment)	Wholly-owned subsidiary	25%
Hangzhou Mingduan Tianpin Tea Co., Ltd (hereinafter referred to as Hangzhou Mingduan)	Wholly-owned subsidiary	25%
Shenzhen Shenbao Technique Center Co., Ltd (hereinafter referred to as Technique Center)	Wholly-owned subsidiary	25%

* Shenbao Huacheng, a wholly-owned subsidiary of the Company, has been granted High-tech Enterprise Certification (No. GF201144200112) jointly promulgated by Shenzhen Technology & Information Bureau, Bureau of Finance of Shenzhen, Shenzhen Municipal Bureau of State Taxation and Shenzhen Municipal Bureau of Local Taxation as at the date of 7 March 2012. Such certificate was released on 3 Nov. 2011, with a valid term of 3 years. With relevant preferential policies adopted by the State in favor of high-tech enterprises, all qualified high-tech enterprises are able to enjoy the lower income tax rate of 15% for collection of enterprise income tax, capable for 3 years commencing from the year when they are deemed as qualified. Shenbao Huacheng has favored from this preferential policy from 2011 to 2013.

IV. Consolidation and consolidated financial sheet

(I) Subsidiary

I. Subsidiary obtained by establishment or investment and others

Subsidiaries	Type	Place of registration	Nature of business	Register capital	Business scope	Actual investment amount at period-end	Balance of other projects actually constituting net investment in subsidiaries	Proportion of shares held	Proportion of voting right	Consolidation or not	Minority equity	The sum of money in minority equity which is used to write down the minority interest	The balance after the parent company's owner's equity writing down the excess of the current loss undertaken by minority shareholders of the subsidiary over the share enjoyed by minority shareholders in the original owners' equity of the subsidiary
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd	Wholly-owned	Shenzhen	Manufacture	103,451,300	Production and sale of concentrated tea juice and quick-dissolving tea powder	118,551,781.80 yuan	---	100	100	Yes	---	---	---
Wuyuan County Jufangyong Tea Co., Ltd *1	Wholly-owned	Wuyuan	Manufacture	290,000,000	Tea leaves, natural plants, extractive of tea leaves and natural plants, planting, import and export of tea leaves, agricultural and sideline native products, purchase, processing, sales	292,804,134.35 yuan	---	100	100	Yes	---	---	---
Shenzhen Shenbao Sanjing Food and Beverage Development Co., Ltd	Wholly-owned	Shenzhen	Manufacture	30,150,000	Import and export, ordinary freight, wholesale of prepackaging food	80,520,842.36 yuan	---	100	100	---	---	---	---
Huizhou Shenbao Technology Co., Ltd	Wholly-owned	Huizhou	Comprehensive	30,000,000	Industrial investment, property management, domestic trade	30,000,000.00 yuan	---	100	100	Yes	---	---	---

Shenzhen Shenbao Property Management Co., Ltd *2	Wholly-owned	Shenzhen	Property management	5,000,000	Self-owned property management	5,000,000.00 yuan	---	100	100	Yes	---	---	---
Shenzhen Shenbao Industry and Trade Co., Ltd	Wholly-owned	Shenzhen	Trade wholesale	5,500,000	Business trade wholesale	5,500,000.00 yuan	---	100	100	Yes	---	---	---
Huizhou Shenbao Industry Investment Co., Ltd *3	Wholly-owned	Huizhou	Information consultation	5,000,000	Industrial investment, logistic information consultation	5,000,000.00 yuan	---	100	100	Yes	---	---	---
Shenzhen Shenbao (Liaoyuan) Industry Company (Shenbao Liaoyuan) *4	Holdings	Shenzhen	---	2,378,000	Un-operated yet	57,628.53 yuan	---	53.5	53.5	No	---	---	---
Hangzhou Mingduan Tianpin Tea Co., Ltd *5	Wholly-owned	Hangzhou	Comprehensive	175,000,000	Licensing projects: wholesale, retail: prepackaging food (food license is valid till Mar. 28 of 2015) Ordinary operating projects: wholesale, retailer: tea sets. Purchase: tea leaves for sales of the Company (limited purchase from the first industry who directly produce tea leaves) Service: investment and capital management of tea industry, technology development of tea leaves and products, tea cultivation, technology development of seeding, technology counseling, technology service, fruit transfer, all other legal projects needing no approval.	176,906,952.42 yuan		100	100	Yes	---	---	---
Shenzhen Shenbao Technology Center Co., Ltd *6	Wholly-owned	Shenzhen	Technical development, consulting, transfer	54,000,000	Technology development, technology counseling, technology transfer and detection service of tea, plant products, soft drink and food	54,676,764.11 yuan		100	100	Yes	---	---	---

Other statements on established subsidies or ones obtained from investment:

1. Wuyuan Jufangyong Tea Industry Co., Ltd: approved by the 19th meeting of the 7th session of Board of Directors and 2012 extraordinary shareholders' meeting, the Company incased

investment worth RMB 270000000 in Comprehensive Investment of Tea Industry. And actual increased investment was RMB 272,524,134.35 which included RMB 271,913,925.35 of monetary capital and RMB 610,209.00 of credit-to-equity. This project approved by Dahua Public Accounting Firms through DHYZ [2012] No. 023. 4.28% equity belongs to Shenbao Huacheng totally owned by the Company.

2. Shenzhen Shenbao Property Management Co., Ltd: 49% equity belongs to Shenbao Sanjing Food And Beverage Development Co., Ltd totally owned by the Company.

3. Huizhou Shenbao Industry Investment Co., Ltd: this company cancelled its industrial and commercial license on Jul. 5 of 2012.

4. Shenzhen Shenbao (Liaoyuan) Industry Company: this company had been found for long but still not into operation. Commercial and industrial Department had withdrawn its license. The Company accrued long-term depreciation provision for total investment in this company. The financial sheets of this company weren't calculated in the balance sheet of the Company.

5. Hangzhou Mingduan Tianpin Tea Co., Ltd: on Dec. 13 of 2011, Board of Directors approved founding a wholly-owned subsidiary with RMB 20000000 in Hangzhou. Thus Hangzhou Mingduan Tianpin Tea Co., Ltd was found on Mar. of 2012 in Hangzhou. This project was approved by Reanda CPA Co. Ltd with LADYZ [2012] No. L1106. The 20th meeting of the 7th session of Board of Directors and 2011 Annual shareholders' meeting approved and passed the proposal of an increased investment worth RMB 155000000 in Hangzhou Mingduan Tianpin Tea Co., Ltd and the actual investment was RMB 156,906,952.42. And this project was approved by Dahua CPA with DHYZ [2012] No. 036.

6. Shenzhen Shenbao Technology Center Co., Ltd: the 20th meeting of the 7th session of Board of Directors and 2011 Annual Shareholders' Meeting approved and passed founding the wholly-owned subsidiary Shenzhen Shenbao Technology Center Co., Ltd (hereinafter referred to as Technology Center). Thus on May 10 of 2012 the Company invested RMB 54,676,764.11 actually. This project was approved by Dahua CPA with DHYZ [2012] No. 034.

(II) Statement of change in consolidation scope

Subsidiaries became the new ones in consolidation in this period: the Company respectively set up Hangzhou Mingduan Tianpin Tea Co., Ltd and Shenzhen Shenbao Technique Center Co., Ltd on May 3 of 2012 and May 10 of 2012.

V. Notes to main items of consolidated financial statements

(the following figures are denominated in RMB in absence of special indications, unaudited)

(I) Monetary fund

category	monetary	At the end of term			Beginning of term		
		Original currency	translation rate	Converted into RMB	Original currency	translation rate	Converted into RMB
Cash							
	RMB	145,262.60	1.0000	145,262.60	85,625.06	1.0000	85,625.06
	HKD	4,860.12	0.8152	3,961.97	4,860.00	0.8106	3,940.00
	USD	99.05	6.3249	626.48	99.05	6.3000	624.10
Subtotal				149,851.05			90,189.16
Bank deposit							
	RMB	374,403,118.31	1.0000	374,403,118.31	436,600,180.24	1.0000	436,600,180.24
	HKD	12,921.26	0.8152	10,533.67	13,323.97	0.8106	10,800.17
	USD	22,788,415.89	6.3249	144,134,451.66	22,464.66	6.3000	141,547.58
Subtotal				518,548,103.64			436,752,527.99
other monetary capital							
	RMB	500,000.00	1.0000	500,000.00	500,000.00	1.0000	500,000.00
Subtotal				500,000.00			500,000.00
Total				519,197,954.69			437,342,717.15

Details of restricted monetary capital:

Note type	Balance as at period-end	Balance as at period-begin
guarantee deposit	500,000.00	500,000.00
total	500,000.00	500,000.00

* Other monetary fund at period-end was guarantee deposit of Shenbao Huacheng. Thus when compiling cash flow sheet, it should be deducted from cash and cash equivalent at period-end.

(II) Transaction financial assets

items	fair value at period-end		fair value at period-begin	
	public market price	total	public market price	total
Transactional equity instrument investment	9,043,663.20	9,043,663.20	14,627,801.40	14,627,801.40
total	9,043,663.20	9,043,663.20	14,627,801.40	14,627,801.40

* The Company received 2,135,071 shares of ST Shengrun A on Apr. of 2012. In this period, the Company sold out 840,193 shares. Till Jun. 30, 2012, there was still 1,011,320 shares of ST Shengrun A in company account. Based on price per share on Jun. 29 of 2012 (Jun. 30 was not trading day), the market value was 8,859,163.20 yuan. Fair value of these tradable financial assets at period-end was 8,859,163.20 yuan.

