

SHENZHEN SHENBAO INDUSTRIAL CO., LTD
SEMI-ANNUAL REPORT 2014



August 2014

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 deliberation of this Report.

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 2014 is authentic, accurate and complete.

Concerning the forward-looking statements with future planning involved in the semi-annual report, they do not constitute a substantial commitment for investors, *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	Contents
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.
Shenshenbao Investment	Refers to	Shenzhen Shenshenbao Investment Co., Ltd.
Fuhaitang	Refers to	Fuhaitang Tea Ecological Technology Co., Ltd.
Chunshi Network	Refers to	Hangzhou Chunshi Network Technology Co.,Ltd.
Yuxing Company	Refers to	Fujian Wuyishan Yuxing Tea Co., Ltd.
Zhejiang Huafa	Refers to	Zhejiang Huafa 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
Dahua CPA	Refers to	Dahua Certified Public Accountants (LLP)
Article of Association	Refers to	Article of Association of Shenzhen Shenbao Industrial Co., Ltd

RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan
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Section II Company profile

I. Company information

Short form for share	SHENSHENBAO-A, SHENSHENBAO-B	Stock code	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. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Li Yiyan	Huang Bingxia
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	huangbx@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 2013.

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 2013.

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 2013.

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)	118,250,169.14	229,743,390.32	-48.53%
Net profit attributable to shareholders of the listed company(RMB)	-23,382,126.99	-5,934,967.21	-293.97%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-28,395,649.40	-10,772,467.32	-163.59%
Net cash flow arising from operating activities(RMB)	16,786,120.54	-11,847,579.84	241.68%
Basic earnings per share (RMB/Share)	-0.0777	-0.0237	-227.85%
Diluted earnings per share (RMB/Share)	-0.0777	-0.0237	-227.85%
Weighted average ROE (%)	-2.47%	-0.62%	-298.39%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	1,402,346,193.23	1,336,638,587.42	4.92%
Net assets attributable to shareholder of listed company(RMB)	934,168,283.36	960,517,069.55	-2.74%

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

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

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	Amount at period-end	Amount at period-begin
Chinese GAAP	-23,382,126.99	-5,934,967.21	934,168,283.36	960,517,069.55
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	-23,382,126.99	-5,934,967.21	936,669,911.47	961,584,069.55

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)	2,818,518.36	
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)	1,639,508.42	
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	396,856.13	
Other non-operating income and expenditure except for the aforementioned items	286,559.99	
Less: impact on income tax	129,282.25	
Impact on minority shareholders' equity (post-tax)	-1,361.76	
Total	5,013,522.41	--

Section IV. Report of the Board of Directors

I. Introduction

In reporting period, the Company stably promoted execution of various sections including the Deep & Fine processing, fine tea, food & beverage, Tea Park and R&D, in accordance with development strategy. We rapidly enhanced layout of strategy and speedy transform development. What's more, we further boosted the plan of a operational headquarter which will transit to strategy, investment, assets and operation center, business coordination center, public resources and professional administration platform. Multiple incentive mechanism had been encouraged to coop with corporate strategy. Thus new KIP system was issued. And various incentive mechanism and measurements for subordinate corporations were issued as affiliation.

In reporting period, the Company positively expanded main business, firmly promoted progress of fundraising projects, in order to perfect the sustainable construction of tea industry chain. On one hand, we carried out various point of division allocation for brand strategy, speed up promotion of fashion brands and JuFangYong, Longjing Tea, XingJiu Wuyi stone tea, etc as well as promotion and E-commence expand for iTealife-FuHaiTang. This kind of measure strengthened promotion, attracted and reinforced consumers firstly, and secondly effectively expanded reputation and online sales volume of products as we innovated, started from point of Wechat Marketing, got contact with consumers rapidly, formed re-spread and reputation of products among social network. On the other hand, we integrated resources and built traditional tea industry using modern marketing strategy, namely bringing in O2O model into the industry. We aggressively built the O2O sales platform, engine offline layout of O2O model, set up the 1st offline entrance to iTealife-FuHaiTang experience store which demonstrate online products as well as the producing process and tasting. QR Code was also applied to lead self-consumption of young consumers. Besides, we arranged O2O Life experience center for brand tea to explore the chance to get deep contact with consumers, to form interactive between online and offline, further to word-of-mouth communication. Thirdly, we arranged and laid out Pu'er Tea business which will lead us to set up a Pu'er Tea trade center Co., Ltd. And as affiliation, Small loan companies, Guarantee Corporation will be found to coordinate Pu'er Tea resource, trade platform and financial-like business. Fourthly, deep & fine processing was required by products upgrading to expand market.

During the reporting period, the Company enhanced production safety and food security, ensured 0 production safety & food security accidents in past half year. We further improved internal control system, boosted overall internal control level, improved risk prevention ability. Opening of VI system and formal launch of new website further cooped with needs of strategy, improved the external recognition, specialty and competitiveness of the Company, laying foundation for a bound new image of Shenbao.

In reporting period, the Company realized operating income of 118,250,200 Yuan, down by 48.53% compared to the same period of last year; operating profit of -25,937,000 Yuan, down by 243.35% compared to the same period of last year; net profit attributable to shareholders of listed company of -23,382,100 Yuan, down by 293.97% compared to the same period of last year.

II. Main business analysis

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	118,250,169.14	229,743,390.32	-48.53%	Mainly because equity of Shenshenbao Huafa transferred in the Period, and corresponding operating income decreased
Operation cost	96,487,715.91	195,082,954.37	-50.54%	Mainly because equity of Shenshenbao Huafa transferred in the Period, and corresponding operating cost decreased
Sales expenses	14,666,176.74	16,359,699.07	-10.35%	
Administrative expenses	36,953,716.61	25,189,742.50	46.70%	Mainly because the charges for employee, intermediary, brand and promotion increased
Financial cost	-1,033,644.01	-112,173.57	-821.47%	Mainly due to the declined in interest expenses and exchange loss in the Period
Income tax expense	517,581.33	3,052,026.68	-83.04%	Mainly because income tax expenses decreased in the period.
Net cash flow arising from operation activities	16,786,120.54	-11,847,579.84	241.68%	Mainly because account of pre-sale of Emerald Apartment increased in the Period
Net cash flow arising from investment activities	-21,860,148.84	-128,480,521.51	82.99%	Mainly because the equity transfer amount of Shenshenbao Huafa was received; investment for Wuyuan project in the Period decreased over that of last period; and there was 84.25 million Yuan expenditure for purchasing office building at same period of last year while no such amount occurred in the Period
Net cash flow arising from financing activities	89,120,187.24	78,374,250.01	13.71%	
Net increase of cash and cash equivalent	84,162,044.52	-63,310,425.87	232.94%	Mainly because the amount of pre-sale of Emerald Apartment received in the Period and equity transfer amount of Shenshenbao

				Huafa received
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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

No future development and planning extended to reporting period that published in disclosure documents as prospectus, private placing memorandum and recapitalize statement

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

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

III. Composition 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	117,956,769.14	96,487,715.91	18.20%	-5.42%	-3.83%	-6.10%
Rental service	293,400.00		100.00%	0.00%	0.00%	0.00%
Trading				-100.00%	-100.00%	-9.42%
According to products						
Condiment manufacturing	5,524,229.27	3,329,381.37	39.73%	3.21%	-3.28%	4.04%
Soft drink manufacturing	14,635,957.30	10,365,966.51	29.17%	10.60%	6.25%	2.90%
Tea industry	97,796,582.57	82,792,368.03	15.34%	-7.85%	-4.98%	-2.56%
Rental service	293,400.00		100.00%	0.00%	0.00%	0.00%
According to region						
South China	47,829,313.49	37,062,592.99	22.51%	21.76%	28.63%	-4.13%
North China	9,321,230.97	8,624,911.14	7.47%	-16.33%	-11.24%	-5.31%
East China	44,868,581.17	37,726,432.79	15.92%	-10.75%	-9.18%	-1.46%
Central China	6,103,966.38	5,545,732.82	9.15%	-63.78%	-63.07%	-1.73%
Export	6,926,988.15	4,586,268.60	33.79%	-93.56%	-95.23%	23.17%
Other	3,200,088.98	2,941,777.57	8.07%	-29.83%	-22.37%	-8.84%

Export gross margin changed due to the sales of equity of Shenshenbao Huafa in the Period

IV. Core competitive-ness analysis

Core competitive-ness of the Company has no major changes in the Period.

V. Investment analysis

1. Situation of foreign equity investment

(1) Securities investment

Variety of securities	Code of securities	Short form of securities	Initial investment cost(RMB)	Amount of stock-holding at the beginning of the period (Share)	Proportion of stock-holding at the beginning of the period	Amount of stock-holding at the end of the period (Share)	Proportion of stock-holding at the end of the period	Book value at the end of the period (RMB)	Gains and loss in the reporting (RMB)	Accounting subject	Source of stock
Stock	000017	Zhonghua-A		258,011	0.05%	258,011	0.05%	1,532,585.34	397,336.94	Financial assets available for sale	Paid shares from debt reorganization
Stock	200017	Zhonghua-B		197,019	0.04%	0	0.00%	0.00	-480.81	Financial assets available for sale	Paid shares from debt reorganization
Other security investment held at period-end			0.00	0	--	0	--	0.00	0.00	--	--
Total			0.00	455,030	--	258,011	--	1,532,585.34	396,856.13	--	--

Statement of holding equity of other listed companies

Applicable Not applicable

The Company held no equity of other listed companies in Period.

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	5,633.48

reporting period	
Total accumulative raised proceeds invested	42,135.35
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.” ZJXK[2011] No. 777 issued from CSRC, 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, RMB 1.00 face value. 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 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 Huafa 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.

Up to 30 June 2014, the Company has invested an accumulated 421,353,524.21 Yuan for the fund-raised project, balance of fund-raised amounting to 167,090,575.47 Yuan.

(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	0	6,510.05	100.00%	2011-7-31	-255.26	Yes	No
2. Comprehensive Investment Project of Tea Industry Chain	No	27,000	27,000	2,886.6	16,200.43	60.00%	2015-9-30	9.25	No	No
3. Comprehensive Project with Annual Capacity of 300 Tons Catechin	Yes	15,500					2014-1-31		N/A	Yes
4. Chain Project for Classical Tea Leaves	Yes	3,000					2015-7-31		N/A	No
5. Project of R&D Center for Tea and Natural Plants	Yes	4,000					2012-4-30		N/A	No
6. Expansion Project of Condiment Production Line	Yes	4,000					2012-7-31		N/A	Yes
7. Project of Developing High-end Brand Classical Tea			15,500	2,363.64	11,218.88	72.38%	2016-4-30		No	No
8. Establishment of joint venture of Zhejiang Shen Shenbao Huafa Tea Co., Ltd.			3,000	0	3,000.42	100.00%	2012-12-31		Yes	No
9. Project of R&D Center for Tea and Natural Plants			5,229.17	383.24	5,205.57	99.55%	2014-12-31		No	No
Total of commitment projects	--	60,010.05	57,239.22	5,633.48	42,135.35	--	--	-246.01	--	--
Investment of raised fund										
Total	--	60,010.05	57,239.22	5,633.48	42,135.35	--	--	-246.01	--	--

<p>Particular about not coming up to schemed progress or expected revenue and the reason(In specific project)</p>	<p>1. Reasons fail to achieve the design schedule of R&D Center for Tea and Natural Plants project: in April 2014, the Company decided to increase the investment capital to 54 million Yuan for Project of R&D Center for Tea and Natural Plants, including 34.55 million Yuan used for purchasing office and lab in Shenzhen. Suffered by the fluctuation of real estate price in the market, project sites still in the air and project unable to achieve the schedule. On 31 May 2013, the Proposal of Purchasing Office from Shareholder of the Company was deliberated and approved in 2nd extraordinary general meeting of 2013, agreed to purchase office place in Shenzhen under the help of the Company and subsidiary Shenzhen Shenbao Technology Center Co., Ltd., of which, Shenzhen Shenbao Technology Center Co., Ltd. take part in purchasing office and lab place with raised fund of 34.55 million at most. Currently, office purchased was completed, and rests of the office decoration and equipment installation still in process, and expect to complete on 31 December 2014.</p> <p>2. Comprehensive Investment Project of Tea Industry Chain and project of Developing High-end Brand Classical Tea were both in the investment period, which didn't meet the expected income.</p>
<p>Explanation on great changes of feasibility of project</p>	<p>1. Comprehensive Project with Annual Capacity of 300 Tons Catechin: by virtue of technical innovation, the Company made comprehensive enhancements in the original production crafts for instant tea powder, pursuant to which, the production line for instant tea powder was equipped with the function of producing catechin and natural plant products. Therefore, the Company was able to develop and produce catechin and natural plant products for sales, satisfying demands from its existing and new customers. As compared to the original plan on implementing the Comprehensive Project with Annual Capacity of 300 Tons Catechin, the Company can be better served with such innovated technologies to make comprehensive use of the production line of instant tea powder, with fewer equipments allocation, more efficient benefits, reduction of fixed assets allocation and amortization, so as to improve the integrated profitability of the Company. In order to effectively prevent from investment risks and protect the interests of the Company and its shareholders, the Company, with careful and prudent consideration, decided to cancel the Comprehensive Project with Annual Capacity of 300 Tons Catechin and thereby to change the proceeds application purposes.</p> <p>2. Expansion Project of Condiment Production Line: despite that the prospectus of condiment market was positive; the furious market competition can't be ignored. In case that the Company wanted to make significant breakthrough in the furious market competition based on the prevailing operation condition of condiment, the Company was required to allocate material human, assets and property resources. In 2011, the Company experienced significant drop in income from its condiment operation, recording relatively material losses. Considering that it had no advantage in condiment operation, the Company would face relatively significant market risks and uncertainty if the original resources allocation couldn't meet the expected target. By virtue of the non-public offering, the Company</p>

	<p>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.</p> <p>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 years
	The Company changed the implementation place of Project of R&D Center for Tea and Natural Plants from Wuyuan county Jiangxi province to Shenzhen Guangdong province. Those changes were considered and approved in the 2011 Annual General Meeting of the Company held on 27 April 2012.
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 15 May 2013, the “Proposal of Using Part of Idle Fund Raised for Supplement Current Capital Temporary Again” was deliberated and approved in Annual 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. The above fund raised will be return On 12 May 2014.
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.

