

Stock Code: 000019, 200019

Notice No: 2012-41

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

# SHENZHEN SHENBAO INDUSTRIAL CO.,LTD SEMI-ANNUAL REPORT 2012

## I. Important Note

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

All directors are attending the Meeting for deliberation and approval for the semi-annual report.

Financial report of this semi-annual report has not been audited by CPA.

Mr. Zheng Yuxi, person in charge of the Company, Ms. Zeng Suyan, person in charge of accounting works and Ms. Wang Zhiping, person in charge of accounting institution (accounting officer) hereby confirm the truthfulness and completeness of the Financial Report in the Semi-annual Report 2012.

## II. Company Profile

### (I) Company information

Short form for stock A-share	SHENSHENBAO-A	
Code for stock A-share	000019	
Listing stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Representative of security affairs
Name	Li Yiyao	Zheng Guibo
Contact add.	23/F, Education Technology Mansion, No.26 Zizhu Qi Dao, Zhuzilin Fourth Road, Futian District, Shenzhen	23/F, Education Technology Mansion, No.26 Zizhu Qi Dao, Zhuzilin Fourth Road, Futian District, Shenzhen
Tel.	0755-82027522	0755-82027522
Fax.	0755-82027522	0755-82027522
E-mail	shenbao@sbsy.com.cn	shenbao@sbsy.com.cn

### (II) Major financial data and indexes

#### 1. Major accounting data and financial indexes

Whether retroactive adjusted on previous financial report or not

Yes      No

	End of this report period	End of last period	Increase/decrease in this period-end over that of last year (%)

Total assets(RMB)	1,160,917,182.41	1,061,964,234.64	9.32%
Owners' equity attributable to shareholders of the listed company(RMB)	978,533,639.86	889,876,512.59	9.96%
Share capital(Share)	250,900,154.00	250,900,154.00	0%
Net assets per share attributable to shareholder of listed company (RMB/ Share)	3.90	3.55	9.86%
Asset-liability ratio (%)	15.71%	16.2%	-0.49%
	Reporting period (Jan. to June)	Same period of last year	Increase/decrease in this report period year-on-year (%)
Total business revenue(RMB)	114,026,690.16	139,922,991.06	-18.51%
Business profit(RMB)	89,376,111.45	-8,639,594.03	1,134.49%
Total profit(RMB)	89,910,633.28	8,733,411.67	929.5%
Net profit attributable to shareholders of the listed company (RMB)	88,867,376.42	4,396,354.98	1,921.39%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-18,638,342.71	-12,866,651.90	-44.86%
Basic earnings per share (RMB/Share)	0.3542	0.0242	1,363.64%
Diluted earnings per share (RMB/Share)	0.3542	0.0242	1,363.64%
Weighted average ROE (%)	9.51%	1.34%	8.17%
Weighted average ROE after deducting non-recurring gains/losses (%)	-1.99%	-3.93%	1.94%
Net cash flow arising from operating activities(RMB)	3,259,065.52	-8,272,410.63	139.4%
Net cash flow per share arising from operating activities (RMB/Share)	0.013	-0.033	139.36%

Explanation on former accounting data and financial index at period-end (stating adjustment explanation if there has retroactive adjustment)

In the reporting period, the operating profit, total profit and net profit attributable to shareholders of listed company have increased by 1,134.49%, 929.50%, 1,921.39% respectively as compared to the same period of last year, mainly due to the significant increase of investment income since the Company received the account for transferring the 15% equity interests of Shenzhen Pepsi during this period. Net profit attributable to shareholders of listed company after deducting extraordinary gains and losses has decreased by -44.86% as compared to the same period of last year, mainly resulted from the decreased profit contribution from business due to the decrease of main business income and increase of related costs when implementing fund-raising projects; net cash flow from operating activities increased by 139.4% as compared to the same period of last year, mainly due to the timely recovery of account receivables, purchase of raw materials and decrease of other related costs. Since the operating profit significantly increased during the reporting period, the financial indicators such as earnings per share, return on equity and net cash flow per share from operating activities rise significantly as well.

## 2. Items of non-recurring gains/losses

√Applicable □Not applicable

Items of non-recurring gains/losses	Amount from year-begin to period-end (RMB)	Note
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		
Governmental subsidy calculated into current gains and losses(while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	663,580.00	
Fund occupation expenses received from non-financial enterprises that reckon into current gains/losses	0.00	
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	0.00	
Gains and losses from exchange of non-monetary assets	0.00	
Gains and losses from entrusted investment or management assets	0.00	
Various asset impairment reserve provided for force majeure, such as natural disaster;	0.00	
Gains/losses from debt reorganization	0.00	
Reorganization expenses, such as expenditure for allocation of employees and integration fee	0.00	
Gains and losses from excess of transaction which are conducted on a non-fair-valued basis over its fair value	0.00	
Current net gains and losses of subsidiaries occurred from combination under the same control commencing from period-begin to combination date	0.00	
Gains and losses from contingent events which has no relation with normal business of the Company	0.00	
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	0.00	
Gains and losses arising from change of fair value of investment properties whose follow-up measurement are at fair value	0.00	
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	0.00	

Income from entrusted custody operation	0.00	
Other non-operating income and expenditure except the abovementioned	99,930.00	
Other item that satisfied the definition of non-recurring gains and losses	0.00	
Influenced amount of minority shareholders' equity	0.00	
Impact on income tax	165,637.34	
<b>Total</b>	<b>107,505,719.13</b>	<b>--</b>