(III) Account receivable

1. Account receivable classified according to categories

categories	Balance as at period-end				Balance as at period-begin			
	Carrying value		Bad debt provision		Carrying value		Bad debt provision	
	amount	Ratio (%)	amount	Ratio (%)	amount	Ratio (%)	amount	Ratio (%)
	---	---	---	---	---	---	---	---
I. Account receivable with single major amount and withdrawal bad debt provision for single item	26,687,027.19	57.92	875,197.32	3.28	72,641,733.27	78.93	872,314.26	1.20
II. Account receivable withdrawal bad debt provision by age combination	19,391,001.77	42.08	19,391,001.77	100.00	19,391,001.77	21.07	19,391,001.77	100.00
III. Account receivable with single minor amount but withdrawal bad debt provision for single item	46,078,028.96	100	20,266,199.09	43.98	92,032,735.04	100	20,263,316.03	22.02

Explanation for categories of account receivable:

In combination, account receivable withdrawal bad debt provision by age combination

Category	Balance as at period-end				Balance as at period-begin			
	Carrying value		Bad debt provision		Carrying value		Bad debt provision	
	amount	Ratio (%)	amount	Ratio (%)	amount	Ratio (%)	amount	Ratio (%)
Within 1 year (1 year included)	20,526,611.45	76.92	---	---	66,592,797.78	91.67	---	---
1-2years (2years included)	334,404.98	1.25	16,720.25	5.00	198,807.23	0.27	9,940.36	5.00
2-3years(3 years included)	249,936.38	0.94	24,761.14	9.91	302,906.78	0.42	30,290.68	10.00
over 3 years	5,576,074.38	20.89	833,715.93	14.95	5,547,221.48	7.64	832,083.22	15.00
Total	26,687,027.19	100	875,197.32	3.28	72,641,733.27	100	872,314.26	1.20

2 Account receivable with minor amount but conducting impairment testing independently at period-end:

Item of account receivable	Carrying value	bad debt provision amount	Withdrawal proportion (%)	reasons
Receivable accounts hard to receive within 3 years	19,391,001.77	19,391,001.77	100.00	rarely received
Total	19,391,001.77	19,391,001.77		

3. arrear made by shareholders units holding over 5% (5% included) voting rights of the Company appeared in the account receivables as at period-end

units	Balance at period-end		Balance at period-begin	
	book value	account of accrue bad debts	book value	account of accrue bad debts
Shenzhen Agricultural Products Co., Ltd	19,400.00	---	5,200.00	---
total	19,400.00	---	5,200.00	---

4. The top 5 arrears in account receivables

Name of the unit	Relationship with the Company	Amount	Proportion in total account receivable (%)
Customers I	Non-relationship	4,629,379.20	10.05
Customers II	Non-relationship	4,115,602.00	8.93
Customers III	Non-relationship	1,434,446.95	3.11
Customers IV	Non-relationship	1,209,883.00	2.63
Customers V	Non-relationship	1,136,322.00	2.47
total		12,525,633.15	27.19

5. Receivable accounts from related parties at period-end could be seen from Note VI (III).

(IV) Account paid in advance

1. Aging analysis

A/C age	Balance at period-end		Balance at period-begin	
	Amount	ratio (%)	amount	Ratio (%)
within 1 year (1 year included)	7,471,498.39	98.03	10,132,690.85	98.92
1 to 2 years (2 year included)	127,499.72	1.67	82,367.97	0.80
2 to 3 years (3 year included)	5,329.80	0.07	17,649.80	0.17
Over 3 years	17,017.00	0.23	11,017.00	0.11
Total	7,621,344.91	100	10,243,725.62	100

2. The top 5 units in account paid in advance

Units	relationship with the Company	Amount	account age	Reasons for outstanding	ratio (%)
-------	-------------------------------	--------	-------------	-------------------------	-----------

Customers I	non-relationship	1,886,194.26	within one year	goods not arrived yet	24.75
Customers II	non-relationship	1,457,613.36	within one year	goods not arrived yet	19.13
Customers III	non-relationship	1,298,357.83	within one year	goods not arrived yet	17.04
Customers IV	non-relationship	922,801.17	within one year	goods not arrived yet	12.11
Customers V	non-relationship	350,000.00	within one year	goods not arrived yet	4.59
Total		5,914,966.62			77.62

3. No arrear made by shareholders units holding over 5% (5% included) voting rights of the Company appeared in the account paid in advance as at period-end.

4. No accounts paid in advance for other related parties existed in accounts paid in advance at period-end.

(V) Other receivables

1. Other account receivable classified according to categories

categories	Balance as at period-end				Balance as at period-begin			
	Book value		provision for bad debts		Book value		provision for bad debts	
	Amount	Ratio (%)	Amount	Ration (%)	Amount	Ratio (%)	Amount	Ration (%)
I. Other account receivable with single major amount and withdrawal bad debt provision for single item	---	---	---	---	---	---	---	---
II. Other account receivable withdrawal bad debt provision by age combination	25,916,014.24	59.60	1,981,939.90	7.65	37,975,122.55	68.36	2,018,261.70	5.31
III. Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,566,191.97	40.40	17,566,191.97	100.00	17,576,429.47	31.64	17,576,429.47	100.00
Total	43,482,206.21	100	19,548,131.87	44.96	55,551,552.02	100	19,594,691.17	35.27

Notes to category of other account receivable:

In combination, other account receivable withdrawal bad debt provision by age combination

category	Balance at period-end				Balance at period-begin			
	Book value		provision for bad debts		Book value		provision for bad debts	
	Amount	ratio (%)	Amount	Ration (%)	Amount	Ratio (%)	Amount	Ration (%)
Within 1 year (1 year included)	8,892,453.58	34.31	---	---	20,704,137.59	54.52	---	---
1-2years (2years included)	4,488,319.58	17.32	224,415.98	5.00	4,575,836.26	12.05	228,791.82	5.00
2-3years(3 years included)	2,405,829.23	9.28	240,582.93	10.00	2,325,838.66	6.12	232,583.86	10.00

over 3 years	10,129,411.85	39.09	1,516,940.99	14.98	10,369,310.04	27.31	1,556,886.02	15.01
Total	25,916,014.24	100	1,981,939.90	7.65	37,975,122.55	100	2,018,261.70	5.31

2. Other account receivable with minor amount but conducting impairment testing independently at period-end

Receivable accounts	Book amount	provision for bad debts	Withdrawal proportion (%)	reason
Other receivable accounts beyond 3 years	17,566,191.97	17,566,191.97	100.00	Formed due to history reasons, hard to recover.
Total	17,566,191.97	17,566,191.97		

3. Other receivable accounts turned back or received at period-end

Unit: yuan

Other receivable accounts	Reason for turning-back or receiving	Basis for provision for bad debts confirmation	Amount of accumulated provision for bad debts before turning-back or receiving	Amount of turning-back or receiving
Other receivable accounts received	overdue	deadline was long	46,559.30	46,559.30
Total	--	--	46,559.30	--

4. No arrear made by shareholders units holding over 5% (5% included) voting rights of the Company appeared in the other receivables as at period-end.

5. Other receivable due from related parties as at period-end

units	Balance at period-end		Balance at period-begin	
	Book Amount	Amount of provision for bad debts	Book Amount	Amount of provision for bad debts
Changzhou Sanjing Oil Co., Ltd.	16,002,626.29	1,644,683.94	15,530,485.40	1,644,683.94
Total	16,002,626.29	1,644,683.94	15,530,485.40	1,644,683.94

6. The top 5 amounts in other account receivables

units	relationship with the Company	Amount	account age	Portion in total other receivables %	nature or contents
Changzhou Sanjing Oil Co., Ltd.	Associated company	16,002,626.29	1-3 years	36.80	invoice and others
Shenzhen Jinsailong Equipment Company Administration	Non-related party	670,000.00	above years	3	1.54 refund of equipment
Committee of Industrial Zone of Wuyuan County	non-relationship	256,296.20	above years	3	0.59 un-calculated accounts for purchasing lands

hangzhou Sangao Tea Industry Co., Ltd	non-relationship	238,536.78	above years	3	0.55	return money
Fujian Nanan Oolong Plant	non-relationship	207,888.72	above years	3	0.48	return money
Total		<u>17,375,347.99</u>			<u>39.96</u>	

(VI) Inventory

1. Classification

category	Balance at period-end			Balance at period-begin		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	20,022,070.81	3,576,751.78	16,445,319.03	19,142,798.08	3,576,751.78	15,566,046.30
Packaging materials	3,642,027.50	---	3,642,027.50	4,123,232.95	---	4,123,232.95
Product in process	15,974,208.44	---	15,974,208.44	13,781,707.06	---	13,781,707.06
Stock products	34,419,558.19	486,905.35	33,932,652.84	23,056,656.89	546,312.89	22,510,344.00
Goods delivered	76,753.94	---	76,753.94	28,014.91	---	28,014.91
Commission processing materials	5,771,090.87	5,298,011.68	473,079.19	5,384,058.72	5,298,011.68	86,047.04
Low value consumable	337,246.53	---	337,246.53	887,956.57	---	887,956.57
Total	80,242,956.28	9,361,668.81	70,881,287.47	66,404,425.18	9,421,076.35	56,983,348.83

2. Inventory impairment provision

Kinds of inventories	Book-balance as at period-begin	Provision for this period	Decrease during this period		Book-balance as at period-end
			Reversa	Written-off	
raw materials	3,576,751.78	---	---	---	3,576,751.78
Stock products	546,312.89	---	---	59,407.54	486,905.35
Commission processing materials	5,298,011.68	---	---	---	5,298,011.68
Total	9,421,076.35	---	---	59,407.54	9,361,668.81

3. Provision for depreciation of inventory

Items	Norms for accruing provision for depreciation of inventory	Reason for turning-back provision for depreciation of inventory in this period	Turning-back Amount of this period in total Balance of inventory at period-end (%)
Raw materials	Book value lower than realizable value		---
Stock commodities	Book value lower than realizable value		---
Trusted processing materials	Book value lower than realizable value		---

4. No capitalizing amount of borrowing fees that reckoned into inventory costs in this period.

(VII) Long-term equity investment

1. Details of long-term equity investment

invested units	Calculation way	Investment cost	Balance at period-begin	Increase/decrease	Balance at period-end	Shareholding ratio in invested units (%)	Voting ratio in invested units (%)	depreciation provision	Accruing provision for depreciation in this period	cash dividend in this period
Shenzhen (Xinmin) Food Co., Ltd*1	Equity	2,870,000.00	2,870,000.00	---	2,870,000.00	49.14	49.14	2,870,000.00	---	---
Shenzhen Pepsi Beverage Co., Ltd *5	Equity	24,071,627.22	63,833,871.62	(38,420,080.54)	25,413,791.08	10.00	10.00	---	---	---
Changzhou Sanjin Oil Co.,Ltd *2	Equity	13,500,000.00	---	---	---	33.00	33.00	---	---	---
Subtotal equity	Equity	40,441,627.22	66,703,871.62	(38,420,080.54)	28,283,791.08			2,870,000.00	---	---
Shenzhen Sanjiu Weitai Co., Ltd	Equity	2,480,000.00	2,480,000.00	---	2,480,000.00	0.95	0.95	2,480,000.00	---	---
Shenzhen Photoelectricity Technique Industrial Co., Ltd *3	Equity	15,000,000.00	15,000,000.00	---	15,000,000.00	3.77	3.77	15,000,000.00	---	---
Shenzhen (Liaoyuan) Shenbao Industrial Company *1	Equity	57,628.53	57,628.53	---	57,628.53	53.50	53.50	57,628.53	---	---
Beijing Tiantan Co., Ltd *4	Equity	57,500.00	57,500.00	---	57,500.00	---	---	---	---	---
subtotal in cost way		17,595,128.53	17,595,128.53	---	17,595,128.53			17,537,628.53	---	---
Total		58,036,755.75	84,299,000.15	(38,420,080.54)	45,878,919.61			20,407,628.53	---	---

*1: The 2 companies had been built for long, presently having been withdrawn operation license. And they were totally accrued provision for depreciation due to unsettled accounts.

