

深圳市深宝实业股份有限公司  
SHENZHEN SHENBAO INDUSTRIAL CO.,LTD

**SEMI-ANNUAL REPORT 2012**



**A u g u s t 2 0 1 2**

## Content

<b>I</b>	<b>Important Notes.....</b>	<b>2</b>
<b>II</b>	<b>Brief Introduction of the Company.....</b>	<b>3</b>
<b>III</b>	<b>Accounting Data and Financial Indicators Summary.....</b>	<b>4</b>
<b>IV</b>	<b>Changes in Shareholding and Particulars about Shareholders</b>	<b>6</b>
<b>V</b>	<b>Directors, Supervisors, Senior Management and Staffs.....</b>	<b>9</b>
<b>VI</b>	<b>The Report of the Board.....</b>	<b>14</b>
<b>VII</b>	<b>Significant Matters .....</b>	<b>29</b>
<b>VIII</b>	<b>Financial Report .....</b>	<b>41</b>
<b>IX</b>	<b>Documents Available for Inspection.....</b>	<b>139</b>

## 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.

The person in charge of the Company Mr. Zheng Yuxi, director of accounting works Ms. Zeng Suyan and person in charge of accounting organization (principal of accounting) Ms. Wang Zhiping declares that: the financial report in the semi-annual report is true and complete.

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.

### Paraphrase

Items	Refers to	Definition
Shenshenbao/the Company/ Listed Company	Refers to	Shenzhen Shenbao Industrial Co., Ltd
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Technology Co., Ltd
Wuyuan Jufangyong	Refers to	Wuyuan County Jufangyong Tea Industry Co., Ltd
Shenbao Sanjing	Refers to	Shenzhen Shenbao Sanjin Food Beverage Development Co., Ltd
Shenbao Technology	Refers to	Huizhou Shenbao Technology Co., Ltd
Shenbao Investment	Refers to	Huizhou Shenbao Industrial Investment Co., Ltd
Shenbao Industry and Trade	Refers to	Shenzhen Shenbao Industry and Trade Co., Ltd
Shenbao Property	Refers to	Shenzhen Shenbao Property Management Co., Ltd
PepsiCo (China)	Refers to	PepsiCo Investment (China) Ltd.
Shenzhen PepsiCo	Refers to	Shenzhen PepsiCo Beverage Co., Ltd
Changzhou Sanjing	Refers to	Changzhou Sanjing Grease Co., Ltd
Agricultural Products	Refers to	Shenzhen Agricultural Products Holding Co., Ltd
Shenzhen Investment Holding	Refers to	Shenzhen Investment Holding Co., Ltd
Shenzhen SASAC	Refers to	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission
CBC	Refers to	Shenzhen China Bicycle Company (Holdings) Limited
Sunrise Company	Refers to	Guangdong Sunrise Holdings Co., Ltd.
CSRC	Refers to	China Securities Regulation Commission
Shenzhen SE	Refers to	Shenzhen Stock Exchange
Dahua CPA, Li Xin Dahua	Refers to	BDO Dahua Certified Public Accountants Co., Ltd
Deloitte Touche Tohmatsu	Refers to	Deloitte Touche Tohmatsu CPA Ltd.
Article of Association	Refers to	Article of Association of Shenzhen Shenbao Industrial Co., Ltd
Yuan/yuan' 0000	Refers to	RMB (yuan)/RMB' 0000

## II. Company Profile

### (I) Company information

Code for A-share	000019	Code for B-share	200019
Short form for A-share	SHENSHENBAO-A	Short form for B-share	SHENSHENBAO-B
Listing stock exchange	Shenzhen Stock Exchange		
Legal Chinese name of the Company	深圳市深宝实业股份有限公司		
Abbr. of legal Chinese name of the Company	深宝		
Legal English name of the Company	SHENZHEN SHENBAO INDUSTRIAL CO., LTD		
Abbr. of legal English name of the Company	SBSY		
Legal Representative	Mr. Zheng Yuxi		
Registered Add.	South, 20F/Tower Building, Education and Technology Mansion, Zhuzilin, Futian Zone, Shenzhen		
Post Code of registered add.	518040		
Office Add.	South 20/F(23/F in elevator guidance), Education Technology Mansion, No.26 Zizhu Qi Dao, Zhuzilin Fourth Road, Futian District, Shenzhen		
Post Code of office add.	518040		
Internet website	<a href="http://www.sbsy.com.cn">http://www.sbsy.com.cn</a>		
E-mail	shenbao@sbsy.com.cn		

### (II) Contact person and ways

	Secretary of the Board	Rep. of securities affairs
Name	Li Yiyan	Zheng Guibo
Contact adds.	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

### (III) Information disclosure and place for preparation

Newspapers Designated for indormation disclosure	<i>Securities Times, China Securities Journal and Hong Kong Comercial Daily</i>
Website desinated by CSRC for publishing semi-annual report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
place for preparation of semi-annual report	Secretariat of the Board of Directors

### III. Major accounting data and business abstract

#### (I) Major accounting data and financial indexes

Whether retroactive adjusted on previous financial report or not

Yes      No

##### 1. Major accounting data

Major accounting data	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	-12,866,651.9	-44.86%
Net cash flow arising from operating activities(RMB)	3,259,065.52	-8,272,410.63	139.4%
	End of this period	End of last period	Increase/decrease in this period-end over that of last period-end (%)
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	250,900,154	0%

##### 2. Major financial indexes

Major financial indexes	Reporting period (Jan. to June)	Same period of last year	Increase/decrease in this report period year-on-year (%)
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%
Basic EPS after deducting non-recurring gains/losses (RMB/Share)	-0.0743	-0.0707	-5.09%
Fully diluted ROE (%)	9.08%	0.5%	8.58%
Weighted average ROE (%)	9.51%	1.34%	8.17%
Fully diluted ROE after deducting non-recurring gains/losses (%)	-1.9%	-1.45%	-0.45%
Weighted average ROE after deducting non-recurring gains/losses (%)	-1.99%	-3.93%	1.94%
Net cash flow per share arising from operating activities (RMB/Share)	0.013	-0.033	139.36%
	End of this period	End of last period	Increase/decrease in this period-end over same period of last period-end (%)

Net assets per share attributable to shareholder of listed company (RMB/ Share)	3.9	3.55	9.86%
Asset-liability ratio (%)	15.71%	16.2%	-0.49%

Particulars about the previous major accounting data and financial indicators of the Company as at the end of the reporting period:

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.

**(II) Difference of accounting data under CAS and IAS**

**1. 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

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

Applicable     Non-applicable

**3. Detail items for major differences**

Applicable     Non-applicable

**4. Explanation on accounting data difference under the foreign/domestic accounting standards**

Applicable     Non-applicable

**(III) Item and amount with non-recurring gains/losses deducted**

Applicable     Non-applicable

Items	Amount (RMB)	Note
Gains and losses from disposal of non-current assets	103,317,580.23	
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	
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	10,237.5	
Other non-operating income and expenditure except the abovementioned	99,930	
Impact on income tax	165,637.34	
Total	107,505,719.13	--

#### IV. Changes in Share Capital and Particular about Shareholders

##### (I) Changes in share capital

##### 1. Statement of changes in shares

Applicable Non-applicable

##### 2. Changes in restricted shares

Applicable Non-applicable

##### (II) Security offering and listing

##### 1. Security offering in previous three years

Applicable Non-applicable

Name of Stocks and derivative securities	Offering date	Offering price RMB/Share)	The issuing numbers	Listing date	Numbers for listing authorized	Dead deal date
Stock						
Privately offering (A-share)	2011- 06-22	8.7	68,977,066	2011-07-04	68,977,066	

Explanation of securities offering in previous three years:

Approved by the CSRC by issuing the Approval for Shenzhen Shenbao Industrial Co., Ltd. to Issue Stock on a Non-public Basis (ZJXK No.777(2011)), the Company issued 68,977,066 Renminbi common shares (A shares) to 8 specific investors on a non-public basis at the issue price of RMB8.70, through which, an aggregate of RMB600,100,474.20 was raised. After deduction of the issuance expense RMB27, 708,332.31, the actual net proceeds raised by the Company was RMB572, 392,141.89. in particular, four related natural persons, namely Mrs. Lin Yixiang, Mr. Xia

Zhenzhong, Mrs. Cao Lijuan and Mrs. Zheng Lingna subscribed such shares by the 48.33% equity interests they held in Shenbao Huacheng, and other four investors, namely Shenzhen Tianzhong Investment Co., Ltd., Mrs. Li Duruo, Xinjiang Xiehe Equity Investment Joint Venture (with Limited Liability) and Yingfu (Tianjin) Equity Investment Management Joint Venture (with Limited Liability) subscribed such shares by cash. As certified by the Capital Verification Report (LXDHYZi No.177 (2011)) issued by Lixin Dahua, the proceeds raised through this non-public issuance have been settled in full on 23 June 2011. The Company has saved the proceeds in a separate account. And the involved shares have been completed registration for custody with Shenzhen branch of China Securities Depository and Clearing Corporation Limited, and recorded in the registrar on 1 July 2011. On 4 July 2011, the newly issued shares of the Company were listed in Shenzhen Stock Exchange. The transfer procedure for the 48.33% equity interests in Shenbao Huacheng has been finished on 8 June 2011. Upon the issuance, the total share capital of the Company changed to 250,900,154 shares from the original 181,923,088 shares.

**2. Changes of total shares and structures as well as outcome of asset-liability structures**

Applicable Non-applicable

**3. Current shares held by internal staffs**

Applicable Non-applicable

**(III) Shareholders and actual controller**

**1. Total shareholders at period-end**

End of reporting period, total shareholders of the Company has 21,938 in total.

**2. Shares held by top ten shareholders**

Particulars about 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	7,770,118		0
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	16%	40,143,586	6,783,729		0
Shenzhen Tianzhong Investment Co., Ltd.	Domestic non-state-owned legal person	9.96%	24,983,908	24,983,908	Pledge	24,983,908
Li Duruo	Domestic nature person	5.28%	13,252,874	13,252,874		0
Yingfu(Tianjin) Equity Investment Management L.P	Domestic non-state-owned legal person	4.65%	11,662,068	11,662,068	Pledge	11,662,068
Xinjiang Xiehe Equity Investment Management L.P	Domestic non-state-owned legal person	4.62%	11,595,402	11,595,402	Pledge	11,595,402
Lin Yixiang	Domestic nature person	1.02%	2,561,002	2,561,002		0
Xia Zhenzhong	Domestic nature person	0.85%	2,134,917	2,134,917	Pledge	2,134,917
Cao Lijun	Domestic nature person	0.8%	2,012,758	2,012,758	Pledge	2,012,758
Zhong Rong International Trust Co., Ltd.-Rong Yu #12	Domestic non-state-owned legal person	0.47%	1,180,000	0		0
Explanation of shareholders	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.
--	---

Particulars about the shares held by the top ten unrestricted shareholders

Applicable Non-applicable

Shareholders	Amount of unrestricted shares held at period-end	Type/amount of shares	
		Type	Amount
Shenzhen Agricultural Products Co., Ltd.	40,124,979	A-share	40,124,979
Shenzhen Investment Holdings Co., Ltd.	33,359,857	A-share	33,359,857
Zhong Rong International Trust Co., Ltd.-Rong Yu #12	1,180,000	A-share	1,180,000
Yu Jianjun	953,299	A-share	953,299
Wang Shulun	713,998	A-share	713,998
Liu Yi	584,730	A-share	584,730
Zhang Huizhen	476,300	A-share	476,300
Huang Xiangdong	474,689	B-share	474,689
Client's credit exchange guarantee account of China Securities Co., Ltd.	462,973	A-share	462,973
Long Weiguo	461,200	A-share	461,200

Explanation on the related relationship between the aforesaid shareholders (and if any) parties acting in concert:

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.

**3. Controlling shareholders and actual controller**

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

Applicable Non-applicable

**(2) Introduction of controlling shareholders and actual controller**

Whether has new actual controller or not

Yes No

Name of actual controller	Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission
Type of actual controller	Local State-owned Assets Commission

Explanations:

①Name of controlling shareholder: Shenzhen Agricultural Products Co., Ltd.

Legal representative: Chen Shaoqun

Date of foundation: 14 January 1989

Code of organization: 19217916-3

Main business: Development, construction and management of wholesale market of agricultural products, business scope ranges from currency of agricultural products, e-commerce of stapes agricultural products to vegetables planting, cattle production and butchering and meat treatment.

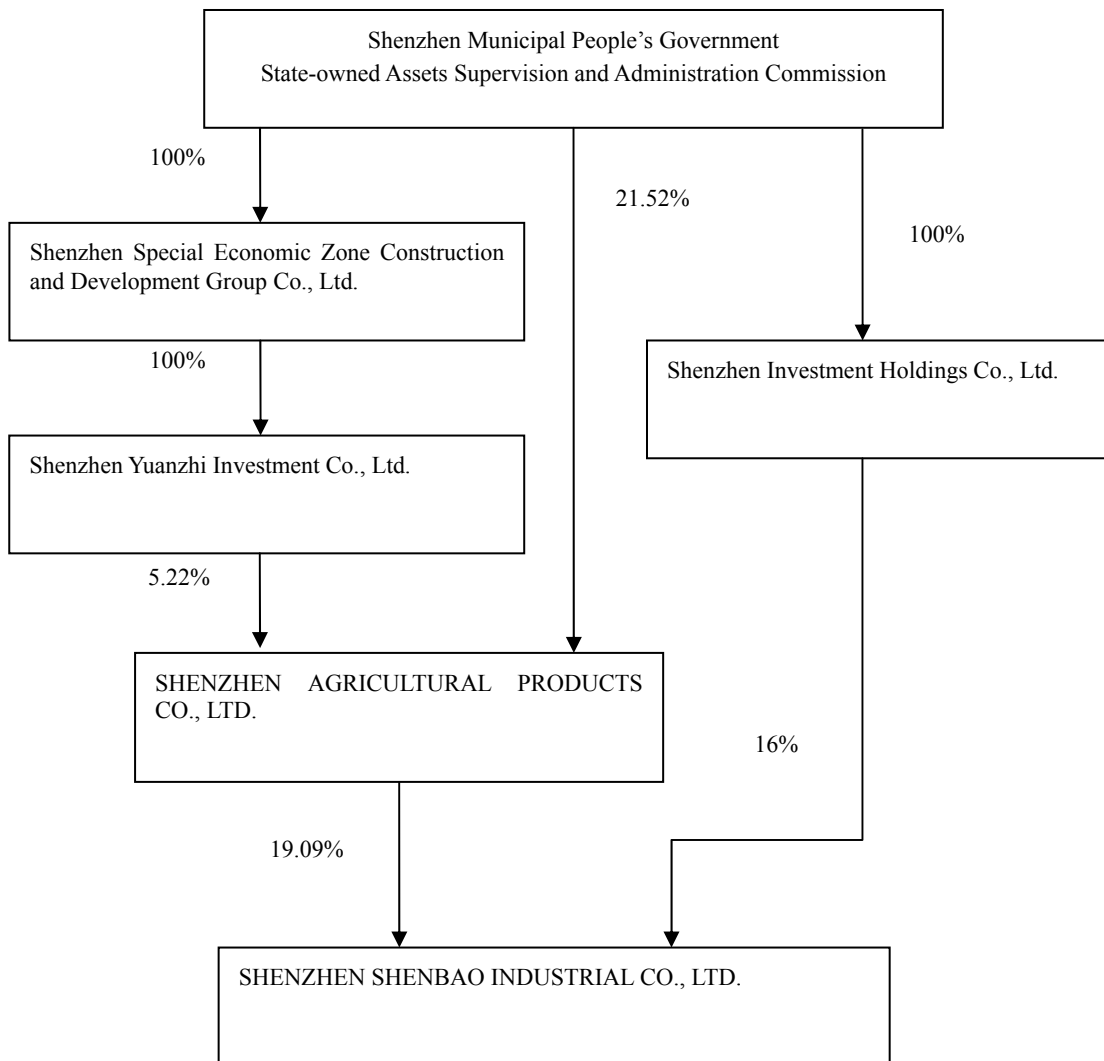
Registration capital: RMB 1,383,314,131

②The first largest shareholder of the controlling shareholder of the Company:

Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission

Shenzhen GZW established with hanging out their shingle in August 2004, as special entity directly under Shenzhen People’s Government, implements its qualification of provider on behalf of our nation and carry out supervision and administration according to law for state-owned assets which authorized to be supervised.

**(3) Block diagram of property rights and controlling relationship between the Company and actual controller**



**(4) Actual controller controlling the Company by means of entrust or other assets management**

Applicable Non-applicable

**4. Other legal person's shareholders with over ten percent shares held**

Applicable Non-applicable

Name of legal person shareholder	Legal representative	Incorporation date	Principal operation or management activities	Registered capital (RMB'0000)
Shenzhen Investment Holding Co., Ltd.	Fan Mingchun	13 October 2004	Provide guarantee for state-owned enterprises on municipality level; manage the state-owned equity interests of enterprises which are not under direct supervision by municipality SASAC; carry out assets reorganization, transformation and capital operation for belonging enterprises; other businesses authorized by the municipality SASAC.	560,000
Explanation	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.			