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

√Applicable    □Non-applicable

Unit: RMB

	Net profit attributable to shareholders of listed company		Owners' equity attributable to shareholders of listed company	
	Amount in the report period	Amount in 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	0	1,016,958.04	1,016,958.04
2. Adjustment on cost of transferring Shenzhen Pepsi's equity	381,359.27	0	-762,718.54	-381,359.27
3. Other adjustment on regulated funds payable in share market	0	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

**4. Difference of net profit and net assets disclosed in financial report based on foreign accounting standards and CAS**

□ Applicable    √ not applicable

**III. Changes in Share Capital and Particular about Shareholders**

**(I) Changes in share capital**

□ Applicable    √ not applicable

**(II) Statement of shares held by top ten shareholders and the top ten shareholders with unrestricted conditions/circulate shareholders**

Statement of shares held by top 10 shareholders and top 10 shareholders with unrestricted shares held

Total shareholders		21,938.00				
Particulars about the shares held by the top ten shareholders						
Shareholders (full name)	Nature of shareholders	Proportion of shares held (%)	Total amount of shares held	Amount of the restricted shares held	Shares pledged or frozen	
					Share status	Amount
Shenzhen Agricultural Products Co., Ltd.	Domestic non-state-owned legal person	19.09%	47,895,097.00	7,770,118.00		
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	16%	40,143,586.00	6,783,729.00		
Shenzhen Tianzhong Investment Co., Ltd.	Domestic non-state-owned	9.96%	24,983,908.00	24,983,908.00	Pledge	24,983,908.00

	legal person					
Li Duruo	Domestic nature person	5.28%	13,252,874.00	13,252,874.00		
Yingfu(Tianjin) Investment Management L.P	Domestic non-state-owned legal person	4.65%	11,662,068.00	11,662,068.00	Pledge	11,662,068.00
Xinjiang Xiehe Investment Management L.P	Domestic non-state-owned legal person	4.62%	11,595,402.00	11,595,402.00	Pledge	11,595,402.00
Lin Yixiang	Domestic nature person	1.02%	2,561,002.00	2,561,002.00		
Xia Zhenzhong	Domestic nature person	0.85%	2,134,917.00	2,134,917.00	Pledge	2,134,917.00
Cao Lijun	Domestic nature person	0.8%	2,012,758.00	2,012,758.00	Pledge	2,012,758.00
Zhong Rong International Trust Co., Ltd.-Rong Yu #12	Domestic non-state-owned legal person	0.47%	1,180,000.00	0.00		

Particulars about the shares held by the top ten unrestricted shareholders

Shareholders	Amount of unrestricted shares held at period-end	Type/amount of shares	
		Type	Amount
Shenzhen Agricultural Products Co., Ltd.	40,124,979.00	A-share	40,124,979.00
Shenzhen Investment Holdings Co., Ltd.	33,359,857.00	A-share	33,359,857.00
Zhong Rong International Trust Co., Ltd.-Rong Yu #12	1,180,000.00	A-share	1,180,000.00
Yu Jianjun	953,299.00	A-share	953,299.00
Wang Shulun	713,998.00	A-share	713,998.00
Liu Yi	584,730.00	A-share	584,730.00
Zhang Huizhen	476,300.00	A-share	476,300.00
Huang Xiangdong	474,689.00	B-share	474,689.00
Client's credit exchange guarantee account of China Securities Co., Ltd.	462,973.00	A-share	462,973.00
Long Weiguo	461,200.00	A-share	461,200.00
Explanation on associated relationship among the top ten shareholders or (and) consistent action	Shenzhen SASAC directly holds 21.52% equity interests of Agricultural Products, indirectly holds 5.22% equity interests of Agricultural Products and directly holds 100% equity interests of Shenzhen Investment Holding. Except for this, the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.		

**(III) Changes of controlling shareholders and actual controller**

Applicable Not applicable

**IV. Directors, Supervisors and Senior Executives**

**(I) Changes of shares held by directors, supervisors and senior executive**

Name	Title	Shares held at period-begin(Share)	Amount of shares increase in this period(Share)	Amount of shares decreased in this period	Shares held at period-end (Share)	Including: restricted shares held (Share)	Amount of stock option held at period-end	Reasons for changes
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			e)	(Share)			(Share)	
Zheng Yuxi	Chairman	0.00	0.00	0.00	0.00	0.00	0.00	-
Chen Shaoqun	Director	0.00	0.00	0.00	0.00	0.00	0.00	-
He Dong	Director	0.00	0.00	0.00	0.00	0.00	0.00	-
Du Wenjun	Independent director	0.00	0.00	0.00	0.00	0.00	0.00	-
Deng Meixi	Independent director	0.00	0.00	0.00	0.00	0.00	0.00	-
Xu ZHuangcheng	Independent director	0.00	0.00	0.00	0.00	0.00	0.00	-
Yan Zesong	GM, Director	0.00	0.00	0.00	0.00	0.00	0.00	-
Lin Yanfeng	Director	0.00	0.00	0.00	0.00	0.00	0.00	-
Dou Qiang	Director	0.00	0.00	0.00	0.00	0.00	0.00	-
Lin Hong	Supervisor	0.00	0.00	0.00	0.00	0.00	0.00	-
Luo Longxin	Supervisor	0.00	0.00	0.00	0.00	0.00	0.00	-
Huang Qin	Supervisor	0.00	0.00	0.00	0.00	0.00	0.00	-
Li Fang	Deputy GM	0.00	0.00	0.00	0.00	0.00	0.00	-
Li Yiyan	Deputy GM, Secretary of the Board	0.00	0.00	0.00	0.00	0.00	0.00	-
Qian Xiaojun	Deputy GM	0.00	0.00	0.00	0.00	0.00	0.00	-
Zeng Suyan	CFO	0.00	0.00	0.00	0.00	0.00	0.00	-

