

SHENZHEN SHENBAO INDUSTRIAL CO.,LTD

SEMI-ANNUAL REPORT 2013

August 2013

Section I. Important Notice, Contents and Paraphrase

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

All directors are attended the Board Meeting for report deliberation.

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either.

Chairman of the Company Mr. Zheng Yuxi, General Manager Mr. Yan Zesong, Chief Financial Officer Ms. Wang Zhiping and Financial Management Department Manager Mr. Xu Qiming hereby confirm that the Financial Report of Semi-Annual Report 2013 is authentic, accurate and complete.

Securities Times, China Securities Journal, Hong Kong Commercial Daily and Juchao Website (www.cninfo.com.cn) are the media appointed by the Company for information disclosure, all information of the Company disclosed in the above mentioned media should prevail. Investors are advised to exercise caution of investment risks.

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

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Paraphrase

Items	Refers to	Definition
Shenshenbao/the Company/Listed Company	Refers to	Shenzhen Shenbao Industrial Co., Ltd
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd
Wuyuan Jufangyong	Refers to	Jufangyong Tea Industry Co., Ltd. in Wuyuan County
Hangzhou Ju Fang Yong	Refers to	Hangzhou Ju Fang Yong Holding Co., Ltd.
Shenbao Yuxing	Refers to	Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd.
Shen Shenbao Huafa	Refers to	Zhejiang Shen Shenbao Huafa Tea Co., Ltd.
Technology Center	Refers to	Shenzhen Shenbao Technology Center Co., Ltd.
Huizhou Shenbao Science & Technology	Refers to	Huizhou Shenbao Science & Technology Co., Ltd.
Shenbao Sanjing	Refers to	Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd
Shenbao Industrial & Trading	Refers to	Shenzhen Shenbao Industrial & Trading Co., Ltd.
Shenbao Properties	Refers to	Shenzhen Shenbao Properties Management Co., Ltd.
PepsiCo (China)	Refers to	PepsiCo Investment (China) Ltd.
Shenzhen PepsiCo	Refers to	Shenzhen PepsiCo Beverage Co., Ltd
Zhejiang Wafa	Refers to	Zhejiang Wafa Tea Co., Ltd.
Changzhou Sanjing	Refers to	Changzhou Sanjing Grease Co., Ltd
Agricultural Products	Refers to	Shenzhen Agricultural Products Co., Ltd
Shenzhen Investment Holding	Refers to	Shenzhen Investment Holding Co., Ltd
Tianzhong Investment	Refers to	Shenzhen Tianzhong Investment 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
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
Article of Association	Refers to	Article of Association of Shenzhen Shenbao Industrial Co., Ltd
RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan

Section II Company profile

I. Company Profile

Short form for share	SHENSHENBAO-A, SHENSHENBAO-B	Code for share	000019, 200019
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市深宝实业股份有限公司		
Abbr. of Chinese name of the Company(if applicable)	深宝		
English name of the Company(if applicable)	SHENZHEN SHENBAO INDUSTRIAL CO.,LTD		
Abbr. of English name of the Company(if applicable)	SBSY		
Legal Representative	Zheng Yuxi		

II. Contact person and ways

	Secretary of the Board	Rep. of securities affairs
Name	Li Yiyan	Zheng Guibo
Contact add.	23/F, Education Technology Mansion, No.26 Zizhu Qi Dao, Zhuzilin Fourth Road, Futian District, Shenzhen	23/F, Education Technology Mansion, No.26 Zizhu Qi Dao, Zhuzilin Fourth Road, Futian District, Shenzhen
Tel.	0755-82027522	0755-82027522
Fax.	0755-82027522	0755-82027522
E-mail	lyy@sbsy.com.cn	zhenggb@sbsy.com.cn

III. Others

1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

Applicable Not applicable

Registrations address, offices address and codes as well as website and email of the Company has no change in reporting period, found more details in Annual Report 2012.

2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

Applicable Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2012.

3. Registration changes of the Company

Whether registration has changed in reporting period or not

Applicable Not applicable

Date/place for registration of the Company, registration number for enterprise legal license, number of taxation registration and organization code have no change in reporting period, found more details in Annual Report 2012.

4. Other relevant information

Whether other relevant information has changed in reporting period or not

Applicable Not applicable

Section III. Accounting data and summary of financial indexes

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

	Current period	Same period of last year	Increase/decrease in this report y-o-y (%)
Operating revenue (RMB)	229,743,390.32	114,026,690.16	101.48%
Net profit attributable to shareholders of the listed company(RMB)	-5,934,967.21	88,867,376.42	-106.68%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-10,772,467.32	-18,638,342.71	42.2%
Net cash flow arising from operating activities(RMB)	-11,847,579.84	3,259,065.52	-463.53%
Basic earnings per share (RMB/Share)	-0.0237	0.3542	-106.69%
Diluted earnings per share (RMB/Share)	-0.0237	0.3542	-106.69%
Weighted average ROE (%)	-0.62%	9.51%	-10.13%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end (%)
Total assets (RMB)	1,334,276,104.88	1,222,994,595.75	9.1%
Net assets attributable to shareholder of listed company(RMB)	908,101,676.17	964,216,674.18	-5.82%

II. Difference of the accounting data under accounting rules in and out of China

1. Difference of the net profit and net assets attributable to shareholders of parent company disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Unit: RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Amount at period-end	Amount at period-begin
Chinese GAAP	-5,934,967.21	88,867,376.42	908,101,676.17	964,216,674.18
Items and amount adjusted by IAS				
1. Adjustment for amortization of equity investment differences			1,016,958.04	1,016,958.04
2. Adjustment for cost of transfer of equity of Shenzhen Pepsi		381,359.27	-762,718.54	-762,718.54
3. Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	-5,934,967.21	89,248,735.69	909,422,915.67	965,537,913.68

III. Items and amounts of extraordinary profit (gains)/loss

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	2,310.17	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	5,874,022.19	
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	6,688.65	
Other non-operating income and expenditure except for the aforementioned items	253,966.23	
Less: impact on income tax	1,299,487.13	
Total	4,837,500.11	--

Section IV. Report of the Board of Directors

I. Introduction

In reporting period, the Company rapid up the implementation of strategy promotion, formulated a development strategy for vary business of the Company, well-defined the implementation scheme; combine the development needs in business, adjusted organization structure of the Company, put job responsibility in orders; established the tea deep-processing division and implemented the operation style HQ plan; exercised optimization of performance management, activate construction of information engineering of ERP system and e-business platform etc., improved informationalized standards ; implemented brand development strategy, combing and integrated vary brands within the Company, created a core value for the brand; centralized the resource, carried out transfer of the 10% equity of Shenzhen Pepsi, providing a fund support for the strategy implementation of the Company.

During the reporting period, the Company expand main business actively, made solid progress in the implementation of projects with fund raised. Firstly, accelerate the brand promotion and market channel construction for “Jufangyong” longjing tea and “Xingjiu” rock tea, focus on the development foundation for boutique tea business. Secondly, strengthen the development of marketing team and market pioneering efforts, maintain a stable in aspect of original clients and marke quota for deep-processing business; meanwhile, steadily promote the comstruction of comprehensive investment of tea industry chain, main construction and equipment installation and debugging have completed, and through the QS certification. Thirdly, continues to enhance the investment in scientific research, optimized and improved the research system and mechanism innovation, product research and promotion gains a great progresses, and provide a strong support for the sustainable development of every business of the Company.

In reporting period, the Company consolidated the work of safety production and food security, which ensures no material safety production accidents and no major food quality security accidents occurred in first half year; further to improved the construction of internal control system, upgrade the internal control standards as a whole, promoted the capability in shielding against risks and risk prevention.

II. Main business analysis

Introduction

Main business of the Company was tea industry. In the reporting period, the Company achieved operating income of RMB 229.7434 million, a 101.48% up from a year earlier; operating profit achieved RMB -7.5542 million, a 1283.13% down from a year ago; net profit attributable to shareholders of listed companies was RMB -5.9349 million with 1597.15% down from a year earlier.

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes

			(%)	
Operation revenue	229,743,390.32	114,026,690.16	101.48%	Business of the subsidiary increased last year was showed in this period, and no such presentation at same period of last yera
Operation cost	195,082,954.37	92,593,340.74	110.69%	
Sales expenses	16,359,699.07	6,539,865.06	150.15%	
Financial expenses	-112,173.57	381,706.23	-129.39%	Mainly because current interest income increased, and payment of interest on borrowings decreased than the same period of last year.
Investment income	6,688.65	105,857,836.04	-99.99%	At same period of last year, there has equity interest from 15% equity of Shenzhen Pepsi transfer, no such income in the Period
Operating profit	(7,554,222.11)	89,376,111.45	-108.45%	
Non-operating income	6,133,709.15	772,170.63	694.35%	Government subsidy obtained in the Period increased
Income tax expense	3,052,026.68	1,043,256.86	192.55%	Mainly because current income tax calculated according to tax law and related regulations increased in the period.
Net cash flow arising from operation activities	-11,847,579.84	3,259,065.52	-463.53%	Mainly because products purchasing increased in the period.
Net cash flow arising from investment activities	-128,480,521.51	87,409,452.21	-246.99%	New office building purchased and the comprehensive investment of tea industrial chain in Wuyuan Jufangyong increased
Net cash flow arising from financing activities	78,374,250.01	-8,816,431.20	988.96%	Bank short-term loans increased in the period.
Net increase of cash and cash equivalent	-63,310,425.87	81,855,237.54	-177.34%	Fixed assets investment in the period increased over that of last period

Major changes on profit composition or profit resources in reporting period

Applicable Not applicable

No major changes on profit composition or profit resources occurred in reporting period

The future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

Applicable Not applicable

Review on the previous business plan and its progress during reporting period

The Company proceeded according to the business plan in the reporting.

III. Constitution of main business

In RMB

	Operating revenue	Operating cost	Gross profit ratio (%)	Increase or decrease of operating revenue over same period of last year (%)	Increase or decrease of operating cost over same period of last year (%)	Increase or decrease of gross profit ratio over same period of last year (%)
According to industries						
Industry	124,711,542.13	100,329,761.24	19.55%	9.83%	8.89%	0.7%
Trading	104,498,448.19	94,656,064.73	9.42%			
Rental service	293,400.00		100%	0%		0%
According to products						
Soft drinks	13,233,201.40	9,755,968.66	26.28%	-18.59%	-32.54%	15.24%
Seasoning	5,352,419.86	3,442,198.14	35.69%	-16.45%	-14.69%	-1.33%
Tea products	210,624,369.06	181,787,659.17	13.69%	131.75%	146.85%	-5.28%
Property rental	293,400.00		100%	0%		
According to region						
Export	107,635,235.06	96,204,044.83	10.62%	5,273.17%	7,562.67%	-26.71%
South China	39,280,797.60	28,814,228.01	26.65%	4.85%	0.26%	3.36%
North China	11,141,038.11	9,717,383.35	12.78%	0.3%	-5.6%	5.45%
East China	50,035,273.72	41,443,043.14	17.17%	44.61%	61.93%	-8.86%
Central China	16,850,592.77	15,017,767.32	10.88%	-20.18%	-22.76%	2.98%
Other region	4,560,453.06	3,789,359.32	16.91%	-39.63%	-44.39%	7.12%

In the reporting period, the Company's tea products and export business increased, which mainly because the new subsidiaries Shenshenbao Huafa increased last year has a business presentation in the year while no such business at same period of last year; tea product's gross margin decreased mainly due to the change of product structure; soft drink's gross margin increased mainly due to a strengthen in cost control and part of the raw material price declined.

IV. Core competitive-ness analysis

The core competitive-ness of the Company had no changes in the reporting period.

V. Investment analysis

1. Situation of foreign equity investment

(1) Securities investment

Variety of securities	Code of securities	Short form of	Initial investment	Amount of stock-holdin	Proportion of	Amount of stock-holdin	Proportion of	Book value	Gains and loss	Accountin g subject	Source of stock
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securities	securities	securities	cost(RMB)	beginning of the period (Share)	stock-holding at the beginning of the period (%)	stock-holding at the end of the period (Share)	stock-holding at the end of the period (%)	at the end of the period (RMB)	in the reporting (RMB)		
Stock	400005	Hai Guo Tou	272,288.09	150,000	0.06%	0			6,688.65		Legal person stocks purchased from the original STAQ trading system
Total			272,288.09	150,000	--	0	--	0.00	6,688.65	--	--

Statement of holding equity of other listed companies

Applicable Not applicable

2. Application of raised proceeds

(1)Overall application of raised proceeds

In ten thousand Yuan

Total raised proceeds	57,239.21
Total raised proceeds invested during the reporting period	9,623.60
Total accumulative raised proceeds invested	32,306.26
Total raised proceeds for new purposes during the reporting period	0
Total accumulative raised proceeds for new purposes	16,729.17
Proportion of the total accumulative raised proceeds for new purposes (%)	29.23%

General application of raised proceeds

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. In the year of 2012, the Company raised proceeds of RMB 155 million by canceling the “Comprehensive Project with Annual Capacity of 300 Tons Catechin”, among which, RMB125 million was used to invest in the “Project of Developing High-end Brand Classical Tea” (including the original “Chain Project for Classical Tea Leaves” with total investment of RMB155 million, among which, RMB125 million was provided by the change in the proceeds application from the aforesaid “Comprehensive Project with Annual Capacity of 300 Tons Catechin”, and RMB 30 million was from the proceeds from the original “Chain Project for Classical Tea Leaves”, the project was implemented by the subordinate Hangzhou Ju Fang Yong). Besides, the remaining RMB 30 million was used to establish a joint venture with Zhejiang Wafa to carry out export business of tea leaves. The Company cancelled implementation for the “Expansion Project of Seasoning Production Line”, pursuant to which, the original proceeds RMB12, 291,700 was adjusted in increasing investment for 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 subordinate wholly-owned subsidiary Shenzhen Shenbao Research & Development Center Co., Ltd. also, the place for implementation was also changed from Wuyuan county Jiangxi province to Shenzhen, Guangdong province. Those changes were deliberated and approved in the 2011 Annual General Shareholders’ Meeting of the Company held on 27 April 2012. On 12 October 2012, the “Proposal of Using Part of Idle Fund Raised for Supplement Current Capital Temporary Again” was deliberated and approved in Third Extraordinary Shareholders’ General Meeting of 2012, the Company agrees to supplement current capital of the Company with RMB 120 million fund raised temporary for 6 months at most; and this fund raised has been return by the Company on 9 April 2013. On 15 May 2013, the “Proposal of Using Part of Idle Fund Raised for Supplement Current Capital Temporary Again” was deliberated and approved in Annual Shareholders’ General Meeting of 2012 with part of the fund raised RMB 110 million to supplement current capital of the Company for 12 months at most.

(2) Situation of committed project of raised proceeds

In ten thousand Yuan

Committed investment projects & investment of raised fund	Projects changed or not (including changed partially)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested in this year	Amount of accumulated investment till the year-end (2)	Investment program till the year-end (3)=(2)/(1)	Predicted serviceable condition date of project	Profit realized in this year	Reach the predicted interest or not	Project feasibility was changed hugely or not
Investment project commitment										
1. Acquisition of 48.33% equity from Shenbao Huacheng	No	6,510.05	6,510.05		6,510.05	100%	2011-07-31	20.16	Yes	No
2. Comprehensive Investment Project of Tea Industry Chain	No	27,000	27,000	3,674.14	10,879.03	40.29%	2015-09-30		No	No
3. Comprehensive Project with Annual Capacity of 300 Tons Catechin	Yes	15,500					2014-01-31		No	Yes
4. Chain Project for Classical Tea Leaves	Yes	3,000					2015-07-31		No	No
5. Project of R&D Center for Tea and Natural Plants	Yes	4,000					2012-04-30		Not applicable	No
6. Expansion Project of Condiment Production Line	Yes	4,000					2012-07-31		No	Yes
7. Project of Developing High-end Brand Classical Tea			15,500	2,244.89	7,611.05	49.10%	2016-04-30		No	No
8. Establishment of joint venture of Zhejiang Shen Shenbao Huafa Tea Co., Ltd.			3,000		3,000.42	100%	2012-12-31	151.08	Yes	No
9. Project of R&D Center for Tea and Natural Plants			5,229.16	3,704.57	4,305.71	82.34%	2013-12-31		Not applicable	No
Subtotal of commitment projects	--	60,010.05	57,239.21	9,623.60	32,306.26	--	--	171.24	--	--

Investment of raised fund										
Total	--	60,010.05	57,239.21	9,623.60	32,306.26	--	--	171.24	--	--
Particular about not coming up to schemed progress or expected revenue and the reason(In specific project)	Comprehensive Investment Project of Tea Industry Chain and project of Developing High-end Brand Classical Tea were in the investment period, which didn't meet the expected income.									
Explanation on great changes of feasibility of 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 and thereby to change the proceeds application purposes. (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&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>									
Amount, usage and progress of using for fund raising out of the plan	Not applicable									

Change of implementation place of investment project of raised capitals	Applicable
	Occurred in previous year
	The Company changed the implementation place of Project of R&D Center for Tea and Natural Plants from Wuyuan county Jiangxi province to Shenzhen Guangdong province. Those changes were considered and approved in the 2011 Annual General Meeting of the Company held on 27 April 2012.
Adjustment to implementation method of investment project with proceeds	Not applicable
Initial input and replacement of investment project with proceeds	Not applicable
Temporary supplement of current capital with idle proceeds	Applicable
	On 12 October 2012, the “Proposal of Using Part of Idle Fund Raised for Supplement Current Capital Temporary Again” was deliberated and approved in Third Extraordinary Shareholders’ General Meeting of 2012, the Company agrees to supplement current capital of the Company with RMB 120 million fund raised temporary for 6 months at most; and this fund raised has been return by the Company dated 9 April 2013. On 15 May 2012, the “Proposal of Using Part of Idle Fund Raised for Supplement Current Capital Temporary Again” was deliberated and approved in Annual Shareholders’ General Meeting of 2012 with part of the fund raised RMB 110 million to supplement current capital of the Company for 12 months at most.
Balance of fund raised in way of implementation and reasons	Not 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)The changed project of raised proceeds

In ten thousand Yuan

Project after the change	Corresponding original committed project	Total amount invested after adjustment (1)	Virtual amount input in the reporting	Accumulation virtual amount input deadline the end of the reporting (2)	Progress of the investment deadline the end of the reporting (%) (3)=(2)/(1)	Predicted serviceable condition date of project	Income achieved in the reporting	Whether it has come up to the scheduled income	Whether the feasibility of the project changed after the alteration
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	2,244.89	7,611.05	49.10%	2016-04-30		No	No
Jointly incorporation of Zhejiang Shenbao Huafa Tea Co., Ltd.	Comprehensive Project with Annual Capacity of 300 Tons Catechin	3,000		3,000.42	100%	2012-12-31	151.08	Yes	No
Project of R&D Center for Tea and Natural Plants	Project of R&D Center for Tea and Natural Plants / Expansion Project of Condiment Production Line	5,229.16	3,704.57	4,305.71	82.34%	2013-12-31		Not applicable	No