*2: Calculating the long-term equity investment of Changzhou Sanjin Oil Co., Ltd by equity method. Due to Changzhou Sanjin Oil got a serious loss, thus its long-term equity was 0.

*3: Because this company has bad management and minus performance, the Company accrued depreciation provision by difference between amounts receivable and book value.

*4: This stock was corporate share purchased from previous STAQ trade system. Original name of it was Beijing Shuanghesheng Five-Star Beer Sanhuan Co., Ltd with initial investment 55,000 shares. Then it changed its name, the orientation changed shares amount was 33,333.

*5: 25% equity of Shenzhen Pepsi Beverage Co., Ltd was held at period-begin, calculated the investment based on equity method. 15% equity of this company was disposed dated 29 June 2012. after disposal the 10% equity held by the Company shows no major influence.

(VIII) Original value of fixed assets and accumulated depreciation

1. Original value of fixed assets

Items	Balance as at period-begin	Increase during this period	Decrease during this period	Balance as at period-end
House buildings	106,919,940.63	770,957.01	---	107,690,897.64
Machinery equipments	136,186,985.60	2,525,060.38	187,656.51	138,524,389.47
Transportation tools	5,961,213.99	1,342,800.00	1,507,464.29	5,796,549.70
Other equipments	6,970,205.12	202,610.78	2,371,918.06	4,800,897.84
Total	256,038,345.34	4,841,428.17	4,067,038.86	256,812,734.65

* Amount of construction in process transferred in fixed assets in this period was 3,047,855.65 yuan.

2. Accumulated depreciation

Items	Balance as at period-begin	Increase during this period	Decrease during this period	Balance as at period-end
House buildings	10,438,065.01	1,037,519.24	---	11,475,584.25
Machinery equipment	83,929,093.40	3,751,313.33	29,089.19	87,651,317.54
Transportation tools	3,449,966.87	238,503.60	1,277,197.52	2,411,272.95
Other equipment	4,766,660.12	259,681.32	2,257,823.50	2,768,517.94
Total	102,583,785.40	5,287,017.49	3,564,110.21	104,306,692.68

3. Net amount of fixed assets

1. Category	Balance at period-begin	Balance at period-end
House buildings	96,481,875.62	96,215,313.39
Machinery equipment	52,257,892.20	50,873,071.93
Transportation tools	2,511,247.12	3,385,276.75
Other equipment	2,203,545.00	2,032,379.90
Total	153,454,559.94	152,506,041.97

4. Depreciation provision of fixed assets

Items	Balance as at period-begin	Increase during this period	Decrease during this period	Balance as at period-end
House buildings	---	---	---	---
Machinery equipment	2,647,112.69	---	---	2,647,112.69
Transportation tools	---	---	---	---
Other equipment	---	---	---	---
Total	2,647,112.69	---	---	2,647,112.69

5. Book value of fixed assets

Category	Balance at period-begin	Balance at period-end
House buildings	96,481,875.62	96,215,313.39
Machinery equipments	49,610,779.51	48,225,959.24
Transportation tools	2,511,247.12	3,385,276.75
Other equipments	2,203,545.00	2,032,379.90
Total	150,807,447.25	149,858,929.28

6. There was no fixed asset leased in through financing leasing or leased out by operation leasing as at period-end.

7. No idle fixed assets temporary at period-end.

8. Fixed assets without un-completed property certificates at period-end

item	Book value	Reasons for un-completed certificate	Times expected for certificate completed
Dormitory of Shenbao Huacheng in Shantou	1,637,520.44	new plan for old downtown	in process, will be handled after issuing of new plan
Total	1,637,520.44		

9. Initial value of fixed assets of balance at period-end using for bank mortgage was 30,567,419.75 yuan, net amount was 24,659,769.09 yuan. The mortgage was the Company mortgaged its plants located in Shenzhen Longguang Henggang Town Heao Village 1#, 2# to Shanghai Pudong Development Bank in Shenzhen. So we could apply comprehensive line of credit 50000000 yuan. Till Jun. 30, 2012, both parties had completed housing property mortgage procedure. The comprehensive credit amount hasn't been signed.

(IX) Construction in process

Item	Balance as at period-end			Balance as at period-begin		
	Book balance	Provision reserve	Carrying value	Book balance	Provision reserve	Carrying value
Shenbao Plaza project	3,842,333.64	3,842,333.64	---	3,842,333.64	3,842,333.64	---
Pre-phase project in respect of Shenbao Building	49,754,017.98	---	49,754,017.98	6,957,258.19	---	6,957,258.19
Comprehensive investment in tea industry	20,425,828.51	---	20,425,828.51	390,407.00	---	390,407.00
Production of Shenbao Huahcneg	1,046,863.45	---	1,046,863.45	3,188,552.19	---	3,188,552.19
Inspection system and simple warehouse of Shenbao Technology	384,385.26	---	384,385.26	556,161.80	---	556,161.80
Office building of Hangzhou Mingduan in Binjiang	18,338,592.70	---	18,338,592.70	---	---	---
Other	1,753,895.24	903,189.74	850,705.50	923,868.74	903,189.74	20,679.00
Total	95,545,916.78	4,745,523.38	90,800,393.40	15,858,581.56	4,745,523.38	11,113,058.18

1. Changes of major projects under construction

projects	Balance at period-begin	Increase in this period	Transferred fixed assets in this period	Other decrease in this period	Balance at period-end	capital source	budget
shenbao Building	6,957,258.19	42,796,759.79	---	---	49,754,017.98	Note IX	20,0000000
comprehensive investment in tea industry	390,407.00	20,035,421.51	---	---	20,425,828.51	Collected capital	27,0000000
Office building of Hangzhou Mingduan in Binjiang	---	18,338,592.70	---	---	18,338,592.70	Collected capital	2,1000000 yuan
Total	7,347,665.19	81,170,774.00	---	---	88,518,439.19		

2. No borrowings in balance at period-end of construction in process were capitalized.

3. Amount of construction in process transferred in fixed assets in this period was 3,047,855.65 yuan

(X) Productive biological assets

1. Measured by cost

Item	Balance at period-begin	Increased in the period	Decreased in the period	Balance at period-end
Balance at period-end	436,156.00	---	---	436,156.00
total	436,156.00	---	---	436,156.00

* The Company withdrawal no impairment provision for productive biological assets for no recoverable amount lower than its book value found at period-end.

(XI) Intangible assets

Item	Balance at period-begin	Increased in the period	Decreased in the period	Balance at period-end
I. Original price	224,072,999.01	32,312,930.00	493,047.14	255,892,881.87
1. Land using right *	193,933,780.01	32,290,880.00	493,047.14	225,731,612.87
2. Patent technologies	28,271,029.35	---	---	28,271,029.35
3. Use right of forest	1,868,189.65	---	---	1,868,189.65
4. trademark privilege	---	22,050.00	---	22,050.00
II. Total accumulated amortization	21,541,804.64	3,295,725.97	38,405.77	24,799,124.84
1. Land using right	10,617,196.85	2,516,959.60	38,405.77	13,095,750.68
2. Patent technologies	10,781,379.90	759,900.72	---	11,541,280.62
3. Use right of forest	143,227.89	18,681.90	---	161,909.79
4. trademark privilege	---	183.75	---	183.75
III. Total of intangible asset impairment provisions	---	---	---	---
1. Land using right	---	---	---	---
2. Patent technologies	---	---	---	---
3. Use right of forest	---	---	---	---
4. trademark privilege	---	---	---	---
IV. Total of intangible asset book	202,531,194.37			231,093,757.03

Item	Balance at period-begin	Increased in the period	Decreased in the period	Balance at period-end
value				
1. Land using right	183,316,583.16			212,635,862.19
2. Patent technologies	17,489,649.45			16,729,748.73
3. Use right of forest	1,724,961.76			1,706,279.86
4. trademark privilege	---			21,866.25

1. initial value of this period was that the wholly subsidiary Shenbao Technology newly purchased 30,464 m² of lands.

2. seen from inspection of the Company at period-end, as for intangible assets, receivable amounts weren't lower than book value. Thus accrue wasn't conducted.

3. Initial value of intangible assets for mortgage at period-end was 86,134,233.30 yuan, net profit was 79,155,395.05 yuan. Details could be seen from Note VI. (2) 4.

4. Decrease of land use right in this period was mainly due to public road of Wuyuan County Commission Maotianlong Village occupied lands within red line drawn by subsidiary Wuyuan Jufangyong (5,514.67 m², about 8.272 arcs). Wuyuan Government received back this land with a price 56000yuan per arc. Thus land valuation income was 8,590.63 yuan.