**(IV) Convertible corporate bonds**

Applicable Non-applicable

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

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

Name	Title	Sex	Age	Office dated from	Office dated ended	Shares held at period-begin(Share)	Amount of shares increase in this period(Share)	Amount of shares decreased in this period (Share)	Shares held at period-end (Share)	Including: restricted shares held (Share)	Amount of stock option held at period-end (Share)	Reasons for changes	Whether received remuneration from shareholders' unit or other related unit or not
Zheng Yuxi	Chairman	M	50	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No
Chen Shaoqun	Director	M	50	2009-12-30	2012-12-30	0	0	0	0	0	0	-	Yes
He Dong	Director	M	43	2009-12-30	2012-12-30	0	0	0	0	0	0	-	Yes
Du Wenjun	Independent director	F	44	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No
Deng Meixi	Independent director	F	40	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No
Xu ZHuangcheng	Independent director	M	40	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No
Yan Zesong	GM, Director	M	42	2011-07-01	2012-12-30	0	0	0	0	0	0	-	No
Lin Yanfeng	Director	M	40	2011-09-05	2012-12-30	0	0	0	0	0	0	-	No
Dou Qiang	Director	M	40	2011-09-05	2012-12-30	0	0	0	0	0	0	-	Yes
Lin Hong	Supervisor	F	47	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No

Luo Longxin	Supervisor	M	51	2010-12-27	2012-12-30	0	0	0	0	0	0	-	No
Huang Qin	Supervisor	F	49	2011-08-19	2012-12-30	0	0	0	0	0	0	-	No
Li Fang	Deputy GM	F	38	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No
Li Yiyao	Deputy GM, Secretary of the Board	F	46	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No
Qian Xiaojun	Deputy GM	M	40	2011-08-18	2012-12-30	0	0	0	0	0	0	-	No
Zeng Suyan	CFO	F	57	2009-12-30	2012-12-30	0	0	0	0	0	0	-	No
Total	--	--	--	--	--							--	--

Directors, supervisor and senior executives who awarded equity incentive in report period

Applicable Non-applicable

**(II) Post holding**

Post holding in shareholders' unit

Applicable    Non-applicable

Name of person taking positions	Name of shareholder's unit	Position taken in shareholder's unit	Commencing date for service term	Expiring date for service term	Receive remuneration from shareholder's units or not
Chen Shaoqun	Agricultural Products	Chairman	18 December 2009	-	Yes
He Dong	Shenzhen Environment Engineering Science & Technology Center (100% held by Shenzhen Investment Holding)	General manager	24 December 2010	-	Yes
Dou Qiang	Shenzhen Tianzhong Investment Co., Ltd.	Deputy general manager	1 May 2011	-	Yes
Notes for the positions taken in shareholder's unit	Nil				

Post holding in other unit

Applicable    Non-applicable

Name of person taking positions	Name of other unit	Position taken in other unit	Commencing date for service term	Expiring date for service term	Receive remuneration from other units or not
Du Wenjun	Guohai Innovation Capital Investment Management Co, Ltd.	General manager	1 January 2012	-	yes
Xu Zhuangcheng	Shenzhen branch of Beijing DeHeng Law Office	Lawyer	1 May 2007	-	yes
Lin Yanfeng	Guangzhou changjiang trade Co, Ltd	General manager	1 March 2005	-	yes
Notes for the positions taken in other unit	Nil				

**(III) Remuneration of directors, supervisors and senior executives**

Decision making process for remuneration of directors, supervisors and senior management	It is first submitted to the Board for consideration, and then to the general meeting for further consideration and approval.
Basis for determination of the remuneration of directors, supervisors and senior management	The Company determines the remuneration of directors, supervisors and senior management in according to the Remuneration Scheme for Headquarter and Performance Management for Headquarter, taking into account the annual operation of the Company and individual performance examination. Remuneration for independent shareholders is based on the individual performance and by taking reference to the remuneration of independent rectors of other listed companies.
Actual payment of the remuneration of directors, supervisors and senior management	Pay the basic salary according to the Remuneration Scheme for Headquarter, and performance-related salary is subject to annual performance examination and approval from general meeting; allowance for independent shareholders is RMB96,000 per annual for each independent shareholder.

**(IV) Changes of directors, supervisors and senior executives**

Applicable    Non-applicable

**(V) Employees of the Company**

Person on-jobs	613
Number of retired workers required to bear the expenses	0
Professional constitute	
Types of professional category	Numbers of professional category
Production staff	248
Salesman	37
Technician	114
Financial staff	41
Administration staff	173
Education background	
Type of education background	Numbers (people)
Doctoral	1
Master	18
Undergraduate	79
Junior college	100
High school and below	415

## VI. Report of the Board

### (I) Management discussion and analysis

#### 1. General operation in report period

During the reporting period, attributable to the falling back of growth of domestic economy, continuous weak drink market and decline of sales, the Company received insufficient effective demands for its tea products and the sales volume decreased. Focusing on the annual operation plan, the Company prudently estimated and adequately adjusted the development strategy for its private equity projects, and adjusted and developed new markets when implementing the private equity projects on a scheduled and orderly basis to further improve the tea industry chain, based on the market conditions. With consideration of the challenges upon traditional industries by the significant increase in costs of raw materials and labor cost, the Company stabilized operation and allocated more resources in research & development, so as to ensure the stable operation of its traditional industries.

During the reporting period, the Company realized operating income of RMB114, 026,700, representing a decrease of 18.51% as compared to the same period of last year; and realized net profit of RMB88, 867,400, representing an increase of 1,921.39% as compared to the same period of last year

#### 2. Main financial status and analysis of operation results

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%	Mainly due to disposal of 840,193 A shares of *ST Shengrun in this period
Account receivables	25,811,829.87	71,769,419.01	-64.04%	Mainly due to the relatively timely recovery of accounts
Other receivables	23,934,074.34	35,956,860.85	-33.44%	Mainly due to the accounting in this period of the land auction deposit receivable RMB 12,000,000 at the beginning of the period
Long-term equity investment	25,471,291.08	63,891,371.62	-60.13%	Mainly due to the transfer of the 15% equity interests held in Shenzhen Pepsi in this period
Construction in progress	90,800,393.40	11,113,058.18	717.06%	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
Account payables	16,268,756.13	34,863,967.03	-53.34%	Mainly due to the decrease of purchase at the end of the period
Tax payables	1,403,107.04	4,923,433.34	-71.50%	Mainly due to the relatively significant deductible amount before tax in this period



Other payables	121,741,682.58	79,810,651.49	52.54%	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
Undistributed profit	126,679,479.16	37,812,102.74	235.02%	Mainly due to the material increase of net profit this period
Management expenses	31,343,771.04	21,699,521.40	44.44%	Mainly due to the increase of salaries and agent service fees this period
Finance expenses	381,706.23	4,550,650.77	-91.61%	Mainly due to decrease of interest income from raised proceeds and interest expenses for borrowings this period
Investment income	105,857,836.04	-265,249.23	40008.82%	Mainly due to the transfer of the 15% equity interests held in Shenzhen Pepsi in this period
Non-operating income	772,170.63	17,433,557.36	-95.57%	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

3. The difference between the actual operating results of the Company and the profit forecast or operation plan in respect of this reporting period which have been disclosed publicly exceeds 20% (no matter lower or higher) or not:

Yes  No

#### 4. Operation and results analysis of major subsidiaries, shareholding companies of the Company

(1) Shenzhen Shenbao Huacheng Technology Co., Ltd. the wholly-owned subsidiary of the Company; business scope: incorporation of industry (further declaration needed for individual project); information advisory, food technology development (excluding restricted items); sales and production of tea-related products(production permit for industrial products), with effective term expiring on 13 December 2013; import & export of goods and technologies (excluding the projects prohibited by laws and administrative regulations, for which, their operation is subject to acquisition of relevant permits). Registered capital: RMB103,451,300. As of 30 June 2012, the total assets of Shenbao Huacheng is RMB156,994,300, and shareholders' equity attributable to parent is RMB110,375,300; in the reporting period, Shenbao Huacheng realized operation income and net profit attributable to shareholders of parent of RMB108,821,200 and RMB1,456,600, respectively.

(2) Jiangxi Wuyuan County Jufangyong Tea Industry Co., Ltd. it is held by the Company and Shenbao Huacheng of 95.72% and 4.28% respectively. Business scope: planting of tea leaves, fine processing and further processing of tea leaves, production, processing, sales and delivery of tea leaves related products; processing and sales of instant tea and tea concentrated juice; import & export of tea leaves and agricultural by-products. Registered capital: RMB290,000,00. As of 30 June 2012, the total assets of Wuyuan Company is RMB304,492,100, and shareholders' equity attributable to parent is RMB301,622,300; in the reporting period, Wuyuan Company realized operation income and net profit of RMB58,615,100 and RMB1,790,300, respectively.

(3) Huizhou Shenbao Technology Co., Ltd. the wholly-owned subsidiary of the Company; business scope: operation projects permitted, and operation scope is determined by reference to production

permit for industrial products; normal operation projects: industry investment, property management (operate by qualification certificate); domestic trade (excluding the projects prohibited by laws and administrative regulations, for which, their operation is subject to acquisition of relevant permits). Registered capital: RMB30,000,000. As of 30 June 2012, the total assets of Huizhou Technology is RMB203,171,100, and shareholders' equity attributable to parent is RMB15,503,800; in the reporting period, Huizhou Technology realized operation income and net profit of RMB22,661,900 and RMB-3,179,000, respectively.

(4) Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd. the wholly-owned subsidiary of the Company; business scope: production and operation of beverage, food, food additives; operation of import & export business. Registered capital: RMB30,150,000. As of 30 June 2012, the total assets of Shenbao Sanjing is RMB93,881,000, and shareholders' equity attributable to parent is RMB32,467,300; in the reporting period, Shenbao Sanjing realized operation income and net profit of RMB1,560,000 and RMB875,800, respectively.

## 5. All risk factors may have negative effects on the development strategy and management objectives of the Company {newly increased}

Raw materials supply and price fluctuation risks caused by natural calamities: the tea leaf is the raw material needed for the production of the Company, the production of which can be greatly affected not only by the natural calamities such as abnormal high (low) temperature, drought and flood, and plant diseases and insect pests, but also by periodicity, regionalism, and some accidental factors. Therefore, once the natural calamities or other risk factors occur in main raw material producing area, the main raw material supply and prices of the Company shall substantially fluctuate so that the operating performance of the Company may fluctuate greatly.

## 6. Main business and operations

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

Unit: RMB

Classified according to industries or 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 (%)
According to industries						
Industry	113,546,678.74	92,139,709.6	18.85%	-18.68%	-17.73%	-0.93%
Leasing service	293,400		100%	0%	0%	0%
According to products						
Soft drinks	16,255,773.29	14,462,465.08	11.03%	37.67%	41.44%	-2.37%
Condiment	6,406,160.77	4,034,718.7	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		100%	0%	0%	0%

Explanation on main business classified according to industries and products:

The operating income from tea products decreased mainly attributable to the continuous weakness of drink market and decline of sales volume, which resulted in decrease of orders, sales income and the corresponding decrease of operating costs; operating income from soft drinks increased mainly attributable to the adjustments to business sales strategy, expansion of market regions, increase of sales and

corresponding increase of operating costs.

(2) Main business classified according to areas

Unit: RMB

Areas	Operating revenue	Increase/decrease in revenue from 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%

Main business by geographic regions:

Income from export business increased, mainly due to the increase of export of tea products in this reporting period as compared to the same period of previous year; operation income from the east, north and other regions in the PRC decreased, mainly due to the decrease of tea products purchased by clients in this regions in this reporting period as compared to the same period of previous year.

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

Applicable Non-applicable

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

Applicable Non-applicable

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

Applicable Non-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.

**(6) The professional quality, major products and joint stock company that accounts for more than 10% in net profits.**

Applicable Non-applicable

**(7) Problems and difficulties in operation**

① Reserve of talents is insufficient

Along with the adjustment to company framework and implementation of strategic objective, the demands for various talents, especially the high level talents constantly enlarge, and the insufficient reserve of talents may become the bottleneck to restrict the Company's development, so talent introduction and cultivation should be solved as soon as possible.

Countermeasures planned to take:

Launch career development plan for talents, provide business platform and improve the remuneration and performance management system and the construction of enterprise culture so as

to attract and encourage excellent talents to create more values for the Company.

② Raised project construction cycle is long, and cannot give full play to the benefits in the short term

Because the raised project construction cycle is long, the Company needs some time to raise funds and invest and produce benefits, cannot give full play to the benefits in the short term.

Countermeasures planned to take:

At present, the Company is positively advancing the raised project construction to go into operation and make profits so as to improve the income level.

③ The continuous rising of raw materials price and labor costs result in squeezing to profit space

The raw materials price and labor costs go up and the procurement costs of enterprise increase so that the profit space becomes smaller.

Countermeasures planned to take:

Further deepen the costs and expenses control, optimize the purchasing management to raw and auxiliary materials, and improve the supplier management mode.

④ Market pressures

Macro-economic situation at home and abroad is grim, market competition is fierce, and market maintenance and expansion face unprecedented pressures

Countermeasures planned to take:

Closely follow with the market environmental changes, positively take measures, enlarge the market expanding, and stabilize the current clients and marketing channels.

**2. Internal control mechanism related with fair-value measurement**

Applicable  Non-applicable

**3. Foreign currency financial assets and financial liabilities held**

Applicable  Non-applicable

**(II) Investment of the Company**

**1. General Application of the raised proceeds**

Applicable  Non-applicable

Unit: RMB00'000

Total fund-raised	57,239.21
Total fund-raised invested in report period	4,002.25
Total accumulative fund-raised invested	10,624.44
Total fund-raised for changes its using purpose in report period	16,729.17
Total accumulative fund-raised for changes its using purpose	16,729.17
Proportion of total fund-raised that with using purpose changed	29.23%
Explanation on using purpose of fund-raised	
Being approved of "Reply on Privately Offering from Shenzhen Shenbao Industrial Co., Ltd." ZJXX[2011] No. 777 issued from CSRC, in June of 2011, the Company privately offering 68,977,066 shares of RMB ordinary share (A share) to 8 target investors with issuing price of RMB 8.70 each. Total monetary capital RMB 600,100,474.20 was raised, actual net capital raised for Shenshenbao amounting to RMB 572,392,141.89 after deducting relevant offering expenses RMB 27,708,332.31. The capital privately raised above said has fully funded on 23 June 2011 and has verified by "Verification Report" LIXIN DAHUA YZi [2011] No. 177 issued from Lixin Dahua. The fund-raised above said saving in the specific account dated 22 July 2011.	
During the reporting period, the Company raised proceeds of RMB155,000,000 by canceling the Comprehensive Project with Annual Capacity of 300 Tons Catechin, among which, RMB125,000,000 was used to investment in the Project of Developing High-end Brand Classical Tea which contained the original Chain Project for Classical	

Tea Leaves with the total investment of RMB155,000,000, among which, RMB125,000,000 was provided by the change in the proceeds application from the aforesaid Comprehensive Project with Annual Capacity of 300 Tons Catechin, and RMB30,000,000 was from the proceeds from the original Chain Project for Classical Tea Leaves. The project was implemented by the subsidiary Hangzhou Mingduan. Besides, the remaining RMB30,000,000 was used to establish a joint venture with Zhejiang Huafa Tea Co., Ltd., to carry out export business of tea leaves. The Company cancelled implementation for the Expansion Project of Condiment Production Line, pursuant to which, the original proceeds RMB12,291,700 was adjusted in increasing investment in the Project of R&D Center for Tea and Natural Plants. The Company also decided to change the implementation subject of such project from the original wholly-owned subsidiary Wuyuan Jufangyong to the newly incorporated and registered wholly-owned subsidiary Shenzhen Shenbao Technology Center Co., Ltd. also, the place for implementation was also changed 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.

During the report period, the Company temporarily uses part of the raised funds 150 million Yuan to supplement the working fund, the allotted time of which is not more than 6 months since consideration of the first extraordinary shareholders meeting of 2012 convoked on 21<sup>st</sup>, Mar, 2012 passed.

Up to 30<sup>th</sup>, Jun, 2012, the total expenses are 106,244,400.00 Yuan, which is mainly used for buying Shenbao Huacheng minority shareholding of 48.33% stock rights, comprehensive investment projects of tea industry chain, and construction of investment and development projects for premium brands of specialty tea.

**2. Commitments on projects of raised funds**

√Applicable      □Non-applicable

Unit: RMB00'000

Committed investment project and application of proceeds	Whether or not project has changed(including change in part)	Total committed investment by proceeds	Total investment after adjustment(1)	Input in the current reporting period	Accumulated input 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
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	0	No	No

							2012			
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 project	-	65,910.05	57,239.22	2,004.03	8,553.12	-	-	70.4	-	-
Application of proceeds										
		0	0	0	0	0%		0		
Repayment of bank loans (if any)	-	0	0	0	0	0%	-	-	-	-
Supplement current capital (if any)	-	0	0	0	0	0%	-	-	-	-
Subtotal of application of proceeds	-	0	0	0	0	-	-	0	-	-
Total	-					-	-		-	-
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	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									

	<p>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 R&amp;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.</p>
<p>Amount, purposes and application progress of proceeds</p>	<p><input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable</p>
<p>Change of implementation place of investment projects with proceeds</p>	<p><input checked="" type="checkbox"/> Applicable <input type="checkbox"/> Non-applicable</p> <p><input checked="" type="checkbox"/> Occurred during the reporting period <input type="checkbox"/> Occurred in previous years</p> <p>The Company changed the implementation place of Project of R&amp;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.</p>
<p>Adjustment to</p>	<p><input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable</p>



implementation method of investment project with proceeds	<input type="checkbox"/> Occurred during the reporting period <input type="checkbox"/> Occurred in previous years
Initial input and replacement of investment project with proceeds	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable
Temporary supplement of current capital with idle proceeds	<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 of proceeds balance when implementing projects, and reason for that	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> Non-applicable
Purposes and application of unutilized proceeds	Saved in the special account for proceeds and supplement current capital.
Problems found during the application and disclosure of proceeds or other issues	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.