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.
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(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	2,363.64	11,218.88	72.38%	2016-4-30		No	No
Jointly	Comprehensive	3,000		3,000.42	100.00%	2012-12-31		Yes	No

incorporation of Zhejiang Shenbao Huafa Tea Co., Ltd.	Project with Annual Capacity of 300 Tons Catechin								
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	5,229.17	383.24	5,205.57	99.55%	2014-12-31		No	No
Total	--	23,729.17	2,746.88	19,424.87	--	--	0	--	--
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</p>							

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 Huafa Tea Co., Ltd. and original selected tea chain project was included in the high-end brand classical tea investment.

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 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.

	<p>The modification of raise investment project was deliberated and approved in the 20th Meeting of 7th 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.</p>
<p>Not meet the scheduled progress or projected benefits, and reasons for that (based on specific project)</p>	<p>1. Reasons fail to achieve the design schedule of R&D Center for Tea and Natural Plants project: in April 2014, the Company decided to increase the investment capital to 54 million Yuan for Project of R&D Center for Tea and Natural Plants, including 34.55 million Yuan used for purchasing office and lab in Shenzhen. Suffered by the fluctuation of real estate price in the market, project sites still in the air and project unable to achieve the schedule. On 31 May 2013, the Proposal of Purchasing Office from Shareholder of the Company was deliberated and approved in 2nd extraordinary general meeting of 2013, agreed to purchase office place in Shenzhen under the help of the Company and subsidiary Shenzhen Shenbao Technology Center Co., Ltd., of which, Shenzhen Shenbao Technology Center Co., Ltd. take part in purchasing office and lab place with raised fund of 34.55 million at most. Currently, office purchased was completed, and rests of the office decoration and equipment installation still in process, and expect to complete on 31 December 2014.</p> <p>2. Comprehensive investment project of tea industry chain and project of developing high-end brand classical tea are in a production period without expected earnings obtained.</p>
<p>Explanation on significant changes in feasibility of projects</p>	<p>Not applicable</p>

(4) Project of raised proceeds

Project of raised proceeds and summary	Disclosure date	Disclosure index
<p>"Special Report of Raised Proceeds Deposit and Utilization for Semi-Annual of 2014 of Shenzhen Shenbao Industrial Co., Ltd."</p>	<p>2014-8-19</p>	<p>Juchao Website (www.cninfo.com.cn)</p>

3. Main subsidiaries and stock-jointly companies

Particular about main subsidiaries and stock-jointly companies

In RMB

Company name	Type	Industries	Main products or service	Register capital	Total assets	Net Assets	Operating revenue	Operating profit	Net profit
Shenbao Huacheng	Subsidiary	Manufacture	Instant tea powder and tea extraction	153,451,300.00	218,652,205.16	161,775,305.07	54,436,482.23	-6,318,542.73	-5,281,605.09
Hangzhou Ju Fang Yong	Subsidiary	Comprehensive	Tea products	175,000,000.00	206,418,621.85	170,188,766.71	9,088,000.77	-9,626,041.63	-8,158,110.35

VI. Prediction of business performance from January – September 2014

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 9 April 2014, the Company held the 2013 annual general meeting, examined and approved the 2012 annual profit distribution and capitalization of capital reserves plan, and the 2013 equity allocation scheme of the Company is: The Company capitalizing of public reserves as two to every ten shares based on total 250,900,154 shares capital of the Company dated 31 December 2013. As of 16 May 2014, the above profit distribution plans had been completed.

Total share capital of the Company was 250,900,154 shares before equity distribution implemented while shares increased to 301,080,184 shares after implementation

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Y

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

Time	Place	Way	Type	Reception	Contents discussed and material provided
2014-1-6	Company	Telephone	Personal	Shareholder	Inquiry of the operation of the

		communication			Company
2014-1-7	Company	Telephone communication	Personal	Shareholder	Inquiry of the main business
2014-1-9	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the operation of the Company
2014-1-21	Company	Telephone communication	Personal	Shareholder	To hope to visit the Company in the field
2014-1-23	Company	Telephone communication	Personal	Shareholder	To know the tea industry status and future strategy plan of the Company
2014-1-28	Company	Telephone communication	Personal	Shareholder	Inquiry of the development of the Company main business
2014-3-6	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	To know the development of the Company's business
2014-3-12	Company	Telephone communication	Personal	Shareholder	To know the development status of tea industry and the operation of the Company.
2014-3-13	Company	Telephone communication	Personal	Shareholder	To know the operation and the main business of the Company and the sales of Jadeite Apartment
2014-3-21	Company	Telephone communication	Personal	Shareholder	Inquiry of that whether the Company to restructure
2014-3-25	Company	Telephone communication	Personal	Shareholder	Inquiry of the registration of B-share
2014-3-26	Company	Telephone communication	Institution	Shenzhen Huijin Investment Management Co., Ltd.	To hope to visit the Company and research
2014-4-8	Company	Telephone communication	Personal	Shareholder	Consulting relevant information of transfer of reserve to common shares
2014-4-9	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the development of the Company

2014-4-10	Company	Telephone communication	Personal	Shareholder	Consulting relevant information of transfer of reserve to common shares
2014-4-16	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the development of the Company
2014-4-19	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of that whether the Company to transform
2014-4-25	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	To suggest the Company return to shareholders in kind
2014-4-29	Company	Telephone communication	Personal	Shareholder	Inquiry of the operation of the Company and make suggestions
2014-5-15	Company	Telephone communication	Personal	Shareholder	Inquiry of the operation of the Company
2014-5-16	Company	Telephone communication	Personal	Shareholder	Inquiry of the operation of the Company and the development of the main business
2014-5-23	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the development of the Company
2014-5-28	Company	Telephone communication	Personal	Shareholder	To know the development status of tea industry and the operation of the Company.
2014-6-4	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of that whether the Company to restructure
2014-6-12	Company	Telephone communication	Personal	Shareholder	Inquiry of the operation of the Company's business
2014-6-12	Company	Telephone communication	Personal	Shareholder	Inquiry of the development of the Company main business
2014-6-13	Company	Reply to the Interaction Question in Shenzhen Stock Exchange Stock	Personal	Shareholder	Inquiry of the Company's performance, development direction and investors

		Exchange			
2014-6-13	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	To suggest the development direction of the Company
2014-6-13	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of that whether the Company to restructure
2014-6-21	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the development direction of the Company
2014-6-23	Company	Telephone communication	Personal	Shareholder	Inquiry of the operation of the Company
2014-6-23	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the investment of the Company
2014-6-23	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	To know the products of the Company.
2014-6-25	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	To suggest the Company product diversification
2014-6-26	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the purchase way of Jufangyong products
2014-6-30	Company	Reply to the Interaction Question in Shenzhen Stock Exchange	Personal	Shareholder	Inquiry of the development of the Company

No undisclosed material information is reveal, disclose or leak to reception object.

Section V. Important Events

I. Corporate governance

The actual condition of the corporate governance shows no difference with the Company Law and relevant requirement from CSRC.

II. Significant lawsuits and arbitrations of the Company

√Applicable □Not applicable

General information of lawsuits(arbitration)	Amount involved (10 thousand Yuan)	Accrual 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 Shenzhen Zhonghua in two phases and accomplished the jointly liability; Concerning the jointly-liability of the Company for Letter of Credit Opening for Shenzhen Zhonghua in Shenzhen Branch of Bank of China with USD 0.8 million, being verdict by Civil Ruling of (1999) YFJYZZ No. 26 from Guangdong Higher People’s Court, the Company takes the jointly-liability for payment. Till end of 30 June 2004, the RMB 6.6316 million (USD 0.8 million by converted) have been paid by the Company for Shenzhen Zhonghua and accomplished the jointly liability; later on 22 July 2004, the Company applied to Shenzhen Intermediate People’s Court (“Shenzhen Intermediate” for short) for the enforcement on the above repayment. Shenzhen Intermediate People’s Court verdict that the RMB 7 million		No	At end of the December 2013, the Company received the creditor’s right paid by administrator of CBC 9,894,717.14 Yuan and 258,011 shares of *ST Zhonghua A(000017); the 197,019 share of *ST Zhonghua B (200017) with	On 5 November 2013, the “Civil Ruling Paper” (2012) Shen Zhong Fa Po Zi No. 30-6 from Shenzhen Intermediate Peoples Court ruled the approval of reorganization plan for CBC and terminated the CBC	In 2013, RMB9,894,717.14 compensation and 258,011 shares “*ST Zhonghua A” (000017) are transferred to the name of the Company; In April 2014, the Company received totally 253,558.88 Yuan cash realized from	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 dated 30 July 2004, 20 November 2004, 16 December 2004,

<p>repaid by the Company for Shenzhen Zhonghua should be paid to the Company together with interest during capital occupation, (2004) SZFMECZ No. 448. Due to the failure implementation for the verdict on time and certain content from Shenzhen Zhonghua, the Company applied for enforcement to Shenzhen Intermediate People’s Court on 20 December 2004. The Civil Ruling and Execution Order of (2004) SZFZZ No. 1382 and (2005) SZFZZ No. 208 were delivered to Shenzhen Zhonghua on 14 January 2005 from Shenzhen Intermediate People’s Court with verdict that: seal up and freeze the property of Shenzhen Zhonghua (limited as RMB 14,131,575.92) and order Shenzhen Zhonghua performed the effective-ness law documents and relevant obligations within five days since the execution order received. Un-performed undue, the enforcement will exercise by Shenzhen Intermediate People’s Court. Later, the abovementioned two executions was appointed by the Court of Guangzhou Railway Transportation by Guangdong Higher People’s Court, and the case abortion due to no property clue been found. 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. On 17 July 2013, Shenzhen Intermediate Peoples Court Issued a “Civil Ruling Paper” Shen Zhong Fa Po Zi No. 30-4 for confirmed the “Debt statement of Shenzhen China Bicycle Company (Holdings) Limited” prepared by CBC. According to the debt statement, creditor’s right was recognized as RMB 20,972,491.51.</p>			<p>realize by CBC administrator in 20 trading days after stock of CBC resumed. In April 2014, the Company received totally 253,558.88 Yuan cash realized from 197,019 share of Zhonghua –B (200017) paid by CBC administrator. The case has come to an end so far.</p>	<p>reorganization procedures. In line with the reorganization plan, creditor’s right of ordinary creditor was compensated through monetary and shares.</p>	<p>197,019 share of Zhonghua –B (200017) paid by CBC administrator.</p>		<p>29 December 2004, 18 January 2005, 7 August 2013 and 2 January 2014 respectively</p>
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III. Transaction in assets

1. Sales of assets

The other party of transaction	Assets sold	Sales date	Trading price (in 10)	Net profit contributed to the	Impact on the Company	Ratio of net profit contributed	Pricing principal	Related transaction or not	The related relationship(applicable for related transaction)	Assets rights concerned	Credit and liability	Date of disclosure	Index of disclosure
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or final controller			thousand Yuan)	listed Company from the begin of the reporting to the sales date(in 10 thousand Yuan)	(Note 3)	by the sold assets for listed company in total profit				transferred ownership fully or not	concerned shifted fully or not		
Zhejiang Huafa	51.72% equity of Shen Shenbao Huafa	2014-2-20	3,450	0	Investment income confirmed in current was RMB 2,853,500	12.20%	Evaluation price at most	No	Not applicable	Yes	Yes	2014-1-28	The Announcement of Plans to Transfer 51.72% Equity of Zhejiang Shenshenbao Huafa Tea Co., Ltd., Announcement of Progress of 51.72% Equity of Zhejiang Shenshenbao Huafa Tea Co., Ltd, and Announcement of Progress of 51.72% Equity of Zhejiang

subsidiaries in report period (B1)		guarantee for subsidiaries in report period (B2)	
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)	6,000	Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)	6,000
Total amount of guarantee of the Company(total of two abovementioned guarantee)			
Total amount of approving guarantee in report period (A1+B1)	6,000	Total amount of actual occurred guarantee in report period (A2+B2)	6,000
Total amount of approved guarantee at the end of report period (A3+B3)	6,000	Total balance of actual guarantee at the end of report period (A4+B4)	6,000
The proportion of the total amount of actually guarantee in the net assets of the Company(that is A4+ B4)			6.42%
Including:			

V. Explanation on Other Important Matters

The Proposal of Plans to Transfer 51.72% Equity of Zhejiang Shenshenbao Huafa Tea Co., Ltd. was deliberated and approved in 9th meeting of 8th session of the Board on 27 January 2014, agreed to transfer the 51.72% equity of controlling subsidiary Shenshenbao Huafa, held by the Company, to second largest shareholder of Shenshenbao Huafa—Zhejiang Huafa with price of 34.50 million Yuan. The deals did not constitute a related transaction, and did not belongs to the material recapitalize regulated in Management Method of Material Capitalize for Listed Company.

The Company changed the registration of industry & commerce after initial amount of equity transfer received, after changed, Zhejiang Huafa holds 100% equity of Shenshenbao Huafa, the Company holds no shares of Shenshenbao Huafa any more. The Company has received total equity transfer amount paid by Zhejiang Huafa in the Period. Equity transfer was completed so far. Found more details in relevant announcement released on Juchao Website (www.cninfo.com.cn) dated 28 January 2014, 25 Feburary and 25 April.