(XII) Long-term deferred expense

Category	Balance at period-begin	Increased in the period	Amortization during this period	Other decrease	Balance at period-end
Overhaul on Shenbao Huacheng Building	---	252,500.00	21,041.65	---	231,458.35
3 years term of comprehensive property insurance	22,062.99	---	12,034.26	---	10,028.73
Energy-saving and emission-reduction of Huacheng	---	320,000.00	15,999.99	---	304,000.01
Decoration charge for rented office	1,301,378.25	---	193,253.69	---	1,108,124.56
Project of maintenance reform on canned warehouse and waste tea house	346,810.16	---	44,273.64	---	302,536.52
Affiliated project of resident area in Jufangyong Wuyuan	569,578.03	---	70,243.98	---	499,334.05
Reconstruction on tea park of Wuyuan	---	381,511.00	38,151.12	---	343,359.88
Plant and sewage reconstruction project	1,210,517.54	---	124,826.40	---	1,085,691.14

Others	<u>165,465.98</u>	<u>250,096.33</u>	<u>60,149.42</u>	---	<u>355,412.89</u>
Total	<u><u>3,615,812.95</u></u>	<u><u>1,204,107.33</u></u>	<u><u>579,974.15</u></u>	---	<u><u>4,239,946.13</u></u>

(XIII) Deferred income tax assets

<u>Item</u>	<u>Balance at period-end</u>	<u>Balance at period-begin</u>
Impairment provision for assets	<u>2,526,555.01</u>	<u>2,645,321.41</u>
Subtotal	<u><u>2,526,555.01</u></u>	<u><u>2,645,321.41</u></u>

(XIV) Asset impairment provision

Item	Balance as at period-begin	Increase during this period	Decrease during this period		Balance as at period-end
			Reversal	Written-off	
Bad debt reserve	39,858,007.20	7,198.19	50,874.43	---	39,814,330.96
Inventory impairment provision	9,421,076.35	---	---	59,407.54	9,361,668.81
Long-term equity investment impairment provision	20,407,628.53	---	---	---	20,407,628.53
Fixed asset impairment provision	2,647,112.69	---	---	---	2,647,112.69
Construction-in-process impairment provision	4,745,523.38	---	---	---	4,745,523.38
Total	77,079,348.15	7,198.19	50,874.43	59,407.54	76,976,264.37

(XV) Short-term loans

Type of Loans	Balance at period-end	Balance at period-begin
Guarantee loans	---	28,000,000.00
Mortgage loans	---	10,000,000.00
Credit borrowings	30,000,000.00	---
Total	30,000,000.00	38,000,000.00

(XVI) Account payables

Account age	Balance at period-end		Balance at period-begin	
	Amount	ratio (%)	Amount	Ratio (%)
within 1 year(1 year included)	13,625,924.65	83.76	31,955,489.50	91.66
1 to 2 years(2 year included)	69,173.01	0.43	159,856.56	0.46
2 to 3 years(3 year included)	30,034.17	0.18	14,252.35	0.04
Over 3 years	2,543,624.30	15.63	2,734,368.62	7.84
Total	16,268,756.13	100	34,863,967.03	100

1. No account payable to shareholders units holding over 5% (5% included) voting shares of the Company was included in the balance as at year-end.
2. No account payable to related parties was included in the balance as at year-end.
3. Account payable in great amount aging over one year:

Creditor	Amount	Reason for unsettlement	Remarks
Customer I	518,655.52	unsure on paying	above 3 years
Customer II	515,892.30	unsure on paying	above 3 years
Total	1,034,547.82		

(XVII) Account received in advance

Item	Balance at period-end	Balance at period-begin
within 1 year(1 year included)	1,980,384.60	2,685,306.45
1 to 2 years(2 year included)	---	---
2 to 3 years(3 year included)	---	---
Over 3 years	735,406.45	735,406.45
Total	2,715,791.05	3,420,712.90

1. No accounts received in advance from shareholders who held above 5% (5% included) share in balance at period-end.

2. No accounts received in advance from other related parties in balance at period-end.

(XVIII) Wages payable

Item	Balance at period-begin	occurrence in this period	payroll in this period	Balance at period-end
I. Wage, bonus, allowance and subsidy	2,741,577.32	14,652,910.20	15,814,948.87	1,579,538.65
II. Employees' welfare	---	2,073,985.84	2,073,985.84	---
III. Social security	16,367.81	2,441,644.26	2,458,012.07	---
IV. House public reserve	---	1,432,805.80	1,432,805.80	---
V. Trade union fee and education fee	738,945.39	80,279.79	305,442.35	513,782.83
VI. Non-monetary welfare	---	---	---	---
VII. Compensation for dismiss of labor relationship	169,826.60	---	11,182.50	158,644.10
VIII. Other	---	---	---	---
Total	3,666,717.12	20,681,625.89	22,096,377.43	2,251,965.58

1. Balance of wages payable at period-end mainly was caused by the accrued salaries in current month that distributed in early of next month; no particular of default wages been found

(XIX) Tax payable

Taxes	Balance at period-end	Balance at period-begin
VAT	(802,475.51)	825,879.69
Business tax	198,970.25	196,470.25
City construction tax	16,116.14	128,397.41
Enterprise income tax	1,264,529.06	3,213,102.57
Personal income tax	96,132.99	177,741.85
Property tax	36,483.74	36,483.74
Embankment fee	232,747.97	167,963.18
Education surtax	24,376.68	107,437.01
Other tax	336,225.72	69,957.64

Total	1,403,107.04	4,923,433.34
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(XX) Dividend payable

name	Balance at period-end	Balance at period-begin	Reasons for un-payment over one year
Shares without trusted	218,212.60	218,212.60	
Shenzhen Investment Management Co.,	2,690,970.14	2,690,970.14	Original largest shareholder, formed from left-over of historical guarantee
Total	2,909,182.74	2,909,182.74	

(XXI) Other payables

Item	Balance at period-end	Balance at period-begin
within 1 year(1 year included)	54,973,153.06	12,459,188.92
1 to 2 years(2 year included)	5,725,214.45	62,066,329.50
2 to 3 years(3 year included)	55,786,182.00	127,800.00
Over 3 years	5,257,133.07	5,157,333.07
Total	121,741,682.58	79,810,651.49

1. Others payable due to shareholders units holding over 5% (5% included) voting shares of the Company at period-end

Name	Balance at period-end	Balance at period-begin
Shenzhen Investment Management Co.,	3,510,297.20	3,510,297.20
Total	3,510,297.20	3,510,297.20

2. No arrears in other payable from related party at balance at period-end

3. Major amount other payable at period

Name	Amount	Nature/Content	Note
Shenzhen Jitai Industrial Development Co., Ltd. *1	62,427,654.20	Shenbao Building	within 3 years
Zhongtai Construction Group Co., Ltd. *1	41,479,540.84	Shenbao Building	within 1 year
Shenzhen Investment Management Co., Ltd.	3,510,297.20	connected	Over 3 years
Huizhou Shengli Property Investment Co., Ltd.	2,776,167.00	connected	within 1 year
Hainan Third Construction Engineering Co., Ltd.	1,714,554.96	tail payment for projects	within 1 year
Total	111,908,214.20		

*1: the land of 2,776.8 m² located in Wenjin Rd.(N), Luohu District, Shenzhen(Land serial: H307-0018) was in project development with Shenzhen Jitai Industrial Development CO., Ltd. the capital was provided by Shenzhen Jitai Industrial Development CO., Ltd., according to the Cooperation Agreement for Construction Projects signed between the two parties which were listed as the item of other account payable. More details found in Note (IX)

(XXII) Other non-current liability

Item	Balance at period-end	Balance at period-begin
Subsidy of tea plant in Wangkou new tea park	49,920.00	49,920.00
50 tons of process construction of purify Huaming You tea	1,312,500.00	1,375,000.00
Deep process industrial base of Tea and natural plant	2,887,500.00	3,025,000.00
Total	4,249,920.00	4,449,920.00

Other non-current liabilities transfer to non-operating income in this period was 200,000.00 yuan. Including, 62,500.00 yuan for newly built processing for 50 tons of tender tea leaves and 137,500.00 yuan for industrialization base for deep processing of tea leaves and natural plant.

(XXIII) Share capital

Item	Balance at period-begin	Increased (decreased) in this period					Balance at period-end
		New shares issued	Bonus shares	Shares converted from public reserve	Others	Sub-total	
I. Shares with selling restriction condition							
(1)State-owned shares	---	---	---	---	---	---	---
(2)State-owned legal person shares	6,783,729.00	---	---	---	---	---	6,783,729.00
(3)Other domestic shares	76,747,184.00	---	---	---	---	---	76,747,184.00
Including:							
Domestic legal person shares	56,011,496.00	---	---	---	---	---	56,011,496.00
Domestic natural person shares	20,735,688.00	---	---	---	---	---	20,735,688.00
(4) Foreign shares	---	---	---	---	---	---	---
Including:							
Foreign legal person's share	---	---	---	---	---	---	---
Foreign nature person's share	---	---	---	---	---	---	---
<hr/>							
II. Tradable shares without selling restriction condition							
(1) RMB common shares	83,530,913.00	---	---	---	---	---	83,530,913.00
(2)Domestic-listed foreign shares	141,233,241.00	---	---	---	---	---	141,233,241.00
<hr/>							
II. Tradable shares without selling restriction condition							
(3) foreign listed shares	26,136,000.00	---	---	---	---	---	26,136,000.00
(4) other	---	---	---	---	---	---	---
<hr/>							
Total un-restricted circulated shares	167,369,241.00	---	---	---	---	---	167,369,241.00
Total	250,900,154.00	---	---	---	---	---	250,900,154.00

(XXIV) Capital reserves

Item	Balance at period-begin	Increase in this period	Decrease in this period	Balance at period-end
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1.Share capital premium				
(1) Capital invested by investors	567,410,252.95	---	---	567,410,252.95
subtotal	567,410,252.95	---	---	567,410,252.95
2. Other capital reserve				
Total	1,289,969.56	---	210,249.15	1,079,720.41
Total	568,700,222.51	---	210,249.15	568,489,973.36

(XXV) Surplus reserves

Item	Balance at period-begin	Increase in this period	Decrease in this period	Balance at period-end
Statutory surplus reserves	32,464,033.34	---	---	32,464,033.34
Total	32,464,033.34	---	---	32,464,033.34

(XXVI) Retained profit

Item	Amount in this period
Balance as at end of period year	37,812,102.74
Add: Changes of accounting policy	---
Correction of pervious errors	---
Balance as at period-begin of this period	37,812,102.74
Add: net profit attributable to parent company for this period	88,867,376.42
Less: provision of statutory surplus reserve	---
provision of discretionary surplus reserve	---
Add: Profit distribution	---
Balance at period-end	126,679,479.16

(XXVII) Operating income and costs

1. Operating income and costs

Item	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
Main business income	113,840,078.74	92,139,709.60	139,919,514.99	111,997,121.49
Other business income	186,611.42	453,631.14	3,476.07	211,975.66
Total	114,026,690.16	92,593,340.74	139,922,991.06	112,209,097.15

2. Main business (according to industry)

Industry	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
Industry	113,546,678.74	92,139,709.60	139,626,114.99	111,997,121.49
Property leasing	293,400.00	---	293,400.00	---
Total	113,840,078.74	92,139,709.60	139,919,514.99	111,997,121.49