Total	--	23,729.16	5,949.46	14,917.18	--	--	151.08	--	--
Changing reason, decision procedure and statement of disclosure(In specific project)		<p>(1) Cancel the “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 were invested in investment development project for high-end brand classical tea and jointly incorporation of Zhejiang Shenbao Wafa Tea Co., Ltd. (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&D Center for Tea and Natural Plants. (3) Changes of “tea and natural plant R&D center "project location and implementation main body: there are many advantages of the initial location of the project, which is in Wuyuan county, Jiangxi Province, owns many advantages in tea industry resources and cost. However, the initial location of the project is weak in talent gathering, information exchange, resource sharing and integration, and customer service market. Therefore, the initial location in Wuyuan county Jiangxi Province was moved to Shenzhen city, Guangdong province. The implementation main body was turned from Wuyuan Jufangyong into Shenzhen Shenbao Technology Center Co., Ltd., wholly owned</p>							

	subsidiary of the Company. The Company also increased its investment to RMB 54 million after counting the fixed assets investment of the project and high labor cost in the new implementation. The modification of raise investment project was deliberated and approved in the 20 th Meeting of 7 th session of the Board on 5 April 2012 and annual shareholders' general meeting of 2011 on 27 April 2012. For details, please refer to the related announcement disclosed at Securities Times, China Securities, Hong Kong Commercial Daily and www.cninfo.com.cn on 6 April 2012 and 28 April 2012 respectively.
Not meet the scheduled progress or projected benefits, and reasons for that (based on specific project)	Investment development project for high-end brand classical tea was in the investment period, which didn't meet the expected income.
Explanation on significant changes in feasibility of projects	-

(4)Project of raised proceeds

Statement	Date of disclosure	Index of disclosure
"Special Report of Raised Proceeds Deposit and Utilization for Semi-Annual of 2013 of Shenzhen Shenbao Industrial Co., Ltd."	2013-08-21	Juchao Website(www.cninfo.com.cn)

3. Main subsidiaries and joint-stock companies analysis

Main subsidiaries and joint-stock companies

In RMB

Name	Type	Industry involved	Main products or service	Registered capital	Total assets	Net assets	Operation revenue	Operation profit	Net profit
Shenbao Huacheng	Subsidiary	Manufacture	Instant tea powder and tea extraction	153,451,300.00	210,662,603.85	167,299,494.91	79,305,407.45	-1,095,162.94	417,088.35
Huizhou Shenbao	Subsidiary	Comprehensive	Seasoning, Soft drinks	60,000,000.00	231,145,520.73	42,467,790.85	18,585,621.26	-488,328.75	-488,328.75

Science & Technology									
Wuyuan Jufangyong	Subsidiary	Manufacture	Tea products	290,000,000.00	363,588,668.18	303,492,485.07	51,007,580.22	3,407,309.90	5,693,291.17
Hangzhou Ju Fang Yong	Subsidiary	Comprehensive	Tea products	175,000,000.00	186,622,611.29	179,675,566.06	9,626,163.96	-4,623,671.65	-4,619,705.42
Technology Center Company	Subsidiary	Science research and technology service	Development, consultant and transfer of technology	54,000,000.00	50,918,050.51	50,654,595.69		-788,172.30	-788,172.30
Shen Shenbao Huafa	Subsidiary	Trading	Exportation of tea	30,000,000.00	124,471,478.70	62,221,874.25	104,738,448.19	3,895,080.22	2,921,030.16

VI. Prediction of business performance from January – September 2013

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

Applicable Not applicable

VII. Implementation of profit distribution in reporting period

Implementation or adjustment of profit distribution plan in reporting period, cash dividend plan and shares converted from capital reserve in particular

Applicable Not applicable

On 15 May 2013, the Company held the Annual Shareholders' General Meeting 2012 and approved "Profit Distribution Preplan of the Company for year of 2012", that is: taking total 250,900,154 shares at end of 2012 as the radix, sending RMB 2.00 in cash (tax included) per 10 shares to its all shareholders, total cash dividend of RMB 50,180,030.80 distributed, and the remaining undistributed profit are credited to future years to distribute. As of 11 July 2013, the above said plan has been fully implemented and completed

VIII. In the report period, reception of research, communication and interview

Time	Place	Way	Type	Reception	Contents discussed and material provided
2013-05-07	Conference room of the Company	Spot research	Institution	Yu Xi, Wang Peng, Fan Junhao	Discussion of production status of tea industry and future strategy plan of the Company. No undisclosed material information are reveal, disclose or leak to reception object

Section V. Important Events

I. Corporate governance

Actual corporate governance of the Company shows no difference with the Company Law and requirement of relevant regulations from CSRC.

II. Significant lawsuits and arbitrations of the Company

Applicable Not applicable

General information of lawsuits(arbitration)	Amount involved (10 thousand Yuan)	Accrued liability formed Yes/No	Progress of lawsuits(arbitration)	Trial results and influence from lawsuits(arbitration)	Enforcement of the judgment	Date for disclosure	Index for disclosure
The case concerning the joint-liability guarantee the Company provided for RMB 7 million loans which CBC had obtained from Shenzhen Branch of China Construction Bank (“Construction Bank” for short) has been closed with reconciliation. The Agreement of Interest Reduction was signed between the Company and Construction Bank in 2003, the RMB 7 million have been paid by the Company for CBC in two phases and accomplished the jointly liability; Concerning the jointly-liability of the Company for Letter of Credit Opening for CBC in Shenzhen Branch of Bank of China with US\$ 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 CBC and accomplished the jointly liability; later on 22 July 2004, the Company applied to		No	On 12 October 2012, concerning the application from Shenzhen Guosheng Energy Investment Development Co., Ltd., Shenzhen Intermediate People’s Court accepted and verdict the bankruptcy case of CBC. The Company declared creditor’s right of RMB24, 061,322.14 to manager of CBC. On 17 July 2013, a Civil Ruling Paper (2012) Shen Zhong Fa Po Zi No. 30-4 was carried	The approval amount from CBC has no further progress till recently	Not applicable	2004-4-10	The aforesaid events can be found in “Annual Report of 2003” dated 10 April 2004;”Semi-Annual Report of 2004” dated 6 August 2004; Notice of the Company published on Juchao Website (www.cninfo.com.cn) dated 30 July 2004, 20 November 2004, 16 December 2004, 29 December 2004 ,18 January 2005 and 7 August 2013 respectively

<p>Shenzhen Intermediate People’s Court (“Shenzhen Intermediate” for short) for the enforcement on the above repayment. Shenzhen Intermediate People’s Court verdict that the RMB 7 million repaid by the Company for CBC 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 CBC, 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 CBC on 14 January 2005 from Shenzhen Intermediate People’s Court with verdict that: seal up and freeze the property of CBC (limited as RMB 14,131,575.92) and order CBC 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. On 12 October 2012, Shenzhen Intermediate People’s Court accepted the bankruptcy reorganization of the CBC, the Company to submit claims of RMB 24,061,322.14 to its administrator. Exactly claims will pursuit to the rule from the court.</p>			<p>out by the Shenzhen Intermediate People’s Court, the creditor’s right RMB 20,972,491.51 for the Company from CBC was judged.</p>				
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III. Question from media

Applicable Not applicable

No universal questioned by media in reporting period

IV. Transaction in assets

1. Acquisition of assets

Counterparty or ultimate controlling party	Assets acquired or replaced	Trading price (in 10 thousand Yuan)	Progress (Note 2)	Impact on operation of the Company (Note 3)	Impact on gains/losses of the Company (Note 4)	Ratio of the profit contributed to listed company in total net profit (%)	Whether a related transaction or not	Relationship with counterparty (apply to related transaction)	Disclosure date (Note 5)	Disclosure index
Shenzhen Investment Holding	Office	8,684	According to the purchase contract, the Company has paid the transaction price.	The transaction was based on the actual development needs of the Company; both parties followed basis of cooperation of equality and mutual benefit and mutual consultation, in accordance with the principles of transparency, fairness and justice, which without damages the interests of the Company and shareholders and didn't affect the company's independence.			Yes	The second largest shareholder of the Company	2013-05-16	"Related Transaction of Purchasing Office Site from Shareholder of Shenzhen Shenbao Industrial Co., Ltd." published on Juchao Website (www.cninfo.com.cn) dated 16 May 2013

2. Assets sold

Counterparty	Assets sold	Date for sales	Trading price (in 10 thousand Yuan)	Net profit contributed to listed company from period-begin to date for sale (in 10 thousand Yuan)	Impact on the Company (Note 3)	Ratio of the profit contributed to listed company in total net profit (%)	Pricing principle	Whether a related transaction or not	Relationship with counterpart y (apply to related transaction)	Whether ownership of the assets have been transfer totally or not	Whether the debts and liability have been transfer totally or not	Disclosure date	Disclosure index
PepsiCo China	10% equity of Shenzhen PepsiCo	2013.8.16	9,500		It's expected that can bring to the Company investment income of about 68 million Yuan.		Publicly listed on Shenzhen United Property And Share Rights Exchange to determine the transaction price	No	Not applicable	Yes	Yes	2013-05-13	"Report of Sales of Substantial Assets" (Revised) and "Implementation of Substantial Assets Restructuring" published on Juchao Website (www.cninfo.com.cn) dated 13 May 2013 and 21 August 2013 respectively

V. Insignificant related transactions

1. Related transaction connected to routine operations

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principal	Related transaction price	Related transaction amount (in 10 thousand Yuan)	Proportion in the amount of the same transaction (%)	Related transaction settlement mode	Available market price	Date of disclosure	Index of disclosure
Zhejiang Wafa	Minority shareholder of controlling subsidiary	Purchasing goods	Purchase of tea	Measure and calculate the cost base on market price, that is setting recommended price after cost analysis according to the unit price for raw material purchasing, production cost and sales unit price in market provided by Zhejiang Wafa; in principle, the price should not higher the 5% of average market price	Not applicable	10,860.29	98.03%	Installment	Not applicable	2013-04-22	"Estimated Day-to-Day Related Transaction for year of 2013 of Shenzhen Shenbao Industrial Co., Ltd." (Revised) published on Juchao Website (www.cninfo.com.cn) dated 22 April 2013

				in the previous year, determine final trading price based on fair and justice principle.								
Total				--	--	10,860.29	--	--	--	--	--	--
Detail of sales return with major amount involved				Not applicable								
Reasons for major differences between trading price and market reference price (if applicable)				Not applicable								

2. Related transaction from assets acquisition and assets sold

Related transaction parties	Related relationship	Related transaction type	Related transaction content	Pricing principal	Book value of the transferred assets (in ten thousand Yuan)	Assessed value of the transferred assets (in ten thousand Yuan))	Fair market value (in ten thousand Yuan)	Transfer price(in ten thousand Yuan)	Related transaction settlement mode	Trading profit and loss(in ten thousand Yuan)	Date of disclosure	Index of disclosure
Shenzhen Investment Holding	The second largest shareholder	Purchase of assets	Purchase of office space	In accordance with the principle of voluntary, equality, mutual benefit and fair, and			8,801	8,684	One-time payment		2013-05-16	”Related Transaction of Purchasing Office Site from Shareholder of Shenzhen Shenbao Industrial Co., Ltd.” published on Juchao Website (www.cninfo.com.cn) dated 16 May 2013

				transaction price determined in accordance with market prices.								
Reasons for major differences between transfer price, book value and assessed value (if applicable)				Not applicable								
Influence of operating results and financial condition to the Company				The related transaction was based on the actual development needs of the Company, and both parties followed basis of cooperation of equality and mutual benefit and mutual consultation, in accordance with the principles of transparency, fairness and justice, which without damages to the interests of the Company and shareholders and didn't affect the company's independence.								

VI. Significant contracts and its implementation

1. Guarantees

In ten thousand Yuan

Guarantee for the subsidiaries (not including guarantees to 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)
Guarantee for the subsidiaries								
Name of the Company guaranteed	Related Announcement	Guarantee limit	Actual date of happening (Date of	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation	Guarantee for related

	disclosure date		signing agreement)				or not	party (Yes or no)
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd	-	3,000	2013-03-11	3,000	Joint liability assurance	1 year	Yes	Yes
Shenzhen Shenbao Huacheng Science and Technology Co., Ltd	-	3,000	2013-03-11	3,000	Joint liability assurance	1 year	Yes	Yes
Shenzhen Shenbao Huacheng Science and Technology Co., Ltd	-	3,000	2013-05-30	3,000	Joint liability assurance	1 year	No	Yes
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd	-	3,000	2013-06-19	2,500	Joint liability assurance	1 year	No	Yes
Shenzhen Shenbao Huacheng Science and Technology Co., Ltd	-	3,000	2013-06-19	2,500	Joint liability assurance	1 year	No	Yes
Total amount of approving guarantee for subsidiaries in report period (B1)			3,000	Total amount of actual occurred guarantee for subsidiaries in report period (B2)				14,000
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)			9,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)				8,000
Total amount of guarantee of the Company(total of two abovementioned guarantee)								
Total amount of approving guarantee in report period (A1+B1)			3,000	Total amount of actual occurred guarantee in report period (A2+B2)				14,000
Total amount of approved guarantee at the end of report period (A3+B3)			9,000	Total balance of actual guarantee at the end of report period (A4+B4)				8,000
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4) (%)				8.81%				
Including:								

Explanation on guarantee with composite way

VII. Commitments from the Company or shareholders (with over 5% shares held) in or continued to reporting period

Undertakings	Undertaker	Contents	Dated for commitment	Commitment term	Implementation
Share Merger Reform	Shenzhen Agricultural Products Co., Ltd Shenzhen Investment Holding Co., Ltd	The original shareholders of non circulation shares made the following undertakings during the equity reform: 1. Agricultural Products and Investment Holdings will observe relevant laws, regulations and rules during the equity reform, and perform their legal undertaking obligations; 2. Upon completion of the equity reform, in order to provide long-term effective incentives to management, the original shareholders of non circulation shares, namely Agricultural Products and Investment Holdings, will sell the shares which they will hold upon satisfaction of consideration (such shares account for 6%-8% of the total share capital (182,923,088 shares in total) of the Company to management within 3 years according to their shareholding percentages after the equity reform.			Observe the undertakings
Commitments in report of acquisition or equity change	N/A				
Commitments in assets reorganization	N/A				
Commitments in initial public offering or refinancing	N/A				
Other commitments to minority shareholders of the Company	N/A				

Completed on time or not	No
Detail reasons for un-complement and further plan (if applicable)	In accordance with the “Trial Method of Implementation of Stock Option Incentive for State Holding Listed Company (Domestic) ” jointly issued by SASAC and Ministry of Finance dated 6 December 2006, the stock option incentive plan of the Company should refining according to relevant regulations; the stock option incentive of management team should be promoted, in an appropriate market condition, with permission in relevant laws and regulations from the State for original shareholders with non-circulated shares hold.

VIII. Engagement and non-reappointment of CPA

Whether the semi-annual report was audited or not

Yes No

IX. Explanation on other significant events

1. ten percent equity of Shenzhen Pepsi transfer with major assets restructuring involved

On 28 December 2012, the shares were suspended when starting trading, because the Company planned to transfer shares of Shenzhen Pepsi. On 10 January 2013, the 3rd meeting of 8th session of the board deliberated and approved to sell 10% equity of Shenzhen Pepsi with RMB 95 million in the way of public trading. By the end of the listing day, a qualified buy Pepsi (China) came into being. According to the property rights trading rules, the equity transfer has entered into the process of contract transfer. On 28 February 2013, the Company and PepsiCo (China) signed the equity transfer agreement with the transaction price of RMB 95 million. On 18 March 2013 and 8 April, the Company held the fourth session of the eighth board meeting and the first extraordinary shareholders' general meeting in 2013 respectively, approved the material assets sale plan, etc. On 10 May 2013, the Company received the Reply on Approval for the Plan of Sales of Major Assets of Shenzhen Shenbao Industrial Co., Ltd (Zheng Jian Xu Ke [2013] No.635) issued by the CSRC, to approve the aforesaid major assets sold. Ownership transfer procedure for 10% equity of Shenzhen Pepsi was completed on 12 June 2013. The equity transfer amount RMB 95 million was received by the Company dated 16 August 2013 from PepsiCo (China), the major assets restructuring with 10% equity of Shenzhen Pepsi concerned was completed. For details, please refer to related announcements disclosed at www.cninfo.com.cn on 18 January, 22 March, 9 April, 13 May 2013 and 21 August 2013. .

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

In share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion (%)	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	22,036,661	8.78%						22,036,661	8.78%
1. State-owned corporate shares	6,783,729	2.7%						6,783,729	2.7%
2. Other domestic shares	15,252,932	6.08%						15,252,932	6.08%
Including: Domestic legal person's shares	7,770,118	3.1%						7,770,118	3.1%
Domestic nature person's shares	7,482,814	2.98%						7,482,814	2.98%
II. Un-restricted shares	228,863,493	91.22%						228,863,493	91.22%
1. RMB common shares	202,727,493	80.8%						202,727,493	80.8%
2. Domestically listed foreign shares	26,136,000	10.42%						26,136,000	10.42%
III. Total shares	250,900,154	100%						250,900,154	100%

II. Number of shares and shares held

In Share

Total shareholders at period-end									21,393	
Shareholders with over 5% shares held										
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period-end	Changes in reporting period	Amount of restrict shares held	Amount of un-restrict shares held	Number of share pledged/frozen			
							State of share	Amount		
Shenzhen Agricultural Products Co., Ltd	Other	19.09%	47,895,097	0	7,770,118	40,124,979				
Shenzhen Investment	State-owned legal person	16%	40,143,586	0	6,783,729	33,359,857				

Holding Co., Ltd								
Shenzhen Tianzhong Investment Co., Ltd	Other	6.44%	16,152,418	-8,970,000	0	16,152,418		
Special account of agreement buy-back of Huatai Securities Co., Ltd.	Other	3.58%	8,970,000	8,970,000	0	8,970,000		
Li Duruo	Domestic nature person	3.5%	8,790,874	-132,210	0	8,790,874		
Sino Life Insurance Co., Ltd. – universal H	Other	3.31%	8,313,778	8,313,778	0	8,313,778		
Ma Zhihong	Domestic nature person	1.92%	4,814,900	4,814,900		4,814,900		
Lin Yixiang	Domestic nature person	1.02%	2,561,002	0	2,561,002	0		
Xian Zhenzhong	Domestic nature person	0.85%	2,134,917	0	2,134,917	0	Pledge	2,134,917
Cao Lijun	Domestic nature person	0.8%	2,012,758	0	2,012,758	0	Pledge	2,012,758
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 24.09% 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.							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restricted shares held at period-end	Type of shares						
		Type	Amount					
Shenzhen Agricultural Products Co., Ltd	47,895,097	RMB common shares	47,895,097					
Shenzhen Investment Holding Co., Ltd	40,143,586	RMB common shares	40,143,586					

Shenzhen Tianzhong Investment Co., Ltd	16,152,418	RMB common shares	16,152,418
Special account of agreement buy-back of Huatai Securities Co., Ltd.	8,970,000	RMB common shares	8,970,000
Li Duruo	8,790,874	RMB common shares	8,790,874
Sino Life Insurance Co., Ltd. – universal H	8,313,778	RMB common shares	8,313,778
Ma Zhihong	4,814,900	RMB common shares	4,814,900
Xi'an Changliu Investment Management Limited Partnership	1,443,951	RMB common shares	1,443,951
Liu Yi	1,054,300	RMB common shares	1,054,300
Yu Jianjun	953,299	RMB common shares	953,299
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Shenzhen SASAC directly holds 24.09% 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.		
Explanation on shareholders involving margin requirement (if applicable)(note 4)	Tianzhong Investment, shareholder of the Company, holds 16,152,418 shares through the guarantee securities account of customer credit transactions of Huatai Securities Co., Ltd.		