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%			4,407,332		4,407,332	26,443,993	8.78%
1. State-owned corporate shares	6,783,729	2.70%			1,356,746		1,356,746	8,140,475	2.70%
2. Other domestic shares	15,252,932	6.08%			3,050,586		3,050,586	18,303,518	6.08%
Including: Domestic legal person's shares	7,770,118	3.10%			1,554,023		1,554,023	9,324,141	3.10%
Domestic nature person's shares	7,482,814	2.98%			1,496,563		1,496,563	8,979,377	2.98%
II. Un-restricted shares	228,863,493	91.22%			45,772,698		45,772,698	274,636,191	91.22%
1. RMB common shares	202,727,493	80.80%			40,545,498		40,545,498	243,272,991	80.80%
2. Domestically listed foreign shares	26,136,000	10.42%			5,227,200		5,227,200	31,363,200	10.42%
III. Total shares	250,900,154	100.00%			50,180,030		50,180,030	301,080,184	100.00%

Reasons for share changed

√Applicable □Not applicable

In May 2014, the Company carried out the equity distribution plan for year of 2013, based on total share capital 250,900,154 as at end of 2013, capitalizing 2 shares for each 10 shares to whole shareholders from capital reserves, 50,180,130 shares increased in total. Found more details in Notice of the Company released on Juchao Website dated 7 May 2014.

Approval of share changed

√Applicable □Not applicable

The interest distribution plan for year of 2013 was deliberated and approved by 10th meeting of 8th session of the Board dated 14 March 2014 and Annual General Meeting 2013 held on 9 April 2014.

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

√Applicable □Not applicable

During the reporting period, after implementation of interest distribution for year of 2013, diluted base on the new share capital 301,080,184 shares, the basic EPS for year of 2013 and semi-annual of 2014 was 0.145 Yuan/Share and -0.0777 Yuan/Share respectively; net asset per share amounting as 3.19 Yuan/Share and 3.10 Yuan/Share respectively.

Explanation on changes in aspect of total shares, shareholders structures as well as structure of assets and liability of the Company

√Applicable □Not applicable

Total shares of the Company increased to 301,080,184 shares from 250,900,154 shares after interest distribution plan for year of 2013 carried out in the Period

II. Amount of shareholders of the Company and particulars about shares holding

In share

Total common shareholders at period-end		19,333		Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (see Note 8)		0		
Particulars about shares held above 5% by shareholders or top 10 shareholding								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report 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%	57,474,117	9,579,020	9,324,141	48,149,976		
Shenzhen Investment Holding Co., Ltd	State-owned legal person	16.00%	48,172,304	8,028,718	8,140,475	40,031,829		
Shenzhen Tianzhong Investment Co., Ltd.	Other	6.38%	19,216,690	3,202,782	0	19,216,690	Pledge	10,000,000

Special account of agreement buy-back of Huatai Securities Co., Ltd.	Other	3.58%	10,764,000	1,794,000	0	10,764,000		
Li Duruo	Domestic nature person	3.50%	10,549,049	1,758,175	0	10,549,049		
KGI ASIA LIMITED	Foreign corporation	1.10%	3,312,842	3,263,259	0	3,312,842		
Lin Yixiang	Domestic nature person	1.02%	3,073,203	512,201	3,073,203	0	Pledge	3,073,200
Xian Zhenzhong	Domestic nature person	0.85%	2,561,900	426,983	2,561,900	0	Pledge	2,561,900
Cao Lijun	Domestic nature person	0.80%	2,415,310	402,552	2,415,310	0	Pledge	2,415,309
SUN HUNG KAI INVESTMENT SERVICES LTD-CUSTOMERS A/C	Foreign corporation	0.64%	1,923,312	1,873,312	0	1,923,312		
Strategy investors or general corporate becomes top 10 shareholders due to rights issued (if applicable)(see Note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 24.76245% equity interests of Agricultural Products, indirectly holds 5.23754% 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	Amount of listed shares held at end of the Period		Type of shares					
			Type	Amount				
Shenzhen Agricultural Products	48,149,976		RMB common shares	48,149,976				

Co., Ltd			
Shenzhen Investment Holding Co., Ltd	40,031,829	RMB common shares	40,031,829
Shenzhen Tianzhong Investment Co., Ltd.	19,216,690	RMB common shares	19,216,690
Special account of agreement buy-back of Huatai Securities Co., Ltd.	10,764,000	RMB common shares	10,764,000
Li Duruo	10,549,049	RMB common shares	10,549,049
KGI ASIA LIMITED	3,312,842	Domestically listed foreign shares	3,312,842
SUN HUNG KAI INVESTMENT SERVICES LTD-CUSTOMERS A/C	1,923,312	Domestically listed foreign shares	1,923,312
Special account of agreement buy-back of Founder Securities Co., Ltd.	1,799,545	RMB common shares	1,799,545
Xi'an Changliu Investment Management Limited Partnership	1,400,834	RMB common shares	1,400,834
China Merchants Securities (HK) Co.,Ltd.	1,310,821	Domestically listed foreign shares	1,310,821
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 24.76245% equity interests of Agricultural Products, indirectly holds 5.23754% 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 top 10 shareholders involving margin business (if applicable) (see note 4)	In early of the reporting period, shareholder of the Company Tianzhong Investment holds 16,013,908 shares through the guarantee securities account of client credit trading under the name of Huatai Securities Co., Ltd. and in May of 2014, after interest distribution for year of 2013 completed, shares hold by Tianzhong Investment increased to 19,216,690 shares from 16,013,908 shares. On 24 June 2014, Tianzhong Investment stop the above mentioned securities margin trading, and transfer back total 19,216,690 shares (takes 6.38% of the total shares of the Company) to its stock account.		

Agreed to buy back deals occurred in Period from shareholders

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.; On 27 November 2013, delay buy-back procedures was performed by Tianzhong Investment; in May of 2014, after interest distribution for year of 2013 completed, shares hold by Tianzhong Investment increased to 10,764,000 shares from 8,970,000 shares; Tianzhong Investment buy-back the above mentioned total shares by agreement on 29 May 2014.

On 4 June 2014, Tianzhong Investment, with 10,764,000 shares of the Company held, exercise securities trading of buy-back agreement with Huatai Securities Co., Ltd. once again, the initial trading volume was 10,764,000 shares in buy-back agreement, representing 3.58 percent of the total share capital of the Company. As of reporting period, no shares with buy-back trading involved in Tianzhong Investment, 19,216,690 shares of the Company were held by Tianzhong Investment, representing 6.38 percent of the total share capital of the Company.

In 2013, Wang Chengping, shareholder of the Company, with 1,619,482 shares of the Company held, exercise securities trading of buy-back agreement with Founder Securities Co., Ltd. In reporting period, Founder Securities Co., Ltd. agreed to buy-back the share of the Company in special account, and shares turns to 1,799,545 shares. As of reporting period, 397,540 shares of the Company were held by Wang Chengping, representing 0.13 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 controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable Not applicable

Changes of actual controller in reporting period had no change in reporting period.

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 2013.

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

Applicable Not applicable

Resignation and dismissal of directors, supervisors and senior executives have no changes in reporting period, found more details in Annual Report 2013.

Section VIII. Financial Report

I. Audit reports

Whether the semi-annual report was audited or not

Yes No

The financial report of this semi-annual report was unaudited

II. Financial statements

Units in Notes of Financial Statements is RMB

1. Consolidated Balance Sheet

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	342,390,986.57	258,228,942.05
Transaction finance asset	1,532,585.34	1,389,288.09
Accounts receivable	54,066,545.98	106,664,101.14
Accounts paid in advance	11,710,814.98	19,617,679.28
Other receivables	23,285,186.70	22,503,883.61
Inventories	350,124,924.06	305,574,845.40
Other current assets	6,354,131.39	2,835,640.51
Total current assets	789,465,175.02	716,814,380.08
Non-current assets:		
Long-term equity investment	57,500.00	57,500.00
Fixed assets	296,498,639.53	308,220,725.48
Construction in progress	103,955,433.33	93,769,195.13
Productive biological asset	436,156.00	436,156.00
Intangible assets	196,076,226.08	205,740,916.53
Expense on Research and Development	2,208,877.81	
Long-term expenses to be apportioned	10,918,817.58	8,969,680.56
Deferred income tax asset	2,729,367.88	2,630,033.64
Total non-current asset	612,881,018.21	619,824,207.34
Total assets	1,402,346,193.23	1,336,638,587.42

Current liabilities:		
Short-term loans	90,000,000.00	
Accounts payable	29,391,098.49	33,460,808.35
Accounts received in advance	90,179,983.09	15,220,850.95
Wage payable	5,738,439.18	9,553,292.94
Taxes payable	-4,407,138.30	15,006,102.34
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	219,288,184.46	233,058,495.02
Total current liabilities	433,099,749.66	309,208,732.34
Non-current liabilities:		
Deferred income tax liabilities	1,300,508.81	
Other non-current liabilities	15,626,282.48	15,745,161.90
Total non-current liabilities	16,926,791.29	15,745,161.90
Total liabilities	450,026,540.95	324,953,894.24
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	301,080,184.00	250,900,154.00
Capital public reserve	518,182,441.52	571,329,130.72
Surplus public reserve	45,001,147.33	45,001,147.33
Retained profit	69,904,510.51	93,286,637.50
Total owner's equity attributable to parent company	934,168,283.36	960,517,069.55
Minority interests	18,151,368.92	51,167,623.63
Total owner's equity(or shareholders' equity)	952,319,652.28	1,011,684,693.18
Total liabilities and owner's equity(or shareholders' equity)	1,402,346,193.23	1,336,638,587.42

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

2. Balance Sheet of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	135,742,209.47	105,859,108.94
Transaction finance asset	1,532,585.34	1,389,288.09
Accounts receivable	9,758,143.55	26,786,709.08

Other receivables	262,457,382.09	195,025,202.17
Inventories	210,446,279.32	205,150,584.62
Other current assets	501,187.89	
Total current assets	620,437,787.66	534,210,892.90
Non-current assets:		
Long-term equity investment	879,110,475.04	859,110,475.04
Investment real estate	22,599,258.79	23,012,842.86
Fixed assets	3,029,213.69	3,272,893.01
Construction in progress	50,227,561.00	50,023,561.00
Productive biological asset	436,156.00	436,156.00
Intangible assets	8,061,323.99	8,272,752.63
Long-term expenses to be apportioned	149,390.67	280,888.31
Deferred income tax asset	1,524,490.61	1,425,156.37
Total non-current asset	965,137,869.79	945,834,725.22
Total assets	1,585,575,657.45	1,480,045,618.12
Current liabilities:		
Short-term loans	60,000,000.00	
Accounts payable	15,299,571.96	30,990,754.97
Accounts received in advance	88,348,955.55	12,581,452.00
Wage payable	1,893,314.90	5,093,244.06
Taxes payable	-5,277,916.30	10,930,170.59
Dividend payable	2,909,182.74	2,909,182.74
Other accounts payable	355,736,453.86	342,300,775.21
Total current liabilities	518,909,562.71	404,805,579.57
Non-current liabilities:		
Other non-current liabilities	49,920.00	49,920.00
Total non-current liabilities	49,920.00	49,920.00
Total liabilities	518,959,482.71	404,855,499.57
Owner's equity (or shareholders' equity):		
Paid-up capital (or share capital)	301,080,184.00	250,900,154.00
Capital public reserve	532,980,276.19	583,160,306.19
Surplus public reserve	45,001,147.33	45,001,147.33
Retained profit	187,554,567.22	196,128,511.03
Total owner's equity(or shareholders' equity)	1,066,616,174.74	1,075,190,118.55

Total liabilities and owner's equity(or shareholders' equity)	1,585,575,657.45	1,480,045,618.12
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Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

3. Consolidated Profit Statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Item	Amount in this period	Amount in last period
I. Total operating income	118,250,169.14	229,743,390.32
Including: Operating income	118,250,169.14	229,743,390.32
II. Total operating cost	147,437,528.99	237,304,301.08
Including: Operating cost	96,487,715.91	195,082,954.37
Operating tax and extras	363,563.74	784,078.71
Sales expenses	14,666,176.74	16,359,699.07
Administration expenses	36,953,716.61	25,189,742.50
Financial expenses	-1,033,644.01	-112,173.57
Add: Changing income of fair value(Loss is listed with "-")	397,336.94	
Investment income (Loss is listed with "-")	2,853,055.86	6,688.65
III. Operating profit (Loss is listed with "-")	-25,936,967.05	-7,554,222.11
Add: Non-operating income	1,927,068.41	6,133,709.15
Less: Non-operating expense	36,018.31	3,410.56
Including: Disposal loss of non-current asset	36,018.31	3,410.56
IV. Total Profit (Loss is listed with "-")	-24,045,916.95	-1,423,923.52
Less: Income tax expense	517,581.33	3,052,026.68
V. Net profit (Net loss is listed with "-")	-24,563,498.28	-4,475,950.20
Net profit attributable to owner's of parent company	-23,382,126.99	-5,934,967.21
Minority shareholders' gains and losses	-1,181,371.29	1,459,017.01
VI. Earnings per share	--	--
i. Basic earnings per share	-0.0777	-0.0237
ii. Diluted earnings per share	-0.0777	-0.0237
VII. Other consolidated income		
VIII. Total comprehensive income	-24,563,498.28	-4,475,950.20
Total consolidated income attributable to owners of parent company	-23,382,126.99	-5,934,967.21
Total consolidated income attributable to minority	-1,181,371.29	1,459,017.01

shareholders		
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Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

4. Profit Statement of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Item	Amount in this period	Amount in last period
I. Operating income	25,273,018.64	1,200,000.00
Less: operating cost	22,911,987.88	0.00
Operating tax and extras	67,200.00	67,200.00
Sales expenses	1,545,164.84	
Administration expenses	14,548,779.25	8,858,839.39
Financial expenses	-302,382.86	367,081.15
Add: Changing income of fair value(Loss is listed with "-")	397,336.94	
Investment income (Loss is listed with "-")	4,452,349.39	
Including: Investment income on affiliated company and joint venture		
II. Operating profit (Loss is listed with "-")	-8,648,044.14	-8,093,120.54
Add: Non-operating income		255,658.70
Less: Non-operating expense	17,101.29	3,410.56
Including: Disposal loss of non-current asset	17,101.29	3,410.56
III. Total Profit (Loss is listed with "-")	-8,665,145.43	-7,840,872.40
Less: Income tax expense	-91,201.62	
IV. Net profit (Net loss is listed with "-")	-8,573,943.81	-7,840,872.40
V. Earnings per share	--	--
VI. Other consolidated income		
VII. Total comprehensive income	-8,573,943.81	-7,840,872.40