## V. Report of the Board of Directors

### (I) Statement of main business classified according to industries and products

Unit: RMB

Main business classified according to industries						
According to industries	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease of operating revenue over the last same period of last year (%)	Increase or decrease of operating cost over the last same period of last year (%)	Increase or decrease of gross profit ratio over the last same period of last year (%)
Industry	113,546,678.74	92,139,709.60	18.85%	-18.68%	-17.73%	-0.93%
Leasing service	293,400.00		100%	0%	0%	0%
Main business classified according to products						
According to products	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease of operating revenue over the last same period of last year (%)	Increase or decrease of operating cost over the last same period of last year (%)	Increase or decrease of gross profit ratio over the last same period of last year (%)
Soft drinks	16,255,773.29	14,462,465.08	11.03%	37.67%	41.44%	-2.37%
Condiment	6,406,160.77	4,034,718.70	37.02%	1.6%	-2.48%	2.63%
Tea products	90,884,744.68	73,642,525.82	18.97%	-25.21%	-24.57%	-0.68%
Property leasing	293,400.00		100%	0%	0%	0%

### (II) Main business classified according to areas

Unit: RMB

Areas	Operating revenue	Increase/decrease in revenue from
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		operations over the same period of last year (%)
Export	2,003,197.52	362.65%
South China	37,464,399.74	1.15%
East China	34,599,721.54	-33.72%
North China	11,108,038.79	-29.1%
Other area	28,664,721.15	-17.11%

**(III) Explanation on reasons of material changes in main operations and its structure**

Applicable Not applicable

**(IV) Explanation on reasons of material changes in profitability (gross profit ratio) of main operations compared with that of last year**

Applicable Not applicable

**(V) Analysis on reasons of material changes in profit structure compared with the previous year**

Applicable Not applicable

During the reporting period, the Company received payment for transferring the 15% equity interest in Shenzhen Pepsi, which contributed investment income of RMB103, 546,500, leading to a significant increase in total profit as compared to the same period of previous year. Besides, the Company recognized non-operating income of RMB17, 088,500 in the same period of last year due to that Shengrun Company implemented its debt reorganization plan that period. Deducting the effects on total profit by the two non-deductible factors, the total profit recorded in the Company's consolidated statement decreased by 63.20% as compared to the same period of last year.

**(VI) Application of the raised proceeds**

**1. Statement of application of the raised proceeds**

Applicable Not applicable

Unit: RMB00'000

Total fund-raised		57,239.21				Total fund-raised	4,002.25			
Total fund-raised for changes its using purpose in report period		16,729.17				invested in report period				
Total accumulative fund-raised for changes its using purpose		16,729.17				Total accumulative fund-raised invested	10,624.44			
Proportion of total fund-raised that with using purpose changed		29.23%								
Committed investment projects and investment purpose for fund raised out of expectation	Projects changed or not (including changed partially)	Total committed investment of fund-raised	Total investment after adjustment (1)	Amount invested in report period	Amount of accumulated investment till the period-end (2)	Investment program till the period-end (%) (3) = (2)/(1)	Predicted useable date of project	Realized interests of this year	Reach the predicted interest or not	Project feasibility changed significantly or not
Committed investment projects										
Acquisition of 48.33% equity interests in Shenbao Huacheng	No	6,510.05	6,510.05	0	6,510.05	100%	31 July 2011	70.4	Yes	No
Comprehensive Investment Project of Tea Industry Chain	No	27,000	27,000	2,004.03	2,043.07	7.57%	31 March 2013	0	No	No

Comprehensive Project with Annual Capacity of 300 Tons Catechin	Yes	15,500	15,500	0	0	0	31 July 2012	0	No	Yes
Chain Project for Classical Tea Leaves	Yes	3,000	3,000	0	0	0	31 July 2012	0	No	No
Project of R&D Center for Tea and Natural Plants	Yes	4,000	4,000	0	0	0	30 April 2012	0	No	No
Expansion Project of Condiment Production Line	Yes	6,900	1,229.17	0	0	0	31 July 2012	0	No	Yes
Subtotal of committed investment projects	-	65,910.05	57,239.22	2,004.03	8,553.12	-	-	70.4	-	-
Investment purpose for fund raised out of expectation										
	No	0	0	0	0	0%		0		
Loans payment to Bank(if applicable)	-	0	0	0	0	0%	-	-	-	-
Current capital supplementation(if applicable)	-	0	0	0	0	0%	-	-	-	-
Subtotal of Capital investment with fund raising out of the plan	-	0	0	0	0	-	-	0	-	-
Total	-					-	-		-	-
Reasons for falling behind the target progress or target income(By specific items)	Non-applicable									
Statement for major change of project feasibility	<p>1. Comprehensive Project with Annual Capacity of 300 Tons Catechin: by virtue of technical innovation, the Company made comprehensive enhancements in the original production crafts for instant tea powder, pursuant to which, the production line for instant tea powder was equipped with the function of producing catechin and natural plant products. Therefore, the Company was able to develop and produce catechin and natural plant products for sales, satisfying demands from its existing and new customers. As compared to the original plan on implementing the Comprehensive Project with Annual Capacity of 300 Tons Catechin, the Company can be better served with such innovated technologies to make comprehensive use of the production line of instant tea powder, with fewer equipments allocation, more efficient benefits, reduction of fixed assets allocation and amortization, so as to improve the integrated profitability of the Company. In order to effectively prevent from investment risks and protect the interests of the Company and its shareholders, the Company, with careful and prudent consideration, decided to cancel the Comprehensive Project with Annual Capacity of 300 Tons Catechin and thereby to change the proceeds application purposes.</p> <p>2. Expansion Project of Condiment Production Line: despite that the prospectus of condiment market was positive, the furious market competition can't be ignored. In case that the Company wanted to make significant breakthrough in the furious market competition based on the prevailing operation condition of condiment, the Company was required to allocate material human, assets and property resources. In 2011, the Company experienced significant drop in income from its condiment operation, recording relatively material losses. Considering that it had no advantage in condiment operation, the Company would face relatively significant market risks and uncertainty if the original resources allocation couldn't meet the expected target. By virtue of the non-public offering, the Company determined its development direction for tea industry, namely Natural, Green and Healthy, in 2011. According to the development strategy, the Company would focus on expanding tea industry. Therefore, the Company cancelled the Expansion Project of Condiment Production Line, and applied the proceeds for such project to investment in the Project of</p>									