### 3. Changes of projects of raised funds

√Applicable      □Non-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 accumulate 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 /Chain Project of Classical Tea Leaves	15,500	1,939.12	1,961.21	12.65%	31 May 2012	0	Non-applicable	No
Jointly incorporation of Zhejiang Shenbao Huafa Tea Leaves Co., Ltd.	Comprehensive Project with Annual Capacity of 300 Tons Catechin	3,000	0	0	0	31 December 2012	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	5,400	59.09	110.11	2.04%	31 December 2012	0	Non-applicable	No

	Condiment Production Line								
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. 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

**4. Investment on major projects of non-raised funds**

Applicable                    Non-applicable

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

Applicable                    Non-applicable

**(IV) 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                    Non-applicable

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

Applicable                    Non-applicable

**(VI) 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                    Non-applicable

**(VII) Stating the discussion results issued by the Board on changes in the Company’s accounting policies and accounting estimates or reasons for material accounting error correction and influences thereof**

Applicable    Non-applicable

**(VIII) Determination and implementation of cash dividend policies of the Company**

**1. Provisions on profit distribution policy by the original Articles of Association and the implementation thereof**

- (1)The profit distribution shall be focused on the reasonable return to investors, and profit distribution policy should maintain constant and stable;
- (2)The share dividends could be distributed in cash or stock, and interim dividends is allowed;
- (3)The accumulated profit distributed by the Company in last 3 years in cash shall not be less than 30% of the annual average distributable profit realized for last 3 years;
- (4)The detailed annual profit distribution plan is pre-determined by the Board according to the operation condition of the Company, and will be submitted to the general meeting for discussion. In case of absence of cash profit distribution plan determined by the Board, the Company shall disclose the reason for such non-distribution, purpose of the undistributed capital retained by the Company. And independent directors shall issue independent opinions;
- (5)If the Company hasn’t distributed profit in cash for the recent 3 years, it is not allowed to further issue new shares to public, issue convertible bonds or place shares to the existing shareholders;
- (6)If a shareholder is found to illegally occupy the Company’s capital, the Company should deduct the cash dividend distributed to such shareholder, to repay the capital occupied. The Company strictly observed and implemented the profit distribution policy as required in its Articles of Association, and disclosed the reason for non-distribution and application purposes of undistributed profit in its periodic reports.

**2. Requirements on implementing the Notice of Further Practicing Matters Related to Cash**

**Dividends of Listed Company issued by CSRC and works conducted for improving transparency of profit distribution policy**

In order to improve and integrate the scientific, continuous and steady dividend decision and supervision system, to bring positive returns to shareholders and to fully maintain the shareholders' legal entitlement to assets return, the Company amended the clauses related to profit distribution in its Articles of Association and prepared the Return Plan for Shareholders in Future 3 Years (2012-2014). Set out below was the existing profit distribution policy of the Company:

(1) The profit distribution shall be focused on the reasonable return to investors, and profit distribution policy should maintain constant and stable;

(2) The share dividends could be distributed in cash or combination of cash and stock, and interim dividends is allowed;

(3) The following conditions should be satisfied when making cash distribution:

① The prevailing earnings per share shall not be less than RMB0.1;

② Audit organization issues audit report with standard unqualified opinion for the financial report of that year;

③ There is no material investment plan or occurrence involving material cash expenditure (excluding proceeds raise project).

Material investment plan or occurrence involving material cash expenditure represents: the accumulated expenditure to occur by the Company in future 12 months for its plans to invest, acquire assets or purchase equipments reaches or exceeds 30% of the latest audited total assets of the Company, exceeding RMB50,000,000;

(4) Basically, the cash profit distribution of the Company for each year shall not be less than 10% of the distributable profit realized in the current year; and the accumulated profit distributed by the Company in last 3 years in cash shall not be less than 30% of the annual average distributable profit realized for last 3 years; the Company can choose to distribute profit in stock, provided cash profit distribution is ensured. The annual profit distribution shall not exceed the accumulated undistributed profit as at the end of year, thus not to adversely affect the continued operation of the Company;

(5) The detailed profit distribution plan is pre-determined by the Board, and will be submitted to the general meeting for discussion. In case of absence of cash profit distribution plan determined by the Board as required by the Articles of Association though the Company recorded profit for that period, the Company shall disclose the reason for not proposing cash distribution plan as required by the Articles of Association, purpose of the undistributed capital retained by the Company in its periodic reports. And independent directors shall issue independent opinions. The Company should also provide network voting platform to shareholders when holding general meetings, other than on-site meetings;

(6) If the Company hasn't distributed profit in cash for the recent 3 years, it is not allowed to further issue new shares to public, issue convertible bonds or place shares to the existing shareholders;

(7) If a shareholder is found to illegally occupy the Company's capital, the Company should deduct the cash dividend distributed to such shareholder, to repay the capital occupied.

(8) The Company adjusts profit distribution policy based on protecting shareholders interests, especially those of minority shareholders, upon which, such policy will be submitted by the Board to general meetings to be passed as special resolution. Independent shareholders shall issue clear independent opinions;

(9) The Company receives recommendation and supervision from all shareholders in respect of distribution by various channels, such as phone, fax, and email and interaction platform.

The Special Resolution on Amendment to the Articles of Association and resolution on Return Plan for Shareholders in Future 3 Years (2012-2014) were considered and approved in the 22<sup>nd</sup> meeting of the 7<sup>th</sup> Board held on 1 August 2012 and the 2<sup>nd</sup> extraordinary general meeting for 2012 held on 17 August 2012, and independent shareholders issued independent opinion. For details, please refer

to the announcements published in the Securities Times, China Securities News, Hong Kong Commerce and the website www.cninfo.com.cn dated 2 August 2012 and 18 August 2012.

**(IX) Plan of profit distribution or capital reserve capitalizing**

Applicable Non-applicable

**(X) Positive retained profit accumulated at end of 2011 without cash distribution carried out**

Applicable Non-applicable

Accumulated undistributed profit as at the period-end of 2011	37,812,102.74
Purposes of related undistributed capital retained by the Company	The undistributed profit is used to supplement current capital of the Company, to support the development of major business of the Company.
Occur benefits or not	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reason for not match between actual benefits and projected benefits	Non-applicable
Other situations	Nil

**(XI) Other events disclosed**

In reporting period, relevant notice has been published on Securities Times, China Securities Journal and Hong Kong Commercial Daily designated by the Company, and above notice also released on Juchao Website (<http://www.cninfo.com.cn>)

**(XII) Liabilities, credit changes and cash arrangement for debt paying in later year (Only applies to listed company with corporate convertible bonds offered)**

Applicable Non-applicable

## VII. Significant Event

**(D)Corporate governance**

**1. Corporation governance**

By strict and consistent observance of relevant laws, administrative regulations and regulatory documents such as Company Laws, Securities Laws and Rules Governing listing of Shenzhen Stock Exchange and requirements of the Articles of Association, the Company insists on standardizing operation, continues to improve and enhance its legal person governance structure, and strengthens corporate governance level. By reference to the regulatory documents issued by CSRC concerning governance of listed company, the board of directors believes that relatively healthy legal person governance structure and governance mechanism have been established by the Company. There is no illegal operation, and the actual situation of corporate governance basically meets related requirements.

**2. Progress of regularization of establishment of internal control**

During the reporting period, the Company carries out works for standardizing its internal control system pursuant to the Notice on Practicing Relevant Works in Respect of Internal Control Standardization of Listed

Companies in Shenzhen (SZJGSZi No.31(2011)) promulgated by Shenzhen Securities Supervision & Management Bureau and Implementation Rules for Internal Control Standardization. Set out below are the detailed works:

(1) Reexamine the business procedure appraised in 2011, update and consolidate internal control of the business procedures organized in 2011.

(2) Self-evaluation working team for internal control made inspection, on a random basis, on the effectiveness of internal control operation as completed during the self-evaluation and pre-evaluation stage for internal control relate to financial reports. As for the part which was found to be abnormal, re-test would be required.

(3) Conducted operation effectiveness test on the changes in business procedures, and prepared internal control self-evaluation documents and working manuscripts.

(4) Identified, evaluated and summarized deficiencies in internal control, established correction plan for such deficiencies and implemented correction, and prepared internal control self-evaluation report based on internal control self-evaluation results. The Company has disclosed its internal control self-evaluation report as at 31 December 2011 on 7 April 2012.

(5) In March, the Company started internal control system standardization for its subsidiaries.

(6) Completed updates for the internal control documents for the first half of 2012.

(7) The Company carried out internal control self-evaluation for the first half of 2012. Through convening the start meeting for internal control self-evaluation, the Company arranged its evaluators to identify, evaluate and summarize deficiencies in internal control.

(8) The Company started improvement and implementation of relevant business procedures of non-financial report. With the assistance from Deloitte Touche Tohmatsu, the Company completed internal control templates for procedures concerning development strategy, internal supervision, risk evaluation, organization structure, corporate culture, social responsibility, internal information delivery and information system, and established the specific implementation scheme and implemented such scheme for the aforesaid business procedures.

(9) The Company started internal control system standardization for its subsidiaries Shenbao Technology and Wuyuan Jufangyong, and organized and tested the business procedures of its subsidiaries.

**(II) Implementation of profit distribution plan, capital reserve capitalizing or shares offering that plan out previously and carry out in this reporting period**

Applicable                       Non-applicable

**(III) Material lawsuits and arbitrations**

Applicable                       Non-applicable

No material lawsuits and arbitrations occurred in this period

**(IV) Related event of bankruptcy reorganization**

Applicable                    Non-applicable

**(V) Equity of other listed company and stock jointly financial enterprise held by the Company****1. Security investment**

Applicable                    Non-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
Disclosure date for board of directors announcement of securities investment approval								
Disclosure date for board of shareholders announcement of securities investment approval								

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

Applicable                    Non-applicable

**3. Equity of non-listed financial enterprise held by the Company**

Applicable                    Non-applicable

**4. Buying and selling shares of other listed company**

Applicable                    Non-applicable

Abbreviation of stock	Number of shares at beginning of period	Buy/sell shares in the report period (shares)	Number of shares at end of period(shares)	Used the amount of Capital (RMB)	Generated investment returns (RMB)
*ST Sunrise A	1,851,513	840,193	1,011,320	0	2,610,661.54

The total investment income made during the reporting period of the new shares is RMB 0

**(VI) Assets transaction****1. Assets purchased or acquired**

Applicable                    Non-applicable

**2. Assets sold**

Applicable                    Non-applicable



**3. Assets replacement**

Applicable Non-applicable

**4. Business combination**

Applicable Non-applicable

**5. 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 Non-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.(ZJXK 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.

**(VII) Explanation on shareholding increase proposed or implemented by largest shareholder of the Company and its persons acting in concert in reporting period**

Applicable Non-applicable

**(VIII) Implementation and its influence of equity incentive**

Applicable Non-applicable

**(XI) Significant related transaction**

**1. Related transaction related to daily operation**

Applicable Non-applicable

**2. Related transaction incurred by purchase or sales of assets**

Applicable Non-applicable

**3. Significant related transaction from jointly investment outside**

Applicable Non-applicable

**4. Current related liabilities and debts**

Applicable Non-applicable

**5. Other significant related transaction**

Applicable Non-applicable

**(X) Significant contracts and its implementation**

**1. Profits earned from trusteeship, contract and lease reached over 10% (10% included) of total profit in this period**

**(1) Trusteeship**

Applicable Non-applicable

**(2) Contract**

Applicable Non-applicable

**(3) Lease**

Applicable Non-applicable

**2. Guarantees**

Applicable Non-applicable

Unit: RMB00'000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)									
Name of the	Related	Guarantee	Actual date	Actual	Guarantee	Guarantee	Comple	Guarant	

Company guaranteed	Announcement disclosure date	limit	of happening (Date of signing agreement)	guarantee limit	type	term	e implementation or not	ee 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 guarantee in the net assets of the Company(that is A4+								0%

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	N/A
Explanations on external guarantee against regulated procedures	N/A

**3. Trust financing**

Applicable                    Non-applicable

**4. Implementation of material contracts entered into during the normal operation**

Applicable                    Non-applicable

**5. Other significant contract**

Applicable                    Non-applicable

**(XI) Explanation on corporate bonds offering**

Applicable                    Non-applicable

**(XII) Implementation of commitments**

**1. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period.**

Applicable                    Non-applicable

Undertakings	Undertaker	Content of undertakings	Period for undertaking	Term for undertaking	Performance
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			Observe the undertakings

		<p>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.</p>			
<p>Undertakings made in acquisition report or equity change report</p>	<p>Non-applicable</p>				

Undertakings made in assets replacements	Non-applicable				
Undertakings for issuance	Non-applicable				
Other undertakings made to minority shareholders of the Company	Non-applicable				
performance of the undertakings on time, or not	√ Yes □ No				
Specific reasons for non-performance and the next plan	Non-applicable				
Undertake for horizontal competition and related transactions involved or not	□ Yes √ No				
Effective term for solution of undertakings	Non-applicable				
Solution	Non-applicable				
Performance of undertakings	Non-applicable				

**2. Explanation on assets or projects that reached the original profit forecast as well as its reasons while the reporting period still in forecast period, and there are profit forecast on assets or projects of the Company**

□ Applicable                      √ Non-applicable

**(XIII) Items of other consolidated income**

Unit: RMB

Items	This period	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	

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

Reception time	Reception place	Reception approach	Type of party received	Party received	Major contents of conversation and materials 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.
--	--	--	--	--	--

**(XV) Engagement and non-reappointment of CPA**

Whether the semi-annual report was audited or not

Applicable Non-applicable

**(XVI) Punishment and rectification for listed company and its directors, supervisor, senior executives, shareholders of the Company, actual controller and purchasers**

Applicable Non-applicable

**(XVII) Explanation on other significant events**

Applicable Non-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.

**(XVIII) Major changes of profitability of turn debt guarantor, assets status and credit standings**

(Only applies to listed company with corporate convertible bonds offered)

Applicable Non-applicable

**(XIX) Index for information disclosure**

Matters	Newspapers publishing the related content	Publish date	Network publishing the related content and search path
Announcement relating to repayment of proceeds provisionally used to supplement current capital	B06 version of China Securities News, D16 version of Securities Times, and A10 version of Hong Kong Commerce	17 February 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to change of sponsor representative	B23 version of China Securities News, D16 version of Securities Times, and A06 version of Hong Kong Commerce	24 February 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to	B14 version of China Securities	6 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

resolution of the 19 <sup>th</sup> meeting of the 7 <sup>th</sup> board of directors	News, D17 version of Securities Times, and A28 version of Hong Kong Commerce		
Announcement relating to resolution of the 10 <sup>th</sup> meeting of the 7 <sup>th</sup> supervisory committee	B14 version of China Securities News, D17 version of Securities Times, and A28 version of Hong Kong Commerce	6 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to increase capital contribution to Wuyuan County Jufangyong Tea Industry Co., Ltd. with proceeds	B14 version of China Securities News, D17 version of Securities Times, and A28 version of Hong Kong Commerce	6 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to further application of part idle proceeds in provisionally supplement current capital	B14 version of China Securities News, D17 version of Securities Times, and A28 version of Hong Kong Commerce	6 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Notice of the 1 <sup>st</sup> extraordinary general meeting for 2012	B14 version of China Securities News, D17 version of Securities Times, and A28 version of Hong Kong Commerce	6 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to grant of re-review certificate for high-tech enterprise to its subsidiary	B07 version of China Securities News, D06 version of Securities Times, and A29 version of Hong Kong Commerce	8 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Supplementary Notice of the 1 <sup>st</sup> extraordinary general meeting for 2012	B11 version of China Securities News, D12 version of Securities Times, and A05 version of Hong Kong Commerce	16 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to resolution of the 1 <sup>st</sup> extraordinary general meeting for 2012	B15 version of China Securities News, D16 version of Securities Times, and A19 version of Hong Kong Commerce	22 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to entering into proceeds supervision agreement among four parties	B10 version of China Securities News, B04 version of Securities Times, and A13 version of Hong Kong Commerce	29 March 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to	B06 version of China Securities	7 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>



resolution of the 20 <sup>th</sup> meeting of the 7 <sup>th</sup> board of directors	News, B04 version of Securities Times, and B05 version of Hong Kong Commerce		
Announcement relating to resolution of the 11 <sup>th</sup> meeting of the 7 <sup>th</sup> supervisory committee	B06 version of China Securities News, B04 version of Securities Times, and B05 version of Hong Kong Commerce	7 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to change of application of part proceeds	B06 version of China Securities News, B04 version of Securities Times, and B05 version of Hong Kong Commerce	7 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Summary of 2011 annual report	B06 version of China Securities News, B04 version of Securities Times, and B04 version of Hong Kong Commerce	7 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Notice of 2011 annual general meeting	B06 version of China Securities News, B04 version of Securities Times, and B06 version of Hong Kong Commerce	7 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Results forecast for the 1 <sup>st</sup> quarter of 2012	A31 version of China Securities News, D20 version of Securities Times, and A11 version of Hong Kong Commerce	11 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Supplementary notice of 2011 annual general meeting	B77 version of China Securities News, B03 version of Securities Times, and A11 version of Hong Kong Commerce	21 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
The quarterly report for the 1 <sup>st</sup> quarter of 2012	B60 version of China Securities News, D73 version of Securities Times, and A09 version of Hong Kong Commerce	27 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to resolution of 2011 annual general meeting	B17 version of China Securities News, B72 version of Securities Times, and A16 version of Hong Kong Commerce	28 April 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to pledge of shares	A29 version of China Securities News, D13 version of Securities Times, and A13 version of Hong Kong Commerce	10 May 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Announcement relating to progress of change of application of part proceeds	B19 version of China Securities News, B24 version of Securities Times, and A18 version of Hong Kong Commerce	19 May 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to suspension of trading for significant issues	B17 version of China Securities News, D24 version of Securities Times, and A22 version of Hong Kong Commerce	22 May 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to progress of significant issues and further suspension of trading	B15 version of China Securities News, D17 version of Securities Times, and A15 version of Hong Kong Commerce	29 May 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to entering into proceeds supervision agreement among four parties	B15 version of China Securities News, D06 version of Securities Times, and A21 version of Hong Kong Commerce	30 May 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to progress of significant issues and further suspension of trading	B06 version of China Securities News, D08 version of Securities Times, and A11 version of Hong Kong Commerce	5 June 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to progress of significant issues and further suspension of trading	B14 version of China Securities News, D21 version of Securities Times, and A11 version of Hong Kong Commerce	12 June 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Announcement relating to resumption of trading for significant issues	B07 version of China Securities News, D12 version of Securities Times, and A10 version of Hong Kong Commerce	18 June 2012	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

## VIII. Financial Report

### (I) Auditing Report

Whether the report has been audited or not

Yes  No  Not applicable

### (II) Financial Statement

Whether consolidated statement or not:

Yes  No

Unless otherwise, currency for this statement refers to RMB (Yuan)