Whether has a buy-back agreement dealing in reporting period

Yes No

On 27 May 2013, Tianzhong Investment, shareholder of the Company with 8,970,000 shares of the Company held, exercise securities trading of buy-back agreement with Huatai Securities Co., Ltd., the initial trading volume was 8,970,000 shares in buy-back agreement, representening 3.58 percent of the total share capital of the Company. In reporting period, no shares with buy-back trading involved in Tianzhong Investment. As of reporting period, 16,152,418 shares of the Company was held by Tianzhong Investment, representing 6.38 percent of the total share capital of the Company.

III. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable Not applicable

Changes of actual controller in reporting period

Applicable Not applicable

Section VII. Directors, Supervisors and Senior Executives

I. Changes of shares held by directors, supervisors and senior executives

Applicable Not applicable

Shares held by directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2012.

II. Resignation and dismissal of directors, supervisors and senior executives

The Company had no resignation or dismissal of directors, supervisors and senior executives in the reporting.

Section VIII. Financial Report

I. Auditor's report

Whether the report has been audited or not

Yes No

II. Financial statement

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

1. Consolidated Balance Sheet

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Items	Closing balance	Opening balance
Current assets:		
Monetary funds	310,211,598.60	373,422,024.47
Transaction finance asset		208,500.00
Accounts receivable	124,048,223.48	105,402,754.63
Accounts paid in advance	16,191,997.35	28,323,450.51
Other accounts receivable	32,709,966.50	22,251,167.26
Inventories	242,577,007.63	203,462,389.32
Non-current asset due within one year		
Other current assets	4,423,309.30	1,760,669.36
Total current assets	730,162,102.86	734,830,955.55
Non-current assets:		
Long-term account receivable		
Long-term equity investment	25,471,291.08	25,471,291.08
Investment real estate		
Fixed assets	179,480,359.50	160,018,803.58
Construction in progress	194,408,881.52	94,422,143.01
Engineering material		
Disposal of fixed asset		

Productive biological asset	436,156.00	436,156.00
Intangible assets	195,478,271.69	198,302,445.47
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	6,284,259.26	6,958,018.09
Deferred income tax asset	2,554,782.97	2,554,782.97
Other non-current asset		
Total non-current asset:	604,114,002.02	488,163,640.20
Total assets	1,334,276,104.88	1,222,994,595.75
Current liabilities:		
Short-term loans	80,000,000.00	
Accounts payable	38,427,365.64	42,544,365.20
Accounts received in advance	3,098,893.61	2,087,351.44
Wage payable	2,668,977.97	4,937,554.49
Taxes payable	2,649,672.27	2,448,094.70
Interest payable		
Dividend payable	53,089,213.54	2,909,182.74
Other accounts payable	195,758,077.84	153,192,884.98
Non-current liabilities due within 1 year		
Other current liabilities	43,137.43	43,137.43
Total current liabilities	375,735,338.30	208,162,570.98
Non-current liabilities:		
Long-term loans		
Long-term account payable		
Special accounts payable		
Accrual liabilities		
Deferred income tax liabilities		
Other non-current liabilities	7,026,087.06	8,661,364.25
Total non-current liabilities	7,026,087.06	8,661,364.25
Total liabilities	382,761,425.36	216,823,935.23
Owners' equity (or shareholders' equity):		
Paid-up capital (or share capital)	250,900,154.00	250,900,154.00
Capital public reserve	568,510,912.82	568,510,912.82
Less: Inventory shares		

Reasonable reserve		
Surplus public reserve	40,071,736.73	40,071,736.73
Provision of general risk		
Retained profit	48,618,872.62	104,733,870.63
Balance difference of foreign currency translation		
Total owner's equity attributable to parent company	908,101,676.17	964,216,674.18
Minority interests	43,413,003.35	41,953,986.34
Total owner's equity(or shareholders' equity)	951,514,679.52	1,006,170,660.52
Total liabilities and owner's equity(or shareholders' equity)	1,334,276,104.88	1,222,994,595.75

Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

2. Balance Sheet of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Items	Closing balance	Opening balance
Current assets:		
Monetary funds	67,427,759.75	55,033,726.34
Accounts receivable		
Accounts paid in advance		
Interest receivable		
Dividend receivable		
Other receivables	242,703,401.80	206,844,593.12
Inventories	162,101,202.67	136,549,875.59
Non-current asset due within one year		
Other current assets	308,987.65	
Total current assets	472,541,351.87	398,428,195.05
Non-current assets:		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	884,524,266.12	884,524,266.12
Investment real estate	23,424,568.78	23,840,011.01
Fixed assets	3,421,133.19	3,302,782.72

Construction in progress	50,023,561.00	
Engineering material		
Productive biological asset	436,156.00	436,156.00
Intangible assets	5,834,676.10	5,887,134.46
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	411,202.22	543,883.58
Deferred income tax asset	1,449,942.42	1,449,942.42
Other non-current asset		
Total non-current asset	969,525,505.83	919,984,176.31
Total assets	1,442,066,857.70	1,318,412,371.36
Current liabilities:		
Short-term loans	55,000,000.00	
Accounts payable		
Accounts received in advance		
Wage payable	638,238.88	3,801,195.32
Taxes payable	82,600.88	87,353.38
Interest payable		
Dividend payable	53,089,213.54	2,909,182.74
Other accounts payable	315,011,578.14	235,348,510.46
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	423,821,631.44	242,146,241.90
Non-current liabilities:		
Long-term loans		
Long-term account payable		
Special accounts payable		
Accrual liabilities		
Deferred income tax liabilities		
Other non-current liabilities	49,920.00	49,920.00
Total non-current liabilities	49,920.00	49,920.00
Total liabilities	423,871,551.44	242,196,161.90
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	250,900,154.00	250,900,154.00

Capital public reserve	583,300,472.29	583,300,472.29
Less: Inventory shares		
Reasonable reserve		
Surplus public reserve	40,071,736.73	40,071,736.73
Provision of general risk		
Retained profit	143,922,943.24	201,943,846.44
Balance difference of foreign currency translation		
Total owner's equity(or shareholders' equity)	1,018,195,306.26	1,076,216,209.46
Total liabilities and owner's equity(or shareholders' equity)	1,442,066,857.70	1,318,412,371.36

Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

3. Consolidated Profit Statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Items	Current period	Last period
I. Total operating revenue	229,743,390.32	114,026,690.16
Including: Operating revenue	229,743,390.32	114,026,690.16
II. Total operating cost	237,304,301.08	131,477,781.95
Including: Operating cost	195,082,954.37	92,593,340.74
Operating tax and extras	784,078.71	662,775.12
Sales expenses	16,359,699.07	6,539,865.06
Administration expenses	25,189,742.50	31,343,771.04
Financial expenses	-112,173.57	381,706.23
Losses of devaluation of asset		-43,676.24
Add: Changing income of fair value(Loss is listed with "-")		969,367.20
Investment income (Loss is listed with "-")	6,688.65	105,857,836.04
Including: Investment income on affiliated company and joint venture		-299,393.90
Exchange income (Loss is listed with "-")		
III. Operating profit (Loss is listed with "-")	-7,554,222.11	89,376,111.45
Add: Non-operating income	6,133,709.15	772,170.63
Less: Non-operating expense	3,410.56	237,648.80
Including: Disposal loss of non-current asset	3,410.56	237,578.80
IV. Total Profit (Loss is listed with "-")	-1,423,923.52	89,910,633.28
Less: Income tax expense	3,052,026.68	1,043,256.86

V. Net profit (Net loss is listed with “-”)	-4,475,950.20	88,867,376.42
Including: net profit realized before consolidation by merged party		0.00
Net profit attributable to owner’s of parent company	-5,934,967.21	88,867,376.42
Minority shareholders’ gains and losses	1,459,017.01	
VI. Earnings per share	--	--
i. Basic earnings per share	-0.0237	0.3542
ii. Diluted earnings per share	-0.0237	0.3542
VII. Other consolidated income		-210,249.15
VIII. Total comprehensive income	-4,475,950.20	88,657,127.27
Total consolidated income attributable to owners of parent company	-5,934,967.21	88,657,127.27
Total consolidated income attributable to minority shareholders	1,459,017.01	

Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

4. Profit Statement of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Items	Current period	Last period
I. Operating revenue	1,200,000.00	2,050,941.33
Less: operating cost	0.00	422,583.09
Operating tax and extras	67,200.00	72,935.33
Sales expenses		266,780.75
Administration expenses	8,858,839.39	17,165,949.80
Financial expenses	367,081.15	-274,315.92
Losses of devaluation of asset		
Add: Changing income of fair value(Loss is listed with “-”)		970,867.20
Investment income (Loss is listed with “-”)		105,857,836.04
Including: Investment income on affiliated company and joint venture		-299,393.90
II. Operating profit (Loss is listed with “-”)	-8,093,120.54	91,225,711.52
Add: Non-operating income	255,658.70	
Less: Non-operating expense	3,410.56	180,081.65
Including: Disposal loss of non-current asset	3,410.56	180,081.65
III. Total Profit (Loss is listed with “-”)	-7,840,872.40	91,045,629.87
Less: Income tax expense		92,575.65
IV. Net profit (Net loss is listed with “-”)	-7,840,872.40	90,953,054.22

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	-7,840,872.40	90,742,805.07

Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

5. Consolidated Cash Flow Statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Items	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	238,998,648.55	176,491,074.07
Write-back of tax received	9,292,591.93	436,438.16
Other cash received concerning operating activities	49,400,632.04	2,938,001.74
Subtotal of cash inflow arising from operating activities	297,691,872.52	179,865,513.97
Cash paid for purchasing commodities and receiving labor service	246,117,728.89	126,671,262.26
Cash paid to/for staff and workers	24,281,608.61	22,096,377.43
Taxes paid	10,886,464.02	12,270,546.05
Other cash paid concerning operating activities	28,253,650.84	15,568,262.71
Subtotal of cash outflow arising from operating activities	309,539,452.36	176,606,448.45
Net cash flows arising from operating activities	-11,847,579.84	3,259,065.52
II. Cash flows arising from investing activities:		
Cash received from recovering investment	215,188.65	152,102,277.68
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		840,414.80
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	215,188.65	152,942,692.48
Cash paid for purchasing fixed, intangible and other long-term assets	128,695,710.16	65,533,240.27
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		

Subtotal of cash outflow from investing activities	128,695,710.16	65,533,240.27
Net cash flows arising from investing activities	-128,480,521.51	87,409,452.21
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	160,000,000.00	145,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		2,723,285.23
Subtotal of cash inflow from financing activities	160,000,000.00	147,723,285.23
Cash paid for settling debts	80,000,000.00	153,000,000.00
Cash paid for dividend and profit distributing or interest paying	1,525,749.99	3,039,716.43
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	100,000.00	500,000.00
Subtotal of cash outflow from financing activities	81,625,749.99	156,539,716.43
Net cash flows arising from financing activities	78,374,250.01	-8,816,431.20
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-1,356,574.53	3,151.01
V. Net increase of cash and cash equivalents	-63,310,425.87	81,855,237.54
Add: Balance of cash and cash equivalents at the period -begin	372,922,024.47	436,842,717.15
VI. Balance of cash and cash equivalents at the period -end	309,611,598.60	518,697,954.69

Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

6. Cash Flow Statement of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Items	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	1,200,000.00	1,192,862.90
Write-back of tax received		
Other cash received concerning operating activities	43,471,525.75	126,209,411.56
Subtotal of cash inflow arising from operating activities	44,671,525.75	127,402,274.46
Cash paid for purchasing commodities and receiving labor service	21,341,175.13	79,699.32
Cash paid to/for staff and workers	7,764,120.82	7,395,526.26
Taxes paid	1,193,024.76	1,339,488.17

Other cash paid concerning operating activities	3,755,169.07	7,502,361.90
Subtotal of cash outflow arising from operating activities	34,053,489.78	16,317,075.65
Net cash flows arising from operating activities	10,618,035.97	111,085,198.81
II. Cash flows arising from investing activities:		
Cash received from recovering investment		152,102,277.68
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		115,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		152,217,277.68
Cash paid for purchasing fixed, intangible and other long-term assets	51,953,960.00	1,947,919.14
Cash paid for investment		503,497,641.88
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	51,953,960.00	505,445,561.02
Net cash flows arising from investing activities	-51,953,960.00	-353,228,283.34
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	105,000,000.00	130,000,000.00
Cash received from bond issuance		
Other cash received concerning financing activities		1,977,263.06
Subtotal of cash inflow from financing activities	105,000,000.00	131,977,263.06
Cash paid for settling debts	50,000,000.00	100,000,000.00
Cash paid for dividend and profit distributing or interest paying	979,000.00	2,071,163.95
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	50,979,000.00	102,071,163.95
Net cash flows arising from financing activities	54,021,000.00	29,906,099.11
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-291,042.56	
V. Net increase of cash and cash equivalents	12,394,033.41	-212,236,985.42
Add: Balance of cash and cash equivalents at the period -begin	55,033,726.34	399,181,994.57
VI. Balance of cash and cash equivalents at the period -end	67,427,759.75	186,945,009.15

Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

7. Consolidated Statement on Changes of Owners' Equity
Prepared by Shenzhen Shenbao Industrial Co., Ltd

Current period

In RMB

Items	Current period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year	250,900,154.00	568,510,912.82			40,071,736.73		104,733,870.63		41,953,986.34	1,006,170,660.52
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	250,900,154.00	568,510,912.82			40,071,736.73		104,733,870.63		41,953,986.34	1,006,170,660.52
III. Increase/ Decrease in this year (Decrease is listed with "-")							-56,114,998.01		1,459,017.01	-54,655,981.00
(i) Net profit							-5,934,967.21		1,459,017.01	-4,475,950.20
(ii) Other consolidated income										
Subtotal of (i) and (ii)							-5,934,967.21		1,459,017.01	-4,475,950.20
(III) Owners' devoted and decreased capital										
1. Owners' devoted capital										
2. Amount calculated into owners' equity paid in shares										
3. Others										
(IV) Profit distribution							-50,180,030.80			-50,180,030.80
1. Withdrawal of surplus reserves										
2. Withdrawal of general risk provisions										

II. Balance at the beginning of this year	250,900,154.00	568,700,222.51			32,464,033.34		37,812,102.74			889,876,512.59
III. Increase/ Decrease in this year (Decrease is listed with"-")		-189,309.69			7,607,703.39		66,921,767.89		41,953,986.34	116,294,147.93
(i) Net profit							74,529,471.28		-465,546.20	74,063,925.08
(ii) Other consolidated income		-210,249.15								-210,249.15
Subtotal of (i)and (ii)		-210,249.15					74,529,471.28		-465,546.20	73,853,675.93
(III) Owners' devoted and decreased capital		20,939.46							42,419,532.54	42,440,472.00
1. Owners' devoted capital									42,400,000.00	42,400,000.00
2. Amount calculated into owners' equity paid in shares										
3. Others		20,939.46							19,532.54	40,472.00
(IV)Profit distribution					7,607,703.39		-7,607,703.39			
1. Withdrawal of surplus reserves					7,607,703.39		-7,607,703.39			
2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)										
4. Others										
(V) Carrying forward internal owners' equity										
1. Capital reserves converted to capital (share capital)										
2. Surplus reserves converted to capital (share capital)										
3. Remedying loss with surplus reserve										
4. Others										
(VI) Reasonable reserve										
1. Withdrawal in this period										
2. Usage in this period										
(VII) Other										

IV. Balance at the end of the report period	250,900,154.00	568,510,912.82			40,071,736.73		104,733,870.63		41,953,986.34	1,006,170,660.52
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Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

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

Prepared by Shenzhen Shenbao Industrial Co., Ltd

Current period

In RMB

Items	Current 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	250,900,154.00	583,300,472.29			40,071,736.73		201,943,846.44	1,076,216,209.46
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	250,900,154.00	583,300,472.29			40,071,736.73		201,943,846.44	1,076,216,209.46
III. Increase/ Decrease in this year (Decrease is listed with "-")							-58,020,903.20	-58,020,903.20
(i) Net profit							-7,840,872.40	-7,840,872.40
(ii) Other consolidated income								
Subtotal of (i) and (ii)							-7,840,872.40	-7,840,872.40
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								

3. Others								
(IV) Profit distribution							-50,180,030.80	-50,180,030.80
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)							-50,180,030.80	-50,180,030.80
4. Others								
(V) Carrying forward internal owners' equity								
1. Capital reserves converted to capital (share capital)								
2. Surplus reserves converted to capital (share capital)								
3. Remedying loss with surplus reserves								
4. Others								
(VI) Reasonable reserve								
1. Withdrawal in this period								
2. Usage in this period								
(VII) Other								
IV. Balance at the end of the report period	250,900,154.00	583,300,472.29			40,071,736.73		143,922,943.24	1,018,195,306.26

Last year

In RMB

Items	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	250,900,154.00	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	250,900,154.00	583,510,721.44			32,464,033.34		133,474,515.96	1,000,349,424.74
III. Increase/ Decrease in this year (Decrease is listed with"-")		-210,249.15			7,607,703.39		68,469,330.48	75,866,784.72
(i) Net profit							76,077,033.87	76,077,033.87
(ii) Other consolidated income		-210,249.15						-210,249.15
Subtotal of (i)and (ii)		-210,249.15					76,077,033.87	75,866,784.72
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV) Profit distribution					7,607,703.39		-7,607,703.39	
1. Withdrawal of surplus reserves					7,607,703.39		-7,607,703.39	
3. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity								
1. Capital reserves conversed to capital (share capital)								
2. Surplus reserves conversed to capital (share capital)								
3. Remedying loss with surplus reserves								
4. Others								
(VI) Reasonable reserve								
3. Withdrawal in this period								
4. Usage in this period								

(VII) Other								
IV. Balance at the end of the report period	250,900,154.00	583,300,472.29			40,071,736.73		201,943,846.44	1,076,216,209.46

Legal representative: Zheng Yuxi

Person in charge of accounting works: Wang Zhiping

Person in charge of accounting institution: Xu Qiming

III. Company profile

1. Historical development of the Company

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. Sequent, 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, 923,088.00.