3. Main business (according to products)

Item	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
Soft beverage	16,255,773.29	14,462,465.08	11,808,162.02	10,225,257.66
Seasoning	6,406,160.77	4,034,718.70	6,305,580.74	4,137,187.26
Tea products	90,884,744.68	73,642,525.82	121,512,372.23	97,634,676.57
Lease service	293,400.00	---	293,400.00	---
Total	113,840,078.74	92,139,709.60	139,919,514.99	111,997,121.49

4. Main business (according to areas)

Item	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
Export	2,003,197.52	1,255,489.58	432,985.23	247,480.34
Subtotal	2,003,197.52	1,255,489.58	432,985.23	247,480.34
South China	37,464,399.74	28,738,770.15	37,039,819.46	29,123,437.81
East China	34,599,721.54	25,593,179.03	52,199,066.56	38,617,349.50
Others	39,772,759.94	36,552,270.84	50,247,643.74	44,008,853.84
Subtotal	111,836,881.22	90,884,220.02	139,486,529.76	111,749,641.15
Total	113,840,078.74	92,139,709.60	139,919,514.99	111,997,121.49

5. Main business income from the top 5 customers

Customers	Total of main business income	Portion taken in all main business income of the Company (%)
Customer II	13,368,191.45	11.74
Customer I	8,550,648.83	7.51
Customer III	6,872,683.71	6.04
Customer IV	4,208,624.94	3.70
Customer V	3,936,895.70	3.46
Total	36,937,044.63	32.45

(XXVIII) Operating tax and surcharges

Item	Amount at this period	Amount at last period
Business tax	152,670.00	177,670.00
City maintenance and construction tax	297,350.87	426,826.49
Education surtax and others	212,754.25	292,349.02
total	662,775.12	896,845.51

(XXIX) Sales expense

Item	Amount at this period	Amount at last period
Wages and expenses for employees	1,633,406.60	1,921,376.42
Leasing and utilities	179,386.30	223,152.07
Depreciation and amortization charge	14,567.14	186,492.13
Charge of commodity transport	2,519,765.99	3,163,671.31
Sales discount and promotion charge	1,072,353.38	2,006,818.11
Daily office charge	214,400.75	1,163,280.38
Other	905,984.90	304,510.56
Total	6,539,865.06	8,969,300.98

(XXX) Management expense

Item	Amount at this period	Amount at last period
Wages and expenses for employees	12,587,436.46	7,367,934.78
Leasing and utilities	774,406.72	852,764.66
Depreciation and amortization charge	4,836,842.79	4,467,167.15
Charge of commodity transport	3,710,265.50	1,542,040.00
Sales discount and promotion charge	1,893,427.58	324,320.96
Daily office charge	4,011,908.58	4,862,929.27
other	3,529,483.41	2,282,364.58
Total	31,343,771.04	21,699,521.40

(XXXI) Financial expense

Item	Amount at this period	Amount at last period
Interest expense	3,039,716.43	5,048,296.01
Less: interests income	2,735,677.05	590,837.15
Exchange loss	(4,339.31)	22,248.88
other	82,006.16	70,943.03
Total	381,706.23	4,550,650.77

(XXXII) Asset impairment loss

Item	Amount at this period	Amount at last period
Bad debt loss	(43,676.24)	(70,079.95)
Total	(43,676.24)	(70,079.95)

(XXXIII) Gains/losses from changes of fair value

resources for variation of fair value	Amount at this period	Amount at last period
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Transactional financial assets	969,367.20	(42,000.00)
Total	969,367.20	(42,000.00)

(XXXIV) Investment gains

1. Details of investment gains

Item	Amount at this period	Amount at last period
(1) Long-term equity investment gains recognized under equity method	(299,393.90)	(269,528.67)
(2) Investment income from disposal of long-term equity investment	103,546,568.40	4,279.44
Investment income from disposal of transactional financial assets	2,610,661.54	---
Other	---	---
Total	105,857,836.04	(265,249.23)

2. Long-term equity investment gains calculated under equity method

Invested company	Amount at this period	Amount at last period	Reasons for +/-
Shenzhen PEPSI	(299,393.90)	(269,528.67)	Net profit of this period decline

3. Equity disposal in this period found more details in Note IX

4. No material restriction will appear in recovery of investment income of the Company.

(XXXV) Non-operating income

Item	Amount at this period	Amount at last period	Amount reckoned into current non-recurring gains/losses
Gains from disposal of non-current assets	8,590.63	34,564.65	8,590.63
Including: Gains from disposal of fixed assets	---	34,564.65	---
Gains from disposal of intangible assets	8,590.63	---	8,590.63
Government grant	663,580.00	310,048.00	663,580.00
Other	100,000.00	17,088,944.71	100,000.00
Total	772,170.63	17,433,557.36	772,170.63

*1: Details of government grant

Item	Amount at this period	Amount at last period	Note
Taxes increase award for year of 2011	383,580.00	---	WF (2007) No.: 5
Integration capital for tea industry(discount loans for projects)	---	200,000.00	GCY(2010) No.: 262
Industrialization of specific raw material for new tea drinks	80,000.00	---	GCI(2011) No.: 125
Other government grant	---	110,048.00	---
Deferred income transfer-in	200,000.00	---	Note V (220)
Total	663,580.00	310,048.00	

2. Income from disposal of intangible assets found in Note V (21)

(XXXVI) Non-operating expenses

Item	Amount at this period	Amount at last period	Amount reckoned into current non-recurring gains/losses
Losses from disposal of non-current assets	237,578.80	60,551.66	237,578.80
Including: Losses from disposal of fixed assets	237,578.80	60,551.66	237,578.80
Other	70.00	---	70.00
Total	237,648.80	60,551.66	237,648.80

(XXXVII) Income tax expense

Item	Amount at this period	Amount at last period
Current income tax calculated by tax law and relevant regulations	924,490.46	1,674,051.00
Adjustment on deferred income tax	118,766.40	---
Total	1,043,256.86	1,674,051.00

(XXXVIII) Computer of basic earnings per share and diluted earnings per share**Calculation of basic earnings per share:**

Basic earnings per share = $P0 \div S$

$S = S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk$

Among which: PO represents net profit attributable to shareholders of ordinary shares of the Company or net profit (net of non-current gains and losses) attributable to shareholders of ordinary shares of the Company; S represents the weighted average number of ordinary shares in issue; S0 represents aggregate of shares as at period-begin; S1 represents share added due to conversion of public reserve to share capital or allocation of share dividends during the report period; Si represents share added due to new issuance of shares or shares converted from debts during the report period; Sj represents shares decreased due to purchase-back of its own shares during the period; Sk represents shares diluted during the period; M0 represents number of months for the period; Mi represents the accumulated months commencing from the month subsequent upon shares addition to year-end of the period; Mj represents the accumulated months commencing from the month subsequent upon shares deduction to year-end of the period.

Calculation of diluted earnings per share:

Diluted earnings per share = $P1 / (S0 + S1 + Si * Mi / M0 - Sj * Mj / M0 - Sk + \text{weighted average number of ordinary shares increased from (warrant+option+convertible bonds)})$

Among which: P1 represents net profit attributable to shareholders of ordinary shares of the Company or net profit (net of non-current gains and losses) attributable to shareholders of ordinary shares of the Company, and is subject to adjustment under relevant regulations of Accounting Standard for Enterprises in light of the affect of diluted potential ordinary shares. When computering diluted earnings per share, the Company shall take into account the affects conducted by all diluted potential ordinary shares upon net profit attributable to shareholders of ordinary shares of the Company or net profit (net of non-current gains and losses) attributable to shareholders of ordinary shares of the Company and weighted average shares. According to dilution degree (in order from big to small), dilution shall be accounted in diluted earnings per share until which arrives at its minimized amount.

Item	Amount of this period
Basic EPS	
(I) numerator:	
Net profit attributable to shareholders of ordinary shares of the Company (PO)	88,867,376.42
Net profit (net of non-current gains and losses) attributable to shareholders of ordinary shares of the Company (PO)	(18,638,342.71)
(II) denominator:	
Total amount of shares at period-begin (S0)	250,900,154.00
Increased shares from capital reserve transfer to capital shares or equity distribution (S1)	---
Increased shares from new issuing or bond-to-stock (Si)	---
Decreased shares due to counter-buy in reporting period (Sj)	---
Shrink shares in reporting period (Sk)	---
Months of reporting period (M0)	6.00
Accumulated months from the increase month to period-end (Mi)	---
Accumulated months from the decrease month to period-end (Mj)	---
Weighted average amount of ordinary shares externally issued (S)	250,900,154.00
(III) earnings per share	
basic earnings per share	
net profit attributable to ordinary shareholders	0.3542
net profit attributable to ordinary shareholders deducting non-regular gains and losses	(0.0743)

No diluted equity happened in this period, thus diluted earnings per share equals to basic earnings per share.

(XXXIX) Other comprehensive income

Item	occurrence in this period	occurrence in last period
1. ratio of other comprehensive income in invested units by equity calculation	---	---
less: income tax from ratio of other comprehensive income in invested units by equity calculation	---	---
net amount of previously included in other comprehensive income to current transferred gains and losses	210,249.15	---
subtotal	(210,249.15)	---
Total	(210,249.15)	---

(XL) Notes to statement of cash flow

1. Other cash received in relation to operation activities

Item	Amount of this period
government subsidies	1,263,580.00
invoice	700,000.00
interests	192,437.87
others	781,983.87
Total	2,938,001.74

2. Other cash paid in relation to operation activities

Item	Amount of this period
invoice	1,641,082.80
management expense	9,860,726.24
sales expense	3,271,638.20
others	794,815.47
Total	15,568,262.71

3. other cash received related to financing activities

Item	Amount of this period
decrease of other monetary capital	500,000.00
interest income from raising capital	2,223,285.23
Total	2,723,285.23

4. other cash paid related to financing activities

Item	Amount of this period
increase of other monetary capital	500,000.00
Total	500,000.00

(XLI) Supplementary information to statement of cash flow

1. Supplementary information to statement of cash flow

Item	Amount of this period
I.Net profit adjusted to cash flow of operation activities	
Net profit	88,867,376.42
Add: assets impairment losses	(43,676.24)
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	5,287,017.49
Amortization of intangible assets	3,295,725.97
Amortization of long-term deferred expenses	579,974.15
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “()”)	228,988.17
Loss of disposing fixed assets(gain is listed with “()”)	---
Loss from change of fair value(gain is listed with “()”)	(969,367.20)
Financial expenses (gain is listed with “()”)	816,431.20
Investment loss (gain is listed with “()”)	(105,857,836.04)
Decrease of deferred income tax asset((increase is listed with “()”)	118,766.40
Increase of deferred income tax liability (decrease is listed with “()”)	---
Decrease of inventory (increase is listed with “()”)	(13,838,531.10)
Decrease of operating receivable accounts (increase is listed with “()”)	77,754,296.60