Currency used in note of financial statement is RMB (Yuan)

**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		9,043,663.2	14,627,801.4
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		90,800,393.4	11,113,058.18
Engineering material			
Disposal of fixed asset			

Productive biological asset		436,156	436,156
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	38,000,000
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	3,420,712.9
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	4,449,920
Total non-current liabilities		4,249,920	4,449,920
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	250,900,154
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		8,859,163.2	14,441,801.4

Notes receivable			
Accounts receivable		284,966.26	10,800
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		465,159,125.5	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	436,156
Oil and gas asset			
Intangible assets		65,693,524.4	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	
Transaction financial liabilities			

Notes payable			
Accounts payable		457,746.88	
Accounts received in advance			130,320
Wage payable		1,870,699.47	2,602,137.43
Taxes payable		563,491	213,379.4
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	121,708,206.1
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	49,920
Total non-current liabilities		49,920	49,920
Total liabilities		298,940,474.12	121,758,126.1
Owner's equity (or shareholders' equity):			
Paid-up capital (or share capital)		250,900,154	250,900,154
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	21,699,521.4
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 “-”)		969,367.2	-42,000
Investment income (Loss is listed with “-”)		105,857,836.04	-265,249.23
Including: Investment income on affiliated company and joint venture		-299,393.9	-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		237,648.8	60,551.66
Including: Disposal loss of non-current asset		237,578.8	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
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
Sales expenses		266,780.75	515,239.93
Administration expenses		17,165,949.8	11,040,603.19
Financial expenses		-274,315.92	2,392,752.83
Losses of devaluation of asset		0	540
Add: Changing income of fair value(Loss is listed with “-”)		970,867.2	
Investment income (Loss is listed with “-”)		105,857,836.04	-265,249.23
Including: Investment income on affiliated company and joint venture		-299,393.9	-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	4,115,925.1
Less: Income tax expense		92,575.65	
IV. Net profit (Net loss is listed with “-”)		90,953,054.22	4,115,925.1
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	4,115,925.1

### 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
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	840,414.8	13,051,728
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
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
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		512,499,992.4
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	145,000,000	65,000,000
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	577,499,992.4
Cash paid for settling debts	153,000,000	52,400,000
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	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	-8,816,431.2	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	1,192,862.9	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	7,502,361.9	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	-21,531,586.2
II. Cash flows arising from investing activities:		
Cash received from recovering investment	152,102,277.68	24,800,000
Cash received from investment income		

Net cash received from disposal of fixed, intangible and other long-term assets	115,000	13,000,000
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
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
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		512,499,992.4
Cash received from loans	130,000,000	30,000,000
Other cash received concerning financing activities	1,977,263.06	
Subtotal of cash inflow from financing activities	131,977,263.06	542,499,992.4
Cash paid for settling debts	100,000,000	29,000,000
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	Total

	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others	's equity	owners' equity
I. Balance at the end of last year	250,900,154	568,700,222.51			32,464,033.34		37,812,102.74			889,876,512.59
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	250,900,154	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	0	0	0	0	0	0	0	0	0
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others										
(IV) Profit distribution	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0
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	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	Surplu s reserve s	Genera l risk provisi on	Retain ed profit	Others			
I. Balance at the end of last year	181,923,088	79,873,070.29			32,464,033.34		30,831,869.17		47,849,552.44	372,941,613.24	
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	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	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	488,827,152.22	0	0	0	0	0	0	-50,512,558.13	507,291,660.09	
1. Owners' devoted capital	68,977,066	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	-65,100,481.8
(IV) Profit distribution	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0
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	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	250,900,154	583,510,721.44			32,464,033.34		133,474,515.96	1,000,349,424.74
Add: Changes of accounting policy								
Error correction of the last period								
Others								



II. Balance at the beginning of this year	250,900,154	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	0	0	0	0	0	0	0
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV) Profit distribution	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0
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	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	181,923,088	80,095,645.55			32,464,033.34		134,399,358.26	428,882,125.15
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	181,923,088	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	503,415,075.89					-924,842.3	571,467,299.59
(i) Net profit							-924,842.3	-924,842.3
(ii) Other consolidated income								
Subtotal of (i) and (ii)							-924,842.3	-924,842.3
(III) Owners' devoted and decreased capital	68,977,066	503,415,075.89	0	0	0	0	0	572,392,141.89
1. Owners' devoted capital	68,977,066	503,415,075.89						572,392,141.89
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV) Profit distribution	0	0	0	0	0	0	0	0
1. Withdrawal of surplus reserves								
3. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity	0	0	0	0	0	0	0	0
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	583,510,721.44			32,464,033.34		133,474,515.96	1,000,349,424.74

### (III) Company profile

Shenzhen Shenbao Industrial Co., Ltd. (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.

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. Subsequently, 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 privately offering 68,977,066 shares of RMB ordinary share (A share) to target investors with issuing price of RMB 8.70 each while book value of RMB 1.00. Total monetary capital RMB 600,100,474.20 was raised. Change procedures of industrial and commerce has completed on 12 July 2011. Register capital of the Company changed as RMB 250,900,154.00.

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 trading(excluding special sales, specific control and exclusive commodity); operation of import&export business( laws, administrative regulation, excluding items prohibited by State Council, limited items requires authorization for operation); development real estate operation while obtained land use right legally.

Registered address of the Company: South 20/F, Education Technology Mansion, Zhuzilin, Futian District, Shenzhen, P.R. China; license No.: 440301103223954

The Company mainly engaged in the products of tea series of "Jindiao" brand including instant tea power 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.

**(IV) Major accounting policy, accounting estimation and prior-period errors correction****1. 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.

**2. 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.

**3. Accounting period**

One accounting period falls to the range starting from 1 January 2012 to 30 June 2012.

**4. Standard currency**

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

**5. 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.

**6. Methods for preparation of consolidated financial statements****(1) 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.

Concerning the 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 shareholders' equity.

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.

(2) Disclosure of related accounting method for buy-and-resell or sell-and-repurchase of equities in the same subsidiary within two successive accounting years

Applicable Not applicable

## **7. 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.

## **8. Foreign currency business and the conversion of foreign currency statement**

### **(1) 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.

### **(2) Translation of foreign currency statement**

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.

## **9. 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**

application  non-application

**(5) Deciding of fair value of financial assets and financial liabilities**

The Company estimate the price on financial assets, measured by fair value, at end of period in active market.

**(6) Provision for impairment of financial assets (excluding account receivable)**

(1) Provision for impairment of financial assets available for sales:

If fair value of financial assets available for sales gains a major declined in period-end, or after comprehensive consideration of vary related factors, the decline tendency predicted as non-temporary, then recognize as impairment, transfer-out accumulated losses realized from decline of fair value that reckoned into owners' equity reckoned originally, then recognized impairment losses.

(2) Provision for impairment of investment held to maturity

Measure of impairment of investment held to maturity references to that of account receivable.

**(7)As for reclassification of un-matured held-to-maturity investments into financial assets available for sale, please explain the holding purposes or references for change of ability**

application  non-application

**10. Recognition standards and accrual method for bad debt provision for accounts receivable**

Accounts receivable refer to trade receivables and other receivables.。

The Company adopts the following standards for recognition of bad debt: ①debts which can not be collected by settlement with bankruptcy properties or heritage of debtors who face revoke, bankruptcy or death, and cash flow is in serious shortage; ②debts 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) Account receivable with single significant item and withdrawal bad debt provision separately**

Determine basis or amount standards for single significant amount	amount occupied 10 percent (including 10 percent) of the balance of account receivable.
withdrawal method for account with single significant amount and withdrawal single item bad debt provision	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) Accounts whose bad debts provision was accrued by combination**

Combination	Methods on withdrawal of bad debt provision based on combination	Basis for combination recognized
Age combination	Age analysis	Account receivable without impairment occurred after testing independently

In combination, accounts whose bad debts provision was accrued by age analysis:



application  non-application

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

In combination, withdrawal proportion of bad debt provision based on balance proportion:

applicable  non-applicable

Combination	Accrual ratio for receivables (%)	Accrual ratio for other receivables (%)

In combination, withdrawal proportion of bad debt provision based on other methods:

applicable  non-applicable

Combination	Notes on methods

**(3) Accounts with single significant amount and bad debts provision accrued individually**

Reasons for withdrawal single item bad debt provision:

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.

withdrawal method for bad debt provision:

Method of individual provision for bad debts:

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.

## 11. 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) Calculation method of inventory

FIFO  Weighted Average  Specific Identification  Other

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) Inventory system

Perpetual Inventory System  Periodic Inventroy System  Other

Inventory system is the perpetual inventory system.

### (5) Amortization of low-value consumables and packaging materials

low-value consumables

Amortization Method: Five-five amortization

(1) Adopt five-five amortization for low-value consumables;

wrappage

Amortization Method: one-time amortize method

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

## **12. 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 there has consolidation financial statements in merged party, determined initial investment cost of long-term equity investment, and based on owners' equity of consolidated financial statements on merged date of the merged party.

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 related expenses occurred directly for business combination, including auditing charge, legal service, evaluation consultancy and other agency charges paid by business combination as well as relevant administration expenses should be reckoned into current gains/losses during which they are incurred. As for those expenses from issuance of equity securities or debt securities by combination consideration, reckoned into initial recognized amount for equity securities or debt securities.

The enterprise achieved amalgamation under different control systematically through multiple transactions should distinguish the individual financial statements and combined financial statement and handle relevant accounts.

In the individual financial statements, the sum of book value of equity investment held by the acquiree before the date of purchase and the newly increased investment cost on the date of purchase should be taken as the initial investment cost of this investment, and the stock rights held by the acquiree before the date of purchase related to other consolidated income should be transformed into the current investment income with other relevant consolidated income (for example, the part of fair value change of financial assets available for sale reckoned in the capital reserve, similar hereinafter) when disposing this investment.

In the combined financial statement, the stock rights held by the acquiree before the date of purchase should be calculated again according to the fair value on the date of purchase, the balance between the fair value and its book value should be reckoned in the current investment income. The stock rights held by the acquiree before the date of purchase and related to other consolidated income should be transformed into the current investment income with other relevant consolidated income and other consolidated income related to it should be transformed into the current investment income on the date of purchase. In the combination contract, those that make convention for the future events which may affect the combined cost and those that estimate the future events are likely to take place on the date of purchase and the amount affecting the combine cost can be calculated reliably should also be included in the combined cost.

## (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. In period of investment held, if invested units provide consolidated financial statements, then should be calculated based on consolidated financial statement, net profit and other changes of investment.

### (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, investment enterprise should recognized net profit of invested unit after adjustment, based on fair value of vary identifiable asstes of invested unit while obtained investment, while recognized net profit or net losses of invested units that should be enjoy by investment enterprise; the transaction gains/losses attributable to investment enterprise, internally occurred between investment enterprise, affiliated units and joint-ventures should calculated by proportion of shares-holding which should be offset, than recognized investment gains/losses; 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 base on cost, take depreciation into consideration for long-term equity investment after recognized investment income from cash bonus or profit distribution announced by the invested units.

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.

### 13. 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.

### 14. Fixed asset

#### (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) Basis of deciding the fixed assets from financing rental and its calculation

Applicable Not applicable

#### (3) 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..

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

Equipment & machinery			
Electronic equipment			
Transportation tools			
Other equipment			

#### **(4) 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.

#### **(5) Other explanation**

application  non-application

### **15. 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.

## **16. 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 assts 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

**17. 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 occur 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 revocable 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.

**18. Oil-and-gas assets**

application  non-application

**19. Intangible assets****(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 predated useful purpose.

(2) Subsequent measurement

Analysis and determined the service life for intangible assts 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 assts without limited useful life predicted, amortized nothing due to intangible assts without certain service life.

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

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.

Item	Predicted useful life	Basis
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

(3) Basis for intangible assets without curtained service life:

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

**(4) Accural of impairment provision for 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 revocable 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 loses 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 useful-ness;
- (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.

#### **20. Amortization of long-term deferred expenses**

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

#### **21. Assets transfer with repurchase condition attached**

applicable not applicable

#### **22. 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

### **23. Shares payment and equity instrument**

application  non-application

#### **(1) Category of shares payment**

application  non-application

#### **(2) Recognition of fair-value of equity instrument**

application  non-application

#### **(3) Basis of recognition of best estimated for vesting equity instrument**

application  non-application

#### **(4) Relevant accounting treatment for implementation, amendment and termination of share payment plan**

application  non-application

### **24. Share of the Company repurchased**

application  non-application

### **25. Income**

#### **(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.

### **26. 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.

**27. 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.

**28. Operating leasing, financing leasing**

**(1) Accounting treatment for operating leasing**

application  non-application

**(2) Accounting treatment for financing leasing**

application  non-application

**29. Assets held for sales**

**(1) Recognition standards for assets held for sales**

application  non-application

**(2) Accounting treatment for assets held for sales**

application  non-application

**30. Assets securitization**

application  non-application

**31. Hedging accounting**

application  non-application

**32. Changes on major accounting policy and accounting estimation**

yes  no

**(1) Changes on accounting policy in report period**

yes  no

**(2) Changes on accounting estimation in report period**

yes  no

**33. Errors correction on previously period in report period**

yes  no

**(1) Retrospective Restatement**

Is there has previous accounting errors that adopt retrospective restatement in report period

yes  no

**(2) Prospective Application**

**Is there has previous accounting errors that adopt prospective application**  
in report period

yes  no

**34. Other major accounting policy, accounting estimation and preparation of financial statement**

applicable  not applicable

**(V) Taxes**

**1、 Major taxes and rates applicable to the Company**

taxes	Basis	Rate
VAT	Taxation range of VAT	17%
Consumption tax		
Business tax	Taxation range of business tax	5%
urban maintenance and construction tax	5% or 7% of turnover tax	5% or 7%
enterprise income tax	Taxable income tax	15% or 25%

**Rate of income tax in vary subsidiary and plants**

Name of company	Note	Rate of enterprise income tax for year of 2012
The Company		25%
Shenzhen Shenbao Huacheng Science and Technology Co., Ltd. (Shenbao Huacheng)*	Wholly-owned subsidiary	15%
Including: Shantou Branch of Shenbao Huacheng (Huacheng Shantou)	Branch 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 Co., Ltd. (Shenbao Industrial & Trading)	Wholly-owned subsidiary	25%
Huizhou Shenbao Industrial Investment Co., Ltd. (Shenbao Investment)	Wholly-owned subsidiary	25%
Hangzhou Minduan Tianping Tea Co., Ltd. (Hangzhou Minduan)	Wholly-owned subsidiary	25%
Shenzhen Shenbao Technology Center Co., Ltd. (Technology Center)	Wholly-owned subsidiary	25%

**2. Tax preferential and approvals**

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 November 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.

**3. Other explanation**

applicable not applicable

**(VI) Business combination and consolidated financial statements**

General explanation for business combination and consolidated financial statement

**1. Particular about subsidiary**

(1) Subsidiaries obtained by establishment or investment

Unit: RMB

Subsidiaries	Type	Place of registration	Nature of business	Register capita	Business scope	Actual investment amount at period-end	Other balance of items constitute net investment in subsidiary actually	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 sales of concentrated tea juice and instant tea powder	118,551,781.8		100%	100%	Yes			
Wuyuan Jufangyong Tea Industry Co., Ltd. *1	Wholly-owned	Wuyuan	Manufacture	290,000,000	Tea, nature plants, extract of tea and nature plants; planting and export & import of tea; agricultural products and native	292,804,134.35		100%	100%	Yes			



					products; acquisition, processing and sales								
shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd.	Wholly-owned	Shenzhen	Manufacture	30,150,000	Import &Export business, normal cargo transportation; wholesale of pre-pakaging food products	80,520,842.36		100%	100%				
Huizhou Shenbao Technologies Co., Ltd	Wholly-owned	Huizhou	Comprehensive	30,000,000	Industrial investment, property management and trading domestically	30,000,000		100%	100%	Yes			
Shenzhen Shenbao Properties Management Co., Ltd *2	Wholly-owned	Shenzhen	Property management	5,000,000	Management of self-owned properties	5,000,000		100%	100%	Yes			
Shenzhen Shenbao Industrial Trading & Development Co., Ltd.	Wholly-owned	Shenzhen	Commercial wholesale	5,500,000	Commercial wholesale	5,500,000		100%	100%	Yes			
Huizhou Shenbao Industrial Investment Co.,	Wholly-owned	Huizhou	Information consultancy	5,000,000	Industrial investments and consultancy of logistics information	5,000,000		100%	100%	Yes			

Ltd.*3													
Shenzhen Shenbao(Liaoyuan) Industrial Co., Ltd. (Shenbao Liaoyuan) *4	Shareholding	Shenzhen	---	2,378,000	No operating officially	57,628.53		53.5%	53.5%	No			
Hangzhou Minduan Tianping Tea Co., Ltd. *5	Wholly-owned	Hangzhou	Comprehensive	175,000,000	Permitted items: wholesales and retails: pre-package foods(food circulation certificate expire on 28 March 2015); general business: wholesales and retails: tea sets; acquisition: teas need for sales in the Company (purchased limited to original producer in first industry); service: investment of tea enterprise and assets management, technology development on tea and its products; technology	176,906,952.42		100%	100%	Yes			

					development and consultant on tea cultivation and feeding; technology service, result transfer and other legal items with approval required								
Shenzhen Shenbao Technology Center Co., Ltd. *6	Wholly-owned	Shenzhen	Development, consultant and transfer of technology	54,000,000	Technology development, consultant, transfer and inspection service for tea, plant products, soft drinks and foods	54,676,764.11		100%	100%	Yes			

Explanation on subsidiaries obtained by establishment or investment:

\*1: Wuyuan Jufangyong Tea Industry Co., Ltd.-- being decision on 19th meeting of 7th session of the board and first extraordinary shareholders general meeting of 2012, the Company increase capital of 270million in Wuyuan Jufangyong for project of comprehensive investment on tea industry chain. The Company actually invested 272,524,134.35 yuan in Wuyuan Jufangyong, including monetary investment 271,913,925.35 yuan and equity converted from debt 610,209.00 yuan. The capital increase was verified by the DHYZ[2012] No. 023 verification report from Da Hua CPA; 4.28% equity was held by the wholly-owned subsidiary of the Company Shenbao Huacheng.