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

5. Consolidated Cash Flow Statement

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		

Cash received from selling commodities and providing labor services	239,403,085.70	238,998,648.55
Write-back of tax received	420,918.45	9,292,591.93
Other cash received concerning operating activities	3,895,502.65	49,400,632.04
Subtotal of cash inflow arising from operating activities	243,719,506.80	297,691,872.52
Cash paid for purchasing commodities and receiving labor service	145,164,497.86	246,117,728.89
Cash paid to/for staff and workers	30,400,666.87	24,281,608.61
Taxes paid	23,354,919.05	10,886,464.02
Other cash paid concerning operating activities	28,013,302.48	28,253,650.84
Subtotal of cash outflow arising from operating activities	226,933,386.26	309,539,452.36
Net cash flows arising from operating activities	16,786,120.54	-11,847,579.84
II. Cash flows arising from investing activities:		
Cash received from recovering investment		215,188.65
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	45,053.96	
Net cash received from disposal of subsidiaries and other units	18,039,785.00	
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	18,084,838.96	215,188.65
Cash paid for purchasing fixed, intangible and other long-term assets	35,327,793.35	128,695,710.16
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units	4,617,194.45	
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	39,944,987.80	128,695,710.16
Net cash flows arising from investing activities	-21,860,148.84	-128,480,521.51
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	90,000,000.00	160,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	90,000,000.00	160,000,000.00
Cash paid for settling debts		80,000,000.00
Cash paid for dividend and profit distributing or interest	879,812.76	1,525,749.99

paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		100,000.00
Subtotal of cash outflow from financing activities	879,812.76	81,625,749.99
Net cash flows arising from financing activities	89,120,187.24	78,374,250.01
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	115,885.58	-1,356,574.53
V. Net increase of cash and cash equivalents	84,162,044.52	-63,310,425.87
Add: Balance of cash and cash equivalents at the period -begin	257,728,942.05	372,922,024.47
VI. Balance of cash and cash equivalents at the period -end	341,890,986.57	309,611,598.60

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

6. Cash Flow Statement of parent company

Prepared by Shenzhen Shenbao Industrial Co., Ltd

In RMB

Item	Amount in this period	Amount in last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	121,815,398.16	1,200,000.00
Write-back of tax received		
Other cash received concerning operating activities	973,152.27	43,471,525.75
Subtotal of cash inflow arising from operating activities	122,788,550.43	44,671,525.75
Cash paid for purchasing commodities and receiving labor service	47,436,209.14	21,341,175.13
Cash paid to/for staff and workers	10,313,026.71	7,764,120.82
Taxes paid	17,583,640.53	1,193,024.76
Other cash paid concerning operating activities	61,100,512.24	3,755,169.07
Subtotal of cash outflow arising from operating activities	136,433,388.62	34,053,489.78
Net cash flows arising from operating activities	-13,644,838.19	10,618,035.97
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	45,053.96	
Net cash received from disposal of subsidiaries and other units	34,450,000.00	

Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	34,495,053.96	
Cash paid for purchasing fixed, intangible and other long-term assets	381,537.00	51,953,960.00
Cash paid for investment		
Net cash received from subsidiaries and other units	50,000,000.00	
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	50,381,537.00	51,953,960.00
Net cash flows arising from investing activities	-15,886,483.04	-51,953,960.00
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	60,000,000.00	105,000,000.00
Cash received from issuance of bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	60,000,000.00	105,000,000.00
Cash paid for settling debts		50,000,000.00
Cash paid for dividend and profit distributing or interest paying	586,562.76	979,000.00
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	586,562.76	50,979,000.00
Net cash flows arising from financing activities	59,413,437.24	54,021,000.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	984.52	-291,042.56
V. Net increase of cash and cash equivalents	29,883,100.53	12,394,033.41
Add: Balance of cash and cash equivalents at the period -begin	105,859,108.94	55,033,726.34
VI. Balance of cash and cash equivalents at the period -end	135,742,209.47	67,427,759.75

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

7. Consolidated Statement on Changes of Owners' Equity

Prepared by Shenzhen Shenbao Industrial Co., Ltd

Amount in this period

In RMB

Item	Amount in this period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year	250,900,154.00	571,329,130.72			45,001,147.33		93,286,637.50		51,167,623.63	1,011,684,693.18
Add: Changes of accounting policy										
Error correction of the last period										
Others										
II. Balance at the beginning of this year	250,900,154.00	571,329,130.72			45,001,147.33		93,286,637.50		51,167,623.63	1,011,684,693.18
III. Increase/ Decrease in this year (Decrease is listed with "-")	50,180,030.00	-53,146,689.20					-23,382,126.99		-33,016,254.71	-59,365,040.90
(i) Net profit							-23,382,126.99		-1,181,371.29	-24,563,498.28
(ii) Other consolidated income										
Subtotal of (i) and (ii)							-23,382,126.99		-1,181,371.29	-24,563,498.28
(III) Owners' devoted and decreased capital		-2,966,659.20							-31,834,883.42	-34,801,542.62
1. Owners' devoted capital									427,378.72	427,378.72
2. Amount calculated into owners' equity paid in shares										
3. Others		-2,966,659.20							-32,262,262.14	-35,228,921.34
(IV) Profit distribution										
1. Withdrawal of surplus reserves										

2. Withdrawal of general risk provisions										
3. Distribution for owners (shareholders)										
4. Others										
(V) Carrying forward internal owners' equity	50,180,030.00	-50,180,030.00								
1. Capital reserves converted to capital (share capital)	50,180,030.00	-50,180,030.00								
2. Surplus reserves converted to capital (share capital)										
3. Remediating 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	301,080,184.00	518,182,441.52			45,001,147.33		69,904,510.51		18,151,368.92	952,319,652.28

Amount in last period

In RMB

Item	Amount in last period									
	Owners' equity attributable to the parent company								Minority's equity	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of last year	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: retroactive adjustment arising from enterprise consolidation under the same control										
Add: Changes of accounting policy										
Error correction of the last period										

Others										
II. Balance at the beginning of this year	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"-")		2,818,217.90			4,929,410.60		-11,447,233.13		9,213,637.29	5,514,032.66
(i) Net profit							43,662,208.27		1,552,021.29	45,214,229.56
(ii) Other consolidated income		-140,166.10								-140,166.10
Subtotal of (i)and (ii)		-140,166.10					43,662,208.27		1,552,021.29	45,074,063.46
(III) Owners' devoted and decreased capital		2,958,384.00							7,661,616.00	10,620,000.00
1. Owners' devoted capital									4,900,000.00	4,900,000.00
2. Amount calculated into owners' equity paid in shares										
3. Others		2,958,384.00							2,761,616.00	5,720,000.00
(IV)Profit distribution					4,929,410.60		-55,109,441.40			-50,180,030.80
1. Withdrawal of surplus reserves					4,929,410.60		-4,929,410.60			
2. Withdrawal of general risk provisions										
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 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	571,329,130.72			45,001,147.33		93,286,637.50		51,167,623.63	1,011,684,693.18

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

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

Prepared by Shenzhen Shenbao Industrial Co., Ltd

Amount in this period

In RMB

Item	Amount in this period							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year	250,900,154.00	583,160,306.19			45,001,147.33		196,128,511.03	1,075,190,118.55
Add: Changes of accounting policy								
Error correction of the last period								
Others								
II. Balance at the beginning of this year	250,900,154.00	583,160,306.19			45,001,147.33		196,128,511.03	1,075,190,118.55
III. Increase/ Decrease in this year (Decrease is listed with "-")	50,180,030.00	-50,180,030.00					-8,573,943.81	-8,573,943.81
(i) Net profit							-8,573,943.81	-8,573,943.81
(ii) Other consolidated income								
Subtotal of (i) and (ii)							-8,573,943.81	-8,573,943.81
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								

3. Others								
(IV) Profit distribution								
1. Withdrawal of surplus reserves								
2. Withdrawal of general risk reserve								
3. Distribution for owners (shareholders)								
4. Others								
(V) Carrying forward internal owners' equity	50,180,030.00	-50,180,030.00						
1. Capital reserves converted to capital (share capital)	50,180,030.00	-50,180,030.00						
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	301,080,184.00	532,980,276.19			45,001,147.33		187,554,567.22	1,066,616,174.74

Amount in last year

In RMB

Item	Amount in last year							
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Reasonable reserve	Surplus reserves	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of last year	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 "-")		-140,166.10			4,929,410.60		-5,815,335.41	-1,026,090.91
(i) Net profit							49,294,105.99	49,294,105.99
(ii) Other consolidated income		-140,166.10						-140,166.10
Subtotal of (i)and (ii)		-140,166.10					49,294,105.99	49,153,939.89
(III) Owners' devoted and decreased capital								
1. Owners' devoted capital								
2. Amount calculated into owners' equity paid in shares								
3. Others								
(IV) Profit distribution					4,929,410.60		-55,109,441.40	-50,180,030.80
1. Withdrawal of surplus reserves					4,929,410.60		-4,929,410.60	
3. 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 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	583,160,306.19			45,001,147.33		196,128,511.03	1,075,190,118.55

Legal person: Mr. Zheng Yuxi

Person in Charge of Accounting Works: Ms. Wang Zhiping

Person in Charge of Accounting Institution: Mr. Xu Qiming

III. Company profile

(I) Historical development of the Company

Shenzhen Shenbao Industrial Co., Ltd. (the “Company” or “Company” for short), 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 on 1 August 1991. Then with the approval (Document (1991)No.126) from People’s Bank of China, the Company began to list on Shenzhen Stock Exchange.

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

On 22 June 2011, the Company privately offering 68,977,066 shares of RMB ordinary share (A share) to target investors with issuing price of RMB 8.70 each while book value of RMB 1.00. Total monetary capital RMB 600,100,474.20 was raised. Change procedures of industrial and commerce has completed on 12 July 2011. Register capital of the Company changed as RMB 250,900,154.00.

On 16 May 2014, in base of total share capital ended as 2013, the Company capitalizing of public reserves as two to every ten shares, shares increased 50,180,030 in total, and the shares have been verified by verification reprot Da Hua Yan Zi [2014] No. 000236 issued from Da Hua CPA, the changes of industrial and commerce still in process.

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

(II) Nature of business

The Company belongs to the drinks and refined tea manufacturing

(III) Business scope

General 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; on-line trading; invesetment, 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); 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). Business in license: wholesale of prepackaged food (excluding reheating prepackaged food) (in non-physical way)

(IV) 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

(V) 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 GM, HR Dept., Financial management Dept., investment development dept., brand planning dept., caffeine deep processing division, R&D center, monitor room and internal auditing dept.

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 principles for enterprise-basic rules 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 Enterprise Accounting Principles) 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 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

(1) Individual financial statements

Where the consideration for the combination is the cash paid, the non-cash assets transferred and the liabilities assumed and equity securities issued, it shall, on the combining day, treat the share of the carrying amount of owner's equity of the combined party as the initial cost of long-term equity investment. Difference between the initial cost of the long-term equity investment and the consideration paid for the combination is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Any cost directly attributable to the combination should, including the expenses for audit, assessment and legal services, be recognized in profit or loss for the current period. Where there are consolidated financial statements of the combined party, the initial cost of the long-term equity investment shall be determined on the basis of owner's equity of the combined party in its consolidated financial statements on the combining day.

(2) Consolidated financial statements

Assets and liabilities obtained by the absorbing party are measured at their carrying amounts on the combining day. Where the accounting policy adopted by the combined party is different from that adopted by the Company, the Company shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the combined party, and shall, pursuant to the accounting standards for enterprises, recognize them on the basis of such adjustment.

(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. In combination agreement, as for the contract made for the influence that probably impact the combination costs, if the future event probably impact on the combination cost on purchasing date, which can be measured reliably, than reckoned into combination cost.

The intermediate expenses occurred 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 the Company 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.

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.

6. Detail accounting policy with disposal equity step by step until loss of control falls concerned

(1) Judgment rule of “package deal”

If the terms, conditions and economic impact of each transaction involved in the disposal by steps of investment in subsidiaries fall into one or more of the following situations, such transactions will be accounted for as a package deal:

1. Such transactions are entered into simultaneously or in the case of considering the impact of each other;
2. Such transactions as a whole in order to reach a complete business results;
3. The occurrence of a transaction subject to that of at least one other transaction;
4. One transaction alone is not economic, but otherwise when considered with other transactions.

(2) Accounting method of “package deal”

Each transaction involved in the disposal of equity investments of subsidiaries until loss of control falls into a package deal and should be accounted for accordingly in differentiation with individual financial statements and consolidated financial statements:

(1) In individual financial statements, each transaction should be accounted for as a transaction-involving disposal of subsidiaries and loss of control. When disposing the investments in subsidiaries by enterprises, difference between the payment and the carrying amount should be recognized as investment gain for the period in individual financial statements of parent company;

(2) In consolidated financial statements, difference between each payment from disposal of a subsidiary and the share of its net assets through investment before the loss of control should be recognized as other comprehensive income and at the time of loss of control, transferred to profit or loss for the current period.

(3) Accounting method of non-“package deal”

Enterprises that lose control of their original subsidiaries due to the disposal of partial equity investment or otherwise, and therefore disqualify a package deal, should prepare the relevant accounting treatment in differentiation with individual financial statements and consolidated financial statement:

(1) In individual financial statements, equity disposed should be accounted for in accordance with the Accounting Standards for Enterprises No. 2 – Long-term equity investments. Meanwhile, remaining equity should be recognized at its carrying amount as long-term equity investment or other relevant financial asset. Remaining equity after disposal that can exercise common control or significant influence on original subsidiaries should be accounted for in accordance with the relevant regulations on the exchange between cost approach and equity method.

(2) In consolidated financial statements, remaining equity should be re-measured according to its fair value on the day of its loss of control. The sum of consideration gained from the disposal of equity and the fair value of remaining equity minus the share of net assets of original subsidiaries since the day of purchase and based on its original shareholding ratio is credited into investment gain for the current period. Other comprehensive income in relation to equity investments of original subsidiaries should be transferred to investment gain for the period at the time of loss of control. Enterprises should disclose in the notes the fair value of remaining equity after disposal on the day of loss of control and the amount of gain or loss arising from the re-measurement at fair value.