	R&D Center for Tea and Natural Plants. At the 2011 Annual General Meeting held on 27 April 2012, the Company considered and approved the Proposal on Change of Part Proceeds Application Purposes, approving the changes and adjustments involved in the above projects.
Amount, using purpose and progress of using for fund-raised out of the plan	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable
Change of implementation place of investment project of fund-raised	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Non-applicable
	<input checked="" type="checkbox"/> Occurred during the reporting period <input type="checkbox"/> Occurred in previous years The Company changed the implementation place of Project of R&D Center for Tea and Natural Plants from Wuyuan county Jiangxi province to Shenzhen Guangdong province. Those changes were considered and approved in the 2011 Annual General Meeting of the Company held on 27 April 2012.
Regulation of implementation ways of investment project of fund-raised	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable
	<input type="checkbox"/> Occurred during the reporting period <input type="checkbox"/> Occurred in previous years
Preliminary investment and replacement of investment project of fund-raised	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable
Temporarily supplement for the current capitals with idle fund-raised	<input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Non-applicable
	On 21 March 2012, the Company held the 1 <sup>st</sup> extraordinary general meeting for 2012, to consider and approve the resolution of Further Application of Part Idle Proceeds to Temporarily Supplement Current Capital, pursuant to which, part idle proceeds of RMB150,000,000 was used to temporarily supplement current capital of the Company, with term not exceeding 6 months.
Amount and reason for surplus of fund-raised when implementing projects	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable
Usage of the retained raised fund and what is expected to invested with those fund	Saved in the special account for proceeds and supplement current capital.
Problems exits in usage and disclosure of the raised fund and other information	The related information concerning proceeds disclosed by the Company is in-time, true, accurate and complete; no illegal issue has been found in place, use, management and disclosure of proceeds. The Company has never made financing for over 2 times, not even the application of proceeds in those years.

**2. Statement of changes on projects invested by raised funds**

Applicable       Not applicable

Unit: RMB00'000

Project after change	Corresponding original committed project	Planned total proceeds for projects after change(1)	Actual input in current reporting period	Actual accumulative input amount as at period-end (2)	Investment progress as at period-end (%) (3)=(2)/(1)	Date for project to reach the condition for intended use	Benefits realized in the current reporting period	Reach the projected benefits or not	Whether or not significant changes occur in availability of projects
Investment development project for high-end brand classical tea	Comprehensive Project with Annual Capacity of 300 Tons Catechin	15,500	1,939.12	1,961.21	12.65%	2012-12-31	0	Non-applicable	No

	/Chain Project of Classical Tea Leaves								
Jointly incorporation of Zhejiang Shenbao Huafa Tea Leaves Co., Ltd.	Comprehensive Project with Annual Capacity of 300 Tons Catechin	3,000	0	0	0	2012-12-31	0	Non-applicable	No
Project of R&D Center for Tea and Natural Plants	Project of R&D Center for Tea and Natural Plants / Expansion Project of Condiment Production Line	5,400	59.09	110.11	2.04%	2012-12-31	0	Non-applicable	No
Total	--	23,900	1,998.21	2,071.32	--	--	0	--	--
Explanation for reason for changes, decision-making and information disclosure (based on specific project)		<p>(1) Comprehensive Project with Annual Capacity of 300 Tons Catechin: by virtue of technical innovation, the Company made comprehensive enhancements in the original production crafts for instant tea powder, pursuant to which, the production line for instant tea powder was equipped with the function of producing catechin and natural plant products. Therefore, the Company was able to develop and produce catechin and natural plant products for sales, satisfying demands from its existing and new customers. As compared to the original plan on implementing the Comprehensive Project with Annual Capacity of 300 Tons Catechin, the Company can be better served with such innovated technologies to make comprehensive use of the production line of instant tea powder, with fewer equipments allocation, more efficient benefits, reduction of fixed assets allocation and amortization, so as to improve the integrated profitability of the Company. In order to effectively prevent from investment risks and protect the interests of the Company and its shareholders, the Company, with careful and prudent consideration, decided to cancel the Comprehensive Project with Annual Capacity of 300 Tons Catechin. The proceeds for such project was invested in investment development project for high-end brand classical tea and jointly incorporation of Zhejiang Shenbao Huafa Tea Leaves Co., Ltd.</p> <p>(2). Cancel the Expansion Project of Condiment Production Line: despite that the prospectus of condiment market was positive, the furious market competition can't be ignored. In case that the Company wanted to make significant breakthrough in the furious market competition based on the prevailing operation condition of condiment, the Company was required to allocate material human, assets and property resources. In 2011, the Company experienced significant drop in income from its condiment operation, recording relatively material losses. Considering that it had no advantage in condiment operation, the Company would face relatively significant market risks and uncertainty if the original resources allocation couldn't meet the expected target. The Company determined its development direction for tea industry, namely Natural, Green and Healthy. According to the development strategy, the Company would focus on expanding tea industry. Therefore, the Company cancelled the Expansion Project of Condiment Production Line, and applied the proceeds for such project to investment in the Project of R&amp;D Center for Tea and Natural Plants.</p> <p>(3) Change the project implementation site and subject of tea and natural plants R&amp;D center: Though Wuyuan County, the original project implementation site, has advantages in tea industry resources and costs, it doesn't have advantages in talents, exchange of</p>							