Increase of operating payable accounts (decrease is listed with “()”)	(52,980,100.30)
Others	---
Net cash flow arising from operating activities	3,259,065.52
II. Material investment and financing not involved in cash flow	
Liabilities converted to capital	---
Convertible bond expire in 1 year	---
Fixed assets leased through financing	---
III. Net change of cash and cash equivalents	
Balance of cash at period end	518,697,954.69
Less: Initial balance of cash	436,842,717.15
Plus: Balance of cash equivalents at the period end	---
Less: Initial balance of cash equivalents	---
Net increasing of cash and cash equivalents	81,855,237.54

2. Constitution of cash and cash equivalent:

Item	Balance at period-end
I. Cash	518,697,954.69
Including: stock cash	149,851.05
Bank deposit available for payment at any time	518,548,103.64
Other monetary fund available for payment at any time	---
II. Cash equivalent	---
Including: bond investment matured within 3 months	---
III. Balance of cash and cash equivalent at year-end	518,697,954.69

VI. Related Parties and Transactions

(I) Related Parties

1. Relationship

(1) Parent company of the Company

Unit:00'000

Parent company	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held to the Company	Proportion of voting right to the Company	final controller of the Company	Organization code
Shenzhen Agricultural Products Co., Ltd.	Stock limited (listing)	Shenzhen	Chen Shaoqun	Development, construction, operation and management of agricultural products retail market, operation of market leasing	138,3314100 yuan	19.09	19.09	Shenzhen SASAC	192179163

(2) Subsidiary of the Company

Details of subsidiaries were on Note IV.

(3) Information related to joint ventures and associates of the Company:

Information related to joint ventures and associates of the Company are provided in Note V(7).

4. Particulars about other related parties

Other related parties	Relation with the Company	Organization code
Shenzhen Investment Management Co.,	Original largest shareholder of the Company	767566421
Changzhou Sanjin Oil Co., Ltd	Affiliated corporation	66382186-2

(II) Related transaction

1. As for subsidiaries where controlling exists and which have been consolidated to consolidation scope of the Company, transactions among them and transactions occurred between parent company and subsidiaries have been all offset.

2. Related transaction

related parties	Amount of this period	Amount of last period
Shenzhen Agricultural Products Co., Ltd	93,397.42	---
Total	93,397.42	---

3. Related guarantee

Guarantor	Relation with the Company	Guarantee amount(RMB'000 0)	Start date of guarantee	Due date of guarantee	Whether being implemented completely or not
Shenzhen Shenbao Industrial Co., Ltd.	Shenbao Huacheng*1	20,000,000	2011-01-26	2012-01-26	Y
Shenzhen Shenbao Industrial Co., Ltd.	Shenbao Huacheng*2	30,000,000	2011-12-06	2012-12-06	Y
Shenzhen Shenbao Industrial Co., Ltd.	Shenbao Huacheng*3	15,000,000	2012-02-24	2012-09-23	Y
Shenzhen Shenbao Industrial Co., Ltd.	Shenbao Huacheng*4	30,000,000	2012-02-28	2013-02-28	N

*1. The controlling subsidiary –Shenbao Huacheng signed the Integrated Credit Line Limited Contract with Shenzhen Branch of Ping An Bank Co., Ltd, on 26 January 2011, with loan credit line of RMB 20 million. the loans are used for short-term loans and opening import L/C. concerning the above loan, the Company bears joint liability for them. Till 30 June 2012, Shenbao Huacheng still not applying loans to Ping An Bank and no L/C settled.

*2. The subsidiary of the Company -- Shenbao Huacheng Food Co., Ltd. signed Integrated Credit Line Contract with China Guangfa Bank Co., Ltd. Shenzhen Branch on May 26, 2011, with loan credit line of 30 million yuan. Shenbao Huacheng actually get the loan of RMB 28 million yuan, whose joint liability guarantee was provided by the Company.

*3 The Company signed Maximum Guarantee Contract with Shenzhen Nanshan Baosheng Town Bank Co., Ltd. On Feb. 10, 2012. The Company provided joint liability guarantee for the application of current assets loan of the subsidiary of the Company -- Shenbao Huacheng Food Co., Ltd., with guarantee amount of RMB 15 million. Till June 30, 2012, Shenbao Huacheng had paid off the loan. There was no outstanding letter of credit.

*4. The controlling subsidiary –Shenbao Huacheng signed the Integrated Credit Line Limited Contract with Shenzhen Branch of Ping An Bank Co., Ltd, on 23 February 2012, with loan credit line of RMB 30 million. the loans are used for short-term loans and opening import L/C. concerning the above loan, the Company bears joint liability for them. Till 30 June 2012, Shenbao Huacheng still not applying loans to Ping An Bank and no L/C settled.

4. Correlation mortgage

on December 23, 2011, the company and Pingan Bank Co., LTD. signed a "flat silver (sales) credit word (2011) the first A1001102491100026 number" comprehensive line of credit contract, Pingan Bank to the company provide RMB 120 million of comprehensive line of credit, by our company is a wholly owned subsidiary of deep treasure technology with its 149848 m² land to provide mortgage guarantee, comprehensive credit line agreement is valid for December 23, 2011 to December 22, 2012, stop. By Jun. 30, 2012, the company has the comprehensive credit line under the agreement of loan RMB 85 million all pay, but because the comprehensive credit line agreement has not matured, the company has not yet completed land mortgage remove formalities.

(III) Contact with related parties

1. Account receivable from related parties

Item	related parties	Balance at period-end		Balance at period-begin	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Receivable accounts					
	Shenzhen Agricultural Products Co., Ltd	19,400.00	---	5,200.00	---
Other account receivable					
	Changzhou Sanjing Oil Co., Ltd.	16,002,626.29	1,644,683.94	15,530,485.40	1,644,683.94
	Total	16,022,026.29	1,644,683.94	15,535,685.40	1,644,683.94

2. Payable accounts for related parties

Item	related parties	Balance at period-end		Balance at period-begin	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Other account payable					
	Shenzhen Investment Management Co., Ltd.	3,510,297.20	---	3,510,297.20	---
Shenzhen Investment Management Co., Ltd.					
	Shenzhen Investment Management Co., Ltd.	2,690,970.14	---	2,690,970.14	---
Total		6,201,267.34	---	6,201,267.34	---

VII Contingency

The case concerning the joint-liability guarantee the Company provided for the RMB 7 million loans which Shenzhen China Bicycle Company (Holdings) Limited ("ShenChina" for short) had obtained from Shenzhen Branch of China Construction Bank ("Construction Bank" for short) has been closed with reconciliation. The Agreement of Interest Reduction was signed between the Company and Construction Bank in 2003, the RMB 7 million have been paid by the Company for ShenChina in two phases and accomplished the jointly liability; Concerning the jointly-liability of the Company for Letter of Credit Opening for ShenChina in Shenzhen Branch of Bank of China with USD 0.8 million, being verdict by Civil Ruling of (1999) YFJYZZ No. 26 from Guangdong Higher People's Court, the Company takes the jointly-liability for payment. Till end of 30 June 2004, the RMB 6.6316 million (USD 0.8 million by converted) have been paid by the Company for ShenChina and accomplished the jointly liability; later on 22 July 2004, the Company applied to Shenzhen Intermediate People's Court for the enforcement on the above

repayment.

In 2004, the Company brought a charge against ShenChina to Shenzhen Intermediate People's Court for compensated relevant losses on capital occupation and with RMB 7 million paid for pre-payment by the Company. Shenzhen Intermediate People's Court verdict that the RMB 7 million repaid by the Company for ShenChina should be paid to the Company together with interest during capital occupation, (2004) SZFMECZ No. 448. Due to the failure implementation for the verdict on time and certain content from ShenChina, the Company applied for enforcement to Shenzhen Intermediate People's Court on 20 December 2004. The Civil Ruling and Execution Order of (2004) SZFZZ No. 1382 and (2005) SZFZZ No. 208 were delivered to ShenChina on 14 January 2005 from Shenzhen Intermediate People's Court with verdict that: seal up and freeze the property of ShenChina (limited as RMB 14,131,575.92) and order ShenChina performed the effective-ness law documents and relevant obligations within five days since the execution order received. Un-performed undue, the enforcement will exercise by Shenzhen Intermediate People's Court. Later, the abovementioned two executions was appointed by the Court of Guangzhou Railway Transportation by Guangdong Hiher People's Court, and the case abortion due to no property clue been found. Execution should be applied to Court of Guangzhou Railway Transportation for recover due to the situation of abortion disappeared.

VIII Commitment

Till Jun. 30, 2012, the Company had no significant commitment.

IX. Significant events

1. According to "Cooperation Agreement for Construction Project" signed between the Company and Shenzhen Jitai Industrial Development Co., Ltd. (Jitai Industrial for short). The land of (ZDNo. H307-0018) located in Wenjin Rd.(N), Luohu District, Shenzhen was reused by the Company and Jitai Industrial for construction self-used office building. In addition, no other means of investment should paid by the Company and bear no any cost for the construction. Jitai Industrial bears the investment and whole capital arising from construction. Based on the land assess value of H307-0018, RMB 42 million was determined as the property allocation portion for the construction projects. Ratio of property allocation for the Company was: the proportion of RMB 42 million, that determined by the land assess value for H307-0018, in total cost of construction project (that is RMB 42 million + audited all capital investment for construction project by Jitai Industrial); if the proportion lower than 20 percent, than the Company shares minimum property allocation of 20%. Ended as 30 June 2012, the project totally has 49,754,017.98 yuan occurred, actually 8,274,477.14 yuan paid and 41,479,540.84 yuan will pay to contractor Zhongtai Construction Group Co., Ltd while the construction amount received from Jitai Industrial.