7. 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.

8. 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.

9. Foreign currency business and 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.

10. 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) Provision of impairment reserve for impairment of financial assets (excluding account receivables)

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.

Objective evidence that a financial asset is impaired includes the following observable events:

1. Significant financial difficulty of the issuer or obligor;
2. A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
3. The creditor, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
4. It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
5. The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
6. observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: adverse changes in the payment status of borrowers in the group, an increase in the unemployment rate in the country or geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers in the group;
7. Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
8. a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;

Recognition standards for impairment of financial assets available for sale

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

Receivable refers to account receivable and other account receivable

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) Bad debt provision for account receivable with single significant item

Determine basis or amount standards for single significant amount	Details standards: 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	Withdrawal method for bad debt provision of single significant receivables: 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. For those receivables without impairment occurred, included in corresponding combination for bad debt provision

(2) Accounts receivables whose bad debts provision was accrued by combination

Combination	Methods on withdrawal of bad debt provision based on combination	Basis for combination recognized
Age analysis	Age analysis	

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)	0.00%	0.00%
1—2 years	5.00%	5.00%
2—3 years	10.00%	10.00%
Over 3 years	15.00%	15.00%
3—4 years	15.00%	15.00%
4—5 years	15.00%	15.00%
Over 5 years	15.00%	15.00%

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

Application Not application

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

Application Not application

(3) Accounts receivables with single minor amount but with bad debts provision accrued individually

Reasons for provision of bad debt reserve individually	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.

12. Inventories

(1) Classification

Inventory means finished goods and merchandise that are ready for sale, work-in-progress, or material used in the

process of production or provision of service in the ordinary course of business. Inventory includes merchandise in warehouse, delivered goods, work- in-progress, raw materials, packing materials, low value consumables, subcontracted materials, development cost, and land proposed for development, developed products and those for lease, etc.

(2) Send out stocks and valuate

Valuation method: weighted average

Exercised weighted average method when stock delivered out

(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, inventory 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: perpetual inventory system

Perpetual inventory system adopted

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

Low-value consumables

Amortization method: five-five amortization

Adopt five-five amortization for low-value consumables;

Packing materials

Amortization method: one-off amortization

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

13. Long-term equity investment

1. Recognition of investment cost

(1) As for the long-term equity investment formed from business combination under the same control, accounting policy found in (V) Accounting method for business combination (not) under the same control of Note II

(2) Long-term equity investment obtained by other means

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

At the balance sheet date, if there are indications that a long-term equity investment has impaired due to a sustained decline in market price or deterioration in the operation conditions of the investee unit, the recoverable amount of the long-term equity investment is determined based on the higher of the fair value net of disposal costs and the present value of the estimated future cash flow of the long-term equity investment. If the recoverable amount of the long-term equity investment is lower than the carrying amount, the carrying amount of the asset is reduced to the recoverable amount and the amount so reduced is recognized as impairment loss and recognized in profit or loss for the period, and corresponding provision for impairment is allocated.

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.

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

14. 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.

15. 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) Recognition and measurement of fixed assets held under finance lease

A fixed asset leased by the Company is recognized as the fixed asset held under finance lease if one or more of the following criteria are met:

- (1) Upon the expiry of the lease term, the ownership is transferred to the Company.
- (2) the Company has the option to purchase the asset at a predetermined price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and it is reasonably ascertained at the inception of lease that the option will be exercised.
- (3) the lease term approximates the useful life of the relevant asset even if the ownership is not transferred.
- (4) at the inception of the lease, the present value of the minimum lease payments is substantially equivalent to the fair value of the leased asset.
- (5) the leased assets are of such a specialized nature that only the Company can use them without major modification.

A fixed asset held under finance lease is initially recognized at the lower of fair value of the leased asset and the present value of the minimum lease payments, while the amount of the minimum lease payments will be recognized as the entry value of long-term account payable, the difference between them will be recognized as unrecognized financing costs. The initial direct costs such as commissions, attorney's fees, and travelling expenses, stamp duties attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value. Unrealized finance costs will be amortized using actual interest rate method over each period during the lease terms.

The Company adopts depreciation policies for leased assets consistent with those of self-owned fixed assets for the purpose of calculating the depreciation of a leased asset. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

(3) Depreciation on various fixed assets

Except for the fixed assets that continue using after depreciation withdrawal totally, the 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.

Fixed assets leased on a financing lease which it can be reasonably assured that ownership of the leased asset can be obtained upon expiration of lease, the leased asset is depreciated over its remaining useful life; if ownership of the leased asset cannot be reasonably determined upon expiration of lease, the shorter of the lease term and the remaining useful life of the leased asset is used for allocation of depreciation.

Fixed assets formed using special reserve expense are deducted against the special reserve based on the cost of

forming the fixed assets and corresponding amount is recognized in accumulated depreciation. No further allocation for depreciation can be made for such fixed assets in future periods.

The Company determines the useful life and estimated residual value of fixed assets based on their nature and use condition. The useful life, estimated residual value and method of depreciation of fixed assets are re-assessed at the end of the period, corresponding adjustment is made when any difference from the originally estimated amount is found.

Type	Depreciation term(year)	Salvage value	Annual depreciation ratio
Machinery equipment	12	5.00%	7.92%
Transportation facility	9	5.00%	10.56%
Buildings: Consistenc– Production buildings	35	5.00%	2.71%
Buildings: Consistenc–Non-production buildings	40	5.00%	2.38%
Buildings: Temporary buildings	9	5.00%	10.56%
Other equipment	6	5.00%	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.

16. Construction in process

(1) Classification of constructions under progress

Self-constructed constructions under progress of the Company are carried at actual costs. Actual costs include the necessary expenses for constructing such asset to the expected useable condition, including material costs for project, labor cost, related taxes and fees paid, borrowing expenses to be capitalized and indirect costs to be amortized. The constructions under progress of the Company are accounted for by project category.

(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.

17. 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 expenses 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

18. Biological assets

Biological assets of the Company refer to the productive biological assets

Biological assets are recognized when the following three conditions are fully satisfied:

- (1) an enterprise owns or controls such biological assets due to the past transactions or events;
- (2) it may result in the inflow of economic benefits or service potential in relation to such biological assets;
- (3) cost of such biological assets can be reliably measured.

Biological assets used for production are stated at cost at initial recognition. The cost of biological asset used for production purchased from the outside includes the purchase price, related taxes, transportation expense, insurance premium and other charges directly attributable to the purchase of such asset. Biological asset used for production input by investors is stated at its entry value which is calculated based on the value as stipulated in the investment contract or agreement plus the related taxes payable. Where value stipulated in the contract or agreement is not fair, the actual cost is fixed at fair value. The cost of self-bred biological asset used for production is determined based on the necessary expenses incurred so as to achieve the anticipated production and operation purposes, including feed costs, labor costs and indirect costs to be allocated.

Management and protection and feed expenses of the Company's biological assets used for production incurred after the canopy closure or achievement of the expected production and operation purposes are charged to profit or loss for the current period.

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.

At the balance sheet date, biological assets used for production of the Company are measured at the lower of their carrying amount and recoverable amount, and provision for impairment is made according to the difference between the recoverable amount and carrying amount on an individual basis. An impairment loss recognized on the biological assets used for production shall not be reversed in a subsequent period.

Gain and disposal of biological assets: the cost of biological assets after the shift of use is stated at the carrying amount at the time of shift of use. When sold, destroyed and inventory losses occurred, the disposal income of biological assets net of carrying amount and related taxes shall be charged to profit or loss for the current period.

19. Intangible assets

(1) Measurement of intangible assets

(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

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

Item	Predicted useful life	Basis
Land use right	Amortized the actual rest of life after certificate of land use right obtained	Certificate of land use right
Proprietary technology	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 loses recognized, adjusted correspondingly in future period for depletion or amortized expenses of intangible assets depreciated, make sure that the book value (with predicted salvage value deduction) of intangible assets should systematically amortized after adjustment in rest of the service life of intangible assets.

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

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

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

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

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

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

(6) Calculation on internal R&D expenses

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

- (1) Owes feasibility in technology and completed the intangible assets for useful or for sale;
- (2) Owes the intention for completed the intangible assets and for sale purpose;
- (3) Way of profit generated including: show evidence that the products generated from the intangible assets owes a market or owes a market for itself; if the intangible assets will use internally, than show evidence of useful-ness;
- (4) Possess sufficient technique, financial resources and other resources for the development of kind of intangible assets and has the ability for used or for sale;
- (5) The expenditure attributable to the exploitation stage for intangible assets could be measured reliably.

20. Long-term expenses to be amortized

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

21. Accrual liability

(1) Recognition standards for accrual liability

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

- The responsibility is a current responsibility undertaken by the Company;
- Fulfilling of the responsibility may lead to financial benefit outflow;
- 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 determined by the middle value within the range, that is the average amount between the up and low limit.

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

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

22. 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. As for main sales in the Company, according to the arrival of acceptance period agreed in the contract, income shall be recognized after the period expired

(2)Basis on use right income for transaction assets

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

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

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

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

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

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

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

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

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

23. Government grants

(1) Type

Governments grants of the Company refer to the monetary and non-monetary assets obtained from government for free, and are divided into those related to assets and others related to revenues Government subsidies related to assets refer to those obtained by the Company and used for purchase or construction of or otherwise to form long-term assets. Government subsidies related to revenue refer to those other than government subsidies related to assets.

(2) Accounting policy

Recognition of government subsidies: Government subsidies in the form of monetary assets are stated at the amount received or receivable. Government subsidies in the form of non-monetary assets are measured at fair value; if fair value cannot be obtained, a nominal amount (RMB1) is used. Government subsidies measured at nominal amount is recognized immediately in profit or loss for the current period.

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.

When there is reversal of the government grants recognized, if the relevant deferred income exists, such deferred income is offset against the balance of the carrying value with the excess dealt with in the profit or loss for the period. If the relevant deferred income does not exist, it will be directly dealt with in the profit or loss for the period.

24. 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.

25. Operating lease, finance lease

(1) Accounting treatment for operating lease

1. As lessee of operating leases, rental payments under operating leases are recognized as costs or expenses on a

straight-line basis over the lease term (including rent-free periods). Initial direct costs that are attributable to an operating lease incurred by the Company are credited into expenses for the period.

When the lessor bears the lease related expenses that shall be undertaken by the Company, such expenses shall be deducted from the rent and amortized at the net amount over the lease term and credited into expenses for the period.

2. As lessor of operating leases, rental payment from operating leases is recognized as rental income on a straight-line basis over the lease term (including rent-free periods). Initial direct costs in relation to lease transaction paid by the Company are credited into expenses for the period. If with significant amount, they are capitalized when incurred, and are recognized in revenue for the current period on the same basis as rental income over the lease term.

When the Company bears the lease related expenses, which should be undertaken by the lessee, the Company should deduct this part of expense from the rent income, and amortize the net amount over the lease term.

26. Changes of main accounting policy and estimation

Main accounting policy and estimation changed in the Period

Yes No

Accounting policy of the Company has no changed in the Period

Accounting estimation of the Company has no changed in the Period

(1) Changes of accounting policy

Accounting policy changed in the Period

Yes No

Accounting policy has no changed in the Period

(2) Changes of accounting estimation

Accounting estimation changed in the Period

Yes No

Accounting estimation has no changed in the Period

27. Correction for previous errors

Correction for previous errors occurred in the Period

Yes No

Correction for previous errors did not occurred in the Period

(1) Retrospective restatement

Errors with retrospective restatement being performed in the Period

Yes No

No errors with retrospective restatement being performed in Period

(2) Prospective approach

Previous accounting errors with prospective restatement being performed in the Period

Yes No

No previous accounting errors with prospective restatement being performed in Period

V. Taxes

1. Major taxes and rates applicable to the Company

Taxes	Basis	Rate
VAT	Sales of goods	17%
Business tax	Taxable turnover	5%
Urban maintenance and construction tax	Payable turnover taxes	5%、7%
Corporate income tax	Taxable income	25%、15%
Educational surtax	Payable turnover taxes	5%

Rate of income tax in vary subsidiary and plants

Name of company	Tax rate	Note
The Company	25%	---
Shenzhen Shenbao Huacheng Technology Co., Ltd. (Shenbao Huacheng)	15%	Wholly-owned subsidiaries
Including: Shantou Branch of Shenbao Huacheng(Huacheng Shantou)	25%	Branch of Shenbao Huacheng
Jufangyong Tea Industry Co., Ltd. in Wuyuan County(Wuyuan Jufangyong)	25%	Wholly-owned subsidiaries
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd. (Shenbao Sanjing)	25%	Wholly-owned subsidiaries
Huizhou Shenbao Technologies Co., Ltd. (Huizhou Shenbao Technologies)	25%	Wholly-owned subsidiaries
Shenzhen Shenbao Properties Management Co., Ltd. (Shenbao Properties)	25%	Wholly-owned subsidiaries
Shenzhen Shenbao Industrial & Trade Co., Ltd. (Shenbao Industrial & Trade)	25%	Wholly-owned subsidiaries
Hangzhou Jufangyong Holding Co., Ltd. (Hangzhou Jufangyong)	25%	Wholly-owned subsidiaries
Fujian Mount. Wuyi Shenbao Yuxing Tea Co., Ltd. (Shenbao Yuxing)	25%	Controlling subsidiary
Fuhaitang Tea Ecological Technology Co., Ltd. (Fuhaitang)	25%	Controlling subsidiary
Hangzhou Chunshi Network Technology Co., Ltd. (Chunshi Network)	25%	Wholly-owned subsidiaries
Shenzhen Shenbao Technology Center Co., Ltd. (Shenbao Technology Center)	25%	Wholly-owned subsidiaries
Shenzhen Shenshenbao Investment Co., Ltd. (Shenshenbao Investment)	25%	Wholly-owned subsidiaries

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 corporate 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. Currently Shenbao Huacheng in the review of High and New Technology Enterprise, corporate income tax levy on 15% temporary.