\*2: Shenzhen Shenbao Properties Management Co., Ltd-- 49% equity was held by the wholly-owned subsidiary of the Company Shenzhen Shenbao Sanjing Food Beverage Development Co., Ltd.

\*3: Huizhou Shenbao Industrial Investment Co., Ltd.—the company cancel its industrial and commercial registration on 5 July 2012;

\*4: Shenzhen Shenbao(Liaoyuan) Industrial Co., Ltd. (Shenbao Liaoyuan)-- the company establish for a long period without operation normally, business license has been cancelled by industry and commerce bureau. Investment for the company has withdrawal impairment provision for long-term investment in total. The company's financial report was excluded in the consolidation statement range.

\*5: Hangzhou Minduan Tianping Tea Co., Ltd-- on 13 December 2011, the Board agrees to invest 20 million to establish a wholly-owned subsidiary in Hangzhou. The Company has invested 20 million setting up wholly-owned subsidiary Hangzhou Minduan Tianping Tea Co., Ltd in March 2012 and has verified by the ADJZ[2012] No. L1106 issued from Reanda CPA. Later, the investment has been approved in 20th meeting of 7th session of the board and annual shareholders meeting of 2011, the Company increases capital 155 million yuan in Hangzhou Minduan Tianping Tea Co., Ltd ; The Company actually invested 156,906,952.42 yuan in Hangzhou Minduan Tianping Tea Co., Ltd, the capital increase was verified by the DHYZ[2012] No. 036 verification report from Da Hua CPA;

\*6: Shenzhen Shenbao Technology Center Co., Ltd.-- being deliberated and approved in 20th meeting of 7th session of the board and annual shareholders meeting of 2011, the Company set up a

---

wholly-owned subsidiary Shenzhen Shenbao Technology Center Co., Ltd. (Technology Center ). The Company actually invested 54,676,764.11 yuan in Technology Center dated 10 May 2012, the capital increase was verified by the DHYZ[2012] No. 034 verification report from Da Hua CPA;

**(2) Subsidiaries acquired by business combination under the common control**

Applicable  Not applicable

**(3) Subsidiaries acquired by business combination not under the common control**

Applicable  Not applicable

**2. Special purposes entity or operation entity where controlling right is formed under entrusted operation or leasing**

Applicable  Not applicable

**3. Explanation for changes in consolidation scope**

Applicable  Not applicable

New 2 companies increase over that of last year (period):

Two wholly-owned subsidiary have been reckoned into consolidation range in this period: Hangzhou Minduan Tianping Tea Co., Ltd and Shenzhen Shenbao Technology Center Co., ltd dated 3 May 2012 and 10 May 2012 respectively.

4. Entities newly included in consolidate scope during the reporting period and entities ceasing to be included in consolidate scope during the reporting period

Applicable  Not applicable

5. Business combination under the common control during the reporting period

Applicable  Not applicable

6. Business combination not under the common control during the reporting period

Applicable  Not applicable

7. Loss of subsidiaries due to disposal of equity interests without controlling rights during the reporting period

Applicable  Not applicable

8. Counter purchase occurred during the reporting period

Applicable  Not applicable

9. Absorption consolidation occurred during the reporting period

Applicable  Not applicable

10. Translation exchange rates for items in major statements of overseas operating entities

Applicable  Not applicable

**(VII) Notes to main items of consolidated financial statements****1. Monetary fund**

Unit : RMB

Item	Amount of period-end			Amount of period-begin		
	Foreign currency	translation rate	RMB	Foreign currency	translation rate	RMB
Cash:	--	--	149,851.05	--	--	90,189.16
RMB	--	--	145,262.6	--	--	85,625.06
HKD	4,860.12	0.8152	3,961.97	4,860.12	0.8106	3,940
USD	99.05	6.3249	626.48	99.05	6.3	624.1
Bank deposit:	--	--	518,548,103.64	--	--	436,752,527.99
RMB	--	--	374,403,118.31	--	--	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	6.3	141,547.58
Other monetary funds:	--	--	500,000	--	--	500,000
RMB	--	--	500,000	--	--	500,000
Total	--	--	519,197,954.69	--	--	437,342,717.15

**2. Transaction financial assets****(1) Transaction financial assets**

Unit: RMB

Item	Fair value at period-end	Fair value at period-begin
Transactional debt investments		
Transactional equity instrument investment	9,043,663.2	14,627,801.4
Financial assets designated at fair value through profit and losses		
Derivative financial assets		
Hedge instruments		
Other		
Total	9,043,663.2	14,627,801.4

**(2) realization of restricted transactional financial assets**

Applicable  Not applicable

**(3) Explanation for hedge instruments and related hedge transactions**

Applicable  Not applicable

**3. Notes receivables**

**(1) Classification of notes receivables**

Applicable  Not applicable

**(2) Notes receivables pledged at period-end**

Applicable  Not applicable

**(3) Transfer of notes to notes receivable due to the issuer's impossibility to perform its obligations, and unmatured notes endorsed to others by the Company as at the period-end**

Applicable  Not applicable

**4. Dividend receivables**

Applicable  Not applicable

**5. Interests receivables**

**(1) Interests receivables**

Applicable  Not applicable

**(2) Overdue interests**

Applicable  Not applicable

**(3) Explanation for interests receivables**

Applicable  Not applicable

**6. Accounts receivable**

**(1) Account receivable classified according to categories**

Unit: RMB

Type	Amount of period-end				Amount of period-begin				
	Balance of book value		Bad debt provision		Balance of book value		Bad debt provision		
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	

		(%)		(%)		(%)		(%)
Account receivable with single major amount and withdrawal bad debt provision for single item	0		0		0		0	
Account receivable of bad debt provision withdrawal by combination(Age)								
Account receivable withdrawal bad debt provision by age combination	26,687,027.19	57.92%	875,197.32	3.28%	72,641,733.27	78.93%	872,314.26	1.2%
Subtotal of group	26,687,027.19	57.92%	875,197.32	3.28%	72,641,733.27	78.93%	872,314.26	1.2%
Account receivable with single minor amount but withdrawal bad debt provision for single item	19,391,001.77	42.08%	19,391,001.77	100%	19,391,001.77	21.07%	19,391,001.77	100%
Total	46,078,028.96	--	20,266,199.09	--	92,032,735.04	--	20,263,316.03	--

Account receivable with single major amount and withdrawal bad debt provision for single item at period-end

application  non-application

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

application  non-application

Unit : RMB

Age	Amount of period-end			Amount of period-begin		
	Balance of book value		Bad debt provision	Balance of book value		Bad debt provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year	20,526,611.45	76.92%		66,592,797.78	91.67%	
subtotal within 1 year	20,526,611.45	76.92%	0	66,592,797.78	91.67%	0
1-2years	334,404.98	1.25%	16,720.25	198,807.23	0.27%	9,940.36
2-3years	249,936.38	0.94%	24,761.14	302,906.78	0.42%	30,290.68
Above 3 years	5,576,074.38	20.89%	833,715.93	5,547,221.48	7.64%	832,083.22
3-4years	242,769.38	0.91%	33,720.18	213,916.48	0.29%	32,087.47
4-5years	5,333,305	19.98%	799,995.75	5,333,305	7.34%	799,995.75
Above 5 years						



Total	26,687,027.19	--	875,197.32	72,641,733.27	--	872,314.26
-------	---------------	----	------------	---------------	----	------------

Account receivables provided for bad debt reserve under balance percentage method in the groups:

application  non-application

Account receivables provided for bad debt reserve under other method in the groups:

application  non-application

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

application  non-application

Unit: RMB

Item of account receivable	Carrying value	bad debt provision	Withdrawal proportion	reasons
Account receivable with over 3 years of minor possibility recovery	19,391,001.77	19,391,001.77	100%	Minor possibility recover
Total	19,391,001.77	19,391,001.77	100%	--

## (2) Reversal or recovery of account receivables during their reporting period

Unit: RMB

Contents of account receivables	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of bad debt reserve before reversal or reovery	Amounts reversed or recovered
Account for goods receivable	Collection	Long period	4,315.13	4,315.13
Total	--	--	4,315.13	--

Provision for bad debt reserve for account receivable with single significant or minor amount but tested for impairment separately as at period-end:

application  non-application

## (3) Account receivables actually written-off during the reporting period

application  non-application

**(4) Account receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period**

√ application □ non-application

Unit: RMB

Name	Amount at period-end		Amount at period-begin	
	Carrying balance	bad debt amount withdrawal	Carrying balance	bad debt amount withdrawal
Shenzhen Agricultural Products Co., Ltd.	19,400		5,200	
Total	19,400		5,200	

**(5) The top 5 arrears in account receivables**

Unit: RMB

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

**(6) Account receivables due from related parties**

Unit : RMB

Name	Relationship with the Company	Amount	Proportion in total account receivable(%)
Shenzhen Agricultural Products Co., Ltd.	shareholder.	19,400	0.04%
Total	--	19,400	0.04%

**(7) Account receivables derecognized**

□ application √ non-application

**(8) As for securities with account receivables as target subject, list the assets and liabilities arising from further involvement**

application  non-application

**7. Other receivables**

**(1) Other account receivable classified according to categories**

Unit : RMB

categories	Amount at period-end				Amount at period-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	amount	Ratio (%)	amount	Ratio (%)	amount	Ratio (%)	amount	Ratio (%)
Other account receivable with single major amount and withdrawal bad debt provision for single item	0		0		0		0	
Other receivable of bad debt provision withdrawal by combination(Age)								
Other account receivable withdrawal bad debt provision by age combination	25,916,014.24	59.6%	1,981,939.9	7.65%	37,975,122.55	68.36%	2,018,261.7	5.31%
Subtotal of group	25,916,014.24	59.6%	1,981,939.9	7.65%	37,975,122.55	68.36%	2,018,261.7	5.31%
Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,566,191.97	40.4%	17,566,191.97	100%	17,576,429.47	31.64%	17,576,429.47	100%
Total	43,482,206.21	--	19,548,131.87	--	55,551,552.02	--	19,594,691.17	--

Other account receivable with single major amount and withdrawal bad debt provision for single item at period-end:

application  non-application

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

application  non-application

Unit: RMB

Age	at period-end			at period-begin		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Ratio(%)		Amount	Ratio(%)	
Within 1 year		)		)		

Including:						
Within 1 years	8,892,453.58	34.31%		20,704,137.59	54.52%	
subtotal within 1 year	8,892,453.58	34.31%	0	20,704,137.59	54.52%	0
1-2years	4,488,319.58	17.32%	224,415.98	4,575,836.26	12.05%	228,791.82
2-3years	2,405,829.23	9.28%	240,582.93	2,325,838.66	6.12%	232,583.86
Above 3 years	10,129,411.85	39.09%	1,516,940.99	10,369,310.04	27.31%	1,556,886.02
3-4years	3,661,418.73	14.13%	545,252.51	3,901,316.92	10.27%	585,197.54
4-5years	6,467,993.12	24.96%	971,688.48	6,467,993.12	17.03%	971,688.48
Above5years						
Total	25,916,014.24	--	1,981,939.9	37,975,122.55	--	2,018,261.7

Other receivables provided for bad debt reserve under balance percentage method in the groups:

Applicable  Non-applicable

Other receivables provided for bad debt reserve under other method in the groups:

Applicable  Non-applicable

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

application  non-application

Unit: RMB

Item	Carrying value	bad debt provision	Withdrawal proportion	Reasons
Account receivable with over 3 years	17,566,191.97	17,566,191.97	100%	formed due to history reasons, hard to recover.
Total	17,566,191.97	17,566,191.97	100%	--

#### (2) Reversal or recovery of other receivables during the reporting period

Unit: RMB

Contents of other receivables	Reason for reversal of recovery	Basis for determination of original bad debt reserve	Accumulated provision of bad debt reserve before reversal or recovery	Amounts reversed or recovered
Other account receivable received	Collection	Long period	46,559.3	46,559.3
Total	--	--	46,559.3	--

#### (3) Other receivables actually written-off during the reporting period

Applicable  Non-applicable

**(4) Other receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period**

Applicable Non-applicable

**(5) Nature or content of other receivables with significant amount**

Applicable Non-applicable

(6) The top 5 amounts in other account receivables

Unit: RMB

Name of the unit	Relationship with the Company	Amount	Age	Portion in total other receivables (%)
Changzhou Sanjing Oil Co., Ltd.	Associated company	16,002,626.29	1-3years	36.8%
Shenzhen Jinsailong Equipment Company	Non-related party	670,000	Above 3 years	1.54%
Committee of Industrial Zone of Wuyuan Country	Non-related party	256,296.2	Above 3 years	0.59%
Hangzhou Sangao Tea Company	Non-related party	238,536.78	Above 3 years	0.55%
Wulong tea plant of Nanan City Fujian Province	Non-related party	207,888.72	Above 3 years	0.48%
Total	--	17,375,347.99	--	39.96%

**(7) Other receivables due from related parties**

Unit: RMB

Name of the unit	Relationship with the Company	Amount	Portion in total other receivables (%)
Changzhou Sanjing Oil Co., Ltd.	Associated company	16,002,626.29	36.8%
Total	--	16,002,626.29	36.8%

**(8) Other receivables derecognized**

Applicable Non-applicable

**(9) As for securities with other receivables as target subject, list the assets and liabilities arising from further involvement**

Applicable Non-applicable

**8. Account paid in advance****(1) Aging analysis**

Unit: RMB

Age	Amount at period-end		Amount at period-begin	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	7,471,498.39	98.03%	10,132,690.85	98.92%
1-2years	127,499.72	1.67%	82,367.97	0.8%
2-3years	5,329.8	0.07%	17,649.8	0.17%
Above 3 years	17,017	0.23%	11,017	0.11%
Total	7,621,344.91	--	10,243,725.62	--

**(2) The top 5 units in account paid in advance**

Unit: RMB

Name of the unit	Relationship with the Company	Amount	Time	Reasons for outstanding
Customers I	Non-related party	1,886,194.26	2012.6.21	Goods not received
Customers II	Non-related party	1,457,613.36	2012.5.28	Goods not received
Customers III	Non-related party	1,298,357.83	2012.4.27	Goods not received
Customers IV	Non-related party	922,801.17	2012.4.30	Custom taxes paid in advance
Customers V	Non-related party	350,000	2012.4.25	Goods not received
Total	--	5,914,966.62	--	--

**(3) Shareholders holding 5% or above voting shares of the Company in payments in advance during the reporting period** Applicable  Non-applicable**(4) Explanation for payment in advance** Applicable  Non-applicable**9. Inventory****(1) Classification**

Unit: RMB

Item	Amount at period-end			Amount 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	15,566,046.3
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
Revolving materials	3,642,027.5		3,642,027.5	4,123,232.95		4,123,232.95
Consumptive biological assets						
Goods delivered	76,753.94		76,753.94	28,014.91		28,014.91
OEM goods	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**

Unit: RMB

Kinds of inventories	Book-balance as at period-begin	Provision for this period	Decrease during this year		Book-balance as at period-end
			Reversal	Written-off	
Raw materials	3,576,751.78				3,576,751.78
Product in process					
Stock products	546,312.89			59,407.54	486,905.35
Revolving materials					
Consumptive biological assets					
Goods delivered					
OEM goods	5,298,011.68				5,298,011.68
Low value consumable					
Total	9,421,076.35	0	0	59,407.54	9,361,668.81

**(3) Particular about inventory impairment provision**
 application  non-application
**10. Other current assets**
 application  non-application
**11. Financial assets available for sale****(1) Particular about financial assets available for sale**
 application  non-application
**(2) Long-term debt investment in financial assets available for sales**
 application  non-application

**12. Held-to-maturity investment****(1) Particular about held-to-maturity investment**

□ application √ non-application

**(2) Held-to-maturity investment that sold in report period but not expired**

□ application √ non-application

**13. Long-term account receivable**

□ application √ non-application

**14. Investment for affiliated enterprise and joint ventures**

Unit: RMB

Invested company	Type	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held to the Company (%)	Proportion of voting right to the Company (%)	Total assets at period-end	Total liabilities at period-end	Total net assets at period-end	Total operating income in this period	Net profit in this period
I. Joint-venture												
II. affiliated enterprise												
Shenzhen PepsiCo Beverage Co., Ltd	limited liability company(Sino-foreign fund)	Shenzhen	PARIN YA KITJAT ANAP AN	Industry	USD 12,250,000.00	10%	10%	725,117,346.11	470,979,435.26	254,137,910.85	819,920,464.75	-1,197,575.6
Changzhou Sanjing Oil Co., Ltd.	limited liability company	Changzhou	Pan Guangs heng	Industry	45,000,000	33%	33%	13,177,678.91	24,376,845.25	-11,199,166.34	1,643,971.19	-2,116,235.87

**15. Long-term equity investment**



(1) Details of long-term equity investment

Unit: RMB

invested unit	calculation method	investment cost	balance as at period-begin	+, -	balance as at period-end	Shares proportion held in invested unit (%)	proportion of voting rights held in invested unit (%)	Explanation on the incongruity in share holding proportion and voting proportion in invested company	Impairment provision	provision reserve withdrawal in this period	cash dividend this period
Shenzhen Shenbao (Xinmin) Foods Co., Ltd. *1	equity	2,870,000	2,870,000		2,870,000	49.14%	49.14%		2,870,000		
Shenzhen PepsiCo Beverage Co., Ltd. *5	equity	24,071,627.22	63,833,871.62	-38,420,080.54	25,413,791.08	10%	10%				
Changzhou Sanjing Oil Co., Ltd.	equity	13,500,000				33%	33%				
Shenzhen Sanjiuweitai Holdings Co., Ltd *1	cost	2,480,000	2,480,000		2,480,000	0.95%	0.95%		2,480,000		
Shenzhen Tianji Optical-Electric Technologies Co., Ltd.*3	cost	15,000,000	15,000,000		15,000,000	3.77%	3.77%		15,000,000		
Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd.*1	cost	57,628.53	57,628.53		57,628.53	53.5%	53.5%		57,628.53		
Beijing Tiantan Holdings Co., Ltd *4	cost	57,500	57,500		57,500						

Total	--	58,036,755.75	84,299,000.15	-38,420,080.54	45,878,919.61	--	--	--	20,407,628.53	0	0
-------	----	---------------	---------------	----------------	---------------	----	----	----	---------------	---	---

Explanation on long-term equity investment:

- \*1. The three companies have founded for long time, whose license were revoked at present. Due to not settle the accounts, all assets are made provision for impairment.
- \*2. The long-term equity investment of Changzhou Sanjin Oil Co., Ltd. is accounted by equity method, due to it suffered heavy losses and the book value of long-term equity investment is 0.
- \*3. Since the foundation of the Company, it is in poor management and loss of business. The Company made provision for impairment by the difference between recoverable amount and book value.
- \*4. The stock is legal person share stock brought from the original STAQ trading system, whose old name is Beijing Shuanghesheng Five Star Beer Three-ring Co., Ltd.. The initial stock of 55,000 shares, which changed to 33,333 shares after changing the company name.
- \*5. 25% equity of Shenzhen Pepsi Cola Drink Co., Ltd. was held thee Company at the beginning of the period, which is accounted by equity method. On June 29, 2012, 15% equity was disposed, and the left 10% equity did not have significant influence , which was accounted by cost method from July 1, 2012.