2. On July 19, 2011, the company board of directors of the seventh 13th meeting review agreed to sell the company Shenzhen Pepsi beverage co., LTD. (hereinafter referred to as "Shenzhen Pepsi") 15% of the equity, and through the Shenzhen united assets and equity exchange publicly listed collect transferee. On August 29,, company and solicitation qualified transferee Pepsi (China) investment co., LTD. (hereinafter referred to as "Pepsi (China)") signed the "equity transfer agreement", will hold 15% stake in Shenzhen PepsiCo to RMB 144 million yuan transferred to Pepsi (China), Pepsi (China) has to the Shenzhen united assets and equity exchange to pay RMB 30 million yuan to buy margin; On September 26,, the company in 2011, the third time the extraordinary shareholders'

general meeting through the deal, on the same day, Shenzhen science and technology industry and trade and information issued by the committee on the Sino-foreign joint venture enterprise Shenzhen Pepsi beverage co., LTD., the alteration of equities by an investor in reply, "agreed the company will hold 15% stake in Shenzhen Pepsi transferred to Pepsi (China). In accordance with the provisions of the material assets reorganization of listed companies' management method "the relevant provisions, the transaction composition of material assets reorganization of listed companies, must report to the China securities regulatory commission approval. On December 22,, the company received the China securities regulatory commission on the approval of Shenzhen deep treasure industrial co., LTD., material assets reorganization plan written reply to a subordinate body "(securities regulatory permission [2011] no. 2030), approved the company the shares transfer. January 10, 2012, Shenzhen Pepsi complete Shenzhen Pepsi 15% equity transfer formalities of change and commerce. On June 29, 2012, the company received all equity transfer money, thus the equity transfer matters have been completed.

X. Afterward issues after the date of the balance sheet

1. The company in August 2012 8 and Zhejiang Huafa tea industry co., LTD. signed the joint venture contract, the joint venture established Zhejiang deeply treasure Huafa tea industry co., LTD., the company invested RMB 30 million, accounting for 51.72% stake in the new company proportion.

2. a wholly owned subsidiary of The company-Huizhou deep treasure industrial investment co., LTD. on November 2 In 2011, we held shareholders' meeting, the meeting resolution agreed to the cancellation of Huizhou deep treasure industrial investment co., LTD. On July 5, 2012, Huizhou deep treasure industrial investment co., LTD. has finished the cancellation procedures for commerce.

XI. Notes to main items in financial statements of parent company

(I)Account receivable

1. Account receivable disclosed by categories

Category	Balance at period-end				Balance at period-begin			
	Book balance		Provision for bad debt		Book balance		Provision for bad debt	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
I. Account receivable with single major amount and withdrawal bad debt provision for single item	---	---	---	---	---	---	---	---
II. Account receivable withdrawal bad debt provision by age combination	284,966.26	90.92	---	---	10,800.00	27.51	---	---
III. Account receivable with single minor amount but withdrawal bad debt provision for single item	28,453.08	9.08	28,453.08	100.00	28,453.08	72.49	28,453.08	100.00
Total	313,419.34	100	28,453.08	9.08	39,253.08	100	28,453.08	72.49

Explanation for categories of account receivable:

In combination, account receivable withdrawal bad debt provision by age combination

Category	Balance at period-end				Balance at period-begin			
	Book balance		Provision for bad debt		Book balance		Provision for bad debt	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year (1 year included)	284,966.26	100	---	---	10,800.00	100	---	---
1-2years (2years included)	---	---	---	---	---	---	---	---
2-3years(3 years included)	---	---	---	---	---	---	---	---
over 3 years	---	---	---	---	---	---	---	---
Total	284,966.26	100	---	---	10,800.00	100	---	---

2. Account receivable with major single amount or minor amount but conducting impairment testing independently at period-end

Item of account receivable	Carrying value	bad debt provision amount	Withdrawal proportion (%)	reasons
Instrument factory of Potou Hubei	9,996.58	9,996.58	100.00	Rarely received
Guo Wenhui	18,456.50	18,456.50	100.00	Rarely received
Total	28,453.08	28,453.08		

3. No cancelled receivable accounts in this period occurred

4. arrear made by shareholders units holding over 5% (5% included) voting rights of the Company appeared in the account receivables as at period-end.

units	Balance at period-end		Balance at period-begin	
	Book amount	Provision for bad debt	Book amount	Provision for bad debt
Shenzhen Agricultural Products Co., Ltd	19,400.00	---	5,200.00	---
Total	19,400.00	---	5,200.00	---

(II)Other receivables

1. Other account receivable classified according to categories

Category	Balance at period-end				Balance at period-begin			
	Book balance		Provision for bad debt		Book balance		Provision for bad debt	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
I. Other account receivable with single major amount and withdrawal bad debt provision for single item	---	---	---	---	---	---	---	---

II. Other account receivable withdrawal bad debt provision by age combination	270,122,751.1 1	98.01	1,689,187.04	0.63	291,802,465.8 7	98.16	1,689,187.0 4	0.58
III. Other account receivable with single minor amount but withdrawal bad debt provision for single item	5,472,398.91	1.99	5,472,398.91	100	5,472,398.91	1.84	5,472,398.9 1	100
Total	<u>275,595,150.0 2</u>	<u>100.00</u>	<u>7,161,585.95</u>	<u>2.60</u>	<u>297,274,864.7 8</u>	<u>100.00</u>	<u>7,161,585.9 5</u>	<u>2.41</u>

Explanation for categories of account receivable:

In combination, other account receivable withdrawal bad debt provision by age combination

Category	Balance at period-end				Balance at period-begin			
	Book balance		Provision for bad debt		Book balance		Provision for bad debt	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year (1 year included)	255,158,556.8 9	94.46	---	---	276,838,171.6 5	94.87	---	---
1-2years (2years included)	4,410,051.72	1.63	220,507.59	5.00	4,410,151.72	1.51	220,507.59	5.00
2-3years(3 years included)	2,288,838.66	0.85	228,883.86	10.00	2,288,838.66	0.79	228,883.86	10.00
over 3 years	8,265,303.84	3.06	1,239,795.5 9	15.00	8,265,303.84	2.83	1,239,795.5 9	15.00
Total	<u>270,122,751.1 1</u>	<u>100</u>	<u>1,689,187.0 4</u>	<u>0.63</u>	<u>291,802,465.8 7</u>	<u>100</u>	<u>1,689,187.0 4</u>	<u>0.58</u>

2. No arrear made by shareholders units holding over 5% (5% included) voting rights of the Company appeared in the other account receivables as at period-end.

3. Other account shall be receivable from related parties

Unit	Relation with the Company	nature or contents	Amount	limitation	Portion taken in total other account receivable
Shenbao Technology	wholly subsidiary	Connect amount	166,503,465.77	within 1 year	60.42
Shenbao Sanjing	wholly subsidiary	Connect amount	57,800,000.00	within 1 year	20.97
Shenbao Huancheng	wholly subsidiary	Connect amount	27,067,799.20	within 1 year	9.82
Changzhou Sanjing Oil	affiliated corporation	Connect amount	16,002,626.29	1-3 years	5.81
Hangzhou Mingduan	wholly subsidiary	Connect amount	911,844.22	within 1 year	0.33
Technique Center	wholly subsidiary	Connect amount	848,863.07	within 1 year	0.31
Shenbao Industry and Trade	wholly subsidiary	Connect amount	530,589.19	within 1 year	0.19
Total			<u>269,665,187.74</u>		<u>97.85</u>

4. The top 5 arrears in other account receivables as at period-end

creditor	Relationship with the Company	nature or content	Arrears	Age	Portion taken in total other account receivable
----------	-------------------------------	-------------------	---------	-----	---

Shenbao Technology	subsidiary	invoice	166,503,465.77	within 1 year	60.42
Shenbao Sanjing	subsidiary	invoice	57,800,000.00	within 1 year	20.97
Shenbao Huacheng	subsidiary	invoice	27,067,799.20	within 1 year	9.82
Changzhou Sanjing Oil Co., Ltd	affiliated corporation	invoice	16,002,626.29	1-3 years	5.81
Hangzhou Mingduan	subsidiary	invoice	911,844.22	within 1 year	0.33
Total			268,285,735.48		97.35

(III) Long-term equity investment

invested units	calculation way	investment cost	Balance at period-begin	increase/decrease	Balance at period-end	Shareholding ration in invested units (%)	Voting ratio in invested units (%)	Statement on difference between the shareholding ratio and voting ratio	depreciation provision	accruing provision for depreciation in this period	cash dividend in this period
Shenzhen Shenbao (Xinmin) Co., Ltd	Food equity	2,870,000.00	2,870,000.00	---	2,870,000.00	49.14	49.14	---	2,870,000.00	---	---
Changzhou Sanjing Oil Co., Ltd	equity	13,500,000.00	---	---	---	33.00	33.00	---	---	---	---
Shenzhen Beverage Co., Ltd	Pepri equity	24,071,627.22	63,833,871.62	(38,420,080.54)	25,413,791.08	10.00	10.00	---	---	---	---
Subtotal equity	by	40,441,627.22	66,703,871.62	(38,420,080.54)	28,283,791.08	---	---	---	2,870,000.00	---	---
Shenbao Property Industry and Trade	cost	2,550,000.00	2,550,000.00	---	2,550,000.00	51.00	51.00	---	---	---	---
Shenbao Sanjing	cost	5,500,000.00	5,500,000.00	---	5,500,000.00	100.00	100.00	---	---	---	---
Shenbao Huacheng	cost	80,520,842.36	80,520,842.36	---	80,520,842.36	100.00	100.00	---	---	---	---
Shenbao Investment	cost	53,451,300.00	118,551,781.80	---	118,551,781.80	100.00	100.00	---	---	---	---
Shenbao Technology	cost	5,000,000.00	5,000,000.00	---	5,000,000.00	100.00	100.00	---	---	---	---
Wuyuan Jufangyong	cost	4,000,000.00	30,000,000.00	---	30,000,000.00	100.00	100.00	---	---	---	---
Hangzhou Mingduan	cost	280,404,134.35	7,880,000.00	272,524,134.35	280,404,134.35	95.72	95.72	---	---	---	---
Shenbao Technique Center	cost	176,906,952.42	---	176,906,952.42	176,906,952.42	100.00	100.00	---	---	---	---
	cost	54,676,764.11	---	54,676,764.11	54,676,764.11	100.00	100.00	---	---	---	---