	<p>information, resource sharing and integrating and service market customers, so the project implementation site is changed to Shenzhen, and the implementation subject is changed from Wuyuan Jufangyong to wholly-owned subsidiary, Shenzhen Shenbao Technology Center Co., Ltd., and considering that the project fixed assets input costs and labor costs in new implementation site is high, the Company shall increase the project gross investment to 54 million Yuan.</p> <p>Such changes in proceeds projects have been considered and approved at the 20<sup>th</sup> meeting of the 7<sup>th</sup> board held on 5 April 2012 and 2011 Annual General Meeting held on 27 April 2012. For details, please refer to the announcements of the Company published in the Securities Times, China Securities News, Hong Kong Commerce and the website www.cninfo.com.cn dated 6 April 2012 and 28 April 2012.</p>
Not meet the scheduled progress or projected benefits, and reasons for that (based on specific project)	Non-applicable
Explanation on significant changes in availability of projects	Non-applicable

**(VII) The modification of Board to the business plan for the second half of the year**

Applicable                    Not applicable

**(VIII) Prediction of business performance from January – September 2012**

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable                    Not applicable

**(IX) Explanation on “Qualified Opinion” from the Certified Public Accountants in the report period by the Board of Directors**

Applicable                    Not applicable

**(X) Explanation of the Management on changes and disposal of the issues involved in “Qualified Opinion” from the Certified Public Accountants in the last year by the Board of Directors**

Applicable                    Not applicable

**VI. Significant Event**

**(I) Assets acquisition, sales of assets and assets reorganization**

**1. Assets purchased or acquired**

Applicable                    Not applicable

Explanation on assets acquisition

**2. Assets sold**

Applicable                    Not applicable

Explanation on assets sold

**3. Progress of the events and their influence on the Company’s operating results and financial status in the report period after the Report on Assets Restructure or Public Notice on Acquisition and Sales of Assets being published**

Applicable                    Not applicable

On 22 December 2011, the transfer of 15% equity interests in Shenzhen Pepsi by the Company involving significant assets reorganization was approved by the CSRC by issuance of the Approval for Significant Assets Reorganization of Shenzhen Shenbao Industry Co., Ltd.(ZJXX No.2030(2011)). On 10 January 2012, Shenzhen Pepsi completed the business registration change process for such transfer of its 15% equity interests. On 29 June 2012, the Company received from Pepsi (China) USD22, 788,415.89 (equivalent to RMB144, 000,000) as the consideration for equity transfer, representing payment in full. Since then, this significant assets reorganization was completed, by which, investment income increased by RMB103,546,600, which helped the Company to improve its asset-to-debt structure and cash flow, thus to improve the development of major business.

**(II) Guarantee**

√Applicable                      □Not applicable

Unit: RMB00'000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Total approving external guarantee in report period (A1)				Total actual occurred external guarantee in report period (A2)				
Total approved external guarantee at the end of report period (A3)				Total actual balance of external guarantee at the end of report period (A4)				
Guarantee of the Company for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening (Date of signing agreement)	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party (Yes or no)
Shenzhen Shenbao Huacheng Technology Co., Ltd.	-	2,000	2011-01-26	941.63	Guarantee	1 year	Yes	Yes
Shenzhen Shenbao Huacheng Technology Co., Ltd	-	3,000	2011-05-26	2,800	Guarantee	1 year	Yes	Yes
Shenzhen Shenbao Huacheng Technology Co., Ltd.	-	3,000	2012-02-23	707.05	Guarantee	1 year	no	Yes
Shenzhen Shenbao Huacheng Technology Co., Ltd	-	1,500	2012-02-10	1,500	Guarantee	7 months	Yes	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)		4,500		Total amount of actual occurred guarantee for subsidiaries in report period (B2)		2,706.65		
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		3,000		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		0		
Total amount of guarantee of the Company( total of two abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1)		4,500		Total amount of actual occurred guarantee in report period (A2+B2)		2,706.65		
Total amount of approved guarantee at the end of report period (A3+B3)		3,000		Total balance of actual guarantee at the end of report period (A4+B4)		0		
The proportion of the total amount of actually				0				

guarantee in the net assets of the Company(that is A4+B4)	
Including:	
Amount of guarantee for shareholders, actual controller and its related parties(C)	0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly(D)	0
Proportion of total amount of guarantee in net assets of the Company exceed 50%(E)	0
Total amount of the aforesaid three guarantees(C+D+E)	0
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees	0
Explanations on external guarantee against regulated procedures	0