**(2) Limited ability for capital transfer to investment enterprise**

□ application √ non-application

**16. Investment real estate****(1) Investment real estate measured by cost**

□ application √ non-application

**(2) Investment real estate measured by fair value**

□ application √ non-application

**17. Fixed assets****(1) Particular about fixed assets**

Unit: RMB

Item	Book balance at period-begin	Increase during this period		Decrease during this period	Book balance at period-end
I. total of book balance:	256,038,345.34	4,841,428.17		4,067,038.86	256,812,734.65
Including: House & buildings	106,919,940.63	770,957.01			107,690,897.64
Machinery equipments	136,186,985.6	2,525,060.38		187,656.51	138,524,389.47
Transportation tools	5,961,213.99	1,342,800		1,507,464.29	5,796,549.7
Other equipments	6,970,205.12	202,610.78		2,371,918.06	4,800,897.84
--	Book balance at period-begin	Increase during this period	Accrual in this period	Decrease during this period	Book balance at period-end
II. total of accumulated depreciation:	102,583,785.4		5,287,017.49	3,564,110.21	104,306,692.68
Including: House & buildings	10,438,065.01		1,037,519.24		11,475,584.25
Machinery equipments	83,929,093.4		3,751,313.33	29,089.19	87,651,317.54
Transportation tools	3,449,966.87		238,503.6	1,277,197.52	2,411,272.95
Other equipments	4,766,660.12		259,681.32	2,257,823.5	2,768,517.94
--	Book balance at period-begin	--			Book balance at period-end
III. total net value of fixed assets	153,454,559.94	--			152,506,041.97
Including: House & buildings	96,481,875.62	--			96,215,313.39
Machinery equipments	52,257,892.2	--			50,873,071.93
Transportation tools	2,511,247.12	--			3,385,276.75
Other equipments	2,203,545	--			2,032,379.9
IV. total of impairment provision	2,647,112.69	--			2,647,112.69
Including: House & buildings		--			

Machinery equipments	2,647,112.69	--	2,647,112.69
Transportation tools		--	
Other equipments		--	
V. total book value of fixed assets	150,807,447.25	--	149,858,929.28
Including: 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	--	2,032,379.9

Depreciation in this period amounting to 5,287,017.49 yuan; original price transfer from construction in progress to fixed assets amounting as 3,047,855.65 yuan.

**(2) Temporary idle fixed assets**

application  non-application

**(3) Fixed assets leasing-in by financing lease**

application  non-application

**(4) Fixed assets leasing-out by operational lease**

application  non-application

**(5) Fixed assets held for sale in period-end**

application  non-application

**(6) Fixed assets without un-completed property certificates**

Item	Reasons for un-completed certificate	Times expected for certificate completed
Dormitory of the Shantou branch of Shenzhen Huacheng	New plan for aged district	

**Description of fixed assets:**

Concerning the dormitory of the Shantou branch of Shenzhen Huacheng, the Company still in handling

**18. Construction in process**

**(1)**

Unit: RMB

Item	Amount at period-end			Amount 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	
Project in respect of Shenbao Building	49,754,017.98		49,754,017.98	6,957,258.19		6,957,258.19
Comprehensive investment project of tea industry chain	20,425,828.51		20,425,828.51	390,407		390,407
Project of production line of Shenbao Huacheng	1,046,863.45		1,046,863.45	3,188,552.19		3,188,552.19
Supervision system and simple warehouse of	384,385.26		384,385.26	556,161.8		556,161.8

Shenzhen Technology						
Office building of Hangzhou Minduan Bingjiang	18,338,592.7		18,338,592.7			
Other	1,753,895.24	903,189.74	850,705.5	923,868.74	903,189.74	20,679
<b>Total</b>	<b>95,545,916.78</b>	<b>4,745,523.38</b>	<b>90,800,393.4</b>	<b>15,858,581.56</b>	<b>4,745,523.38</b>	<b>11,113,058.18</b>

(2) Changes of major projects under construction

Unit: RMB

Project	Budget	Amount at period-begin	Increase during this period	Transferred to fixed assets	Other decrease	Proportion of project investment in budget (%)	Progress(%)	Accumulated amount of interest capitalization	including: interest capitalized amount of the year	Interest capitalization rate of the year (%)	Capital source	Amount at period-begin
Shenbao Plaza project	200,000,000	6,957,258.19	42,796,759.79	0	0	21.40	24.88	0	0	0	Self-funding	49,754,017.98
Comprehensive investment project of tea industry chain	270,000,000	390,407	20,035,421.51	0	0	7.56	33.30	0	0	0	Capital from shares raised	20,425,828.51
Office building of Hangzhou Minduan Bingjiang	21,000,000.00		18,338,592.7	0	0	87.33	87.33	0	0	0	Capital from shares raised	18,338,592.7
Total	491,000,000.00	7,347,665.19	81,170,774.00	0	0	--	--	0	0	--	--	88,518,439.19

**(3) Construction in process impairment provision**

Unit: RMB

Item	Amount at period-begin	Increase during this period	Decrease during this period	Amount at period-end	Accrual Reason
Shenbao Plaza project	3,842,333.64			3,842,333.64	
Other	903,189.74			903,189.74	
Total	4,745,523.38	0	0	4,745,523.38	--

**(4) Progress of material construction in progress**

Item	progress	Note
Shenbao Building	24.88%	-
Comprehensive investment project of tea industry chain	33.30%	-
Office building of Hangzhou Minduan Bingjiang	87.33%	-

**(5) Explanation of construction in process**

application  non-application

**19. Construction materials**

application  non-application

**20. Disposal of fixed assets**

application  non-application

**21. Productive biological assets**

**(1) Measured by cost**

application  non-application

Unit: RMB

Item	Book balance at period-begin	Increase during this period	Decrease during this period	Book balance at period-end
<b>I. Farming industry</b>				
<b>II. Animal husbandry and aquaculture</b>				
<b>III. Forestry</b>				
Tea plant	436,156			436,156
<b>IV. Acquatic</b>				
Total	436,156	0	0	436,156

**(2) Measured by fair value**

□ application √ non-application

**22. oil/gas assets**

□ application √ non-application

**23. Intangible assets****(1) Particular about intangible assets**

Unit: RMB

Item	Book balance at period-begin	Increased in the period	decreased in the period	Book balance at period-end
I. total of original value	224,072,999.01	32,312,930	493,047.14	255,892,881.87
1. Land using right	193,933,780.01	32,290,880	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 rights		22,050		22,050
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	2,516,959.6	38,405.77	13,095,750.68
2. Patent technologies	10,781,379.9	759,900.72		11,541,280.62
3. Use right of forest	143,227.89	18,681.9		161,909.79
4. Trademark rights		183.75		183.75
III. total net book value of intangible assets	202,531,194.37	0	0	231,093,757.03
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 rights				21,866.25
IV. Accumulated intangible asset impairment provisions	0	0	0	0
1. Land using right				
2. Patent technologies				
3. Use right of forest				
4. Trademark rights				
Total of intangible asset book value	202,531,194.37	0	0	231,093,757.03



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 rights				21,866.25

The amount amortized in this period accounting as 3,295,725.97 yuan

**(2) Expenditure of project development**

application  non-application

**(3) Intangible assets without property certificate obtained**

application  non-application

**24. Goodwill**

application  non-application

**25. Long-term deferred expense**

Unit: RMB

Item	Balance at period-begin	Increased in the period	Amortization during this period	Other decrease	Balance at period-end	Reasons for other decrease
Overhaul of office building of Shenbao Huacheng		252,500	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 project of Huacheng		320,000	15,999.99		304,000.01	
Decoration charge for office rented-in by headquarter	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	
Reform of tea park in Wuyuan		381,511	38,151.12		343,359.88	
Reform project of warehouse and swage	1,210,517.54		124,826.4		1,085,691.14	
Other	165,465.98	250,096.33	60,149.42		355,412.89	
<b>Total</b>	<b>3,615,812.95</b>	<b>1,204,107.33</b>	<b>579,974.15</b>	<b>0</b>	<b>4,239,946.13</b>	<b>--</b>

**26. Deferred income tax assets and deferred income tax [liabilities](#)**

**(1) Net amount of deferred income tax assets and deferred income tax [liabilities](#) before deduction**

application    non-application

Recognized deferred income tax assets and deferred income tax [liabilities](#)

Unit: RMB

Item	Balance as at period-end	Balance as at period-begin
<b>deferred income tax assets:</b>		
Impairment provision for assets	2,526,555.01	2,645,321.41
Opening charge		
Deductible losses		
Subtotal	2,526,555.01	2,645,321.41
<b>deferred income tax <a href="#">liabilities</a>:</b>		
Estimated value of transactional financial instrument and derivative financial instrument		
Fair value variation of financial assets available for sale that reckon into capital reserve		
Subtotal		

**Details of uncertain deferred income tax assets**

Unit: RMB

Item	Balance as at period-end	Balance as at period-begin
difference of temporary deductible	16,548,816.10	16,667,582.50
losses deductible	22,748,882.37	22,748,882.37
Total	39,297,698.47	39,416,464.87

**(2) Net amount of deferred income tax assets and deferred income tax [liabilities](#) after deduction**

application    non-application

**27. Details of asset impairment provision**

Unit: RMB

Item	Balance as at period-begin	Increase during this period	Decrease during this period		Balance as at period-end
			Reversal	Written-off	

I. Bad debt reserve	39,858,007.2	7,198.19	50,874.43		39,814,330.96
II. Inventory impairment provision	9,421,076.35	0	0	59,407.54	9,361,668.81
III. Impairment provision of financial assets available for sale					
IV. Impairment provision of investment held to maturity					
V. Long-term equity investment impairment provision	20,407,628.53	0			20,407,628.53
VI. Investment real estate impairment provision					
VII. Fixed asset impairment provision	2,647,112.69				2,647,112.69
VIII. Impairment provision for construction materials					
IX. Construction-in-process impairment provision	4,745,523.38	0			4,745,523.38
X. Capitalized Biological assets impairment provision					
Including: Impairment provision for maturity production biological assets					
XI. oil assets impairment provision					
XII. Intangible assets impairment provision	0	0			0
XIII. Goodwill impairment provision					
XIV. other					
Total	77,079,348.15	7,198.19	50,874.43	59,407.54	76,976,264.37

**28. other non-current assets**

□ application √ non-application

**29. Short-term loans****(1) Type of Short-term Loans**

Unit: RMB

Item	Amount as at period-end	Amount as at period-begin
Mortgage loans		

Collateral loan		10,000,000
Ensure loans		28,000,000
Guarantee loans	30,000,000	
Total	30,000,000	38,000,000

**(2) Short-term loans un-paid by expired**

application  non-application

**30. Transactional financial liabilities**

application  non-application

**31. Note payable**

application  non-application

**32. Account payables****(1)**

Unit: RMB

Item	Amount as at period-end	Amount as at period-begin
within 1 year	13,625,924.65	31,955,489.5
Within 1 to 2 years	69,173.01	159,856.56
Within 2 to 3 years	30,034.17	14,252.35
Over 3 years	2,543,624.3	2,734,368.62
Total	16,268,756.13	34,863,967.03

**(2)Accounts payable to shareholders holding 5% or above voting shares of the Company**

application  non-application

Explanation on account payable with over one year age:

Name	Amount	Reasons for unsettle	Note
Client I	518,655.52	Not sure about payment or not	Over 3 years
Clinet II	515,892.30	Not sure about payment or not	Over 3 years
Total	1,034,547.82		

**33. Account received in advance****(1)**

Unit: RMB

Item	Amount as at period-end	Amount as at period-begin
within 1 year	1,980,384.6	2,685,306.45
Within 1 year to 2 years		
Within 2 to 3 years		
Over 3 years	735,406.45	735,406.45
Total	2,715,791.05	3,420,712.9

**(2)Accounts received in advance to shareholders holding 5% or above voting shares of the Company**

□ application√ non-application

**34. Wages payable**

Unit: RMB

Item	Balance as at period-begin	Increase during this period	Decrease during this period	Balance as at period-end
I. Wage, bonus, allowance and subsidy	2,741,577.32	14,652,910.2	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	0
Including: Social security	16,367.81	2,441,644.26	2,458,012.07	
IV. Housing public reserve		1,432,805.8	1,432,805.8	
V. Compensation from labor relationship dismissed	169,826.6		11,182.5	158,644.1
VI. other	738,945.39	80,279.79	305,442.35	513,782.83
Including: Trade union fee and education fee	738,945.39	80,279.79	305,442.35	513,782.83
Total	3,666,717.12	20,681,625.89	22,096,377.43	2,251,965.58

In wages payable has 0 yuan belongs to arrears.

labor union expenses and staff educational expenses amounting to 513,782.83 yuan; non-monetary welfare and compensation for dismiss of labor relationship amounting to 11,182.50 yuan.

**35. Tax payable**

Unit: RMB

Item	Amount as at period-end	Amount as at period-begin
VAT	-802,475.51	825,879.69
Consumption tax		
Business tax	198,970.25	196,470.25

Enterprise income tax	1,264,529.06	3,213,102.57
Personal income tax	96,132.99	177,741.85
City <u>maintenance and construction tax</u>	16,116.14	128,397.41
Embankment fee	232,747.97	167,963.18
Other	397,086.14	213,878.39
Total	1,403,107.04	4,923,433.34

**36. Interest payable**

□ application√ non-application

**37. Dividend payable**

Unit: RMB

unit	Amount as at period-end	Amount as at period-begin	Reasons for un-payment over one year
Shares without trusted	218,212.6	218,212.6	
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	--

**38. Other payables**

(1)

Unit: RMB

Item	Amount as at period-end	Amount as at period-begin
within 1 year	54,973,153.06	12,459,188.92
Within 1 year to 2 years	5,725,214.45	62,066,329.5
Within 2 to 3 years	55,786,182	127,800
Over 3 years	5,257,133.07	5,157,333.07
Total	121,741,682.58	79,810,651.49

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

□ application√ non-application

**(3) Explanation on other account payable with over one year age**

□ application√ non-application

**(4) Explanation on unit of major connected amount for other account payable**

Unit	Amount	Nature or content	Remarks
Shenzhen Jitai Industrial Development Co., Ltd.	62,427,654.20	construction of Shenbao Building	Within 3 years
Zhongtai Construction Group Co., Ltd.	41,479,540.84	construction of Shenbao Building	Within 1 year
Shenzhen Investment Management Co., Ltd.	3,510,297.20	Current amount	Over 3 years
Huizhou Shengli Property Investmetn	2,776,167.00	Current amount	Within 1 year

Co., Ltd.			
Hainan 3rd Construction Projects Co., Ltd.	1,714,554.96	Tail amount for projects	Within 1 year
Total	111,908,214.20		

**39. Predicted liability**

application  non-application

**40. Non-current liability due within one year**

application  non-application

**41. Other current liability**

Unit: RMB

Item	Book balance at period-end	Book balance at period-begin
Research project on key technology for process of the extracts from ARS nature high-essence green tea	43,137.43	43,137.43
The gain-in-aid of key technology R&D on Catechins extract	800,000	0
Total	843,137.43	43,137.43

**42. Long-term loan**

application  non-application

**44. Long-term account payable**

application  non-application

**45. Specific account payable**

application  non-application

**46. Other non-current liability**

Unit: RMB

Item	Book balance at period-end	Book balance at period-begin
Subsidy for tea seeding of New Tea Garden in Wankoug	49,920	49,920
Construction amount for 50 tons for clearly processing for Mingyou tea	1,312,500	1,375,000
base of further processing for tea and nature plants	2,887,500	3,025,000
Total	4,249,920	4,449,920

Description on other non-current liabilities, including each kind of government grants related with assets or income gained in this period and the period-end amount:

In this period, non-operating income of RMB 200,000.00 yuan was transferred from other non-current liabilities, including RMB62,500.00 yuan in new project of cleansing 50 tons Mingyou Tea processing, and RMB137,500.00 yuan in industrialization base project of deep processing of tea and natural plants.