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 capital	Business scope	Actual investment at period-end	Other balance of items constitute net investment in subsidiary actually	Shares ratio held	Voting right ratio	Consolidated statement (Y/N)	Minority equity	The sum of money in minority equity which is used to write down the minority interest	The balance after the parent company's owner's equity writing down the excess of the current loss undertaken by minority shareholders of the subsidiary over the share enjoyed by the minority shareholders in the original owners' equity of the subsidiary
Shenzhen Shenbao Huacheng	Wholly-owned	Shenzhen	Manufacture	153.4513 million Yuan	Industrial investment (specific projects to be reported separately); information consultant, food technology development (not including the restrained items); import and export of goods and technology; production and sales of other foods	168,551,781.80		100.00%	100.00%	Y			

Technology Co., Ltd.					(Chrysanthemum extract instant powder for food industry, Momordica grosvenori extract instant powder for food industry, HoneySuchle flowers extract instant powder for food industry, Composite ebony extract condensed juice, herbal tea concentrate, herbal tea concentrate for food industry, red date instant powder, blendimings instant powder; Mesona instant powder, fresh Imperata cylindrica) ,production and sales of tea products (instant tea)							
Jufangyong Tea Industry Co., Ltd. in Wuyuan County	Wholly-owned	Wuyuan	Manufacture	290 million Yuan	Import and export trade of tea, natural plant, extractive of tea and natural plant, cultivation and tea; agricultural and sideline products, native products, purchasing, processing and sales (for special provision of goods from the State, effective certificate and licenses shall be required)	292,804,134.35		100.00%	100.00%	Y		
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd.	Wholly-owned	Shenzhen	Manufacture	30.15 million Yuan	Import and export business, normal freight, whole sales of prepackaged foods	80,520,842.36		100.00%	100.00%	Y		
Huizhou Shenbao	Wholly-owned	Huizhou	Comprehensive	60 million Yuan	Confirmed business scope in line with “National Industrial Production License”; industrial	60,000,000.00		100.00%	100.00%	Y		

Technologies Co., Ltd.					investment, property management (operated with certification only); domestic trading (excluding the items forbidden by laws, regulations; license are required for those items that restricted by laws and regulations)							
Shenzhen Shenbao Properties Management Co., Ltd.	Wholly-owned	Shenzhen	Property	5 million Yuan	Management of self-owned properties	5,000,000.00		100.00%	100.00%	Y		
Shenzhen Shenbao Industrial & Trade Co., Ltd.	Wholly-owned	Shenzhen	Commerce and trade	5.5 million Yuan	Commercial wholesale	5,500,000.00		100.00%	100.00%	Y		
Hangzhou Jufangyong Holding Co., Ltd.	Wholly-owned	Hangzhou	Comprehensive	175 million Yuan	Whole sales and retail of tea sets; purchase: tea the enterprise need for sales (purchase from original manufacturer of the 1 st industry directly only); service: investment and assets management of tea enterprises, technology development of tea and tea products, technology development of tea cultivation and breeding, technology consultant, technology service and results transfer	176,906,952.42		100.00%	100.00%	Y		
Shenzhen	Wholly-owned	Shen	Develop	54 million	Technology development, consultant, transfer and	54,676,764.11		100.00%	100.00%	Y		

n Shenbao Technol ogy Center Co., Ltd.		zhen	ment, consulta nt and transfer of technolo gy	Yuan	inspection service for tea, plant products, soft drinks and foods								
Shenzhe n Shenshe nbao Investm ent Co., Ltd.	Wholly- owned	Shen zhen	Investm ent, consulta nt, trading and tea knowled ge and culture commun ication	50 million Yuan	Industrial investment (specific projects to be reported separately); communication, promotion, consultant service and tea art training for tea knowledge and culture; sales of tea sets, tea table and root carving; cyber business, domestic trading (franchise, monopoly, exclusive control of goods excluded); engaged in both export and import business (restricted projects excluded)	5,000,000.00		100.00%	100.00%	Y			
Fujian Mount. Wuyi Shenbao Yuxing Tea Co., Ltd.	Controlli ng	Mou nt Wu yi	Tea plantatio n, producti on and sales	40 million Yuan	Tea processing, tea planting, tea culture communication, package design for tea, tea art training, e-ecological tea park sightseeing, sales of tea furniture, tea table and root carving; Wholesales and retail of prepackaged food (tea included) and bulk food (tea included)	20,700,000.00		51.75%	51.75%	Y	17,711,232.82		
Hangzho u Fuhaitan g Tea	Controlli ng	Han gzho u	Manufac ture and process of tea;	2 million Yuan	Green tea manufacturing, including tea products and substitute tea; wholesale and retail of prepackaged food and bulk food. Development of tea and tea products, tea breeding, development,	4,650,000.00		92.00%	92.00%	Y	440,136.10		

Ecologic al Technol ogy Co., Ltd.			wholesale and retails of foods		technology consultant, technology service and result transfer of cultivation technique, sightseeing agriculture etc.							
Hangzho u Chunshi Network Technol ogy Co., Ltd.	Wholly- owned	Han gzho u	Wholesale and retail of foods, technolo gy develop ment	3 million Yuan	Wholesale and retail of prepackaged food and bulk foods. Technology development: CNT; wholesale and retails of tea sets, office supplies and glassware	3,000,000.00		100.00%	100.00%	Y		
Shenzhe n Shenbao (Liaoyua n) Industria l Co., Ltd. ("Shenb ao Liaoyua n")	Controlli ng	Shen zhen		2.3780 million Yuan	Not operates formally	57,628.53		53.50%	53.50%	Y		

Explanation on subsidiaries obtained by establishment or investment:

Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd.: the company has been established for a long time without officially operates, business license has been cancelled by industrial and commerce bureau; the investment for the company has been accrual as long-term investment impairment totally. The company excluded in the

consolidation range of the Company in aspect of financial statement

2. Explanation on change of consolidation range

Explanation on change of consolidation range

1. three enterprise included in the consolidation range in Period

(1) the Company established a wholly-owned subsidiary Shenzhen Shenshenbao Investment Co., Ltd in April 2014;

(2) Subordinate wholly-owned subsidiary Hangzhou Jufangyong acquired controlling subsidiary Hangzhou Fuhaitang Tea Ecological Co., Ltd. in March 014;

(3) Subordinate wholly-owned subsidiary Hangzhou Jufangyong established a wholly-owned subsidiaries Hangzhou Chunshi Network Technology Co., Ltd. in June 2014;

2. One enterprise decreased in consolidation range. The 51.72% equity of Shenshenbao Huafa, controlling subsidiary, held by the Company was transferred.

Application Not application

Three enterprises increased in consolidation range compare with last year (period), reasons are:

(1) the Company established a wholly-owned subsidiary Shenzhen Shenshenbao Investment Co., Ltd in April 2014;

(2) Subordinate wholly-owned subsidiary Hangzhou Jufangyong acquired controlling subsidiary Hangzhou Fuhaitang Tea Ecological Co., Ltd. in March 014;

(3) Subordinate wholly-owned subsidiary Hangzhou Jufangyong established a wholly-owned subsidiaries Hangzhou Chunshi Network Technology Co., Ltd. in June 2014;

One enterprise decreased in consolidation range compare with last year (period), reasons are:

The 51.72% equity of Shenshenbao Huafa, controlling subsidiary, held by the Company was transferred.

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

Subsidiaries, special purposes entities, operation entity where controlling right is formed under entrusted operation or leasing newly included in consolidation scope during the period

In RMB

Name	Net assets as at period-end	Net profit for the period
Shenzhen Shenshenbao Investment Co., Ltd.	50,042,083.25	42,083.25
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd.	4,456,613.83	222,856.18
Hangzhou Chunshi Network Technology Co., Ltd.	3,005,000.00	0.00

Subsidiaries, special purposes entities, operation entity where controlling right is formed under entrusted operation or leasing ceasing to be included in consolidation scope during the period

In RMB

Name	Net assets as at the disposal date	Net profit from the year-begin to the disposal date
Zhejiang Shenshenbao Huafa Tea Co., Ltd.	66,828,214.87	0.00

Other explanation on entities newly included in consolidation scope and entities ceasing to be included in consolidation scope:

VII. Annotation to main items of consolidated financial statements

1. Monetary fund

In RMB

Item	Closing amount			Opening amount		
	Foreign currency	Conversion rate	In RMB	Foreign currency	Conversion rate	In RMB
Cash:	--	--	160,480.66	--	--	181,781.97
RMB	--	--	156,013.60	--	--	177,356.99
HKD	4,860.00	0.79375	3,857.63	4,860.00	0.7862	3,821.08
USD	99.05	6.1528	609.43	99.05	6.0969	603.90
Bank savings:	--	--	341,730,505.91	--	--	257,547,160.08
RMB	--	--	341,556,502.74	--	--	251,367,585.11
HKD	93,767.77	0.79375	74,428.17	62,496.46	0.7862	49,136.59
USD	16,183.69	6.1528	99,575.00	1,005,500.89	6.0969	6,130,438.38
Other monetary fund:	--	--	500,000.00	--	--	500,000.00
RMB	--	--	500,000.00	--	--	500,000.00
Total	--	--	342,390,986.57	--	--	258,228,942.05

Separate explanation is required for accounts with restricted application purposes, deposited overseas and of potential recovery risks arising from pledge, mortgage or frozen:

The restricted monetary fund details are as follows:

Item	Closing balance	Opening balance
Guarantee deposit	500,000.00	500,000.00
Total	500,000.00	500,000.00

While prepare the cash flow statement, the money has deducted from the cash and cash equivalents at period-end

2. Transaction financial assets

(1) Transaction financial assets

In RMB

Item	Closing fair value	Opening fair value
Transactional equity instrument investment	1,532,585.34	1,389,288.09
Total	1,532,585.34	1,389,288.09

3. Accounts receivable

(1) Account receivable classified according to types

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 withdrawal bad debt provision by group								
Aging of accounts	54,785,693.27	73.86%	719,147.29	1.31%	107,383,248.43	84.70%	719,147.29	0.67%
Group subtotal	54,785,693.27	73.86%	719,147.29	1.31%	107,383,248.43	84.70%	719,147.29	0.67%
Accounts receivables with single minor amount but with bad debts provision accrued individually	19,391,001.77	26.14%	19,391,001.77	100.00%	19,391,001.77	15.30%	19,391,001.77	100.00%
Total	74,176,695.04	--	20,110,149.06	--	126,774,250.20	--	20,110,149.06	--

Explanation on type of account receivables

Receivables refers to account receivable and other account receivable

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. For those receivables without impairment occurred, included in corresponding group for bad debt provision accrual.

2. Account receivables with bad debt reserve provided under groups

- (1) The group belongs to account receivables which are not impaired after individual test.
- (2) The group withdrawal bad debt provision in way of age analysis

Age	Withdrawal proportion of account receivable	Withdrawal proportion of 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. Account receivables without significant amount of single item and bad debt reserve provided item by item

Reasons for provision of bad debt reserve individually: 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 of 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:	--	--	--	--	--	--
Within 1 year subtotal	49,021,606.25	66.10%		101,619,161.41	80.15%	
1-2years	1,056,675.26	1.42%	52,833.77	1,056,675.26	0.83%	52,833.77
2-3years	795,964.83	1.07%	79,596.48	795,964.83	0.63%	79,596.48
Over 3 years	3,911,446.93	5.27%	586,717.04	3,911,446.93	3.09%	586,717.04
3-4years	148,429.72	0.20%	22,264.46	148,429.72	0.12%	22,264.46
4-5years	268,996.21	0.36%	40,349.43	268,996.21	0.21%	40,349.43
Over 5 years	3,494,021.00	4.71%	524,103.15	3,494,021.00	2.76%	524,103.15
Total	54,785,693.27	--	719,147.29	107,383,248.43	--	719,147.29

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

Application Not application

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

Application Not application

Accounts receivables with single minor amount but with bad debts provision accrued individually 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	100.00%	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 of the unit	Closing amount		Opening amount	
	Book balance	Bad debt amount withdrawal	Book balance	Bad debt amount withdrawal
Shenzhen Agricultural Products Co., Ltd.	57,915.00		75,426.00	
Total	57,915.00		75,426.00	

(3) The top 5 account receivables

In RMB

Name of the unit	Relationship	Amount	Term	Proportion in total
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				account receivable
Customers I	Non-related party	7,754,777.16	Within 1 year	10.45%
Customers II	Non-related party	3,749,332.00	Within 1 year	5.05%
Customers III	Non-related party	2,073,980.00	Within 1 year	2.80%
Customers IV	Non-related party	1,691,741.51	Within 1 year	2.28%
Customers V	Non-related party	1,644,518.40	Within 1 year	2.22%
Total	--	16,914,349.07	--	22.80%

(4) Account receivable from related parties

In RMB

Name of the unit	Relationship	Amount	Proportion in total account receivable
Shenzhen Agricultural Products Co., Ltd.	The first majority shareholder of the Company	57,915.00	0.08%
Total	--	57,915.00	0.08%

4. Other receivables

(1) Other 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
Other receivable of bad debt provision withdrawal by combination								
Aging of accounts	25,894,299.40	59.56%	2,609,112.70	10.08%	25,112,996.31	58.82%	2,609,112.70	10.39%
Group subtotal	25,894,299.40	59.56%	2,609,112.70	10.08%	25,112,996.31	58.82%	2,609,112.70	10.39%
Other account receivable with single minor amount but withdrawal bad debt provision for single item	17,584,990.00	40.44%	17,584,990.00	100.00%	17,584,990.00	41.18%	17,584,990.00	100.00%
Total	43,479,289.40	--	20,194,102.70	--	42,697,986.31	--	20,194,102.70	--

Explanation on type of 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. For those receivables without impairment occurred, included in corresponding group for bad debt provision accrual.

2. Account receivables with bad debt reserve provided under groups

(1) The group belongs to account receivables which are not impaired after individual test.