Shenbao Liaoyuan	cost	57,628.53	57,628.53	---	57,628.53	53.50	53.50	---	57,628.53	---	---
Shenzhen SanjiuWeitai Co., Ltd	cost	2,480,000.00	2,480,000.00	---	2,480,000.00	0.95	0.95	---	2,480,000.00	---	---
Shenzhen Tianji Photo-electricit y Co., Ltd	cost	15,000,000.00	15,000,000.00	---	15,000,000.00	3.77	3.77	---	15,000,000.00	---	---
Subtotal by cost		<u>680,547,621.77</u>	<u>267,540,252.69</u>	<u>504,107,850.88</u>	<u>771,648,103.57</u>	---	---	---	<u>17,537,628.53</u>	---	---
Total		<u><u>720,989,248.99</u></u>	<u><u>334,244,124.31</u></u>	<u><u>465,687,770.34</u></u>	<u><u>799,931,894.65</u></u>	---	---	---	<u><u>20,407,628.53</u></u>	---	---

(IV) Operating income and operating cost

1. Operating income and operating cost

Item	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
Main business income	850,941.33	422,583.09	234,424.23	91,320.28
Other business income	1,200,000.00	---	1,200,000.00	---
Total	2,050,941.33	422,583.09	1,434,424.23	91,320.28

2. Main business (by industry)

industry	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
industry	850,941.33	422,583.09	234,424.23	91,320.28

3. Main business (by products)

Item	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
Tea products	850,941.33	422,583.09	234,424.23	91,320.28
Total	850,941.33	422,583.09	234,424.23	91,320.28

4. Main business (by areas)

Item	Amount as at this period		Amount as at previous period	
	Operating income	Operating cost	Operating income	Operating cost
Southern China	628,223.12	205,251.35	234,424.23	91,320.28
Other Areas	222,718.21	217,331.74	---	---
Total	850,941.33	422,583.09	234,424.23	91,320.28

5. Main business income in top five clients

Name	Total main business income	Proportion in total main business income (%)
Customer I	312,820.81	36.76
Customer II	222,718.21	26.17
Customer III	93,397.42	10.98
Customer IV	64,625.65	7.59
Customer V	33,702.58	3.96
Total	727,264.67	85.46

(V) Investment income

1. Details of investment income

Item	Amount of this period	Amount of last period
(2) Investment income of long-term equity based on equity(2 units)	(299,393.90)	(269,528.67)

(3) Investment income from disposal of long-term equity 1 unit)	103,546,568.40	4,279.44
income from disposal of tradable financial assets	2,610,661.54	---
Total	105,857,836.04	(265,249.23)

2. Investment income of long-term equity based on equity

unit	Amount as at this period	Amount as at previous period	Reasons for changes
Shenzhen Pepsi Cola- Beverage Co., Ltd.	(299,393.90)	(269,528.67)	net profit of this period declined
Total	(299,393.90)	(269,528.67)	

3. No material restriction will appear in recovery of investment income of the Company.

(VI)Supplementary information about statement of cash flow

Item	Amount as at this period
I.Net profit adjusted to cash flow of operation activities	
Net profit	90,953,054.22
Add: assets impairment reserve	---
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	621,105.81
Amortization of intangible assets	914,336.11
Amortization of long-term deferred expenses	143,469.28
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	180,081.65
Loss of disposing fixed assets(gain is listed with “-”)	---
Loss from change of fair value(gain is listed with “-”)	(970,867.20)
Financial expenses (gain is listed with “-”)	93,900.89
Investment loss (gain is listed with “-”)	(105,857,836.04)
Decrease of deferred income tax asset(increase is listed with “-”)	92,575.65
Increase of deferred income tax liability (decrease is listed with “-”)	---
Decrease of inventory (increase is listed with “-”)	112,154.23
Decrease of operating receivable accounts (increase is listed with “-”)	150,385,576.30
Increase of operating payable accounts (decrease is listed with “-”)	(25,582,352.09)
Others	---
Net cash flow arising from operating activities	111,085,198.81
II. Material investment and financing not involved in cash flow	
Liabilities converted to capital	---
Convertible bond expire in 1 year	---
Fixed assets leased through financing	---
III.Net change of cash and cash equivalents	
Balance of cash at period end	186,945,009.15

Item	Amount as at this period
Less: Initial balance of cash	399,181,994.57
Plus: Balance of cash equivalents at the period end	---
Less: Initial balance of cash equivalents	---
Net increasing of cash and cash equivalents	(212,236,985.42)

XII. Supplementary information

(I) Item of current non-recurring gains and losses

Item	Amount of this period
1. gains and losses from disposal of non-current assets	
(1) income from disposal of long-term assets	103,555,159.03
including: income from disposal of fixed assets and intangible assets	8,590.63
income from equity transfer	103,546,568.40
(2) expense for disposal of long-term assets	237,578.80
including: net loss from disposal of fixed assets	237,578.80
losses from equity transfer	---
Gains and losses from disposal of non-current assets	103,317,580.23
Tax refund or exemption out of authorization, with absence of official approval document or accidentally	---
Government grant recorded in current gains and losses (other than such government grant which closely relates to business of the Company and is enjoyed in accordance to unified standard amount or quantity)	663,580.00
Capital occupation fee collected from non-financial enterprises recorded in-current gains and losses	---
Income occurred when investment cost paid by enterprise for obtaining subsidiaries, associates and joint ventures are lower than its share in fair value of net realizable assets of invested units;	---
.Gains and losses from exchange of non-monetary assets	---
Gains and losses from entrusted investment or management assets	---
Various asset impairment reserve provided for force majeure, such as natural disaster;	---
Gains and losses from debt reorganization	---
Reorganization expenses, such as expenditure for allocation of employees and integration fee	---
Gains and losses from excess of transaction which are conducted on a non-fair-valued basis over its fair value	---
Current net gains and losses of subsidiaries occurred from combination under the same control commencing from period-begin to combination date	---
Gains and losses from contingent events which has no relation with normal business of the Company	---
Gains and losses from change of fair values of held-for-transaction financial assets and financial liabilities except for the effective hedge business related to normal business of the Company, and investment income from disposal of transactional financial assets and liabilities and financial assets available for sale	3,580,028.74
Reversal of impairment reserve for account receivable with separate impairment testing	10,237.50
gains/ losses from external entrustment loans	---

Item	Amount of this period
Gains and losses arising from change of fair value of investment properties whose follow-up measurement are at fair value	---
Affect upon current gains/losses arising from the one-off adjustment in subject to requirement of laws and rules in relation to taxation and accounting	---
Income from entrusted custody operation	---
Other non-operating income and expenditure except the abovementioned	99,930.00
Other item that satisfied the definition of non-recurring gains and losses	---
Impact on income tax	165,637.34
Impact on minority shareholders' equity (After tax)	---
Total	107,505,719.13

(II) Difference on data between the CAS and IAS

1. Difference of net profit and net assets disclosed in financial report based on IAS and CAS

Unit: RMB yuan

Area	net profit		net assets	
	amount of this period	amount of last period	amount at period-end	amount at period-begin
By Chinese Accounting Standards	88,867,376.42	4,396,354.98	978,533,639.86	889,876,512.59
Item and amount adjusted by IAS:				
1. Adjustment on amortization of differences of equity investment	0	---	1,016,958.04	1,016,958.04
2. Adjustment on cost of transferring Shenzhen Pepsi's equity	381,359.27	---	(762,718.54)	(381,359.27)
3. Adjustment on other regulating fund of stock market payable:	0	---	1,067,000.00	1,067,000.00
By International Accounting Standards	89,248,735.69	4,396,354.98	979,854,879.37	891,579,111.36

(III) Return on equity and earnings per share:

profit in reporting period	Weighted average	earnings per share	
		basic earnings per share	diluted earnings per share
Net profit attributable to shareholders of ordinary shares of the Company	9.51	0.3542	0.3542
Net profit (net of non-current gains and losses) attributable to shareholders of ordinary shares of the Company	(1.99)	(0.0743)	(0.0743)

(IV) Statement on abnormal and reason for main financial sheet

Item	Ending balance (or amount for this period)	Beginning balance (or amount for previous period)	Change	Reason for change
Transactional financial assets	9,043,663.20	14,627,801.40	(38.17%)	*1
Account receivables	25,811,829.87	71,769,419.01	(64.04%)	*2
Other receivables	23,934,074.34	35,956,860.85	(33.44%)	*3
Long-term investment equity	25,471,291.08	63,891,371.62	(60.13%)	*4

Construction in progress	90,800,393.40	11,113,058.18	717.06%	*5
Account payables	16,268,756.13	34,863,967.03	(53.34%)	*6
Tax payables	1,403,107.04	4,923,433.34	(71.50%)	*7
Other payables	121,741,682.58	79,810,651.49	52.54%	*8
Undistributed profit	126,679,479.16	37,812,102.74	235.02%	*9
Management expenses	31,343,771.04	21,699,521.40	44.44%	*10
Finance expenses	381,706.23	4,550,650.77	(91.61%)	*11
Investment income	105,857,836.04	(265,249.23)	40008.82%	*12
Non-operating income	772,170.63	17,433,557.36	(95.57%)	*13

*1: Mainly due to disposal of 840,193 A shares of *ST Shengrun in this period;

*2: Mainly due to the relatively timely recovery of accounts;

*3: Mainly due to the accounting in this period of the land auction deposit receivable RMB 12,000,000 at the beginning of the period

*4: Mainly due to the transfer of the 15% equity interests held in Shenzhen Pepsi in this period;

*5: Mainly due to the increase of RMB42,796,700 for Shenbao Building project, increase of RMB20,035,400 for Wuyuan Jufangyong tea industry chain comprehensive investment project and RMB18,338,600 for purchasing office building by Hangzhou Mingduan;

*6: Mainly due to the decrease of purchase at the end of the period;

*7: Mainly due to the relatively significant deductible amount before tax in this period;

*8: Mainly due to the payment of RMB41,479,500 payable to Zhongtai Construction Group Co., Ltd. for Shenbao Building engineering at the end of the periods;

*9: Mainly due to the material increase of net profit this period;

*10: Mainly due to the increase of salaries and agent service fees this period;

*11: Mainly due to decrease of interest income from raised proceeds and interest expenses for borrowings this period;

*12: Mainly due to the transfer of the 15% equity interests held in Shenzhen Pepsi in this period;

*13: Mainly due to that the Company received RMB1, 381,800 and 2,135,000 shares (*ST Shengrun A, stock code: 000030) as debt settlement from Shengrun. in previous period, while no such income occurred this period

XIII. Approval for reporting of financial statements

The financial statements of the Company have obtained approval for reporting from the board of directors of the Company as at 17 August 2012.

SHENZHEN SHENBAO INDUSTRIAL CO., LTD.

Chairman of the Board: Zheng Yuxi

General Manager: Yan Zesong

CFO : Zeng Suyan

Minister of Finance: Wang Zhiping

17 August 2012