**47. Share capital**

Unit: RMB

	Amount at period-begin	Increased (decreased) in this year					Amount at period-end
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total of shares	250,900,154					0	250,900,154

**48. Stock shares** applicable  not applicable**49. Specific Reserve** applicable  not applicable**50. Capital reserves**

Unit: RMB

Item	Amount at period-begin	Increase during this period	Decrease during this period	Amount at period-end
Capital premium (Share capital premium)	567,410,252.95			567,410,252.95
Other capital reserve	1,289,969.56		210,249.15	1,079,720.41
Total	568,700,222.51	0	210,249.15	568,489,973.36

**51. Surplus reserves**

Unit: RMB

Item	Amount at period-begin	Increase during this period	Decrease during this period	Amount at period-end
Statutory surplus reserves	32,464,033.34			32,464,033.34
Free surplus reserve				
Service fund				
Enterprise development fund				
Other				
Total	32,464,033.34	0	0	32,464,033.34

**52. General risk provision** applicable  not applicable**53. Retained profit**

Unit: RMB

Item	At period-end	At period-begin
------	---------------	-----------------



	Amount	Exaction or Distribution Proportion	Amount	Exaction or Distribution Proportion
Undistributed profit at the end of the previous year before adjustment	37,812,102.74	--	30,831,869.17	--
Total undistributed profit at the beginning of the previous year before adjustment (increase +, decrease -)		--		--
	37,812,102.74	--	30,831,869.17	--
Total undistributed profit at the beginning of the previous year after adjustment (increase +, decrease -)	88,867,376.42	--	6,980,233.57	--
Add: Attributable to the owners of the parent company's net profit				
Exact any surplus reserves				
Exact general risk provision				
Ordinary stock dividends payable				
Ordinary stock dividends transferred to capital				
Undistributed profit at the end of the period.	126,679,479.16	--	37,812,102.74	--

**54. Operating income and costs**

**(1) Operating income、Operating cost**

Unit: RMB

Item	Amount as at this period	Amount as at previous period
Main business Operating income	113,840,078.74	139,919,514.99
Other business Operating income	186,611.42	3,476.07
Operating cost	92,593,340.74	112,209,097.15

**(2) Main business (by industry)**

application  non-application

Unit: RMB

Industry	Amount as at this period	Amount as at previous period
----------	--------------------------	------------------------------

	Operating income	Operating cost	Operating income	Operating cost
Industry	113,546,678.74	92,139,709.6	139,626,114.99	111,997,121.49
Leasing service	293,400		293,400	
Total	113,840,078.74	92,139,709.6	139,919,514.99	111,997,121.49

**(3) Main business (by products)**

√ application □ non-application

Unit: RMB

Product	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	4,034,718.7	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
Property leasing	293,400		293,400	
Total	113,840,078.74	92,139,709.6	139,919,514.99	111,997,121.49

**(4) Main business (by area)**

√ application □ non-application

Unit: RMB

Area	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
South of China	37,464,399.74	28,738,770.15	37,039,819.46	29,123,437.81
Nouth of China	11,108,038.79	10,293,637.2	15,667,889.12	13,167,130.92
East of China	34,599,721.54	25,593,179.03	52,199,066.56	38,617,349.5
Other regions	28,664,721.15	26,258,633.64	34,579,754.62	30,841,722.92
Total	113,840,078.74	92,139,709.6	139,919,514.99	111,997,121.49

**(5) Business income of top 5 clients**

Unit: RMB

Customers	Main business income	Portion taken in all main business income of the Company (%)
Customers I	13,368,191.45	11.74%
Customers II	8,550,648.83	7.51%
Customers III	6,872,683.71	6.04%
Customers IV	4,208,624.94	3.7%
Customers V	3,936,895.7	3.46%
Total	36,937,044.63	32.45%

**55. Income from contract projects**

□ applicable √ not applicable

**56. Operating tax and surcharges**

Unit: RMB

Item	Amount as at this period	Amount as at previous period	Taxation standard
<b>consumption tax</b>			
Business tax	152,670	177,670	
City maintenance and construction tax	297,350.87	426,826.49	
educational extra and others	212,754.25	292,349.02	
resource tax			
Total	662,775.12	896,845.51	--

**57. Gains from change of fair value**

Unit :RMB

Source of gains from change of fair value	Amount as at this period	Amount as at previous period
Transaction financial assets	969,367.2	-42,000
Including: gains from change of fair value from derivative financial instrument		
Transaction financial liabilities		
Investment real estate measured by fair value		
Other	0	0
Total	969,367.2	-42,000

**58. Investment gains****(1) Details of investment gains**

Unit : RMB

Item	Amount as at this period	Amount as at previous period
Long-term equity investment gains recognized under cost method		
Long-term equity investment gains recognized under equity method	-299,393.9	-269,528.67

Investment income from disposal of long-term equity investment	103,546,568.4	4,279.44
Investment income gained during the period of holding trading financial assets		
Investment income gained during the period of holding held-to-maturity investment income		
Investment income gained during the period of holding available-for-sales financial assets		
Investment income gained from disposal of available-for-sales financial assets	2,610,661.54	
Investment income gained from held-to-maturity investment		
Investment income gained from available-for-sale financial assets		
Other		
Total	105,857,836.04	-265,249.23

## (2) Long-term equity investment gains calculated under cost method

application  non-application

## (3) Long-term equity investment gains calculated under equity method

Unit: RMB

Invested unit	Amount as at this period	Amount as at previous period	Reasons of changes compare with last period
Shenzhen PEPSI	-299,393.9	-269,528.67	
Total	-299,393.9	-269,528.67	--

## 59. Asset impairment loss

Unit: RMB

Item	Amount as at this period	Amount as at previous period
I. Bad debt loss	-43,676.24	-70,079.95
II. Loss of depreciation of stock		
III. Available-for-sale financial assets impairment loss		
IV. Investment held-to-maturity impairment loss		
V. Long-term equity investment impairment loss		
VI. Investment property impairment loss		

VII. Fixed asset impairment loss		
VIII. Project materials impairment loss		
IX. <b>Construction in process</b> impairment loss		
X. Productive biological assets impairment loss		
XI. Oil-and-gas assets impairment loss		
XII. Intangible assets impairment loss		
XIII. Goodwill impairment loss		
14. Other		
Total	-43,676.24	-70,079.95

**60. Non-operating income****(1)**

Unit: RMB

Item	Amount as at this period	Amount as at previous period
Total income from disposal of non-current assets	8,590.63	34,564.65
Including: Gains from disposal of fixed assets		34,564.65
Gains from disposal of intangible assets	8,590.63	
Income from debt reorganization		
Income from exchange of non-monetary assets		
Donation received		
Government grant	663,580	310,048
Other	100,000	17,088,944.71
Total	772,170.63	17,433,557.36

**(2) Details of government grant**

Unit: RMB

Item	Amount as at this period	Amount as at previous period	Remarks
Revenue Increase Award 2011	383,580		WF(2007)No. 5
Integrated fund for tea (subsidized loan of project )		200,000	GCY(2010) No.262
Special raw material industrialization of new-type tea drink	80,000		GCJ(2011)No.125
Government grants for other projects		110,048	---

deferred income transfer-in	200,000		See Annotation V(XXII)
Total	663,580	310,048	--

**61. Non-operating expenses**

Unit: RMB

Item	Amount as at this period	Amount as at previous period
Losses from disposal of non-current assets	237,578.8	60,551.66
Including: Losses from disposal of fixed assets	237,578.8	60,551.66
Losses from disposal of intangible assets		
Losses from debt reorganization		
Losses from exchange of non-monetary asstes		
External donation expenditure		
Other	70	
Total	237,648.8	60,551.66

**62. Income tax expense**

Unit: RMB

Item	Amount as at this period	Amount as at previous period
Current income tax calculated by tax law and relevant regulations	924,490.46	1,674,051
Deferred income tax	118,766.4	
Total	1,043,256.86	1,674,051

**63. Computer of basic earnings per share and diluted earnings per share**

Item	Amount as at this period
<b>Computer of basic earnings per share</b>	
( I ) Numerator:	
net profit attributable to shareholders of ordinary shares of the Company(PO)	88,867,376.42
net profit attributable to shareholders of ordinary shares of the Company after deducting non-recurring gains/losses (PO)	(18,638,342.71)
(II) Denominator:	
aggregate of shares as at period-begin (S0)	250,900,154.00
share added due to conversion of public reserve to share capital or allocation of share dividends during the report period (S1)	---
share added due to new issuance of shares or shares converted from debts during the report period (Si)	---
shares decreased due to purchase-back of its own shares during the period (Sj)	---
shares diluted during the period (Sk)	---
number of months for the period (M0)	6.00

the accumulated months commencing from the month subsequent upon shares addition to year-end of the period (Mi)		---
the accumulated months commencing from the month subsequent upon shares deduction to year-end of the period (Mj)		---
the weighted average number of ordinary shares in issue (S)		250,900,154.00
(III) EPS		
Basic EPS		
Net profit attributable to ordinary shareholders of company		0.3542
Net profit attributable to ordinary shareholders of company after deducting non-recurring gains/losses		(0.0743)

#### 64. Other comprehensive gains

Unit: RMB

Item	Amount as at this period	Amount as at previous period
1. Gains (loss) from available-for-sale financial assets		
Less: Influence of income tax from available-for-sale financial assets		
Net amount reckoned into other comprehensive income in previous period while transfer-in current gains/losses		
Sub-total	0	0
2. Shares of other comprehensive income in invested units based on equity method		
Less: Influence of income tax arising from shares of other comprehensive income in invested units based on equity method		
Net amount reckoned into other comprehensive income in previous period while transfer-in current gains/losses	210,249.15	
Sub-total	-210,249.15	0
3. Gains (loss) from cash flow hedging tool		
Less: Influence of income tax from cash flow hedging tool		
Net amount reckoned into other comprehensive income in previous period while transfer-in current gains/losses		
Adjustment of transferring to initial confirmed amount of hedged project		
Sub-total	0	0
4. Exchange difference of foreign currency financial statement		
Less: Net amount reckoned into other comprehensive income from disposing overseas operation		
Sub-total		

5.Other		
Less: Influence of income tax from transferring other to other comprehensive income		
Net amount reckoned into other comprehensive income in previous period while transfer-in current gains/losses		
Sub-total	0	0
Total	-210,249.15	

**65. Notes to statement of cash flow****(1) Other cash received in relation to operation activities**

Unit: RMB

Item	Amount
Government grants received	1,263,580
Connected amount	700,000
Interest	192,437.87
Others	781,983.87
Total	2,938,001.74

**(2) Other cash paid in relation to operation activities**

Unit: RMB

Item	Amount
Connected amount	1,641,082.8
Administration expense	9,860,726.24
sales expense	3,271,638.2
Others	794,815.47
Total	15,568,262.71

**(3) Cash received from other investment activities**

□application√ non-application

**(4) Cash paid related with investment activities**

□application√ non-application

**(5) Other cash received in relation to financing activities**

Unit: RMB

Item	Amount
Decrease of other monetary fund	500,000
Interest of raised fund received	2,223,285.23
Total	2,723,285.23

**(6) Cash paid related with financing activities**

Unit: RMB

Item	Amount
Increase of other monetary fund	500,000
Total	500,000



**66. Supplementary information to statement of cash flow****(1) Supplementary information to statement of cash flow**

Unit: RMB

Supplementary information	Amount as at this period	Amount as at previous period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	88,867,376.42	7,059,360.67
Add: assets impairment losses	-43,676.24	-70,079.95
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	5,287,017.49	5,028,087.18
Amortization of intangible assets	3,295,725.97	2,738,022.32
Amortization of long-term deferred expenses	579,974.15	390,285.88
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-")	228,988.17	25,575.51
Loss of disposing fixed assets(gain is listed with "-")		
Loss from change of fair value(gain is listed with "-")	-969,367.2	42,000
Financial expenses (gain is listed with "-")	816,431.2	5,530,183.59
Investment loss (gain is listed with "-")	-105,857,836.04	265,249.23
Decrease of deferred income tax asset( increase is listed with "-")	118,766.4	
Increase of deferred income tax liability (decrease is listed with "-")		
Decrease of inventory (increase is listed with "-")	-13,838,531.1	-3,328,118.84
Decrease of operating receivable accounts (increase is listed with "-")	77,754,296.6	-15,667,173.88
Increase of operating payable accounts (decrease is listed with "-")	-52,980,100.3	-10,285,802.34
Others		
Net cash flow arising from operating activities	3,259,065.52	-8,272,410.63
2. Material investment and financing not involved in cash flow	--	--
Liabilities converted to capital		
Convertible bond expire in 1 year		
Fixed assets leased through financing		
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	518,697,954.69	587,792,262.16
Less: Balance of cash at year-begin	436,842,717.15	40,540,179.32
Plus: Balance of cash equivalents at the period end		

Less: Balance of cash equivalent at year-begin		
Net increasing of cash and cash equivalents	81,855,237.54	547,252,082.84

(2) Relevant information of gaining or disposing subsidiaries and other business units in the report period

application  non-application

(3) Constitution of cash and cash equivalent:

Unit: RMB

Item	Balance as at period-end	Balance as at period-begin
I . Cash	518,697,954.69	436,842,717.15
Including: stock cash	149,851.05	90,189.16
Bank deposit available for payment at any time	518,548,103.64	436,752,527.99
Other monetary fund available for payment at any time		
Account available for payment that saving in central bank		
account save interbank		
account split interbanks		
II . Cash equivalent		
Including: bond investment matured within 3 months		
III、 Balance of cash and cash equivalent at year-end	518,697,954.69	436,842,717.15

67. Project Note on Statement of Changes in Owners' Equity

Applicable  Not applicable

(VIII) Accounting Process of Assets Securitization Business

1. Statement of main business arrangement, accounting process and bankruptcy isolation terms of assets securitization business

Applicable  Not applicable

2. The main condition of the special the purpose that Company has no control rights but actually take the risk

Applicable  Not applicable

**(IX) Related Parties and Transactions**

1. Parent company of the Company

Unit: RMB

Parent company	Relationship	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.	controlling shareholder	Stock limited (listing)	Shenzhen	Chen Shaoqun	Development, construction, operation and management	1,383,314,131	19.09%	19.09%	SASAC of Shenzhen	192179163

					of agricultural products retail market, operation of market leasing					
--	--	--	--	--	---	--	--	--	--	--

**2. Subsidiary of the Company**

Unit: RMB

Subsidiary of the Company	Type	Nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of shares held (%)	Proportion of voting right (%)	Organization code
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd *1	Wholly-owned subsidiaries	limited liability company	Shen zhen	Yan Zesong	Manufacture	103,451,300	100	100	73628169-3
Wuyuan Jufangyong Tea Industry Co., Ltd.	Wholly-owned subsidiaries	limited liability company	Wuyuan	Yan Zesong	Manufacture	290,000,000	100	100	77236879-6
Hangzhou Mingduan tianpin tea products Co., LTD	Wholly-owned subsidiaries	limited liability company	Hangzhou	Qian Xiaojun	Comprehensive	175,000,000	100	100	59305626-0
Shenzhen Shenbao technology Center Co., Ltd.	Wholly-owned subsidiaries	limited liability company	Shen zhen	Luo Longxin	technological development、consultancy、assignment	54,000,000	100	100	59566405-9
Huizhou Shenbao Technologies Co., Ltd.	Wholly-owned subsidiaries	limited liability company	Huizhou	Yao Xiaopeng	Manufacture	30,000,000	100	100	66495245-0
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd.	Wholly-owned subsidiaries	limited liability company	Shen zhen	Yao Xiaopeng	Commercial wholesale	30,150,000	100	100	19246379-7
Shenzhen Shenbao Properties Management Co., Ltd	Wholly-owned subsidiaries	limited liability company	Shen zhen	Peng Ying	Property management	5,000,000	100	100	27931409-X
Shenzhen Shenbao Industrial Trading & Development	Wholly-owned subsidiaries	limited liability company	Shen zhen	Guan Lihua	Commercial wholesale	5,500,000	100	100	19218639-8

Co., Ltd.									
Huizhou Shenbao Industrial Investment Co., Ltd.	Wholly-owned subsidiaries	limited liability company	Huizhou	Yao Xiaopeng	Information consultancy	5,000,000	100	100	79628652-5
Shenzhen Shenbao(Liaoyuan) Industrial Co., Ltd.	Holding Company	limited liability company	Shen zhen	--	--	2,378,000	53.5	53.5	-

3. details of joint-venture and affiliated enterprise of the Company

Unit: RMB

Company	Type	Place of registration	legal representative	Nature of business	Register capital	Equity proportion held by the Company (%)	Proportion of voting rights in invested company (%)	Total assets at period-end	Total liability at period-end	Total net assets at period-end	Total operation revenue in this period	Net profit in this period	Relationsip	Organization code
I. Joint-venture	--	--	--	--	--	--	--	--	--	--	--	--	--	--
II. affiliated enterprise	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Changzhou Sanjing Oil Co., Ltd.	limited liability company	Changzhou	Pan Guangsheng	Manufacture	54,000,000	33	33	13,177,678.91	24,376,845.25	-11,199,166.34	1,643,971.19	-2,116,235.87	Affiliated	77052631-6
Shenzhen PepsiCo Beverage Co., Ltd	limited liability company	Shenzhen	PARINYA KITJATANAPAN	Manufacture	US\$ 12.25million	10	10	725,117,346.11	470,979,435.26	254,137,910.85	819,920,464.75	-1,197,575.60	Affiliated	61890818-4

**4. Particulars about other related parties**

application  non-application

**5. Related transaction****(1) Statement of commodity purchased and labor service received**

Unit: RMB

Related Party	Related Trading	Price-making Method and Decision-making Procedure	Amount at this period		Amount at previous period	
			Amount	Proportion in the same trade amount(%)	Amount	Proportion in the same trade amount(%)
Shenzhen Agricultural Products Co., Ltd.	Purchasing specialty tea	Market Pricing	93,397.42	10.98	51,051.28	5.83

Statement of commodity sales and labor service provided

**(2) Related trusteeship/contract**

application  non-application

**(3) Related leasing**

application  non-application

**(4) Related gurantee**

Unit: RMB

Guarantor	Guaranteed Party	Guaranteed Amount	Start Date	Due Date	Performed 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

Description on joint liability guarantee condition:

\*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 Shenhen 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.