**(III) Non-operating current related credits and liabilities**

Whether have non-operating current related credits and liabilities or not

Applicable Not applicable

**(IV) Material lawsuits and arbitrations**

Applicable Not applicable

**(V) Other significant events and analysis of their influences and solution plan**

Applicable Not applicable

On 21 May 2012, the Company received an official letter from its major shareholder Agricultural Products. Agricultural Products and related parties are in process of negotiating the Company's significant matters as those matters involve material uncertainty pending for further discussion. At the request of the Company, its shares suspended trading with effect from 22 May 2012, and its resumption was pending for determination on relevant matters and disclosure of the relevant progress. During the suspension period, Agricultural Products and related parties conducted relevant works proactively and made prudent negotiation in connection with the entry of strategic investors, adjustments to the Company's equity structure and promotion of future development. Given that it was hard for the related parties to reach unanimous conclusion on effectively integrating various resources to promote the Company's future development, Agricultural Products and related parties, after prudent research, decided to terminate the aforesaid matters. Agricultural Products undertook that it would not plan to prepare equity transfer relating to the Company within at least one year. The shares of the Company resumed to trade with effect from 18 June 2012.

**1. Security investment**

Applicable Not applicable

Serial No.	Securities	Stock Code	Stock Name	Initial investment cost (Yuan)	Ending quantity (Share)	Ending book value (Yuan)	Percentage in total investment of ending securities (%)	Gains and losses during report period (Yuan)
1	stock	000030	*ST SUNRISE A	17,334,869.55	1,011,320.00	8,859,163.20	97.96%	3,581,528.74
2	stock	400005	Haiguoshi	272,288.09	150,000.00	18,450.00	2.04%	-1,500.00
Other ending securities investment				17,607,157.64	--	9,043,663.20	100%	3,580,028.74
Gains and losses of securities investment sold during report period				--	--	--	--	2,610,661.54
Total				17,607,157.64	--	9,043,663.20	100%	3,580,028.74

Explanation on security investment

**2. Equity of other listed company held by the Company**

Applicable Not applicable

Explanation on equity of other listed company held by the Company

**3. Fund occupation and progress of paying off**

Applicable Not applicable

Till end of reporting period, accountability plan proposed by the Board for completed no non-operational fund occupation from listed company

Applicable Non-applicable

**4. Implementation of commitments**

Commitments made by the Company and its directors, supervisors, senior executives, shareholders holding above 5% shares of the Company and actual controller in reporting period or extending to reporting period

Applicable Not applicable

Commitments	Acceptor	Contents	Implementation
Undertakings for equity reform	Shenzhen Agricultural Products Co., Ltd., Shenzhen Investment Holdings Co., Ltd.	The original shareholders of non circulation shares made the following undertakings during the equity reform: 1. Agricultural Products and Investment Holdings will observe relevant laws, regulations and rules during the equity reform, and perform their legal undertaking obligations; 2. Upon completion of the equity reform, in order to provide long-term effective incentives to management, the original shareholders of non circulation shares, namely Agricultural Products and Investment Holdings, will sell the shares which they will hold upon satisfaction of consideration (such shares account for 6%-8% of the total share capital (182,923,088 shares ) of the Company) to management within 3 years according to their shareholding percentages after the equity reform. The particular method and implementation rules for the above management share option scheme was prepared by the listed company in compliance with the Management Method for Share Option Scheme of Listed Company of CSRC and the relevant national requirements. The share option scheme has been submitted to Shenzhen SASAC for consideration and approval for implementation. The circulation condition for such shares will be subject to relevant regulations. Agricultural Products and Investment Holdings observed their legal undertaking obligations strictly. Pursuant to the Provisional Method for State-owned Listed Company (domestic) to Implement Share Option Scheme jointly promulgated by the SASAC and the ministry of Finance on 6 December 2006, the share option scheme for management of the Company shall be further specific according to relevant regulations. The original shareholders of non circulation shares will promote share option scheme for management to the extent permitted by the relevant laws and regulations of the PRC, based on adequate market condition.	Observe the undertakings
Undertakings made in acquisition report or equity change report	Non-applicable		
Undertakings made in assets replacements	Non-applicable		
Undertakings for issuance	Non-applicable		
Other undertakings made to	Non-applicable		

minority shareholders of the Company			
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**5. Profit distribution of Board of Directors this time or preplan of capital reserve capitalizing**

Applicable                      Not applicable

**6. Items of other consolidated income**

Unit: RMB

Items	Amount occurred in the report period	Amount occurred in same period of last period
1. Gains(losses) from financial assets available for sales		
Less: Income tax influences from financial assets available for sales		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period	210,249.15	
Subtotal	-210,249.15	
2. Shares in the other consolidated income of the investee calculated based on equity method		
Less: Income tax influences of shares in the other consolidated income of the investee calculated based on equity method		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Subtotal		
3. Gains(losses) from cash flow hedge instrument		
Less: Income tax influences from cash flow hedge		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Adjusted amount transferred to initial confirmed amount of the arbitrated items		
Subtotal		
4. Differences from translating foreign currency financial statements		
Less: Net amount of disposing overseas business transferred to current gains/losses		
Subtotal		
5. Others		
Less: Income tax influences by others reckoned into other consolidated income		
Net amount reckoned into other consolidated income in previous period but transferred into gains/losses in current period		
Subtotal		
Total	-210,249.15	

**(VI)Registration form of receiving research, communication and interview in the report period**

Date	Place	Way	Type	Object	Content discussed and documents provided
13 February 2012	Meeting room of the Company	On-site inspection	Institution	New horizon fund	Discuss about the operation and

					production of the Company, future strategic plan, particulars about the proceeds. The Company has not disclosed or leaked any material non-public information to the party received.
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## VII. Financial Report