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.

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

2. Nature of business

The Company belongs to the manufacturing industry of beverage and refined tea.

3. Business scope

Main business scope including: production of tea, tea products, extract of tea and natural plant, canned food, beverage and native products (business license for the production place should apply separately); technology development and technology service of tea, plant products, soft beverage and foods; info tech development and supporting service; e-business; investment, operation, management and development of tea plantation; investment in industrial projects (apply separately for detail projects); domestic trading(excluding special sales, specific control and exclusive commodity); prepackaged food (excluding reheating prepackaged food); wholesales (in non-physical way); import and export business; engaged in real estate development and operation in the land legally obtained; lease and sales of the self-owned property and property management.” (as for the projects subject to examination and approval regulated by the state laws, administrative regulations and state council, approval should be obtained before operation)

4. Main products and labor service

The Company mainly engaged in the products of tea series of “Jindiao” brand including instant tea power and tea concentrate; rock tea of “Xing Jiu” serial; “Jufangyong” longjing green tea; “Gutan” red tea and serials of “Fu Hai Tang”; 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 etc.

5. Basic structure of the Company

The highest authority organ of the Company is general meeting, and general manager take charge of the Company under the board. Based on the needs for business development, the Company set function departments like office of the Board, office of General Manager, HR department, financial management department, investment development department, brand planning department, caffeine deep processing division, R&D center, inspection office and internal audit department etc.

IV. Major accounting policy, accounting estimation and prior-period errors correction

1. Basis of preparation of financial statements

Based on continuing operation, the Company conducts recognition and measurement according to actual occurrence of transactions and issues, pursuant to the Accounting Standard for Business Enterprise -Basic Standard and No.38 detailed accounting principle issued by the ministry of finance on 15 February 2006 as well as the application guidance for the accounting principles for enterprise, interpretation to the accounting principles for enterprise and other related requirements (hereinafter referred to as Accounting Standard for Business Enterprise) later issued by the ministry of finance, as well as the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15-General Rules for Financial Report (amended in 2010) of the CSRC. And financial report is prepared on such basis.

2. Statement for observation of Accounting Standard for Business 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 Gregorian calendar of 1 January to 31 December.

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

As for the business combination under the same control, assets and liabilities acquired by the acquirer in such business combination shall be measured under their book value as at the combination date. As for the difference between the book value of net assets acquired by the acquirer and the book value of combination consideration paid (or aggregate carrying value of shares issued), it is used to adjust capital reserve. If capital reserve is insufficient to off set, then the retained earnings shall be adjusted.

In case that the accounting policies of acquiree differ from that of the Company, the Company shall make adjustment under its own accounting policies as at the combination date, on the basis of which, to make recognition according to enterprise accounting principles.

(2)Business combination not under the same control

As for the business combination not under the same control, combination costs shall be the fair value of assets paid, liabilities occurred or assumed and equity securities issued by the acquirer for the purpose of acquiring the control over the acquiree on the purchase date.

As for the business combination not under the same control realized through several exchange transactions step by step, related accounting treatment shall be conducted based on individual financial statement and combined financial statement:

(1)in individual financial statement, book value of the equity investment held in the acquiree prior to the acquisition date and the new investment cost of the acquisition date shall be the initial investment cost of this investment; if the equity investment held in the acquiree prior to the acquisition date involves other comprehensive income, such comprehensive income related to this investment (i.e. change of fair value of financial assets available for sale which is recorded in capital reserve) shall be transferred to current investment income.

(2) In combined financial statement, the equity investment held in the acquiree prior to the acquisition date shall be re-measured under its fair value as at the acquisition date; difference between the fair value and its book value shall be recorded in current investment income. If the equity investment held in the acquiree prior to the acquisition date involves other comprehensive income, such comprehensive income related to this investment shall be transferred to current investment income as of the acquisition date.

The intermediate expenses occurred by acquirer for business combination such as audit, legal service and appraisal consultation expenses and other related management expenses shall be recorded in current gains and losses when occurred; the trading expenses for such equity securities or debt securities issued by acquirer as combination consideration shall be recorded in initial recognition amount of the equity securities or debt securities.

Goodwill is realized by acquirer as for the difference between the combination cost and the fair value of the recognizable net assets of the acquiree acquired by acquirer in such business combination. In case that the above cost is less than the above fair value even with re-review, then the difference shall be recorded in current gains and losses.

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 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.

In case that a company losses control over the original subsidiary due to disposal of certain equity investment or other reasons, then in combined financial statement, the remaining equities shall be re-measured based on its fair value as at the date when the control is lost. The sum between the consideration received from equity disposal and fair value of the remaining equity less the net assets of the original subsidiary entitled by the company calculated under the previous shareholding proportion on a continuing basis since the acquisition date shall be recorded in investment income of the period when the control is lost. Other comprehensive income related to equity

investment in original subsidiary shall be transferred to current investment income when the control is lost.

(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

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

For the foreign currency business, the Company converts the foreign currency into RMB for book-keeping based on spot exchange rate at date of trading occurred.

Balance of foreign currency monetary items shall be converted based on the spot rate as at the balance sheet date, and the arising exchange difference shall be recorded in current gains and losses other than those arising from the special foreign currency borrowings related to purchasing assets qualifying for capitalization which is treated under the principle of borrowing expense capitalization. As for the foreign currency non-monetary items measured in historical cost, conversion is still conducted with the spot rate as at the transaction date, without any change to its functional currency. As for the foreign currency non-monetary items measured in fair value, conversion is conducted with the spot rate as at the date for determination of fair value, and the arising exchange difference shall be recorded in current gains and losses or capital reserve.

(2) Translation of foreign currency statement

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)Account receivables

As for the creditor's right receivables arising from commodity sales or labor service provision and the creditor's right arising from holding debt instruments of other companies (excluding those which have quotation on active market) such as account receivables, other receivables, note receivables, account paid in advance and long term account receivables, the initial recognition amount shall be determined based on the contract or agreement amount receivable from the purchaser. If such creditor's right has financing nature, then initial recognition shall be made based on its present value.

Difference between the amount received from recover or disposal and the book value of the account receivables shall be recorded in current gains and losses.

(4) 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.

(5) 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) De-recognition condition for financial liability

As for the financial liabilities with its whole or part present obligations released, the company shall de-realize such financial liabilities or part of it. If the company enters into agreement with its creditor to substitute for the existing financial liabilities by means of assuming new financial liabilities, then the company shall de-realize the existing financial liabilities and realize the new financial liabilities provided that the contract clauses of the new and the existing financial liabilities are different in substance.

If the company makes substantial amendment to the whole or part contract clauses of the existing financial liabilities, it shall de-realize the existing financial liabilities or part of it. Meanwhile, the financial liabilities with amendment to its clauses shall be realized as new financial liabilities.

In case of derecognizing of financial liabilities in whole or part, the difference between the carrying value of such de-realized financial liabilities and consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

In case that the company repurchases part of financial liabilities, based on the comparative fair value of the continuing recognition part and the derecognizing part, the company shall allocate the carrying value of the financial liabilities in whole on the repurchase date. Difference between the carrying value allocated to the derecognizing part and the consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

(5) Determination method for fair value of financial assets and financial liabilities

As for the financial assets and financial liabilities measured by fair value and in case that there are active market for those assets and liabilities, then the fair value shall be determined based on the quotation on active market; in case that there are no such active market for financial assets and financial liabilities, the fair value shall be determined by evaluation technology (including by reference to the price adopted by the willing parties who are familiar with the situation in their latest market transaction, by reference to the prevailing fair value of other financial instruments which are the same in substance, cash flow discount method and option pricing pattern); as for the financial assets initially acquired or financial liabilities assumed, their fair value are determined based on the market transaction prices.

(6) Testing method for impairment of financial assets (excluding account receivables) and provision of impairment reserve

The company reviews the carrying value of the financial assets (excluding those measured by fair value and the change thereof is recorded in current gains and losses) on the balance sheet date, if there is objective evidence showing impairment of the financial assets, it shall provide impairment reserve.

(1) Impairment reserve of financial assets available for sale:

If the financial assets available for sale experience great decline as to its fair value at the period end, or it is predicted that the decline trend is not temporary after taking into account various factors, the assets would be deemed as impaired. The accumulative losses arising from decrease of fair value which shall be originally recorded in owners' equity directly shall be transferred out and realize impairment losses.

(2) Impairment reserve of held-to-maturity investment:

As for the held-to-maturity investment, if there is objective evidence showing impairment of the investment, impairment loss shall be realized according to the difference between the carrying value and the present value of the predicted future cash flow; if there is evidence showing that the value has been recovered after the provision, then the impairment loss previously realized can be transferred back and recorded in current gains and losses, provided that the carrying value transferred back shall not exceed the amortized cost of the financial assets as at the transfer-back date assuming no impairment reserve has ever been provided.

(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

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
Account receivable with bad debt provision accrued by 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 Not application

Aging	Withdrawal proportion for account receivable (%)	Withdrawal proportion for other account receivable (%)
Within one year (one year included)	0%	0%
1—2 years	5%	5%
2—3 years	10%	10%
Over 3 years	15%	15%
3—4 years	15%	15%
4—5 years	15%	15%
Over 5 years	15%	15%

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

Applicable Not applicable

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

□Applicable √Not applicable

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

Reasons for provision of bad debt reserve	Existence of objective evidence showing possible impairment, such as withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage.
Provision method of bad debt reserve	As for the account receivables where objective evidence shows impairment may occur, it shall be separated from the related group and conduct impairment test individually, thus to realize impairment losses.

11. Inventories

(1) Classification

1. Classification of inventories: the inventories of the Company mainly comprise of inventory commodities, delivered commodities, unfinished products, raw materials, package materials, low-value consumables and entrusted process materials, develop cost, planned development land, developed products as well as leasing developed products.

(2) Calculation method of inventory

Calculation method: Weighted Average

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

Inventory system is the perpetual inventory system.

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

Low-value consumables: divide second amortize method

Adopt amortization method for low-value consumables;

Packing materials: one-off amortization method

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 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, should calculated base on consolidated financial statement, net profit and other changes of investment.

(2) Recognition of gains and losses

Under cost method for recognition of gains & losses, 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 assets 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 investment property of the Company is accounted at its cost. Cost of investment property purchased from the external sources includes purchase payment, related taxes and other expenditures which can be directly attributable to such assets; Cost of investment property constructed by the Company comprise of the necessary expenditure occurred during the construction for reaching the condition of planned use.

The Company adopts cost method for subsequent measurement of investment property. As for the investment property measured at cost method – buildings for lease are depreciated under the policies which are the same as fixed assets, and land use right for lease are amortized under the policies which are the same as intangible assets.

When use of investment property changes to be used by the company itself, the company shall transfer the investment property to fixed assets or intangible assets since the change date. When use of the self-use real estate changes for earning rental or capital appreciation, the company shall transfer the fixed assets or intangible assets to investment property since the change date. For such transfer, the carrying value prior to the transfer is deemed to be the value accounted after the transfer.

For those where impairment indication exists, the company estimates the recoverable amount. Where the recoverable amount is less than its carrying value, the company shall realize related impairment losses.

As for investment property, once impairment loss is realized, it shall not be written back.

The company would de-realize investment property when the same is disposed or out of use forever and no economic benefit would be obtained from such disposal. The disposal income from sale, transfer, dump or destroy of investment property less its carrying value and related taxes is recorded in current gains and losses.

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

(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.

Depreciation terms and annual depreciation ratio for vary fixed assets are as:

Categories	Depreciation term(year)	Salvage value	Annual depreciation ratio
Buildings: Consistenc– Production buildings	35-year	5%	2.71%
–Non-production buildings	40-year	5%	2.38%
Temporary buildings	9-year	5%	10.56%
Machinery equipment	12-year	5%	7.92%
Transportation facility	9-year	5%	10.56%
Other equipment	6-year	5%	15.83%

(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

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

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

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

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

(2) Period of capitalization

Capitalizing period was from the time start 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 assets 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. 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

As for the intangible assets acquired from the debtor in debt restructuring for the purpose of settlement of debt, the fair value of the intangible assets shall be based to determine the accounting value. The difference between the carrying value of restructured debt and the fair value of the intangible assets use for settlement of debt shall be recorded in current gains and losses.

With the preceding conditions that non-monetary assets exchange has commerce nature and the fair value of the assets exchanged in or out can be measured reliably, the intangible assets exchanged in through non-monetary

assets exchange are accounted at the value based on the fair value of assets exchanged out, unless there is obvious evidence showing the fair value of assets exchanged in is more reliable; for non-monetary assets exchange not qualifying for the preceding conditions, the carrying value of assets exchanged out and related taxes payable shall be viewed as the cost of intangible assets exchanged in, without recognition of gains and losses.

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

Items	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

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

Being revised, the useful life of intangible assets and amortization method at period-end shows the same as previous

Items	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 certain service life:

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

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

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

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

(5) Detail standard for classification on research stage and exploitation stage

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

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

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

(6) Standards for capitalization satisfaction of expenditure in exploitation state

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

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

19. Long-term expenses to be amortized

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

20. Accrual 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 accrual liability shall be recognized.

(1) Recognition of accrual liabilities

Responsibilities connected to contingent issues and satisfied all of the following conditions are recognized as accrual 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

Accrual 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 be 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 be 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 separately as an asset. Though the compensated amount shall not be greater than the book value of the predictive liability.

21. 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 follows:

(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) Recognition of the income from labor service providing

(4) 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 date. 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 be 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.

22. Government grants

(1) Type

Government 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.

23. 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.

V. Taxes

1. Major taxes and rates applicable to the Company

taxes	Basis	Rate
VAT	Base on sales of commodity or sales of taxable labor service provided	17%
Business tax	Base on sales	5%
Urban maintenance and construction tax	Levied by payable turnover taxes	5% or 7% of the turnover taxes (5% applicable in Wuyuan, 7% applicable for other regions except Wuyuan)
enterprise income tax	Base on payable 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 2013
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%
Hangzhou Ju Fang Yong Holding Co., Ltd. (Hangzhou Ju Fang Yong)	Wholly-owned subsidiary	25%
Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd. (Shenbao Yuxing)	Controlling subsidiary of Hangzhou Ju Fang Yong	25%
Shenzhen Shenbao Technology Center Co., Ltd. (Technology Center)	Wholly-owned subsidiary	25%
Zhejiang Shen Shenbao Wafa Tea Co., Ltd. (Shen Shenbao Huafa)	Controlling 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.

VI. Business combination and consolidated financial statements

1. Particular about subsidiary

(1) Subsidiaries obtained by establishment or investment

In 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 eth subsidiary over the share enjoyed by the minority shareholders in the original owners' equity of the subsidiary
Shenzhen Shenbao Huacheng Science and Technology	Wholly-owned	Shenzhen	Manufacture	15,345.13	Production and sales of concentrated tea juice and instant tea powder	168,551,781.80		100%		Yes			

Co.,Ltd													
Jufangyong Tea Industry Co., Ltd. in Wuyuan County *1	Wholly-owned	Wuyuan	Manufacture	29,000.00	Tea, nature plants, extract of tea and nature plants; planting and export & import of tea; agricultural products and native products; acquisition, processing and sales	292,804,134.35		100%		Yes			
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd	Wholly-owned	Shenzhen	Manufacture	3,015.00	Import & Export business, normal cargo transportation; wholesale of pre-packaging food products	80,520,842.36		100%		Yes			
Huizhou Shenbao Science & Technology Co., Ltd.	Wholly-owned	Huizhou	Comprehensive	6,000.00	Industrial investment, property management and trading domestically	60,000,000.00		100%		Yes			
Shenzhen Shenbao Properties	Wholly-owned	Shenzhen	Property management	500.00	Management of self-owned properties	5,000,000.00		100%		Yes			

Management Co., Ltd. *2													
Shenzhen Shenbao Industrial & Trading Co., Ltd.	Wholly-owned	Shenzhen	Commercial wholesale	550.00	Commercial wholesale	5,500,000.00		100%		Yes			
Hangzhou Ju Fang Yong Holding Co., Ltd.	Wholly-owned	Hangzhou	Comprehensive	17,500.00	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 development and consultant on tea cultivation and	176,906,952.42		100%		Yes			

					feeding; technology service, result transfer								
Shenzhen Shenbao Technology Center Co., Ltd.	Wholly-owned	Shenzhen	Development, consultant and transfer of technology	5,400.00	Technology development, consultant, transfer and inspection service for tea, plant products, soft drinks and foods	54,676,764.11		100%		Yes			
Zhejiang Shen Shenbao Wafa Tea Co., Ltd.	Controlling	Sheng Zhou	Export trading of tea	5,800.00	Technology development, consultant, transfer and inspection service for tea, plant products, soft drinks and foods	30,000,000.00		51.72%		Yes	30,038,320.89		
Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd.*3	Controlling	Mount Wuyi	Tea plantation, production and sales	4,000.00	wholesales and retail of prepackaged food (tea included) and bulk food (tea included)	20,700,000.00		51.75%		Yes	13,374,682.46		

Shenzhen Shenbao (Liaoyuan) Industrial Company ("Shenbao Liaoyuan")*4	Controlling	Shenzhen	---	237.80	Not operating officially		57,628.53		53.5%				
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Explanation on subsidiaries obtained by establishment or investment:

- *1: Jufangyong Tea Industry Co., Ltd. in Wuyuan County—95.72% equity was held by the Company while Shenbao Huacheng, wholly-owned subsidiary of the Company holds 4.28% equity;
- *2: Shenzhen Shenbao Properties Management Co., Ltd.—51.00% equity was held by the Company, while Shenbao Sanjing, wholly-owned subsidiary of the Company holds 49% equity;
- *3: Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd.-- being considered and approved at the 7th meeting of the 1st board of Hangzhou Jufangyong, it was agreed to transfer in the 30.38% equities of Shenbao Yuxing held by Fujian Wuyishan Yuxing Tea Leaf Co., Ltd. at the price of RMB4.80 million, and increase capital contribution to Shenbao Yuxing with cash RMB15.90 million. After the capital increase, the registered capital of Shenbao Yuxing amounted to RMB40 million, among which, RMB20.70 million was contributed by Hangzhou Jufangyong (representing 51.75% equities), RMB14.40 million was contributed by Fujian Wuyishan Yuxing Tea Leaf Co., Ltd. (representing 36% equities), RMB4.90 million was contributed by Xingjiu Tea Co., Ltd. (representing 12.25% equities). As at 31 December 2012, Hangzhou Jufangyong and Fujian Wuyishan Yuxing Tea Leaf Co., Ltd. made the contribution in full, and the contribution amount of RMB35.10 million was verified by the capital verification report (DHYZ(2012)No.098) issued by Da Hua Certified Public Accountants. As of 30 June 2013, Xingjiu Tea Co., Ltd. making a price of its intellectual property (trademark right), which has been evaluated, as RMB 4.9 million for investment in place, and the capital was verify by the verification report Da Hua Yan Zi.[2013] No.: 000198 issued from Da Hua Certified Public Accountant. Register capital of Shenbao Yuxing RMB 40 million has in place.
- *4: Shenzhen Shenbao (Liaoyuan) Industrial Company-- the company has been established for a long time, while it has never conducted normal operation. Therefore, the industry & commerce authorities have withdrawn the business license. The Company has already provided long-term investment impairment reserve for the investment in the company in full. The financial statements of the company were not consolidated.