(2) The group withdrawal bad debt provision in way of age analysis

Age	Withdrawal proportion for accounts receivable	Withdrawal proportion for other 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. Account receivables without significant amount of single item and bad debt reserve provided item by item

Reasons for provision of bad debt reserve individually: 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 of 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, accounts whose bad debts provision was accrued by age analysis: other account receivable

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:						
Within 1 year subtotal	7,502,723.40	17.26%		6,721,420.31	15.74%	
1-2years	969,291.22	2.23%	48,464.56	969,291.22	2.27%	48,464.56
2-3years	1,053,891.39	2.42%	105,389.14	1,053,891.39	2.47%	105,389.14
Over 3 years	16,368,393.39	37.65%	2,455,259.00	16,368,393.39	38.34%	2,455,259.00
3-4years	4,410,151.72	10.14%	661,452.22	4,410,151.72	10.34%	661,452.22
4-5years	2,469,415.86	5.68%	1,330,842.92	2,469,415.86	5.78%	1,330,842.92
Over 5 years	9,488,825.81	21.82%	462,893.33	9,488,825.81	22.22%	462,893.33
Total	25,894,299.40	--	2,609,112.70	25,112,996.31	--	2,609,112.70

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

Application Not application

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

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	100.00%	Formed due to history reasons, hard to recover
Total	17,584,990.00	17,584,990.00	--	--

(2) No other account receivables due from the shareholders holding 5% or above voting shares of the Company during the reporting period

(3) The top 5 other account receivables

In RMB

Name of the unit	Relationship	Amount	Term	Portion in total other
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				receivables
Changzhou Sanjing Oil Co., Ltd.	Related party	18,268,423.34	1-3 years and over 3 years	42.02%
Shenzhen Jinsailong Equipment Company	Non-related party	300,000.00	Over 3 years	0.69%
Management committee of Industry Part of Wuyuan County	Non-related party	256,296.20	Over 3 years	0.59%
Hangzhou Sangao Tea Industry Company	Non-related party	208,536.78	Over 3 years	0.48%
Tea Garden	Non-related party	200,326.72	Within 1 year	0.46%
Total	--	19,233,583.04	--	44.24%

(4) Other receivables due from related parties

In RMB

Name of the unit	Relationship	Amount	Portion in total other receivables
Changzhou Sanjing Oil Co., Ltd.	Affiliated company	18,268,423.34	42.02%
Total	--	18,268,423.34	42.02%

5. Account paid in advance

(1) Aging analysis

In RMB

Age	Closing amount		Opening amount	
	Amount	Ratio	Amount	Ratio
Within 1 year	11,398,048.79	97.33%	19,304,913.09	98.40%
1-2years	77,087.75	0.66%	77,087.75	0.39%
2-3years	195,397.64	1.67%	195,397.64	1.00%
Over 3 years	40,280.80	0.34%	40,280.80	0.21%
Total	11,710,814.98	--	19,617,679.28	--

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

In RMB

Name of the unit	Relationship	Amount	Term	Reasons for outstanding
Customers I	Non-related party	1,398,000.00	Within 1 year	Account paid in advance

				for equipment
Customers II	Non-related party	1,250,000.00	1-2 years	Amount of steam will deduct in later period every month successively
Customers III	Non-related party	1,197,250.00	Within 1 year	Account paid in advance for equipment
Customers IV	Non-related party	400,000.00	1-2 years	Project reconstruction uncompleted
Customers V	Non-related party	327,000.00	Within 1 year	Earnest money paid in advance
Total	--	4,572,250.00	--	--

(3) Explanation on account paid in advance

6. Inventory

(1) Classification

In RMB

Item	Closing amount			Opening amount		
	Book balance	Depreciation provision	Book value	Book balance	Depreciation provision	Book value
Raw materials	53,601,330.30	3,597,264.60	50,004,065.70	42,491,527.68	3,597,264.60	38,894,263.08
Product in process	37,532,821.74		37,532,821.74	19,416,441.85		19,416,441.85
Stock products	39,651,444.20	897,597.70	38,753,846.50	36,343,254.92	897,597.70	35,445,657.22
Wrappage	9,900,389.26		9,900,389.26	4,229,410.85		4,229,410.85
Goods delivered	5,244,842.26		5,244,842.26	4,111,657.13		4,111,657.13
OEM material	5,436,785.21	5,298,011.68	138,773.53	5,373,084.21	5,298,011.68	75,072.53
Low-value consumption goods	528,858.95		528,858.95	618,278.69		618,278.69
Development costs	208,021,326.12		208,021,326.12	202,784,064.05		202,784,064.05
Total	359,917,798.04	9,792,873.98	350,124,924.06	315,367,719.38	9,792,873.98	305,574,845.40

(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	3,597,264.60				3,597,264.60
Stock products	897,597.70				897,597.70
OEM material	5,298,011.68				5,298,011.68
Total	9,792,873.98				9,792,873.98

(3) Inventory falling price reserves

Item	Accrual basis for inventory impairment provision	Reason for reversal during the period	Proportion of the reversal amount during the year in the period-end balance of the inventory (%)
Raw materials	Net realizable value lower than the cost		
Stock products	Net realizable value lower than the cost		
Entrust materials for handing over a completed project	Net realizable value lower than the cost		

Explanation on inventory

No capitalization of borrowing costs that reckoned in cost of inventory in the Period

7. Other current assets

In RMB

Item	Closing amount	Opening amount
Input VAT ready for deduction	6,354,131.39	2,835,640.51
Total	6,354,131.39	2,835,640.51

Explanation on other current assets

Input VAT ready for deduction transfer to other current assets for listing at period-end

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	33.00%	33.00%	10,966,004.92	28,754,512.74	-17,788,507.82	246,480.00	-1,303,581.14

Sanjing Oil Co., Ltd.								
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9. Long-term equity investment

(1) Details of long-term equity investment

In RMB

Invested unit	Calculation method	Investment cost	Opening balance	Changes	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 reserved with drawal 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				33.00%	33.00%				
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 Shenbao (Liaoyuan) Industrial Co., Ltd*1	Cost	57,628.53	57,628.53		57,628.53	53.50%	53.50%		57,628.53		

Beijing Tiantan Holdings Co., Ltd *4	Cost	57,500.00	57,500.00		57,500.00					
Total	--	33,965,128.53	20,465,128.53		20,465,128.53	--	--	--	20,407,628.53	

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

In RMB

Item	Book balance at period-begin	Increase during this period		Decrease during this period	Book balance at period-end
I. Total of book balance	427,736,966.69	10,130,454.91		10,822,303.77	427,045,117.83
Including: House & buildings	206,270,686.25	1,194,290.21		9,070,520.40	198,394,456.06
Machinery equipment	205,498,224.76	8,307,597.47		1,244,656.49	212,561,165.74
Transportation tools	7,518,428.45	214,857.99		440,585.00	7,292,701.44
Other equipment	8,449,627.23	413,709.24		66,541.88	8,796,794.59
--	Book balance at period-begin	Increase during this period	Accrual in this period	Decrease during this period	Book balance at period-end
II. Total accumulated depreciation	116,869,128.52		11,500,244.58	470,007.49	127,899,365.61
Including: House & buildings	17,782,431.21		3,712,481.99	261,121.12	21,233,792.08
Machinery equipment	92,435,406.08		6,811,706.31	6,851.25	99,240,261.14
Transportation tools	3,142,599.37		317,198.46	197,741.52	3,262,056.31
Other equipment	3,508,691.86		658,857.82	4,293.60	4,163,256.08
--	Book balance at period-begin	--			Book balance at period-end
III. Total net value of fixed assets	310,867,838.17	--			299,145,752.22
Including: House & buildings	188,488,255.04	--			177,160,663.98
Machinery equipment	113,062,818.68	--			113,320,904.60
Transportation tools	4,375,829.08	--			4,030,645.13
Other equipment	4,940,935.37	--			4,633,538.51
		--			2,647,112.69

IV. Total of impairment provision	2,647,112.69	--	2,647,112.69
Machinery equipment	2,647,112.69	--	2,647,112.69
Other equipment		--	
V. Total book value of fixed assets	308,220,725.48	--	296,498,639.53
Including: House & buildings	188,488,255.04	--	177,160,663.98
Machinery equipment	110,415,705.99	--	110,673,791.91
Transportation tools	4,375,829.08	--	4,030,645.13
Other equipment	4,940,935.37	--	4,633,538.51

Depreciation in this period amounts to 11,500,244.58 Yuan

(2) Fixed assets without un-completed property certificates

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

Explanation on fixed assets:

Among the ending balance, the original value of fixed assets used for bank pledge was RMB30,567,419.75, and the net value was RMB22,979,797.52. 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. the terms from 13 March 2013 to 12 March 2016

11. Construction in process

(1) Particular about construction in process

In RMB

Item	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)	10,137,523.16		10,137,523.16	2,677,627.91		2,677,627.91
Production line of Huizhou Technology Lile package	3,876,759.83		3,876,759.83	4,615,363.66		4,615,363.66

Equipment ready for setup of Shenbao Technology Center	282,889.56		282,889.56	251,449.56		251,449.56
New finished product warehouse of Phase II project of Huizhou Technology	5,207,041.78		5,207,041.78	1,977,535.00		1,977,535.00
Nanshan office building	84,451,219.00		84,451,219.00	84,247,219.00		84,247,219.00
Other	903,189.74	903,189.74		903,189.74	903,189.74	
Total	108,700,956.71	4,745,523.38	103,955,433.33	98,514,718.51	4,745,523.38	93,769,195.13

(2) Changes of major projects under construction

In RMB

Item	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	2,677,627.91	8,055,173.25		595,278.00	91.17%	part of the project completed				Raised proceeds	10,137,523.16
Total	150,000,000.00	2,677,627.91	8,055,173.25		595,278.00	--	--			--	--	10,137,523.16

(3) Construction in process impairment provision

In RMB

Item	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	--
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(4) Progress of material construction in progress

Item	Progress	Note
Comprehensive investment project of tea industry chain(the new factory project)	Part of the project completed	

(5) Explanation on construction in progress

1. According to the condition of recoverable amount lower than the carrying value in aspect of construction in progress, corresponding impairment for construction in progress was withdrawal at period-end
2. There is no capitalization of borrowing costs in closing balance of construction in progress

12. Productive biological assets

(1) Measured by cost

In RMB

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

13. Intangible assets

(1) Particular about intangible assets

In RMB

Item	Book balance at period-begin	Increased in the period	decreased in the period	Book balance at period-end
I. Total original value	235,971,181.27	7,215,581.58	13,874,682.00	229,312,080.85
Land use right	176,719,514.87	7,187,415.16	13,874,682.00	170,032,248.03
Proprietary technology	36,043,702.21	28,166.42		36,071,868.63
Use right of forest	15,599,089.65			15,599,089.65
Right to use a trademark	5,065,349.61			5,065,349.61

Software license	2,543,524.93			2,543,524.93
II. Total accumulated amortization	30,230,264.74	3,362,054.19	356,464.16	33,235,854.77
Land use right	15,251,513.85	1,797,400.56	356,464.16	16,692,450.25
Proprietary technology	13,946,099.68	986,192.67		14,932,292.35
Use right of forest	722,728.56	162,148.74		884,877.30
Right to use a trademark	256,932.55	257,341.91		514,274.46
Software license	52,990.10	158,970.31		211,960.41
III. Total net book value of intangible assets	205,740,916.53	3,853,527.39	13,518,217.84	196,076,226.08
Land use right	161,468,001.02	5,390,014.60	13,518,217.84	153,339,797.78
Proprietary technology	22,097,602.53	-958,026.26		21,139,576.28
Use right of forest	14,876,361.09	-162,148.74		14,714,212.35
Right to use a trademark	4,808,417.06	-257,341.91		4,551,075.15
Software license	2,490,534.83	-158,970.31		2,331,564.52
Land use right				
Proprietary technology				
Use right of forest				
Right to use a trademark				
Software license				
Total of intangible asset book value	205,740,916.53	3,853,527.39	13,518,217.84	196,076,226.08
Land use right	161,468,001.02	5,390,014.60	13,518,217.84	153,339,797.78
Proprietary technology	22,097,602.53	-958,026.26		21,139,576.28
Use right of forest	14,876,361.09	-162,148.74		14,714,212.35
Right to use a trademark	4,808,417.06	-257,341.91		4,551,075.15
Software license	2,490,534.83	-158,970.31		2,331,564.52

Amortization in the Period amounting as 3,362,054.19 Yuan

(2) Expenditure of development project

In RMB

Item	Opening amount	Increased	Decreased		Closing amount
			Current gains/losses	Intangible assets confirmed	
Project I		88,621.07			88,621.07

Project II		14,718.82			14,718.82
Project III		495,334.41			495,334.41
Project IV		52.03			52.03
Project V		205,358.58			205,358.58
Project VI		224,894.50			224,894.50
Project VII		220,117.24			220,117.24
Project VIII		468,270.29			468,270.29
Project IX		3,472.78			3,472.78
Project X		134,679.65			134,679.65
Project XI		87,100.18			87,100.18
Project XII		87,501.96			87,501.96
Project XIII		85,376.32			85,376.32
Project XIV		93,379.98			93,379.98
Project XV		28,166.41		28,166.41	0.00
Project XVI	577,153.91	164,268.93			741,422.84
Total	577,153.91	2,401,313.15		28,166.41	2,950,300.65

The expenditure for development in the Period occupied 100% in total expenses of R&D

The intangible assets from internal R&D occupied 0.01% in closing book value of the intangible assets

Explanation on development project: as for the amount with over one million Yuan occurred in the period and accounted based on evaluation value, disclosed the evaluation institution and methods

14. Long-term deferred expense

In RMB

Item	Opening amount	Increased in the period	Amortization during this period	Other decrease	Closing amount	Reasons for other decreased
Decoration charge for office rented-in	1,881,583.99	2,992,772.89	410,532.88		4,463,824.00	
Project of maintenance reform on canned warehouse and waste tea house of Shenbao Huacheng	1,239,312.77		222,492.81		1,016,819.96	
Affiliated project of resident area in Jufangyong Wuyuan	723,865.33		90,417.88		633,447.45	