### (I) Auditing opinion

Audited the semi-annual report or not

Yes  No

### (II) Financial statement

Whether consolidated statement or not:

Yes  No

### 1. Consolidated Balance Sheet

Prepared by Shenzhen Shenbao Industrial Co., Ltd

Unit: RMB

Items	Note	Balance at period-end	Balance at period-begin
Current assets:			
Monetary funds		519,197,954.69	437,342,717.15
Settlement provisions			
Capital lent			
Transaction finance asset		9,043,663.20	14,627,801.40
Notes receivable			
Accounts receivable		25,811,829.87	71,769,419.01
Accounts paid in advance		7,621,344.91	10,243,725.62
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Interest receivable			
Dividend receivable			
Other receivables		23,934,074.34	35,956,860.85
Purchase restituted finance asset			
Inventories		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:			
Granted loans and advances			
Finance asset available for sales			
Held-to-maturity investment			
Long-term account receivable			



Long-term equity investment		25,471,291.08	63,891,371.62
Investment real estate			
Fixed assets		149,858,929.28	150,807,447.25
Construction in progress		90,800,393.40	11,113,058.18
Engineering material			
Disposal of fixed asset			
Productive biological asset		436,156.00	436,156.00
Oil and gas asset			
Intangible assets		231,093,757.03	202,531,194.37
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned		4,239,946.13	3,615,812.95
Deferred income tax asset		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
Current liabilities:			
Short-term loans		30,000,000.00	38,000,000.00
Loan from central bank			
Absorbing deposit and interbank deposit			
Capital borrowed			
Transaction financial liabilities			
Notes payable			
Accounts payable		16,268,756.13	34,863,967.03
Accounts received in advance		2,715,791.05	3,420,712.90
Selling financial asset of repurchase			
Commission charge and commission payable			
Wage payable		2,251,965.58	3,666,717.12
Taxes payable		1,403,107.04	4,923,433.34
Interest payable			
Dividend payable		2,909,182.74	2,909,182.74
Other accounts payable		121,741,682.58	79,810,651.49
Reinsurance payables			
Insurance contract reserve			
Security trading of agency			
Security sales of agency			
Non-current liabilities due within 1 year			
Other current liabilities		843,137.43	43,137.43
Total 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		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
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		250,900,154.00	250,900,154.00
Capital public reserve		568,489,973.36	568,700,222.51
Less: Inventory shares			
Reasonable reserve			
Surplus public reserve		32,464,033.34	32,464,033.34
Provision of general risk			
Retained profit		126,679,479.16	37,812,102.74
Balance difference of foreign currency translation			
Total owner's equity attributable to parent company		978,533,639.86	889,876,512.59
Minority interests			
Total owner's equity(or shareholders' equity)		978,533,639.86	889,876,512.59
Total liabilities and owner's equity(or shareholders' equity)		1,160,917,182.41	1,061,964,234.64

Legal representative: Mr. Zheng Yuxi

Person in charge of accounting works: Ms. Zeng Suyan

Person in charge of accounting institution: Ms. Wang Zhiping

## 2. Balance Sheet of parent company

Unit: RMB

Item	Note	Balance at period-end	Balance at period-begin
Current assets:			
Monetary funds		186,945,009.15	399,181,994.57
Transaction finance asset		8,859,163.20	14,441,801.40
Notes receivable			
Accounts receivable		284,966.26	10,800.00
Accounts paid in advance			
Interest receivable			
Dividend receivable			
Other receivables		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		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
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
Owner's equity (or shareholders' equity):			
Paid-up capital (or share		250,900,154.00	250,900,154.00

capital)			
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
Retained profit		224,427,570.18	133,474,515.96
Balance difference of foreign currency translation			
Total owner's equity(or shareholders' equity)		1,091,092,229.81	1,000,349,424.74
Total liabilities and owner's equity(or shareholders' equity)		1,390,032,703.93	1,122,107,550.84

### 3. Consolidated Profit Statement

Unit: RMB

Item	Note	Amount in this period	Amount in last period
I. Total operating income		114,026,690.16	139,922,991.06
Including: Operating income		114,026,690.16	139,922,991.06
Interest income			
Insurance gained			
Commission charge and commission income			
II. Total operating cost		131,477,781.95	148,255,335.86
Including: Operating cost		92,593,340.74	112,209,097.15
Interest expense			
Commission charge and commission expense			
Cash surrender value			
Net amount of expense of compensation			
Net amount of withdrawal of insurance contract reserve			
Bonus expense of guarantee slip			
Reinsurance expense			
Operating tax and extras		662,775.12	896,845.51
Sales expenses		6,539,865.06	8,969,300.98
Administration expenses		31,343,771.04	21,699,521.40
Financial expenses		381,706.23	4,550,650.77
Losses of devaluation of asset		-43,676.24	-70,079.95
Add: Changing income of fair value(Loss is listed with "-")		969,367.20	-42,000.00
Investment income (Loss is listed with "-")		105,857,836.04	-265,249.23
Including: Investment income on affiliated company and joint venture		-299,393.90	-265,249.23
Exchange income (Loss is listed with "-")			
III. Operating profit (Loss is listed with "-")		89,376,111.45	-8,639,594.03