VII. Notes to main items of consolidated financial statements

1. Monetary fund

In RMB

Items	Closing amount			Opening amount		
	Foreign currency	translation rate	RMB	Foreign currency	translation rate	RMB
Cash:	--	--	250,670.64	--	--	134,145.48
RMB	--	--	246,187.41	--	--	129,582.17
HKD	4,860.00	0.7966	3,871.23	4,860.00	0.8108	3,940.73
USD	99.05	6.1787	612.00	99.05	6.2855	622.58
Bank deposit:	--	--	309,347,206.11	--	--	372,787,878.99
RMB	--	--	280,103,789.67	--	--	328,874,214.89
HKD	13,326.72	0.7966	10,615.42	13,326.38	0.8108	10,805.69
EUR	1.13	8.0533	9.10			
USD	4,731,220.47	6.1787	29,232,791.92	6,984,785.02	6.2855	43,902,858.41
Other monetary funds:	--	--	613,721.85	--	--	500,000.00
RMB	--	--	613,721.85	--	--	500,000.00
Total	--	--	310,211,598.60	--	--	373,422,024.47

Separate explanation on accounts with restriction in utilization, deposition aboard or has potential recovery risks due to pledge, mortgage or forzen

The restricted monetary fund details are as follows:

Type of notes	Closing balance	Opening balance
Guarantee deposit	500,000.00	500,000.00
Alipay margin	100,000.00	
Total	600,000.00	500,000.00

* Other monetary fund at period-end refers to the guarantee deposit from Shenbao Huacheng, wholly-owned subsidayr of the Company, and alipay margin from Hangzhou Ju Fang Yong was deducted in the cash and cash equivalent at period-end while prepare the cash flow statement

2. Transaction financial assets

(1) Transaction financial assets

In RMB

Items	Fair value at period-end	Fair value at period-begin
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Transactional equity instrument investment		208,500.00
Total		208,500.00

3. Accounts receivable

(1) Account receivable classified according to categories

In RMB

Type	Closing amount				Opening amount			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable of bad debt provision withdrawal by combination								
Account receivable withdrawal bad debt provision by age combination	124,770,653.08	86.55%	722,429.60	0.58%	106,125,184.23	84.55%	722,429.60	0.68%
Subtotal of group	124,770,653.08	86.55%	722,429.60	0.58%	106,125,184.23	15.45%	722,429.60	0.68%
Account receivable with single minor amount but withdrawal bad debt provision for single item	19,391,001.77	13.45%	19,391,001.77	100%	19,391,001.77	15.45%	19,391,001.77	100%
Total	144,161,654.85	--	20,113,431.37	--	125,516,186.00	--	20,113,431.37	--

Statement on category of explanation on account receivables

Account receivables represent account receivables and other receivables.

The Company realizes bad debt under the following standards: ①due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage; ②debtor can't perform his debt obligations within the time limit, and there is obvious characteristics showing that the debt can't be recovered. As for the account receivables where there is obvious evidence showing that it is impossible to recover the same, the account receivables shall be realized as bad debt losses, and the bad debt reserve provided shall be written off accordingly.

The Company calculates the possible bad debt loss by allowance method.

1. Account receivables with significant amount of single item and bad debt reserve provided item by item

Standards for realization of account receivables with significant amount of single item and bad debt reserve provided item by item:

Specific standards for single item with significant amount: account for 10% (10% included) of the balance of account receivables.

Provision method for bad debt reserve of account receivables with significant amount of single

item: conduct impairment test individually, provide bad debt reserve based on the difference between the present value of predicted future cash flow and its carrying value, and recorded in current gains and losses.

2. Account receivables with bad debt reserve provided under aging groups

- (1) The group belongs to account receivables which are not impaired after individual test.
- (2) Provision method for the group: bad debt reserve is provided under aging method, with provision standards as follows:

Age	Withdrawal proportion of account receivable	Withdrawal proportion of other account receivable
Within 1 year(Including 1 year)	0%	0%
1-2years(Including 2 years)	5%	5%
2-3years(Including 3 years)	10%	10%
Above 3 years	15%	15%

3. Account receivables without significant amount of single item and bad debt reserve provided item by item

Grounds for provision of bad debt reserve item by item: there is objective evidence showing it maybe impaired. For example, due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage.

Provision method for bad debt reserve: as for the account receivables which maybe impaired proven by objective evidence, the account shall be separated from the related group and experience individual impairment test, and realize impairment losses.

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

Application Not-application

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

Application Not-application

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year						
Including:	--	--	--	--	--	--
subtotal within 1 year	119,357,038.22	82.8%		100,711,569.37	80.24%	
1-2years	821,172.61	0.57%	41,058.63	821,172.61	0.65%	41,058.63
2-3years	149,907.23	0.1%	14,990.72	149,907.23	0.12%	14,990.72
Above 3 years	4,442,535.02	3.08%	666,380.25	4,442,535.02	3.54%	666,380.25
3-4years	351,505.04	0.24%	52,725.76	351,505.04	0.28%	52,725.76
4-5years	1,715,879.98	1.19%	257,382.00	1,715,879.98	1.37%	257,382.00

Above 5 years	2,375,150.00	1.65%	356,272.50	2,375,150.00	1.89%	356,272.50
Total	124,770,653.08	--	722,429.60	106,125,184.23	--	722,429.60

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

Application Not-application

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

Application Not-application

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

Application Not-application

In RMB

Account receivable	Book balance	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	--	--

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

In RMB

Name	Closing amount		Opening amount	
	Book balance	Bad debt amount withdrawal	Book balance	Bad debt amount withdrawal
Shenzhen Agricultural Products Co., Ltd.			6,602.00	
Total			6,602.00	

(3) The top 5 arrears in account receivables

In RMB

Name of the unit	Relationship with the Company	Amount	Life	Proportion in total account receivable (%)
Customers I	Non-related party	26,863,172.92	Within 1 year	18.63%
Customers II	Non-related party	22,357,286.49	Within 1 year	15.51%
Customers III	Non-related party	10,746,061.77	Within 1 year	7.45%
Customers IV	Non-related party	9,055,998.99	Within 1 year	6.28%
Customers V	Non-related party	6,465,116.00	Within 1 year	4.48%
Total	--	75,487,636.17	--	52.35%

4. Other receivables

(1) Other account receivable classified according to categories

In RMB

Categories	Closing amount				Opening amount			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Other receivable of bad debt provision withdrawal by combination								
Other account receivable withdrawal bad debt provision by age combination	35,028,977.17	66.58%	2,319,010.67	6.6%	24,570,177.93	58.29%	2,319,010.67	9.44%
Subtotal of group	35,028,977.17	66.58%	2,319,010.67	6.6%	24,570,177.93	58.29%	2,319,010.67	9.44%
Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,584,990.00	33.42%	17,584,990.00	100%	17,584,990.00	41.71%	17,584,990.00	100%
Total	52,613,967.17	--	19,904,000.67	--	42,155,167.93	--	19,904,000.67	--

Statement on category of explanation on other account receivables
Account receivables represent account receivables and other receivables.

The Company realizes bad debt under the following standards: ①due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage; ②debtor can't perform his debt obligations within the time limit, and there is obvious characteristics showing that the debt can't be recovered. As for the account receivables where there is obvious evidence showing that it is impossible to recover the same, the account receivables shall be realized as bad debt losses, and the bad debt reserve provided shall be written off accordingly.

The Company calculates the possible bad debt loss by allowance method.

1. Account receivables with significant amount of single item and bad debt reserve provided item by item

Standards for realization of account receivables with significant amount of single item and bad debt reserve provided item by item:

Specific standards for single item with significant amount: account for 10% (10% included) of the balance of account receivables.

Provision method for bad debt reserve of account receivables with significant amount of single item: conduct impairment test individually, provide bad debt reserve based on the difference between the present value of predicted future cash flow and its carrying value, and recorded in current gains and losses.

2. Account receivables with bad debt reserve provided under aging groups

- (1) The group belongs to account receivables which are not impaired after individual test.
 (2) Provision method for the group: bad debt reserve is provided under aging method, with provision standards as follows:

Age	Provision percentage for accounts receivable	Provision percentage for other receivable
Within 1 year(Including 1 year)	0%	0%
1-2years(Including 2 years)	5%	5%
2-3years(Including 3 years)	10%	10%
Above 3 years	15%	15%

3. Account receivables without significant amount of single item and bad debt reserve provided item by item

Grounds for provision of bad debt reserve item by item: there is objective evidence showing it maybe impaired. For example, due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage.

Provision method for bad debt reserve: as for the account receivables which maybe impaired proven by objective evidence, the account shall be separated from the related group and experience individual impairment test, and realize impairment losses.

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

Application Not-application

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

Application Not-application

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year						
Including:						
Subtotal within 1 year	17,357,293.39	32.99%		6,898,494.15	16.36%	
1-2years	1,111,143.06	2.11%	55,557.15	1,111,143.06	2.64%	55,557.15
2-3years	4,412,551.72	8.39%	441,255.17	4,412,551.72	10.47%	441,255.17
Above 3 years	12,147,989.00	23.09%	1,822,198.35	12,147,989.00	28.82%	1,822,198.35
3-4years	2,294,838.66	4.36%	344,225.80	2,294,838.66	5.45%	344,225.80
4-5years	3,599,457.51	6.84%	539,918.63	3,599,457.51	8.54%	539,918.63
Above5years	6,253,692.83	11.89%	938,053.92	6,253,692.83	14.83%	938,053.92
Total	35,028,977.17	--	2,319,010.67	24,570,177.93	--	2,319,010.67

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

Application Not-application

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

Application Not-application

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

Application Not-application

In RMB

Other account receivable	Book balance	Bad debt provision	Withdrawal proportion (%)	Reasons
Other account receivable with over 3 years	17,584,990.00	17,584,990.00	100%	Formed due to history reasons, hard to recover
Total	17,584,990.00	17,584,990.00	--	--

(2) The top 5 amounts in other account receivables

In RMB

Name of the unit	Relationship with the Company	Amount	Age	Portion in total other receivables (%)
Changzhou Sanjing Oil Co., Ltd.	Related party	17,524,213.70	1-5 years	33.31%
Export tax refund receivable	Non-related party	8,845,317.76	Within 1 year	16.81%
Atos Covics Business Solutions (Shanghai) Co., Ltd.	Non-related party	1,345,600.00	Within 1 year	2.56%
QNC Co., Ltd.	Non-related party	962,800.00	Within 1 year	1.83%
Shenzhen Jinsailong Equipment Company	Non-related party	400,000.00	Above 3 years	0.76%
Total	--	29,077,931.46	--	55.27%

(3) Other receivables due from related parties

In RMB

Name of the unit	Relationship with the Company	Amount	Portion in total other receivables (%)
Changzhou Sanjing Oil Co., Ltd.	Related party	17,524,213.70	33.31%
Total	--	17,524,213.70	33.31%

5. Account paid in advance

(1) Aging analysis

In RMB

Age	Closing amount		Opening amount	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	15,927,656.86	98.38%	28,059,110.02	99.07%
1-2years	203,205.72	1.25%	203,205.72	0.72%
2-3years	40,967.97	0.25%	40,967.97	0.14%
Above 3 years	20,166.80	0.12%	20,166.80	0.07%
Total	16,191,997.35	--	28,323,450.51	--

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

In RMB

Name of the unit	Relationship with the Company	Amount	Time	Reasons for outstanding
Customers I	Related party	10,282,192.09	Within 1 year	Goods not received
Customers II	Related party	1,482,747.00	Within 1 year	Goods not received
Customers III	Non-related party	696,000.00	Within 1 year	Goods not received
Customers IV	Non-related party	565,833.25	Within 1 year	Goods not received
Customers V	Non-related party	496,000.00	Within 1 year	Goods not received
Total	--	13,522,772.34	--	--

6. Inventory

(1) Classification

In RMB

Items	Closing amount			Opening amount		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	34,094,808.35	3,576,751.78	30,518,056.57	24,306,493.52	3,576,751.78	20,729,741.74
Product in process	14,385,370.75		14,385,370.75	12,364,557.73		12,364,557.73
Stock products	32,160,633.34	486,905.35	31,673,727.99	28,870,852.88	486,905.35	28,383,947.53
Revolving materials	3,719,084.46		3,719,084.46	3,310,455.97		3,310,455.97

Goods delivered	100,869.58		100,869.58	2,062,123.63		2,062,123.63
OEM goods	5,376,707.29	5,298,011.68	78,695.61	5,359,698.81	5,298,011.68	61,687.13
Development costs	162,101,202.67		162,101,202.67	136,549,875.59		136,549,875.59
Total	251,938,676.44	9,361,668.81	242,577,007.63	212,824,058.13	9,361,668.81	203,462,389.32

(2) Inventory impairment provision

In RMB

Kinds of inventories	Book-balance as at period-begin	Provision for this period	Decrease during this period		Book-balance as at period-end
			Reversal	Written-off	
Raw materials	3,576,751.78				3,576,751.78
Stock products	486,905.35				486,905.35
OEM goods	5,298,011.68				5,298,011.68
Total	9,361,668.81				9,361,668.81

7. Other current assets

In RMB

Items	Closing amount	Opening amount
Deductible VAT	4,423,309.30	1,760,669.36
Total	4,423,309.30	1,760,669.36

8. Investment for affiliated enterprise and joint ventures

In RMB

Invested company	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							
Changzhou Sanjing Oil Co., Ltd.	33%	33%	11,987,386.58	26,855,885.67	-14,868,499.09	362,395.00	-1,639,624.09

Explanation on major difference of accounting policy and estimate between the Company and affiliated enterprise and joint-venture

9. Long-term equity investment

(1) Details of long-term equity investment

In RMB

Invested unit	Calculation method	Investment cost	Opening balance	+, -	Closing balance	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	2,870,000.00	2,870,000.00		2,870,000.00	49.14%	49.14%		2,870,000.00		
Changzhou Sanjing Oil Co., Ltd.*2	Equity	13,500,000.00				33%	33%				
Shenzhen Sanjiu Weitai Holdings Co., Ltd.	Cost	2,480,000.00	2,480,000.00		2,480,000.00	0.95%	0.95%		2,480,000.00		
Shenzhen Tianji Optical-Electronic Technologies Co., Ltd.*3	Cost	15,000,000.00	15,000,000.00		15,000,000.00	3.77%	3.77%		15,000,000.00		
Shenzhen Shenbao (Liaoyuan)	Cost	57,628.53	57,628.53		57,628.53	53.5%	53.5%		57,628.53		

Industrial Co., Ltd *1										
Shenzhen PepsiCo Beverage Co., Ltd.*5	Cost	24,071,627.22	25,413,791.08	25,413,791.08	10%	10%				
Beijing Tiantan Holdings Co., Ltd *4	Cost	57,500.00	57,500.00	57,500.00						
Total	--	58,036,755.75	45,878,919.61	45,878,919.61	--	--	--	20,407,628.53		

*1. The two 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 Sanjing 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 Shuangsheng 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: The Company held 10% equity of Shenzhen PepsiCo Beverage Co., Ltd. since 1 July 2012 without significant influence held at the same time, than change cost method for calculation.

10. Fixed assets

(1) Particular about fixed assets

In RMB

Items	Book balance at period-begin	Increase during this period		Decrease during this period	Book balance at period-end
I. Total of book balance	272,310,741.53	25,282,438.22		133,049.85	297,460,129.90
Including:House & buildings	116,761,418.04	20,138,335.44			136,899,753.48
Machinery equipments	143,256,617.41	3,304,632.72			146,561,250.13
Transportation tools	6,718,123.70	690,475.00		64,330.00	7,344,268.70
Other equipments	5,574,582.38	1,148,995.06		68,719.85	6,654,857.59
--	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	109,644,825.26	159,464.00	5,617,580.54	89,212.09	115,332,657.71
Including:House &	13,358,623.89	130,560.54	1,467,597.42		14,956,781.85

buildings					
Machinery equipments	90,574,570.21	17,216.49	3,471,238.94		94,063,025.64
Transportation tools	2,675,393.91	8,901.20	343,695.28	28,293.50	2,999,696.89
Other equipments	3,036,237.25	2,785.77	335,048.90	60,918.59	3,313,153.33
--	Book balance at period-begin		--		Book balance at period-end
III. Total net value of fixed assets	162,665,916.27		--		182,127,472.19
Including: House & buildings	103,402,794.15		--		121,942,971.63
Machinery equipments	52,682,047.20		--		52,498,224.49
Transportation tools	4,042,729.79		--		4,344,571.81
Other equipments	2,538,345.13		--		3,341,704.26
IV. Total of impairment provision	2,647,112.69		--		2,647,112.69
Machinery equipments	2,647,112.69		--		2,647,112.69
Other equipments			--		
V. Total book value of fixed assets	160,018,803.58		--		179,480,359.50
Including: House & buildings	103,402,794.15		--		121,942,971.63
Machinery equipments	52,682,047.20		--		52,498,224.49
Transportation tools	4,042,729.79		--		4,344,571.81
Other equipments	2,538,345.13		--		3,341,704.26

Depreciation in this period amounts to RMB 5,777,044.54; original price transfer from construction in progress to fixed assets amounting as RMB 20,222,902.30.