**(5) Borrowed funds from related party**

application  non-application

**(6) Assets transfer, debt restructure of related party**

application  non-application

**(7) Other related transactions**

application  non-application

**6. Account receivable/payable for related parties**

Account receivable from related parties

Unit: RMB

Item	Related party	Balance at period-end	Balance at period-begin
Account receivable	Shenzhen Agricultural Products Co., Ltd.	19,400	5,200
Other account receivable	Changzhou Sanjing Oil Co., Ltd.	16,002,626.29	15,530,485.4

**Account payable to related parties**

Unit: RMB

Item	Related party	Balance at period-end	Balance at period-begin
Other account payable	Shenzhen Investment Management Co., Ltd.	3,510,297.2	3,510,297.2
Dividend payable	Shenzhen Investment Management Co., Ltd.	2,690,970.14	2,690,970.14

**(X) Share payment****1. Genral particular about share payment** application  non-application**2. Share payment settled by equity** application  non-application**3. Share payment settled by cash** application  non-application**4. Service payment for shares** application  non-application**5. Particular about amendment of share payment and its termination** application  non-application**(XI) Contingent events****1. Contingent liability and its financial influence formed by un-settle lawsuits or arbitration** application  non-application**2. Contingent liability and its financial influence formed by debt gurantee provided for other units**

Other contingent liability and its financial influence:

The case concerning the joint-liability guarantee the Company provided for the RMB 7 million loans which Shenzhen China Bicycle Company (Holdings) Limited (“Shenzhen Zhonghua” 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 Bnak in 2003, the RMB 7 million have been paid by the Company for Shenzhen Zhonghua in two phases and accomplished the jointly liability; Concerning the jointly-liability of the Company for Letter of Credit Opening for Shenzhen Zhonghua 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 Shenzhen Zhonghua 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 Shenzhen Zhonghua 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 Shenzhen Zhonghua 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 Shenzhen Zhonghua, 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 Shenzhen Zhonghua on 14 January 2005 from Shenzhen Intermediate People’s Court with verdict that: seal up and freeze the property of Shenzhen Zhonghua (limited as RMB 14,131,575.92) and order Shenzhen Zhonghua 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 Higher 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.

**(XII) Commitments**

**1. large commitments**

application  non-application

**2. Commitments made previously**

application  non-application

**(XIII) Subsequent events of balance sheet**

**1. Explanation on major event after balance sheet date**

Unit: RMB

Item	Content	Influence on financial status and operation results	Reasons for no estimation on influence amount
Zhejiang Shenshenbao Huafa Tea Co., Ltd.	The Company entered into joint-venture contract with Zhejiang Huafa Tea Co., Ltd, for jointly establishment of Zhejiang Shenshenbao Huafa Tea Co., ltd dated 8 August with register capital of 30 million yuan, a 51.72% in new company.	0	New company still in application stage till end of this report period

**2. Profit distribution after balance sheet date**

application  non-application

**3. Other explanation after balance sheet date**

application  non-application

**(XIV) Other explanations on major event**

**1. Non-monetary assets exchange**

No non-monetary assets exchange in report period

**2. Debt reorganization**

No debt reorganization occurred in report period



**3. Enterprise combination**

No enterprise combination occurred in report period

**4. Leasing**

No major leasing business occurred in report period

**5. Financial instrument issued outside and convertible to shares in report period**

The Company has no financial instrument issued outside and convertible to shares in report period ended as 30 June 2012

**6. Main content of annuity plan and major changes**

Nil

**7. Other events needs disclosure**

Nil

**(XV) Notes to main items in financial statements of parent company****1. Account receivable****(1) Account receivable**

Unit: RMB

categories	Balance as at period-end				Balance as at period-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)	Amount	Ratio(%)
Account receivable with single major amount and withdrawal bad debt provision for single item	0		0		0		0	
Account receivable withdrawal bad debt provision by combination								
Account receivable withdrawal bad debt provision by age combination	284,966.26	90.92%			10,800	27.51%		
Sub-total by combination	284,966.26	90.92%	0		10,800	27.51%	0	
Account receivable with single minor amount but withdrawal bad debt provision for single item	28,453.08	9.08%	28,453.08	100%	28,453.08	72.49%	28,453.08	100%
Total	313,419.34	--	28,453.08	--	39,253.08	--	28,453.08	--

Account receivable with single major amount and withdrawal bad debt provision for single item at period-end:

application  non-application

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

application  non-application

Unit: RMB

Age	Balance as at period-end			Balance as at period-begin		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Ratio(%)		Amount	Ratio(%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year	284,966.26	100%		10,800	100%	
Sub-total Within 1 year	284,966.26	100%		10,800	100%	
1-2years						
2-3years						
over 3 years						
3-4years						
4-5years						
over 5 years						
Total	284,966.26	--		10,800	--	

In combination, account receivable withdrwal bad debt provision by balance proportion  
 application√ non-application

In combination, account receivable withdrwal bad debt provision by other methods  
 application√ non-application

Account receivable with single minor amount but withdrawal bad debt provision for single item at period-end:  
 application non-application

Unit: RMB

Item of account receivable	Book balance	Bad debt provision	Withdrawal proportion	Reasons
Instrument factory of Potou Hubei	9,996.58	9,996.58	100%	Minor possibility in recover
Guo Wenhui	18,456.5	18,456.5	100%	Minor possibility in recover。
Total	28,453.08	28,453.08	100%	--

**(2) Account receivable reverse or withdrwal in report period**

applicable √ not applicable

**(3) Account receivable actually verified in report period**

applicable √ not applicable

**(4) Shareholders unit with over 5% (including 5%) voting rights held in report period**

√applicable  not applicable

Unit: RMB

Name	Balance as at period-end		Balance as at period-begin	
	Book balance	bad debt withdrawal	Book balance	bad debt withdrawal

Shenzhen Agricultural Products Co., Ltd.	19,400		5,200	
Total	19,400		5,200	

**(5) Nature or content of account receivable with major amount**

□ applicable    ✓not applicable

**(6) The top 5 units in account receivable**

Unit: RMB

Name	Relationship with the company	Amount	Age	Proportion in total account receivable (%)
Customers I	Wholly-owned subsidiary	253,380.26	Within 1 year	80.81%
Customers II	Controlling shareholders	19,400	Within 1 year	6.19%
Customers III	Non-related party	12,240	Within 1 year	3.91%
Total	--	285,202.26	--	90.91%

Note: filling the "Name" and "Relationship" by actual

**(7) Account receivable from related party**

Unit: RMB

Name	Relationship	Amount	Proportion in account receivable (%)
Shenzhen Agricultural Products Co., Ltd.	Controlling shareholder	19,400	6.19%
Total	--	19,400	6.19%

**(8)**

Account receivable transfer RMB 0 that disqualified termination condition

**(9) Brief explanation for securitization of assets that takes account receivable as subjects**

□ applicable    ✓not applicable

**2. Other receivables****(1) Other receivables**

Unit: RMB

categories	Balance as at period-end				Balance as at period-begin			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio(%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Other account receivable with single major amount and withdrawal bad debt provision for single item								
Other account receivable withdrawal bad debt provision by combination								
Other account receivable withdrawal bad debt provision by age combination	270,122,751.11	98.01%	1,689,187.04	0.63%	291,802,465.87	98.16%	1,689,187.04	0.58%
Sub-total by combination	270,122,751.11	98.01%	1,689,187.04	0.63%	291,802,465.87	98.16%	1,689,187.04	0.58%
Other account receivable with single minor amount but withdrawal	5,472,398.91	1.99%	5,472,398.91	100%	5,472,398.91	1.54%	5,472,398.91	100%

bad debt provision for single item								
Total	275,595,150.02	--	7,161,585.95	--	297,274,864.78	--	7,161,585.95	--

Other account receivable with single major amount and withdrawal bad debt provision for single item at period-end:

application  non-application

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

application  non-application

Unit: RMB

Age	Balance as at period-end			Balance as at period-begin		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Ratio(%)		Amount	Ratio(%)	
Within 1 year						
Including:	--	--	--	--	--	--
Within 1 year	255,158,556.89	94.46%		276,838,171.65	94.87%	
Sub-total Within 1 year	255,158,556.89	94.46%	0	276,838,171.65	94.87%	0
1-2years	4,410,051.72	1.63%	220,507.59	4,410,151.72	1.51%	220,507.59
2-3years	2,288,838.66	0.85%	228,883.86	2,288,838.66	0.79%	228,883.86
Over3 years	8,265,303.84	3.06%	1,239,795.59	8,265,303.84	2.83%	1,239,795.59
3-4years	3,533,898.2	1.31%	530,084.74	3,533,898.2	1.21%	530,084.74
4-5years	4,731,405.64	1.75%	709,710.85	4,731,405.64	1.62%	709,710.85
Over5years						
Total	270,122,751.11	--	1,689,187.04	291,802,465.87	--	1,689,187.04

In combination, other account receivable withdrawal bad debt provision by balance proportion

application  non-application

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

application  non-application

Other account receivable with single minor amount but withdrawal bad debt provision for single item at period-end:

application  non-application

Unit: RMB

Content of Other account	Book balance	Bad debt provision	Withdrawal proportion	Reasons
Other account over 3-years	5,472,398.91	5,472,398.91	100%	Un-recover due to historical formation
Total	5,472,398.91	5,472,398.91	100%	--

**(2) Other account receivable reverse or withdrawal in report period**

applicable  not applicable

**(3) Other account receivable actually verified in report period**

applicable  not applicable

**(4) Shareholders unit with over 5% (including 5%) voting rights held in report period**

applicable  not applicable

**(5) Nature or content of other account receivable with major amount**

applicable  not applicable

**(6) Top five other account receivable**

Unit: RMB

Unit	Relation with the Company	Amount	Age	Portion taken in total other account
------	---------------------------	--------	-----	--------------------------------------

				receivable (%)
Shenbao Technology	Wholly-owned subsidiaries	166,503,465.77	within 1 year	60.42%
Shenbao Sanjing	Wholly-owned subsidiaries	57,800,000	within 1 year	20.97%
Shenbao Huacheng	Wholly-owned subsidiaries	27,067,799.2	within 1 year	9.82%
Hangzhou Minduan	Wholly-owned subsidiaries	911,844.22	within 1 year	0.33%
Changzhou Sanjing Oil Co., Ltd.	Associate	16,002,626.29	1-3years	5.81%
Total	--	268,285,735.48	--	97.32%

**(7) particular about Other account receivable from related parties**

Unit: RMB

Unit	Relation with the Company	Amount	Portion taken in total other account receivable (%)
Shenbao Technology	Wholly-owned subsidiaries	166,503,465.77	60.42%
Shenbao Sanjing	Wholly-owned subsidiaries	57,800,000	20.97%
Shenbao Huacheng	Wholly-owned subsidiaries	27,067,799.2	9.82%
Hangzhou Minduan	Wholly-owned subsidiaries	911,844.22	0.33%
Technology Center	Wholly-owned subsidiaries	848,863.07	0.31%
Changzhou Sanjing Oil Co., Ltd.	Associate	16,002,626.29	5.81%
Total	--	269,665,187.74	97.85%

**(8)**

Other account receivable transfer RMB 0 that disqualified termination condition

**(9) Brief explanation for securitization of assets that takes other account receivable as subjects**
 applicable     not applicable

3. Long-term equity investment

Unit: RMB

Name of the Companies	calculation method	investment cost	Balance as at period-begin	changes +,-	Balance as at period-end	Shares held in invested unit (%)	Voting rights in invested unit (%)	explanation for unconsolidated between shares held and voting rights held in invested unit	impairment provision	withdrawal of impairment provision in this period	cash bonus in this period
Shenzhen Shenbao (Xinmin) Food Co., Ltd	equity method	2,870,000	2,870,000		2,870,000	49.14%	49.14%		2,870,000		
Changzhou Sanjing Oil Co., Ltd.	equity method	13,500,000				33%	33%				
Shenzhen PepsiCo Beverage Co., Ltd	equity method	24,071,627.22	63,833,871.62	-38,420,080.54	25,413,791.08	10%	10%				
Shenbao Properties	cost method	2,550,000	2,550,000		2,550,000	51%	51%				
Shenbao Industrial Trading & Developmen	cost method	5,500,000	5,500,000		5,500,000	100%	100%				
Shenbao Sanjing	cost method	80,520,842.36	80,520,842.36		80,520,842.36	100%	100%				
Shenbao Huacheng	cost method	53,451,300	118,551,781.8		118,551,781.8	100%	100%				
Shenbao Investment	cost method	5,000,000	5,000,000		5,000,000	100%	100%				
Shenbao Technologies	cost method	4,000,000	30,000,000		30,000,000	100%	100%				
Wuyuan Jufangyong	cost method	280,404,134.35	7,880,000	272,524,134.35	280,404,134.35	95.72%	95.72%				
Hangzhou Minduan	cost method	176,906,952.42		176,906,952.42	176,906,952.42	100%	100%				
Shenbao Technology Center	cost method	54,676,764.11		54,676,764.11	54,676,764.11	100%	100%				
Shenbao Liaoyuan	cost method	57,628.53	57,628.53		57,628.53	53.5%	53.5%		57,628.53		

Shenzhen Sanjiu Weitai Holdings Co., Ltd	cost method	2,480,000	2,480,000		2,480,000	0.95%	0.95%		2,480,000		
Shenzhen Taiji Optical-Electric Technologies Co., Ltd.	cost method	15,000,000	15,000,000		15,000,000	3.77%	3.77%		15,000,000		
Total	--	720,989,248.99	334,244,124.31	465,687,770.34	799,931,894.65	--	--	--	20,407,628.53	0	0

**4. Operating income and operating cost****(1) Operating income and operating cost**

Unit: RMB

Item	Amount as at this period	Amount as at previous period
Operating income of main business	850,941.33	234,424.23
Operating income of other business	1,200,000	1,200,000
operating cost	422,583.09	91,320.28
Total		

**(2) Main business (by industry)**

√ application □ non-application

Unit: RMB

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
Total	850,941.33	422,583.09	234,424.23	91,320.28

**(3) Main business (by products)**

√ application □ non-application

Unit: RMB

Product	Amount as at this period		Amount as at previous period	
	Operating income	operating cost	Operating income	operating cost
Tea products(Priority tea)	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 area)**

√ application □ non-application

Unit: RMB

Area	Amount as at this period		Amount as at previous period	
	Operating income	operating cost	Operating income	operating cost
South China	628,223.12	205,251.35	234,424.23	91,320.28
Other area	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**

Unit: RMB

Name	Total Operating 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%

**5. Investment income**

**(1) Details of investment income**

Unit: RMB

Item	Amount as at this period	Amount as at previous period
Investment income of long-term equity based on cost		
Investment income of long-term equity based on equity	-299,393.9	-269,528.67
Investment income from disposal of long-term equity	103,546,568.4	4,279.44
Investment income obtained in period of transactional financial assets held		
Investment income obtained while in investment income period with investment held to maturity		
Investment income obtained in period of financial assets available for sales held		
Investment income obtained from disposal of transactional financial assets	2,610,661.54	
Investment income obtained from investment held to maturity		
Investment income obtained from financial assets available for sales		
Other		
Total	105,857,836.04	-265,249.23

**(2) Investment income of long-term equity based on cost**

application  non-application

**(3) Investment income of long-term equity based on equity**

Unit: RMB

Unit	Amount as at this period	Amount as at previous period	reason of changes compare with last period
Shenzhen Pepsi Coka-Cola Beverage Co., Ltd.	-299,393.9	-269,528.67	Decrease of net profit in this period
Total	-299,393.9	-269,528.67	--

## 6. Supplementary information about statement of cash flow

Unit: RMB

Supplementary information	Amount as at this period	Amount as at previous period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	90,953,054.22	4,115,925.1
Add: assets impairment reserve	0	540
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	621,105.81	612,945.37
Amortization of intangible assets	914,336.11	912,380.88
Amortization of long-term deferred expenses	143,469.28	139,237.62
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-")	180,081.65	35,326.88
Loss of disposing fixed assets(gain is listed with "-")		
Loss from change of fair value(gain is listed with "-")	-970,867.2	
Financial expenses (gain is listed with "-")	93,900.89	3,818,933.23
Investment loss (gain is listed with "-")	-105,857,836.04	265,249.23
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	-127,251.46
Decrease of operating receivable accounts (increase is listed with "-")	150,385,576.3	-25,484,518.54
Increase of operating payable accounts (decrease is listed with "-")	-25,582,352.09	-5,820,354.51
Others		
Net cash flow arising from operating activities	111,085,198.81	-21,531,586.2
2. Material investment and financing not involved in cash flow:	--	--
Liabilities converted to capital		
Convertible bond expire in 1 year		
Fixed assets leased through financing		

3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	186,945,009.15	564,324,133.25
Less: Balance of cash at year-begin	399,181,994.57	23,617,846.34
Plus: Balance of cash equivalents at the period end		
Less: Balance of cash equivalent at year-begin		
Net increasing of cash and cash equivalents	-212,236,985.42	540,706,286.91

### 7. Assets and liability that reverse purchased for book-keeping

applicable  not applicable

### (XVI) Supplementary information

#### 1. Return on equity and earnings per share

Unit: RMB

Profit during period	Weighted average ROE (%)	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)

#### 2. Explanation on reasons for abnormal situation in financial statements

Item	Balance as at period-end (or Amount as at this period)	Balance as at period-begin (or Amount as at previous period)	Ratio changed (%)	Reason of Change
Transaction financial assets	9,043,663.20	14,627,801.40	-38.17%	*1
Accounts receivable	25,811,829.87	71,769,419.01	-64.04%	*2
Other accounts receivable	23,934,074.34	35,956,860.85	-33.44%	*3
Long-term equity investments	25,471,291.08	63,891,371.62	-60.13%	*4
Projects in construction	90,800,393.40	11,113,058.18	717.06%	*5
account payable	16,268,756.13	34,863,967.03	-53.34%	*6
Tax payable	1,403,107.04	4,923,433.34	-71.50%	*7
Other payables	121,741,682.58	79,810,651.49	52.54%	*8

Retained profit	126,679,479.16	37,812,102.74	235.02%	*9
management fee	31,343,771.04	21,699,521.40	44.44%	*10
Financial 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

## IX. Documents available for Reference

Lists of references
1. Semi-annual report and its summary of 2012 with signature of the Chairman;
2. Text of financial report with signature and seals of legal person, person in charge of accounting

works and person in charge of accounting institution;

3. Original and official copies of all documents which have been disclosed on Securities Times, China Securities, and Hong Kong Commercial Daily in the report term;

Chairman: Zheng Yuxi

Approval dated by the Board: 17 August 2012