Add: Non-operating income		772,170.63	17,433,557.36
Less: Non-operating expense		237,648.80	60,551.66
Including: Disposal loss of non-current asset		237,578.80	60,551.66
IV. Total Profit (Loss is listed with “-”)		89,910,633.28	8,733,411.67
Less: Income tax expense		1,043,256.86	1,674,051.00
V. Net profit (Net loss is listed with “-”)		88,867,376.42	7,059,360.67
Including: net profit realized before consolidation by merged party			
Net profit attributable to owner’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		0.3542	0.0242
ii. Diluted earnings per share		0.3542	0.0242
VII. Other consolidated income		-210,249.15	
VIII. Total comprehensive income		88,657,127.27	7,059,360.67
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

Legal representative: Mr. Zheng Yuxi

Person in charge of accounting works: Ms. Zeng Suyan

Person in charge of accounting institution: Ms. Wang Zhiping

#### 4. Profit Statement of parent company

Unit: RMB

Items	Note	Amount in this period	Amount in last period
I. Operating income		2,050,941.33	1,434,424.23
Less: operating cost		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 (Loss is listed with “-”)		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 (Loss is listed with “-”)		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 (Loss is listed with “-”)		91,045,629.87	4,115,925.10
Less: Income tax expense		92,575.65	
IV. Net profit (Net loss is listed with “-”)		90,953,054.22	4,115,925.10
V. Earnings per share		--	--
i. Basic earnings per share			
ii. Diluted earnings per share			
VI. Other consolidated income		-210,249.15	
VII. Total comprehensive income		90,742,805.07	4,115,925.10

**5. Consolidated Cash Flow Statement**

Unit: RMB

Item	Amount in this period	Amount in 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
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Net increase of disposal of transaction financial asset		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	436,438.16	49,009.53
Other cash received concerning operating activities	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
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		

Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
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	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	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	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	518,697,954.69	587,792,262.16

**6. Cash Flow Statement of parent company**

Unit: RMB

Item	Amount in this period	Amount in 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	115,000.00	13,000,000.00



long-term assets		
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 cash received from subsidiaries and other units		
Other cash paid concerning investing activities		-20,000,000.00
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 bond offering		
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	186,945,009.15	564,324,133.25

### 7. Consolidated Statement on Changes of Owners' Equity

Amount in this period

Unit: RMB

Items	Amount in this period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year										
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	250,900,154.00	568,700,222.51			32,464,033.34		37,812,102.74			889,876,512.59
III. Increase/ Decrease in this year (Decrease 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' devoted and decreased capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others										
(IV)Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)										
4. Others										
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves conversed to capital (share capital)										
2. Surplus reserves conversed to capital (share capital)										
3. Remedying loss with surplus reserve										

4. Others										
(VI) Reasonable reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	250,900,154.00	568,489,973.36			32,464,033.34		126,679,479.16			978,533,639.86

Amount in last period

Unit: RMB

Items	Amount in last period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year										
Add: retroactive adjustment arising from enterprise consolidation under the same control										
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this 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. Increase/ Decrease in this year (Decrease 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' devoted and decreased capital	68,977,066.00	488,827,152.22	0.00	0.00	0.00	0.00	0.00	0.00	-50,512,558.13	507,291,660.09
1. Owners' devoted capital	68,977,066.00	503,415,075.89								572,392,141.89
2. Amount calculated into owners' equity paid in shares										
3. Others		-14,587,923.67							-50,512,558.13	-65,100,481.80
(IV)Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)										

4. Others										
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Reasonable reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										
IV. Balance at the end of the report period	250,900,154.00	568,700,222.51			32,464,033.34		37,812,102.74			889,876,512.59

### 8. Statement on Changes of Owners' Equity of Parent Company

Amount in this period

Unit: RMB

Item	Amount in this period							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year								
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	250,900,154.00	583,510,721.44			32,464,033.34		133,474,515.96	1,000,349,424.74
III. Increase/ Decrease in this year (Decrease 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' devoted and decreased capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserves								
4. Others								
(VI) Reasonable reserve								
1. Withdrawal in this period								
2. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	250,900,154.00	583,300,472.29			32,464,033.34		224,427,570.18	1,091,092,229.81

Amount in last year

Unit: RMB

Item	Amount in last year							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year								
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	181,923,088.00	80,095,645.55			32,464,033.34		134,399,358.26	428,882,125.15
III. Increase/ Decrease in this year (Decrease 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' devoted and decreased capital	68,977,066.00	503,415,075.89	0.00	0.00	0.00	0.00	0.00	572,392,141.89
1. Owners' devoted capital	68,977,066.00	503,415,075.89						572,392,141.89
2. Amount calculated into owners' equity paid in shares								

3. Others								
(IV) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserves								
4. Others								
(VI) Reasonable reserve								
3. Withdrawal in this period								
4. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	250,900,154.00	583,510,721.44			32,464,033.34		133,474,515.96	1,000,349,424.74

**(III) Notes to financial statement**

**1. Changes of main accounting policy and accounting estimation as well as accounting errors modification and figures**

**(1) Changes of accounting policy**

Is there any change on accounting policy in reporting period?

Yes  No

**(2) Changes of accounting estimation**

Is there any change on main accounting estimation in reporting period?

Yes  No

**(3) Accounting errors modification**

Is there has previous accounting errors modified in reporting period?

Yes  No

**2. Reasons of consolidation range changed in aspect of consolidation statement**

The consolidation range has two new wholly-owned subsidiaries: Hangzhou Mingduan Tianping Tea Co., Ltd. and Shenzhen Shenbao Technology Center Co., Ltd were established by the Company dated 3 May 2012 and 10 May 2012 respectively.

**3. If Non-standard Unqualified Opinion is supplied, list the related notes to the matters involved.**

Yes  No

**Shenzhen Shenbao Industrial Co., Ltd.**

**Chairman: Zheng Yuxi**

**17 August 2012**