(2) Fixed assets without un-completed property certificates

Items	Reasons for un-completed certificate	Times expected for certificate completed
Dormitory of the Shantou branch of Shenzhen Huacheng	New plan for aged district	To manage it after the new plan comes out and the company had been in the processing.

Statement on fixed assets:

1. Among the ending balance, the original value of fixed assets used for bank pledge was RMB30,567,419.75, and the net value was RMB23,816,996.13. as for this pledge, the Company pledged No. 1# and 2# factories located at He'ao village, Henggang town, Longgang district Shenzhen to Shenzhen Branch of Shanghai Pudong Development Bank, in order to apply for comprehensive credit loan of RMB 80 million.

2. At the period end, the Company found no recoverable amount of any fixed asset was less than its carrying value, thus it hasn't provided impairment reserve.

11. Construction in process

(1) Particular about construction in process

In RMB

Items	Closing amount			Opening amount		
	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	
Comprehensive investment project of tea industry chain(the new factory project)	103,434,660.39		103,434,660.39	72,627,916.30		72,627,916.30
Project of production line of Shenbao Huacheng	481,570.00		481,570.00	531,703.86		531,703.86
Supervision system and simple warehouse of Huizhou Shenbao Technology	144,985.26		144,985.26	144,985.26		144,985.26
Tetra packaging production line	3,355,555.58		3,355,555.58			
Office building of Hangzhou Jufangyong				19,868,374.03		19,868,374.03
Equipments remaining installation of Shenbao Technology Center	2,727,409.84		2,727,409.84	1,249,163.56		1,249,163.56
Office building in Nanshan district, Shenzhen	50,023,561.00		50,023,561.00			
Office building in Nanshan District, Shenbao Technology Center	34,223,658.00		34,223,658.00			
Cleaning process of reverse osmosis membrane in Shantou	17,481.45		17,481.45			
Other	903,189.74	903,189.74		903,189.74	903,189.74	
Total	199,154,404.90	4,745,523.38	194,408,881.52	99,167,666.39	4,745,523.38	94,422,143.01

(2) Changes of major projects under construction

In RMB

Project	Budget	Opening amount	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	Closing amount
Comprehensive investment project of tea industry chain(new factory)	150,000,000.00	72,627,916.30	30,806,744.09			68.96%	90%				Raised proceeds	103,434,660.39
Office building in Nanshan district, Shenzhen	50,023,561.00		50,023,561.00								Self-owned capital	50,023,561.00
Office building in Nanshan District, Shenbao Technology Center	34,223,658.00		34,223,658.00								Raised proceeds	34,223,658.00
Office building of Hangzhou Jufangyong	21,000,000.00	19,868,374.03	269,961.41	20,138,335.44							Raised proceeds	
Total	255,247,219.00	92,496,290.33	115,323,924.50	20,138,335.44		--	--			--	--	187,681,879.39

(3) Construction in process impairment provision

In RMB

Items	Opening amount	Increase during this period	Decrease during this period	Closing amount	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			4,745,523.38	--

(4) Progress of material construction in progress

Items	Progress	Note
Comprehensive investment project of tea industry chain(the new factory project)	90%	
Office building in Nanshan district, Shenzhen	-	
Office building in Nanshan District, Shenbao Technology Center	-	

12. Productive biological assets

(1) Measured by cost

In RMB

Items	Book balance at period-begin	Increase during this period	Decrease during this period	Book balance at period-end
I. Farming industry				
II. Animal husbandry and aquaculture				
III. Forestry				
Tea plant	436,156.00			436,156.00
IV. Aquatic				
Total	436,156.00			436,156.00

13. Intangible assets

(1) Particular about intangible assets

In RMB

Items	Book balance at period-begin	Increased in the period	decreased in the period	Book balance at period-end
I. Total of original value	222,555,719.27			222,555,719.27
1. Land using right	176,719,514.87			176,719,514.87
2. Patent technologies	30,237,114.75			30,237,114.75

3. Use right of forest	15,599,089.65			15,599,089.65
II. Total accumulated amortization	24,253,273.80	2,824,173.78		27,077,447.58
1. Land using right	11,612,121.07	1,819,646.28		13,431,767.35
2. Patent technologies	12,309,373.37	809,052.90		13,118,426.27
3. Use right of forest	331,779.36	195,474.60		527,253.96
III. Total net book value of intangible assets	198,302,445.47	-2,824,173.78		195,478,271.69
1. Land using right	165,107,393.80	-1,819,646.28		163,287,747.52
2. Patent technologies	17,927,741.38	-809,052.90		17,118,688.48
3. Use right of forest	15,267,310.29	-195,474.60		15,071,835.69
1. Land using right				
2. Patent technologies				
3. Use right of forest				
Total of intangible asset book value	198,302,445.47	-2,824,173.78		195,478,271.69
1. Land using right	165,107,393.80	-1,819,646.28		163,287,747.52
2. Patent technologies	17,927,741.38	-809,052.90		17,118,688.48
3. Use right of forest	15,267,310.29	-195,474.60		15,071,835.69

14. Long-term deferred expense

In RMB

Items	Opening amount	Increased in the period	Amortization during this period	Other decrease	Closing amount	Reasons for other decreased
Decoration charge for office rented-in	1,010,162.64	329,403.28	139,592.51		1,199,973.41	
Project of maintenance reform on canned warehouse and waste tea house	258,262.88		44,273.64		213,989.24	
Affiliated project of resident area in Jufangyong Wuyuan	281,256.80		47,343.96		233,912.84	
Reform of tea park in Wuyuan	305,208.76	79,999.92	39,484.45		345,724.23	

Reform project of warehouse and swage	2,359,857.30	49,808.73	287,499.18		2,122,166.85	
Lease of workshop and office building	2,346,881.00		544,584.00		1,802,297.00	
Other	396,388.71	31,753.80	61,946.82		366,195.69	
Total	6,958,018.09	490,965.73	1,164,724.56		6,284,259.26	--

15. Deferred income tax assets and deferred income tax liabilities

(1) Net amount of deferred income tax assets and deferred income tax liabilities before deduction

Recognized deferred income tax assets and deferred income tax liabilities

In RMB

Items	Closing amount	Opening amount
Deferred income tax assets:		
Impairment provision for assets	2,554,782.97	2,554,782.97
Subtotal	2,554,782.97	2,554,782.97
Deferred income tax liabilities:		

Details of uncertain deferred income tax assets

In RMB

Items	Closing amount	Opening amount
Difference of temporary deductible	16,702,066.08	16,702,066.08
Losses deductible	6,971,958.26	6,971,958.26
Total	23,674,024.34	23,674,024.34

(2) Net amount of deferred income tax assets and deferred income tax liabilities after deduction

The grouped project of deferred income tax assets or liabilities after deduction

In RMB

Items	Deferred income tax assets or liabilities after deduction at the end of the reporting	Deductible or taxable temporary differences after deduction at the end of the reporting	Deferred income tax assets or liabilities after deduction at the begin of the reporting	Deductible or taxable temporary differences after deduction at the begin of the reporting
Deferred income tax assets	2,554,782.97		2,554,782.97	

16. Details of asset impairment provision

In RMB

Items	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	40,017,432.04				40,017,432.04
II. Inventory impairment provision	9,361,668.81				9,361,668.81
V. Long-term equity investment impairment provision	20,407,628.53				20,407,628.53
VII. Fixed asset impairment provision	2,647,112.69				2,647,112.69
IX. Impairment provision for construction materials	4,745,523.38				4,745,523.38
Total	77,179,365.45				77,179,365.45

17. Short-term loans

(1) Type of Short-term Loans

In RMB

Items	Closing amount	Opening amount
Ensure loans	50,000,000.00	
Loan in credit	30,000,000.00	
Total	80,000,000.00	

18. Account payables

(1) Particular about account payables

In RMB

Items	Closing amount	Opening amount
within 1 year	35,728,008.08	39,845,007.64
Within 1 to 2 years	29,699.92	29,699.92
Within 2 to 3 years	22,085.17	22,085.17
Over 3 years	2,647,572.47	2,647,572.47
Total	38,427,365.64	42,544,365.20

(2) Statement of large accounts payable with age over 1 year

Name	Amount	Reason of not caring forward	Notes
Customer I	518,655.52	Whether need to pay with uncertainty	Over 3 years
Customer II	515,892.30	Whether need to pay with uncertainty	Over 3 years

Total	1,034,547.82
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19. Account received in advance

(1) Particular about account received in advance

In RMB

Items	Closing amount	Opening amount
within 1 year	2,253,546.66	1,242,004.49
More than one year and less than two years	109,940.50	109,940.50
More than two years and less than three years		
Over 3 years	735,406.45	735,406.45
Total	3,098,893.61	2,087,351.44

20. Wages payable

In RMB

Items	Balance as at period-begin	Increase during this period	Decrease during this period	Balance as at period-end
I. Wage, bonus, allowance and subsidy	3,870,722.70	16,472,072.56	19,070,630.23	1,272,165.03
II. Employees' welfare		2,348,050.89	2,348,050.89	
III. Social security	35,171.18	2,697,184.87	2,517,625.30	214,730.75
IV. Housing public reserve		1,355,656.43	1,355,656.43	
V. Compensation from labor relationship dismissed	158,644.10			158,644.10
VII. Trade union fee and education fee	873,016.51	450,187.86	299,766.28	1,023,438.09
Total	4,937,554.49	23,323,152.61	25,591,729.13	2,668,977.97

Labor union expenses and staff educational expenses amounting to RMB 1,023,438.09; non-monetary welfare amounting to RMB 0 and compensation for dismiss of labor relationship amounting to 0 Yuan.

21. Tax payable

In RMB

Items	Closing amount	Opening amount
Business tax	20,245.50	8,245.50
Enterprise income tax	2,320,031.06	1,939,717.08
Individual income tax	121,263.57	190,943.51
City maintenance and construction tax	-40,022.97	8,685.50
House property tax	47,440.64	40,812.40
Embankment fee	81,862.22	69,683.11
Surtax for education expenses	-30,540.22	4,352.74
Use tax of land	25,000.13	65,906.08
Other tax fee	104,392.34	119,748.78
Total	2,649,672.27	2,448,094.70

22. Dividend payable

In RMB

Name	Closing amount	Opening amount	Reasons for un-payment over one year
Shares without trusted	218,212.60	218,212.60	
Shenzhen Investment Management Co.,	2,690,970.14	2,690,970.14	Original largest shareholder, formed from left-over of historical guarantee
Cash bonus payable for year of 2012	50,180,030.80		
Total	53,089,213.54	2,909,182.74	--

23. Other payables

(1) Particular about other payables

In RMB

Items	Closing amount	Opening amount
within 1 year	124,962,150.05	82,396,957.19
More than one year and less than two years	5,701,411.12	5,701,411.12
More than two years sand less than three years	59,979,741.54	59,979,741.54
Over 3 years	5,114,775.13	5,114,775.13
Total	195,758,077.84	153,192,884.98

(2) Explanation on major other account payable

Name	Relationship with the	Amount	Nature or content	Age
------	-----------------------	--------	-------------------	-----

			Company			
Shenzhen Development Co., Ltd.*	Jitai Industrial		Non-related party	98,127,654.20	Construction of Feicui Apartment	1-3 years
Zhongtai Ltd. *	Construction Group Co.,		Non-related party	57,845,831.01	Construction of Feicui Apartment	within 1 year
Zhejiang Wafa Tea Co., Ltd.			Related party	19,400,000.00	Current amount	within 1 year
Shenzhen Management Co., Ltd.	Investment		Original largest shareholder of the Company	3,510,297.20	Current amount	Over 3 years
Huizhou Investmetn Co., Ltd.	Shengli Property		Non-related party	2,776,167.00	Current amount	within 1 year
Total				181,659,949.41		

24. Other current liability

In RMB

Items	Book balance at period-end	Book balance at period-begin
Research project on key technology for process of the extracts from green tea	43,137.43	43,137.43
Total	43,137.43	43,137.43

Statement of other current liability

Special funds for special purpose of research project on key technology for process of the extracts from green tea had RMB 43,137.43 not used until 30 June 2013

25. Other non-current liability

In RMB

Items	Book balance at period-end	Book balance at period-begin
Subsidy for tea seeding of New Tea Garden in Wangkou	49,920.00	49,920.00
Construction amount for 50 tons for clearly processing for Mingyou tea *1	1,125,000.00	1,250,000.00
Industrialization project of instant tea power *2	3,192,014.89	4,000,000.00
*3	184,152.17	611,444.25
Base of further processing for tea and nature plants *4	2,475,000.00	2,750,000.00
Total	7,026,087.06	8,661,364.25

Statement of other non-current liability, including vary government subsidy obtained with assets and benefit concerned in reporting period and its closing amount

*1 Construction amount for 50 tons for clearly processing for Mingyou tea: the project was invested with the loan interests and financial subsidy granted by the finance bureau of Shangrao in respect

of the comprehensive agriculture development operation of Wuyuan County. The total subsidy amounted to RMB1.50 million; the starting date of amortization was 1 January 2011, with amortization term of 12 years. RMB125, 000 was realized as non-operating income in this period.

*2 Instant tea powder industry project: this project was based on the circular (SFG2012 No.1461) issued by the development and reform commission of Shenzhen. The total subsidy amounted to RMB 4 million, with construction period from 2012-2013. RMB 807,985.11 was transfer as non-operating revenue in the Period.

*3Special fund project of strategic emerging industry development: this project was based on the circular (SFG2012 No.1065) issued by the science and technology innovation commission of Shenzhen. The total subsidy amounted to RMB1.50 million, RMB 427,292.08 was realized as non-operating revenue in this period.

*4Base of further processing for tea and nature plants: this project was based on the circular (SFG2011 No.468) issued by the science and technology innovation commission of Shenzhen. The total subsidy amounted to RMB3.3 million, with RMB275, 000 was realized as non-operating income in this period, amortization from 1 January 2011 for 12-year in total.

26. Share capital

In RMB

	Opening amount	Increased (decreased) in this year					Closing amount
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total shares	250,900,154.00						250,900,154.00

27. Capital reserves

In RMB

Items	Opening amount	Increase during this period	Decrease during this period	Closing amount
Capital premium (Share capital premium)	567,431,192.41			567,431,192.41
Other capital reserve	1,079,720.41			1,079,720.41
Total	568,510,912.82			568,510,912.82

28. Surplus reserves

In RMB

Items	Opening amount	Increase during this period	Decrease during this period	Closing amount
Statutory surplus reserves	40,071,736.73			40,071,736.73
Total	40,071,736.73			40,071,736.73

29. Retained profit

In RMB

Items	金额	Withdrawal or Distribution Proportion
Retained profit at the end of the previous year before adjustment	104,733,870.63	--
Retained profit at the begin of the year after adjustment	104,733,870.63	--
Add: Attributable to the owners of the parent company's net profit	-5,934,967.21	--
Ordinary stock dividends payable	-50,180,030.80	
Retained profit at the end of the period.	48,618,872.62	--

30. Operating income and operating costs

(1) Operating income and operating cost

In RMB

Items	Amount at this period	Amount at last period
Main business operating income	229,503,390.32	113,840,078.74
Other business operating income	240,000.00	186,611.42
Operating cost	195,082,954.37	92,593,340.74

(2) Main business (by industry)

In RMB

Industry	Amount at this period		Amount at last period	
	Operating income	Operating cost	Operating income	Operating cost
Industry	124,711,542.13	100,329,761.24	113,546,678.74	92,139,709.60
Trade	104,498,448.19	94,656,064.73		
Leasing service	293,400.00		293,400.00	
Total	229,503,390.32	194,985,825.97	113,840,078.74	92,139,709.60

(3) Main business (by products)

In RMB

Product	Amount at this period		Amount at last period	
	Operating income	Operating cost	Operating income	Operating cost
Soft beverage	13,233,201.40	9,755,968.66	16,255,773.29	14,462,465.08
Seasoning	5,352,419.86	3,442,198.14	6,406,160.77	4,034,718.70
Tea products	210,624,369.06	181,787,659.17	90,884,744.68	73,642,525.82
Property leasing	293,400.00		293,400.00	
Total	229,503,390.32	194,985,825.97	113,840,078.74	92,139,709.60

(4) Main business (by area)

In RMB

Area	Amount at this period		Amount at last period	
	Operating income	Operating cost	Operating income	Operating cost
Export	107,635,235.06	96,204,044.83	2,003,197.52	1,255,489.58
South of China	39,280,797.60	28,814,228.01	37,464,399.74	28,738,770.15
North of China	11,141,038.11	9,717,383.35	11,108,038.79	10,293,637.20
East of China	50,035,273.72	41,443,043.14	34,599,721.54	25,593,179.03
Central of China	16,850,592.77	15,017,767.32	21,110,521.15	19,444,218.36
Other regions	4,560,453.06	3,789,359.32	7,554,200.00	6,814,415.28
Total	229,503,390.32	194,985,825.97	113,840,078.74	92,139,709.60

(5) Business income of top 5 clients

In RMB

Customers	Main business income	Portion taken in all main business income of the Company (%)
Customers I	34,977,800.00	15.22%
Customers II	33,720,300.00	14.68%
Customers III	16,402,400.00	7.14%
Customers IV	11,993,400.00	5.22%
Customers V	11,032,286.15	4.8%
Total	108,126,186.15	47.06%

31. Operating tax and extras

In RMB

Items	Amount at this period	Amount at last period	Taxation standard
Business tax	86,670.00	152,670.00	
City maintenance and construction tax	339,477.47	297,350.87	
Educational extra and others	357,931.24	212,754.25	
Total	784,078.71	662,775.12	--

32. Sales expenses

In RMB

Items	Amount at this period	Amount at last period
Employee compensation and employee costs	4,269,343.14	1,633,406.60
Rental and utilities	958,120.01	179,386.30

Depreciation and amortization expenses	44,622.05	14,567.14
Goods transport miscellaneous expenses	5,964,368.29	2,519,765.99
Sales discounts and promotion fee	610,385.61	1,072,353.38
Daily office expenses	4,253,895.79	214,400.75
Others	258,964.18	905,984.90
Total	16,359,699.07	6,539,865.06

33. Management expenses

In RMB

Items	Amount at this period	Amount at last period
Employee compensation and employee costs	10,703,841.03	12,587,436.46
Rental and utilities	1,119,969.97	774,406.72
Depreciation and amortization expenses	4,429,120.87	4,836,842.79
Intermediary and disclosure expenses	1,566,030.55	3,710,265.50
Taxes	768,587.36	1,893,427.58
Daily office expenses	4,536,911.60	4,011,908.58
Others	2,065,281.12	3,529,483.41
Total	25,189,742.50	31,343,771.04

34. Financial expenses

In RMB

Items	Amount at this period	Amount at last period
Interest expense	1,234,810.59	3,039,716.43
Less: Interest income	-3,728,310.33	-2,735,677.05
Exchange loss	2,277,734.95	-4,339.31
Others	103,591.22	82,006.16
Total	-112,173.57	381,706.23

35. Gains from change of fair value

In RMB

Source of gains from change of fair value	Amount at this period	Amount at last period
Transaction financial assets		969,367.20
Total		969,367.20

36. Investment gains

(1) Details of investment gains

In RMB

Items	Amount at this period	Amount at last period
Long-term equity investment gains recognized under equity method		-299,393.90
Investment income from disposal of long-term equity investment		103,546,568.40
Investment income gained from disposal of available-for-sales financial assets	6,688.65	2,610,661.54
Total	6,688.65	105,857,836.04

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

In RMB

Invested unit	Amount at this period	Amount at last period	Reasons of changes compare with last period
Shenzhen PepsiCo Beverage Co., Ltd.		-299,393.90	
Total		-299,393.90	--

37. Asset impairment loss

In RMB

Items	Amount at this period	Amount at last period
I. Bad debt loss		-43,676.24
Total		-43,676.24

38. Non-operating income

(1) Particular about non-operating income

In RMB

Items	Amount at this period	Amount at last period	Included in the current non-recurring profit and loss amount
Total income from disposal of non-current assets	5,720.73	8,590.63	5,720.73
Including: Gains from disposal of fixed assets	5,720.73		5,720.73
Gains from disposal of intangible assets		8,590.63	
Government grant	5,874,022.19	663,580.00	5,874,022.19
Other	253,966.23	100,000.00	253,966.23
Total	6,133,709.15	772,170.63	6,133,709.15

(2) Details of government grant

In RMB

Items	Amount at this period	Amount at last period	Note
Revenue Increase Award 2011		383,580.00	
Special raw material industrialization of new-type tea drink		80,000.00	
Support fund for backbone enterprise in Shenzhen for year of 2011	180,000.00		
Advanced enterprise award of energy-saving and emission reduction for year of 2012	10,000.00		
Grant of demonstration plant of excellent-tea process for year of 2012	60,000.00		
Comprehensive investment award from Country Financial Bureau	3,988,745.00		
Deferred income transfer-in	1,635,277.19	200,000.00	
Total	5,874,022.19	663,580.00	--

39. Non-operating expenses

In RMB

Items	Amount at this period	Amount at last period	Included in the current non-recurring profit and loss amount
Losses from disposal of non-current assets	3,410.56	237,578.80	3,410.56
Including: Losses from disposal of fixed assets	3,410.56	237,578.80	3,410.56
Other		70.00	
Total	3,410.56	237,648.80	3,410.56

40. Income tax expense

In RMB

Items	Amount at this period	Amount at last period
Current income tax calculated by tax law and relevant regulations	3,052,026.68	924,490.46
Deferred income tax		118,766.40
Total	3,052,026.68	1,043,256.86

41. Calculation of basic earnings per share and diluted earnings per share

Profit in the Period	Current amount		Last amount	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS

Net profit attributable to shareholders of ordinary shares of the Company	(0.0237)	(0.0237)	0.3542	0.3542
Net profit attributable to shareholders of ordinary shares of the Company after deducting non-recurring gains/losses	(0.0429)	(0.0429)	(0.0743)	(0.0743)

Calculation of basic EPS

Items	Current period
Basic EPS	
(I) Numerator:	
Net profit attributable to shareholders of ordinary shares of the Company(PO)	(5,934,967.21)
Net profit attributable to shareholders of ordinary shares of the Company after deducting non-recurring gains/losses (PO)	(10,772,467.32)
(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
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	(0.0237)
Net profit attributable to ordinary shareholders of company after deducting non-recurring gains/losses	(0.0429)

42. Other comprehensive gains

In RMB

Items	Amount at this period	Amount at last period
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Net amount reckoned into other comprehensive income in previous period while transfer-in current gains/losses		210,249.15
Sub-total		-210,249.15
Total		-210,249.15

43. Notes to statement of cash flow

(1) Other cash received in relation to operation activities

In RMB

Items	Amount
Government grants received	4,238,745.00
Accounts current with Jitai Company	21,500,000.00
Accounts current with Zhejiang Wafa Tea Co., Ltd.	19,400,000.00
Interest income	3,727,803.18
Others	534,083.86
Total	49,400,632.04

(2) Other cash paid in relation to operation activities

In RMB

Items	Amount
Connected amount	1,461,521.39
Administration expense	12,208,528.44
sales expense	13,410,812.02
Others	1,172,788.99
Total	28,253,650.84

(3) Other cash paid in relation to financing activities

In RMB

Items	Amount
Increase of other monetary fund	100,000.00
Total	100,000.00

44. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	Current period	Last period
1.Net profit adjusted to cash flow of operation activities:	--	--
Net profit	-4,475,950.20	88,867,376.42
Add: assets impairment losses		-43,676.24
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	5,777,044.46	5,287,017.49

Amortization of intangible assets	2,824,173.78	3,295,725.97
Amortization of long-term deferred expenses	1,142,929.69	579,974.15
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with “-”)	-2,310.17	228,988.17
Loss from change of fair value(gain is listed with “-”)		-969,367.20
Financial expenses (gain is listed with “-”)	2,882,324.52	816,431.20
Investment loss (gain is listed with “-”)	-6,688.65	-105,857,836.04
Decrease of deferred income tax asset((increase is listed with “-”)		118,766.40
Decrease of inventory (increase is listed with “-”)	-39,111,747.62	-13,838,531.10
Decrease of operating receivable accounts (increase is listed with “-”)	-109,851,274.50	77,754,296.60
Increase of operating payable accounts (decrease is listed with “-”)	128,973,918.85	-52,980,100.30
Net cash flow arising from operating activities	-11,847,579.84	3,259,065.52
2.Material investment and financing not involved in cash flow:	--	--
3.Net change of cash and cash equivalents:	--	--
Balance of cash at period end	309,611,598.60	518,697,954.69
Less: Balance of cash at year-begin	372,922,024.47	436,842,717.15
Net increase of cash and cash equivalents	-63,310,425.87	81,855,237.54

(2) Constitution of cash and cash equivalent

In RMB

Items	Closing amount	Opening amount
I. Cash	309,611,598.60	372,922,024.47
Including: stock cash	246,187.41	134,145.48
Bank deposit available for payment at any time	309,365,411.19	372,787,878.99
III. Balance of cash and cash equivalent at period-end	309,611,598.60	372,922,024.47

VIII. Related Parties and Transactions

1. Parent company of the Company

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	Limited Company (listed)	Shenzhen	Chen Shaoqun	Development, construction, operation and	RMB 1,696,964,100	19.09%	19.09%	SASAC of Shenzhen	192179163

					managem ent of agricultura l products retail market, operation of market leasing etc.					
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Explanation on parent company

2. Subsidiary of the Company

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	Holding subsidiaries	Limited liability company	Shenzhen	Yan Zesong	Manufacture	153,451,300.00	100%	100%	73628169-3
Jufangyong Tea Industry Co., Ltd. in Wuyuan County	Holding subsidiaries	Limited liability company	Wuyuan	Yan Zesong	Manufacture	290,000,000.00	95.72%	95.72%	77236879-6
Hangzhou Jufang Yong Holding Co., Ltd.	Holding subsidiaries	Limited liability company	Hangzhou	Qian Xiaojun	Comprehensive	175,000,000.00	100%	100%	59305626-0
Shenzhen Shenbao Technology Center Co., Ltd.	Holding subsidiaries	Limited liability company	Shenzhen	Luo Longxin	Technological development,consultancy, assignment	54,000,000.00	100%	100%	59566405-9
Huizhou Shenbao	Holding subsidiaries	Limited	Huizhou	Yao Xiaopeng	Manufacture	60,000,00	100%	100%	6649524

Science & Technology Co., Ltd.	ries	liability company				0.00			5-0
Zhejiang Shen Shenbao Wafa Tea Co., Ltd.	Holding subsidiaries	Limited liability company	Shengzhou	Li Yiyan	Wholesale and retail, technological development, import and export of goods	58,000,000.00	51.72%	51.72%	05280263-8
Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd.	Holding subsidiaries	Limited liability company	Wuyishan	Chen Liang	Comprehensive	40,000,000.00	51.75%	51.75%	05031666-0
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd	Holding subsidiaries	Limited liability company	Shenzhen	Yao Xiaopeng	Commercial wholesale	30,150,000.00	100%	100%	19246379-7
Shenzhen Shenbao Properties Management Co., Ltd.	Holding subsidiaries	Limited liability company	Shenzhen	Li Fang	Property management	5,000,000.00	51%	51%	27931409-X
Shenzhen Shenbao Industrial & Trading Co., Ltd.	Holding subsidiaries	Limited liability company	Shenzhen	Guan Lihua	Commercial wholesale	5,500,000.00	100%	100%	19218639-8
Shenzhen Shenbao(Liaoyuan) Industrial Co., Ltd.	Holding subsidiaries	Limited liability company	Shenzhen	--	--	2,378,000.00	53.5%	53.5%	

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

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 (%)	Related relationship	Organization code
I. Joint-venture									
II. Affiliated enterprise									
Changzhou Sanjing Oil Co., Ltd.	Limited liability company	Changzhou	Pan Guangsheng	Manufacture	54,000,000.00	33%	33%	Affiliated company	77052631-6
Shenzhen PepsiCo Beverage Co., Ltd.	Limited liability company	Shenzhen	Zhu Huaxi	Manufacture	US\$ 12,250,000.00	10%	10%	Affiliated company	61890818-4

4. Particulars about other related parties

Name	Related relationship	Organization code
Shenzhen Investment Management Co., Ltd.	The company's original largest shareholder	192197644
Shenzhen Investment Holdings Co., Ltd.	Second-largest shareholder of the Company	76756642-1
Changzhou Sanjing Oil Co., Ltd.	Affiliated company	66382186-2
Zhejiang Wafa Tea Co., Ltd.	Minority shareholders of holding subsidiary company	05280263-8
Fujian province Wuyishan Shenbao Yuxing Tea Co.,Ltd.	Minority shareholders of holding subsidiary company	71730243-6
Xingjiu Tea Co.,Ltd.	Minority shareholders of holding subsidiary company	58310361-7

5. Related transaction

(1) Statement of commodity purchased and labor service received

In RMB

Related Party	Related Trading	Price-making Method and Decision-making	Amount at this period		Amount at last period	
			Amount	Proportion in the	Amount	Proportion in the

		Procedure		same trade amount (%)		same trade amount (%)
Zhejiang Wafa Tea Co.,Ltd.	Purchase of tea	Market Price	108,602,905.57	98.03%		
Fujian province Wuyishan Yuxing Tea Co.,Ltd.	Purchase of tea	Market Price	2,171,253.64	1.97%		
Shenzhen Investment Holdings Co., Ltd.	Purchase The office	Market Price	84,247,219.00	100%		

Statement of commodity sales and labor service provided

In RMB

Related Party	Related Trading	Price-making Method and Decision-making Procedure	Amount at this period		Amount at last period	
			Amount	Proportion in the same trade amount (%)	Amount	Proportion in the same trade amount (%)
Shenzhen Agricultural Products Co., Ltd.	Sales of tea	Market Price	258,046.00	100%	93,397.42	100%

(2) Related leasing

Statement of company leasing

In RMB

Name of the lessor	Name of the lessee	Type of leasing assets	The beginning date of leasing	The ending date of leasing	Rent pricing basis	The confirmed rent in the reporting
Fujian province Wuyishan Yuxing Tea Co.,Ltd.	Fujian Mount Wuyi Shenbao Yuxing Tea Co., Ltd.	Workshop	2012-09-08	2014-09-08	Market Price	180,000.00

Statement of related leasing

The production workshop that provided for Fujian province Wuyishan Yuxing Tea Co., Ltd. located in Huanglongzhou Huangbaicun Wuyi Street Wuyishan City Fujian province, and the rent was RMB 720,000 in total, and the cost of the period was RMB 180,000. Related trade pricing was based on market price.

(3) Related guarantee

In RMB

Guarantor	Guaranteed Party	Guaranteed Amount	Start Date	Due Date	Performed or not
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Shenzhen Shenbao Industrial Co., Ltd *1	Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd	30,000,000.00	2013-03-11	2014-03-10	Yes
Shenzhen Shenbao Industrial Co., Ltd*1	Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd	25,000,000.00	2013-06-19	2014-06-18	No
Shenzhen Shenbao Industrial Co., Ltd*2	Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd	30,000,000.00	2013-03-11	2014-03-10	Yes
Shenzhen Shenbao Industrial Co., Ltd*2	Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd	25,000,000.00	2013-06-19	2014-06-18	No
Shenzhen Shenbao Industrial Co., Ltd*3	Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd	30,000,000.00	2013-05-30	2014-05-30	No

Particulars about related guarantees

*1: The Company entered into the “Contract of Warranty for the Maximum Amount” with town bank of Baosheng Village, Nanshan district, Shenzhen on 27 August 2012 for offering loan guarantee for Shenzhen Sanjing, subsidiary of the Company with terms from 27 August 2012 to 26 August 2013.

Shenbao Sanjing entered into a contract of current capital loans with town bank of Baosheng Village, Nanshan district, Shenzhen on 11 March 2013 for loans RMB 30 million obtained with one-year term. The Company offering joint liability guarantee for the loans, as of 29 May 2013, RMB 30 million was returned.

Shenbao Sanjing entered into a contract of current capital loans with town bank of Baosheng Village, Nanshan district, Shenzhen on 19 June 2013 for loans RMB 25 million obtained with one-year term. The Company offering joint liability guarantee for the loans. Balance at the period-end was RMB 25 million.

*2: The Company entered into the “Contract of Warranty for the Maximum Amount” with town bank of Baosheng Village, Nanshan district, Shenzhen on 27 August 2012 for offering loan guarantee for Shenzhen Huacheng, subsidiary of the Company with terms from 27 August 2012 to 26 August 2013.

Shenbao Huacheng entered into a contract of current capital loans with town bank of Baosheng Village, Nanshan district, Shenzhen on 11 March 2013 for loans RMB 30 million obtained with one-year term. The Company offering joint liability guarantee for the loans, as of 29 May 2013, RMB 30 million was returned.

Shenbao Huacheng entered into a contract of current capital loans with town bank of Baosheng

Village, Nanshan district, Shenzhen on 19 June 2013 for loans RMB 25 million obtained with one-year term. The Company offering joint liability guarantee for the loans. Balance at the period-end was RMB 25 million.

*3: Subsidiary of the Company, Shenbao Huacheng entered into a “Comprehensive Credit Contract” with Shenzhen Branch of Ping An Bank Co., Ltd. dated 30 May 2013 for credit amount of RMB 30 million borrowed. The Company offering joint liability guarantee for the loans with one-year term, and balance at the period-end was RMB 30 million.

6. Account receivable/payable for related parties

The listed company account receivable from related parties

In RMB

Item	Related party	Period-end		Period-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Shenzhen Agricultural Products Co., Ltd.			6,602.00	
Advance payments	Zhejiang Wafa Tea Co.,Ltd.	10,282,192.09		4,581,943.05	
Other account receivable	Changzhou Sanjing Oil Co., Ltd.	17,524,213.70	2,022,775.72	16,488,110.19	2,022,775.72

The listed company account payable to related parties

In RMB

Items	Related party	Balance at period-end	Balance at period-begin
Account payable	Zhejiang Wafa Tea Co.,Ltd.	16,585,588.39	12,390,555.20
Other account payable	Shenzhen Investment Management Co., Ltd.	3,510,297.20	3,510,297.20
Other account payable	Zhejiang Wafa Tea Co.,Ltd.	19,400,000.00	
Dividend payable	Shenzhen Investment Management Co., Ltd.	2,690,970.14	2,690,970.14

IX. Contingency

1. Contingent liability and its financial influence formed by debt guarantee provided for other units

The case concerning the joint-liability guarantee the Company provided for the RMB 7 million loans which Shenzhen China Bicycle Company (Holdings) Limited (“CBC” for short) had obtained from Shenzhen Branch of China Construction Bank (“Construction Bank” for short) has been closed with reconciliation. The Agreement of Interest Reduction was signed between the Company and Construction Bank in 2003, the RMB 7 million have been paid by the Company for CBC in two phases and accomplished the jointly liability; Concerning the jointly-liability of the Company for Letter of Credit Opening for CBC 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 CBC

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. Shenzhen Intermediate People's Court verdict that the RMB 7 million repaid by the Company for CBC 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 CBC, 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 CBC on 14 January 2005 from Shenzhen Intermediate People's Court with verdict that: seal up and freeze the property of CBC (limited as RMB 14,131,575.92) and order CBC 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.

On 12 October 2012, concerning the application from Shenzhen Guosheng Energy Investment Development Co., Ltd., Shenzhen Intermediate People's Court accepted and verdict the bankruptcy case of CBC. The Company declared creditor's right of RMB24, 061,322.14 to manager of CBC. On 17 July 2013, a Civil Ruling Paper (2012) Shen Zhong Fa Po Zi No. 30-4 was carried out by the Shenzhen Intermediate People's Court, the creditors' right RMB 20,972,491.51 for the Company from CBC was judged.

X. Events occurring after the balance

1. Explanation on profit distribution occurring after the balance sheet date

In RMB

Profit or dividend distributed and public after deliberation and approval	50,180,030.80
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XI. Other significant events

1. Other

1. According to the construction project cooperation agreement entered into by the Company and Shenzhen Jitai Industrial Development Co., Ltd.(hereinafter referred to as Jitai Industrial), the Company and Jitai Industrial developed and built office building for its own use with the land located at Wenjin north road, Luohu district Shenzhen(No. H307-0018). The Company would not increase any investment to this project and assume any cost, Jitai Industrial shall be responsible for the entire capital for project construction. The Company determined the property allocation proportion based on the appraisal value of the land (No. H307-0018) of RMB42 million. The property allocation proportion of the Company was: based on the appraisal value of the land (No. H307-0018), to determine the proportion that RMB42 million accounts for in the total construction cost (namely RMB42 million plus the entire audited capital contributed by Jitai Industrial to the project); if the proportion is less than 20%, then the smallest allocation proportion of the Company shall be 20%. In December 2012, both parties agreed to cancel the purpose of the above office building, and transferred the construction in progress of RMB77,295,880.97 occurred by the project and land amortization cost of RMB58,892,053.48 to inventories-development cost for calculation. As of 30 June 2013, Jitai Industrial has provided land premiums and construction account of RMB98,127,654.20. The construction account of RMB 57,845,831.01 payable to Zhongtai Construction Group Co., Ltd. still paid for provision and payment by Jitai Industrial.

2. Major assets restructuring from 10% equity of Shenzhen Pepsi transfer

The Company plan and prepare the equity transfer of Shenzhen Pepsi, stock-jointly company of the Company, stock of the Company suspended since 28 December 2012. Being deliberated and approved by the 3rd meeting of 8th session of the Board dated 10 January 2013, ten percent equity of Shenzhen Pepsi held by the Company was sold via publicly traded for RMB 95 million. As of end of the listing, one qualified buyer emerge—PepsiCo (China). According to the relevant regulation of property transaction, the equity transfer entered into a process of contract transfer. The Company entered into a “Equity Transfer Agreement” with PepsiCo (China) dated 28 February 2013 with dealing price of RMB 95 million. On 18 March 2013 and 8 April 2013, the 4th meeting of 8th session of the Board and 1st extraordinary shareholders’ general meeting of 2013 were held respectively for deliberating the major assets sold and relevant proposals. On 10 May 2013, the Company received the Reply on Approval for the Plan of Major Assets Restructuring of Shenzhen Shenbao Industrial Co., Ltd (Zheng Jian Xu Ke [2013] No.635) issued by the CSRC, to approve the aforesaid major assets sold. Ownership transfer procedure for 10% equity of Shenzhen Pepsi was completed on 12 June 2013. The Company received equity transfer amount RMB 95 million on 16 August 2013, so far, the 10% equity of Shenzhen Pepsi transfer with major assets restructuring concerned was completed.

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

1. Account receivable

(1) Account receivable

In RMB

Categories	Closing amount				Opening amount			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Account receivable of bad debt provision withdrawal by combination								
Account receivable with single minor amount but withdrawal bad debt provision for single item	28,453.08	100%	28,453.08	100%	28,453.08	100%	28,453.08	100%
Total	28,453.08	--	28,453.08	--	28,453.08	--	28,453.08	--

Statement on category of explanation on account receivables

Account receivables represent account receivables and other receivables.

The Company realizes bad debt under the following standards: ①due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage; ②debtor can't perform his debt obligations within the time limit, and there is obvious characteristics showing that the debt can't be recovered. As for the account receivables where there is obvious evidence showing that it is impossible to recover the same, the account receivables shall be realized as bad debt losses, and the bad debt reserve provided shall be written off accordingly.

The Company calculates the possible bad debt loss by allowance method.

1. Account receivables with significant amount of single item and bad debt reserve provided item by item

Standards for realization of account receivables with significant amount of single item and bad debt reserve provided item by item:

Specific standards for single item with significant amount: account for 10% (10% included) of the

balance of account receivables.

Provision method for bad debt reserve of account receivables with significant amount of single item: conduct impairment test individually, provide bad debt reserve based on the difference between the present value of predicted future cash flow and its carrying value, and recorded in current gains and losses.

2. Account receivables with bad debt reserve provided under aging groups

- (1) The group belongs to account receivables which are not impaired after individual test.
- (2) Provision method for the group: bad debt reserve is provided under aging method, with provision standards as follows:

Age	Withdrawal proportion of account receivable	Withdrawal proportion of other account receivable
within 1 year(Including 1 year)	0%	0%
1-2years(Including 2 years)	5%	5%
2-3years(Including 3 years)	10%	10%
Over 3 years	15%	15%

3. Account receivables without significant amount of single item and bad debt reserve provided item by item

Grounds for provision of bad debt reserve item by item: there is objective evidence showing it maybe impaired. For example, due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage.

Provision method for bad debt reserve: as for the account receivables which maybe impaired proven by objective evidence, the account shall be separated from the related group and experience individual impairment test, and realize impairment losses.

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

Application Not-application

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

Application Not-application

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year						
Including:	--	--	--	--	--	--

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

Application Not-application

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

Application Not-application

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

√ Application □ Not-application

In RMB

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	18,456.50	18,456.50	100%	Minor possibility in recover
Total	28,453.08	28,453.08	--	--

2. Other receivables

(1) Other receivables

In RMB

Categories	Closing amount				Opening amount			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Other receivable of bad debt provision withdrawal by combination								
Other account receivable withdrawal bad debt provision by age combination	244,774,980.19	97.81%	2,071,578.39	0.85%	208,916,171.51	97.45%	2,071,578.39	0.99%
Subtotal of group	244,774,980.19	97.81%	2,071,578.39	0.85%	208,916,171.51	97.45%	2,071,578.39	0.99%
Other account receivable with single minor amount but withdrawal bad debt provision for single item	5,472,398.91	2.19%	5,472,398.91	100%	5,472,398.91	2.55%	5,472,398.91	100%
Total	250,247,379.10	--	7,543,977.30	--	214,388,570.42	--	7,543,977.30	--

Statement on category of explanation on other account receivables
Account receivables represent account receivables and other receivables.

The Company realizes bad debt under the following standards: ①due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage; ②debtor can't perform his debt obligations within the time limit, and there is obvious characteristics showing that the debt can't be recovered. As for the account receivables where there is obvious evidence showing that it is impossible to recover the same, the account receivables shall be realized as bad debt losses, and the bad debt reserve provided shall be written off accordingly.

The Company calculates the possible bad debt loss by allowance method.

1. Account receivables with significant amount of single item and bad debt reserve provided item by item

Standards for realization of account receivables with significant amount of single item and bad debt reserve provided item by item:

Specific standards for single item with significant amount: account for 10% (10% included) of the balance of account receivables.

Provision method for bad debt reserve of account receivables with significant amount of single item: conduct impairment test individually, provide bad debt reserve based on the difference between the present value of predicted future cash flow and its carrying value, and recorded in current gains and losses.

2. Account receivables with bad debt reserve provided under aging groups

- (1) The group belongs to account receivables which are not impaired after individual test.
- (2) Provision method for the group: bad debt reserve is provided under aging method, with provision standards as follows:

Age	Provision percentage for accounts receivable	Provision percentage for other receivable
Within 1 year(Including 1 year)	0%	0%
1-2years(Including 2 years)	5%	5%
2-3years(Including 3 years)	10%	10%
Over 3 years	15%	15%

3. Account receivables without significant amount of single item and bad debt reserve provided item by item

Grounds for provision of bad debt reserve item by item: there is objective evidence showing it maybe impaired. For example, due to withdrawal, bankruptcy or death of debtor, debt can not be recovered or insufficient cash flow after settlement with the bankruptcy property or heritage.

Provision method for bad debt reserve: as for the account receivables which maybe impaired proven by objective evidence, the account shall be separated from the related group and experience individual impairment test, and realize impairment losses.

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

Application Not-application

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

Application Not-application

In RMB

Age	Closing amount			Opening amount		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Within 1 year						
Including:	--	--	--	--	--	--

Subtotal within 1 year	228,861,849.18	91.45%		193,003,040.50	90.02%	
1-2years	948,836.79	0.38%	47,441.84	948,836.79	0.44%	47,441.84
2-3years	4,410,151.72	1.76%	441,015.17	4,410,151.72	2.06%	441,015.17
Above 3 years	10,554,142.50	4.22%	1,583,121.38	10,554,142.50	4.93%	1,583,121.38
3-4years	2,288,838.66	0.91%	343,325.80	2,288,838.66	1.07%	343,325.80
4-5years	3,411,568.79	1.36%	511,735.32	3,411,568.79	1.59%	511,735.32
Above5years	4,853,735.05	1.95%	728,060.26	4,853,735.05	2.27%	728,060.26
Total	244,774,980.19	--	2,071,578.39	208,916,171.51	--	2,071,578.39

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

Application Not-application

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

Application Not-application

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

Application Not-application

In RMB

Other account receivable	Book balance	Bad debt provision	Withdrawal proportion (%)	Reasons
Other account receivable with over 3 years	5,472,398.91	5,472,398.91	100%	Formed due to history reasons, hard to recover
Total	5,472,398.91	5,472,398.91	--	--

(2) The top 5 amounts in other account receivables

In RMB

Name of the unit	Relationship with the Company	Amount	Age	Portion in total other receivables (%)
Huizhou Shenbao Technology	Wholly-owned subsidiary	158,220,104.73	within 1 year	63.23%
Shenbao Sanjing	Wholly-owned subsidiary	26,204,103.10	within 1 year	10.47%
Shen Shenbao Huafa	Holding subsidiaries	20,600,000.00	within 1 year	8.23%
Changzhou Sanjing Oil Co., Ltd.	Affiliated company	16,894,213.70	1-5 years	6.75%
Atos Covics Business Solutions (Shanghai) Co., Ltd.	Non-related party	1,345,600.00	within 1 year	0.54%

Total	--	223,264,021.53	--	89.22%
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(3) Other receivables due from related parties

In RMB

Name of the unit	Relationship with the Company	Amount	Portion in total other receivables (%)
Huizhou Shenbao Technology	Wholly-owned subsidiary	158,220,104.73	63.23%
Shenbao Sanjing	Wholly-owned subsidiary	26,204,103.10	10.47%
Shen Shenbao Huafa	Holding subsidiaries	20,600,000.00	8.23%
Changzhou Sanjing Oil Co., Ltd.	Affiliated company	16,894,213.70	6.75%
Shenbao Industrial Trading & Development	Wholly-owned subsidiary	530,589.19	0.21%
Total	--	222,449,010.72	88.89%

3. Long-term equity investment

In RMB

Name of the Companies	Calculation method	Investment cost	Opening balance	Changes +,-	Closing balance	Share s held in invest ed unit (%)	Votin g rights in invest ed unit (%)	Explanat ion for un-conc ord between shares held and voting rights held in invested unit	Impairme nt provision	Withdra wal of impairm ent provision in this period	Cas h bon us in this peri od
Shenzhen Shenbao (Xinmin) Food Co., Ltd	Equity	2,870,000.00	2,870,000.00		2,870,000.00	49.14 %	49.14 %		2,870,000.00		
Changzhou Sanjing Oil	Equity	13,500,000.00				33%	33%				

Co., Ltd.											
Shenbao Properties	Cost	2,550,000.00	2,550,000.00		2,550,000.00	51%	51%				
Shenbao Industrial Trading & Development	Cost	5,500,000.00	5,500,000.00		5,500,000.00	100%	100%				
Shenbao Sanjing	Cost	80,520,842.36	80,520,842.36		80,520,842.36	100%	100%				
Shenbao Huacheng	Cost	168,551,781.80	168,551,781.80		168,551,781.80	100%	100%				
Huizhou Shenbao Technology	Cost	60,000,000.00	60,000,000.00		60,000,000.00	100%	100%				
Wuyuan Jufangyong	Cost	280,404,134.35	280,404,134.35		280,404,134.35	95.72%	95.72%				
Hangzhou Jufangyong	Cost	176,906,952.42	176,906,952.42		176,906,952.42	100%	100%				
Shenbao Technology Center	Cost	54,676,764.11	54,676,764.11		54,676,764.11	100%	100%				
Shenbao Liaoyuan	Cost	57,628.53	57,628.53		57,628.53	53.5%	53.5%		57,628.53		
Shen Shenbao Huafa	Cost	30,000,000.00	30,000,000.00		30,000,000.00	51.72%	51.72%				
Shenzhen Sanjiu Weitai Holdings Co., Ltd.	Cost	2,480,000.00	2,480,000.00		2,480,000.00	0.95%	0.95%		2,480,000.00		
Shenzhen Tianji Optical-Electric Technologies Co., Ltd.*3	Cost	15,000,000.00	15,000,000.00		15,000,000.00	3.77%	3.77%		15,000,000.00		
Shenzhen	Cost	24,071,627	25,413,791		25,413,791	10%	10%				

PepsiCo Beverage Co., Ltd.		.22	.08		.08					
Total	--	917,089,730.79	904,931,894.65		904,931,894.65	--	--	--	20,407,628.53	

4. Operating income and operating cost

(1) Operating income

In RMB

Items	Amount at this period	Amount at last period
Operating income of main business		850,941.33
Operating income of other business	1,200,000.00	1,200,000.00
Total	1,200,000.00	2,050,941.33
Operating cost	0.00	422,583.09

(2) Main business (by industry)

In RMB

Industry	Amount at this period		Amount at last period	
	Operating income	operating cost	Operating income	operating cost
Industry			850,941.33	422,583.09
Total			850,941.33	422,583.09

(3) Main business (by products)

In RMB

Product	Amount at this period		Amount at last period	
	Operating income	operating cost	Operating income	operating cost
Tea products			850,941.33	422,583.09
Total			850,941.33	422,583.09

(4) Main business (by area)

In RMB

Area	Amount at this period		Amount at last period	
	Operating income	operating cost	Operating income	operating cost
South China			628,223.12	205,251.35
Other area			222,718.21	217,331.74
Total			850,941.33	422,583.09

(5) Main business income in top five clients

In RMB

Name	Total Operating income	Proportion in total main business income (%)
------	------------------------	--

Customer I	1,200,000.00	100%
Total	1,200,000.00	100%

5. Investment income

(1) Details of investment income

In RMB

Items	Amount at this period	Amount at last period
Investment income of long-term equity based on equity		-299,393.90
Investment income from disposal of long-term equity		103,546,568.40
Investment income obtained from disposal of transactional financial assets		2,610,661.54
Total		105,857,836.04

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

In RMB

Unit	Amount at this period	Amount at last period	Reason of changes compare with last period
Shenzhen PepsiCo Beverage Co., Ltd.		-299,393.90	
Total		-299,393.90	--

6. Supplementary information about statement of cash flow

In RMB

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	-7,840,872.40	90,953,054.22
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	624,570.06	621,105.81
Amortization of intangible assets	52,458.36	914,336.11
Amortization of long-term deferred expenses	132,681.36	143,469.28
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "--")	-2,248.14	180,081.65
Loss from change of fair value(gain is listed with "--")		-970,867.20
Financial expenses (gain is listed with "--")	1,270,042.56	93,900.89
Investment loss (gain is listed with "--")		-105,857,836.04
Decrease of deferred income tax asset((increase is listed with "--")		92,575.65
Decrease of inventory (increase is listed with "--")	-25,551,327.08	112,154.23
Decrease of operating receivable accounts (increase is listed with "--")	17,756,680.58	150,385,576.30
Increase of operating payable accounts (decrease is listed with "--")	24,176,050.67	-25,582,352.09

Net cash flow arising from operating activities	10,618,035.97	111,085,198.81
2. Material investment and financing not involved in cash flow:	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	67,427,759.75	186,945,009.15
Less: Balance of cash at period-begin	55,033,726.34	399,181,994.57
Net increase of cash and cash equivalents	12,394,033.41	-212,236,985.42

XIII. Supplementary information

1. Current non-recurring gains/losses

In RMB

Items	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	2,310.17	
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)	5,874,022.19	
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	6,688.65	
Other non-operating income and expenditure except for the aforementioned items	253,966.23	
Less: Impact on income tax	1,299,487.13	
Total	4,837,500.11	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/Loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/Loss*, explain reasons

Application Not-application

2. 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

In RMB

	Net profit attributable to shareholders of listed company		Net assets attributable to shareholders of listed company	
	Amount in this period	Amount in last period	Closing amount	Opening amount
By Chinese Accounting Standards	-5,934,967.21	88,867,376.42	908,101,676.17	964,216,674.18
Items and amount adjusted by IAS				
1. Adjustment on amortization of differences of equity investment			1,016,958.04	1,016,958.04
2. Adjustment on cost of transferring Shenzhen Pepsi's equity		381,359.27	-762,718.54	-762,718.54
3. Other adjustment on regulated funds payable in share market			1,067,000.00	1,067,000.00
By International Accounting Standards	-5,934,967.21	89,248,735.69	909,422,915.67	965,537,913.68

3. ROE and EPS

In RMB

Profit in the Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to common shareholders of the Company	-0.62%	-0.0237	-0.0237
Net profit attributable to common shareholders of the Company after deducting non-recurring gains/losses	-1.12%	-0.0429	-0.0429

4. Abnormalities and reasons of the accounting statement items of the Company

Items	Closing balance (or Current period)	Opening balance(or Last period)	Changes %	Reasons
Account paid in advance	16,191,997.35	28,323,450.51	(42.83)	*1
Other account payable	32,709,966.50	22,251,167.26	47.00	*2
Other current assets	4,423,309.30	1,760,669.36	151.23	*3
Construction in process	194,408,881.52	94,422,143.01	105.89	*4
Short-term loans	80,000,000.00	---	100	*5
Wages payable	2,668,977.97	4,937,554.49	(45.95)	*6
Operation income	229,743,390.32	114,026,690.16	101.48	*7
Operation cost	195,082,954.37	92,593,340.74	110.69	*8
Sales expenses	16,359,699.07	6,539,865.06	150.15	*9
Investment Income	6,688.65	105,857,836.04	(99.99)	*10

Non-operation income	6,133,709.15	772,170.63	694.35	*11
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- *1: imported tea was arrival at port, and the account paid in advance for the tea decreased;
- *2: export tax refund receivable increased;
- *3: VAT ready for deducted increased;
- *4: new office building purchased and the comprehensive investment of tea industrial chain in Wuyuan Jufangyong increased;
- *5: the short-term loans increased;
- *6: the performance pay for year of 2012 was paid;
- *7: business of the subsidiary increased last year was showed in this year, and no such presentation at same period of last yera;
- *8: business of the subsidiary increased last year was showed in this year, and no such presentation at same period of last yera;
- *9: business of the subsidiary increased last year was showed in this year, and no such presentation at same period of last yera;
- *10: at same period of last yera, there has equity income obtained from 15% equity of Shenzhen Pepsi transfer, and no such gains obtained in the Period;
- *11: The governmetn grant of “Comprehensive investment award” RMB 3.9887 million was received in the Period and deferred income transfer-in.

Section IX. Documents available for Reference

I. Documents available for reference

The office of board in the Company had the complete reference file for CSRC, Shenzhen Stock Exchange and shareholders of the company to query, including:

1. Text of financial statement with signature and seals of legal person, person in charge of accounting works and person in charge of accounting institution;
2. Original and official copies of all documents which have been disclosed on *Securities Times*, *China Securities Journal*, and *Hong Kong Commercial Daily* in the report period;
3. Original copies of Semi-Annual Report 2013 with signature of the Chairman.

II. Disclosure approval for the financial statement

The financial statement published on 19 August 2013 approved by the Board

Shenzhen Shenbao Industrial Co., Ltd

19 August 2013