Reform of tea park in Wuyuan	299,573.17		46,151.09		253,422.08	
Reform project of warehouse and swage	2,557,312.28	149,196.59	279,038.95		2,427,469.92	
Lease of workshop and office building	1,595,637.64	365,109.66	1,635,257.69		325,489.61	
Supporting project of plant area	73,485.48	693,880.27	85,239.05		682,126.70	
Other	598,909.90	1,153,396.23	636,088.27		1,116,217.86	
Total	8,969,680.56	5,354,355.64	3,405,218.62		10,918,817.58	--

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

Item	Closing amount	Opening amount
Deferred income tax assets:		
Impairment provision for assets	2,613,443.80	2,613,443.80
Income from changes of fair value	115,924.08	16,589.84
Subtotal	2,729,367.88	2,630,033.64
Deferred income tax liability:		
Assessment appreciation from equity acquisition	1,300,508.81	
Subtotal	1,300,508.81	

Details of uncertain deferred income tax assets

In RMB

Item	Closing amount	Opening amount
Difference of temporary deductible	67,230,543.32	67,230,543.32
Losses deductible	59,169,544.63	34,058,166.22
Total	126,400,087.95	101,288,709.54

(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

Item	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	2,729,367.88		2,630,033.64	
Deferred income tax liability	1,300,508.81			

16. Details of asset impairment provision

In RMB

Item	Balance as at period-begin	Increase during this period	Decrease during this period		Balance as at period-end
			Reversal	Written-off	
I. Bad debt provision	40,304,251.76				40,304,251.76
II. Inventory impairment provision	9,792,873.98				9,792,873.98
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	77,897,390.34				77,897,390.34

17. Short-term loans

(1) Type of Short-term Loans

In RMB

Item	Closing amount	Opening amount
Ensure loans	90,000,000.00	
Total	90,000,000.00	

18. Account payables

(1) Particular about account payables

In RMB

Item	Closing amount	Opening amount
Within 1 year	21,873,165.40	25,942,875.26
Within 1 to 2 years	5,133,867.64	5,133,867.64
Within 2 to 3 years	20,419.10	20,419.10
Over 3 years	2,363,646.35	2,363,646.35
Total	29,391,098.49	33,460,808.35

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

Name of the unit	Amount	Reason of not caring forward
Customer I	518,655.52	Whether need to pay with uncertainty
Customer II	515,892.30	Whether need to pay with uncertainty
Total	1,034,547.82	

19. Account received in advance**(1) Particular about account received in advance**

In RMB

Item	Closing amount	Opening amount
Within 1 year	88,914,636.14	13,955,504.00
More than one year and less than two years	420,000.00	420,000.00
More than two years and less than three years	109,940.50	109,940.50
Over 3 years	735,406.45	735,406.45
Total	90,179,983.09	15,220,850.95

20. Wages payable

In RMB

Item	Balance as at period-begin	Increase during this period	Decrease during this period	Balance as at period-end
I. Wage, bonus, allowance and subsidy	8,237,383.64	24,127,023.86	27,875,855.47	4,488,552.03
II. Employees' welfare		3,664,842.18	3,664,842.18	
III. Social security	240,857.95	3,257,794.18	3,204,080.80	294,571.33
Including: medical insurance premiums	24,277.58	778,190.84	758,634.97	43,833.45
Endowment insurance premium	209,340.25	2,183,184.65	2,156,586.46	235,938.44
Unemployment insurance expense	4,227.16	154,826.34	149,746.84	9,306.66
Industry injury insurance premium	949.05	87,476.15	87,044.45	1,380.75
Birth insurance premium	2,063.91	54,116.20	52,068.08	4,112.03
IV. Housing public reserve		1,625,206.90	1,625,206.90	
V. Compensation from labor relationship dismissed	158,644.10	39,940.00	39,940.00	158,644.10
VII. Trade union fee and education	916,407.25	787,311.89	907,047.42	796,671.72

fee				
Total	9,553,292.94	33,502,119.01	37,316,972.77	5,738,439.18

The arrears in wages payable was 0 Yuan

Labor union expenses and staff educational expenses amounting to 796,671.72 Yuan; non-monetary welfare amounting to RMB 0 and compensation for dismiss of labor relationship amounting to 158,644.10 Yuan.

21. Tax payable

In RMB

Item	Closing amount	Opening amount
Business tax	-3,440,028.90	36,978.05
Corporate income tax	552,253.70	14,556,810.51
Individual income tax	152,283.26	123,369.58
Urban maintenance and construction tax	-255,660.66	14,226.87
Housing property tax	148,805.38	47,440.64
Embankment fee	45,451.94	53,344.27
Educational surtax	-183,850.96	8,925.86
Use tax of land	53,201.87	25,000.13
Land VAT	-1,555,044.06	
Other tax fee	75,450.13	140,006.43
Total	-4,407,138.30	15,006,102.34

22. Dividend payable

In RMB

Name of the unit	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
Total	2,909,182.74	2,909,182.74	--

23. Other payables

(1) Particular about other payables

In RMB

Item	Closing amount	Opening amount
Within 1 year	72,862,147.13	86,632,457.69
More than one year and less than two years	76,544,967.60	76,544,967.60

More than two years and less than three years	5,318,157.41	5,318,157.41
Over 3 years	64,562,912.32	64,562,912.32
Total	219,288,184.46	233,058,495.02

(2) Explanation on major other account payable

Name of the unit	Amount	Nature or content	Age
Shenzhen Jitai Industrial Development Co., Ltd.*	179,827,654.20	Shenbao Building project	1-4 years
Shenzhen Jitai Jianan Engineering Co., Ltd.	13,555,842.36	Shenbao Building project	Within 1 year
Zhongtai Construction Group Co., Ltd.	3,920,200.00	Shenbao Building project	Within 1 year
Shenzhen Yuezhong (Group) Co., Ltd.	2,051,923.58	Final payment of construction in progress	Within 1 year
Foshan Xintailong Environment Equipment Manufacture Co., Ltd.	1,706,085.50	Final payment of construction in progress	Within 1 year
Total	201,061,705.64		

* The Company carried out project development with Shenzhen Jitai Industrial Development Co., Ltd. in aspect of the 2,776.80 M² lands (Land No.: H307-0018) locates at Wenjin North Road, Luohu District, Shenzhen; according to the Cooperation Agreement of Construction Project, the whole capital for investment will contribute by Shenzhen Jitai Industrial Development Co., Ltd., and reckoned into other account payable for calculation.

24. Other non-current liability

In RMB

Item	Book balance at period-end	Book balance at period-begin
Government grants	15,626,282.48	15,745,161.90
Total	15,626,282.48	15,745,161.90

Liability with government grants involved

In RMB

Item	Opening balance	Subsidy increased in Period	Amount reckoned in non-operation income	Other changes	Closing balance	Assets related/income related
Subsidy for tea seeding of New Tea Garden in Wangkou	49,920.00				49,920.00	Assets related
Construction amount for 50 tons for clearly processing for Mingyou	1,125,000.00		62,500.00		1,062,500.00	Assets related

tea *1						
Industrialization project of instant tea power *2	3,066,488.94				3,066,488.94	Assets related
Specific funds for development of strategy emerging industry *3	20,123.05				20,123.05	Assets related
Base of further processing for tea and nature plants *4	2,475,000.00				2,475,000.00	Assets related
Industrial technical advance grants of municipal R&D center from enterprise technology center *5	2,928,629.91				2,928,629.91	Assets related
Grants for research and industrialization of key technology of instant tea *6	1,000,000.00				1,000,000.00	Assets related
Guangdong province—subsidy of agricultural research	80,000.00		56,379.42		23,620.58	Assets related
Special funds of Shenzhen strategy emerging industrial development (depth process of plant) (Shen Fa Gai No.: 20131601) *7	5,000,000.00				5,000,000.00	Assets related
Total	15,745,161.90		118,879.42		15,626,282.48	--

*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 RMB 1.50 million; the starting date of amortization was 1 January 2011, with amortization term of 12 years. RMB 62,500.00 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. Up to 30 June 2014, the rest amount for amortization was RMB 3,066,488.94.

*3 Special 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 RMB 1.50 million. Up to 30 June 2014, the rest amount for amortization was RMB 20,123.05.

*4 Base 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, amortization from 1 January 2011 for 12-year in total. Up to 30 June 2014, the rest amount for amortization was RMB 2,475,000.00.

*5 Industrial technical advance grants of municipal R&D center from enterprise technology center: based on the Shen Jin mao Xin Xi Mi Shu Zi [2012] No. 1781 issued by Economy, Trade and Information Commission of Shenzhen Municipality, subsidy amounting as 3 million Yuan, and rest amount for amortization was 2,928,629.91 Yuan up to June 30 2014

*6 Grants for research and industrialization of key technology of instant tea: based on the Yue Cai Jiao [2012] No. 392 issued by Guangdong Provincial Development of Finance and Department of Science and Technology of Guangdong Province, subsidy amounting as one million Yuan with construction period from 2014 to 2015, and start for amortization after project completed.

*7 Special funds of Shenzhen strategy emerging industrial development (depth process of plant): based on Shen Fa Gai[2013] No. 1601 issued by Development and Reform Commission of Shenzhen Municipality, subsidy amounting as 5 million Yuan with construction period from 2014 to 2015, and start for amortization after project completed.

25. Share capital

In RMB

	Opening amount	Increased (decreased)					Closing amount
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
Total shares	250,900,154.00			50,180,030.00		50,180,030.00	301,080,184.00

Explanation on share capital changes, if there has capital increase/decrease in reporting period, disclosed the CPA's name and verification documents; for company limited within 3 years operation, explain the net assets before establishment; for those company limited changed from limited liability company, explain the verification condition while established.

Item	Opening balance	Increased (decreased)					Closing balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Sub-total	
1. Restricted shares							
(1)state-owned shares	---	---	---	---	---	---	---
(2) State-owned corporate shares	6,783,729.00	---	---	1,356,746.00	---	1,356,746.00	8,140,475.00
(3) Other domestic shares	15,252,932.00	---	---	3,050,586.00	---	3,050,586.00	18,303,518.00

Including:							
Domestic legal person's shares	7,770,118.00	---	---	1,554,023.00	---	1,554,023.00	9,324,141.00
Domestic nature person's shares	7,482,814.00	---	---	1,496,563.00	---	1,496,563.00	8,979,377.00
(4)Foreign shares	---	---	---	---	---	---	---
Including:							
Foreign legal person	---	---	---	---	---	---	---
Foreign nature person	---	---	---	---	---	---	---
Total restricted shares	22,036,661.00	---	---	4,407,332.00	---	4,407,332.00	26,443,993.00
2. Circulated unrestricted shares							
(1) RMB common shares	202,727,493.00	---	---	40,545,498.00	---	40,545,498.00	243,272,991.00
(2) Domestically listed foreign shares	26,136,000.00	---	---	5,227,200.00	---	5,227,200.00	31,363,200.00
(3) Foreign listed foreign shares	---	---	---	---	---	---	---
(4) Other	---	---	---	---	---	---	---
Total unrestricted circulated shares	228,863,493.00	---	---	45,772,698.00	---	45,772,698.00	274,636,191.00
Total	250,900,154.00	---	---	50,180,030.00	---	50,180,030.00	301,080,184.00

On 16 May 2014, in base of total share capital ended as 2013, the Company capitalizing of public reserves as two to every ten shares, shares increased 50,180,030 in total, and the shares have been verified by verification report Da Hua Yan Zi [2014] No. 000236 issued from Da Hua CPA, the changes of industrial and commerce still in process.

26. Capital reserves

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount
Capital premium (Share capital premium)	570,389,576.41		53,146,689.20	517,242,887.21
Other Capital reserves	939,554.31			939,554.31
Total	571,329,130.72		53,146,689.20	518,182,441.52

Explanation on capital reserve

- Share capital premium decreased in the Period mainly due to the capitalizing of common reserves with 50,180,030.00 Yuan declined;
- The 51.72% equity of Shenshenbao Huafa, original controlling subsidiary, was transferred in the Period, capital reserve decrease 2,966,659.20 Yuan.

27. Surplus reserves

In RMB

Item	Opening amount	Increase during the period	Decrease during this period	Closing amount
Statutory surplus reserves	45,001,147.33			45,001,147.33
Total	45,001,147.33			45,001,147.33

28. Retained profit

In RMB

Item	Amount	Withdrawal or Allocation Ratio
Retained profits at the end of last year before adjustment	93,286,637.50	--
Retained profits at the beginning of the year after adjustment	93,286,637.50	--
Add: The net profits belong to owners of patent company of this period	-23,382,126.99	--
Retained profit at period-end	69,904,510.51	--

Details about adjusting the retained profits at the beginning of the year:

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the year amounting to 0 Yuan.
- 2) The changes in accounting policies affect the retained profits at the beginning of the year amounting to 0 Yuan.
- 3) The major accounting error correction affects the retained profits at the beginning of the year amounting to 0 Yuan
- 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the year amounting to 0 Yuan.
- 5) Other adjustments affect the retained profits at the beginning of the year amounting to 0 Yuan

The retained profits explain that the company initial public offering bonds should clearly state if the accumulated profits are decided to be shared by old and new shareholders by general meeting of stockholders before issuing; while the company should clearly disclose that the profits in the dividends payable belong to old shareholders after auditing if the general meeting of stockholders decides the accumulated profits are allocated and shared by old shareholders before issuing.

29. Operating income and cost**(1) Operating income and cost**

In RMB

Item	Amount of this period	Amount of last period
Main operating income	118,250,169.14	229,503,390.32
Other operating income		240,000.00
Operating cost	96,487,715.91	195,082,954.37

(2) Main business (By industries)

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Industry	117,956,769.14	96,487,715.91	124,711,542.13	100,329,761.24
Trading			104,498,448.19	94,656,064.73
Leasing service industry	293,400.00		293,400.00	
Total	118,250,169.14	96,487,715.91	229,503,390.32	194,985,825.97

(3) Main business (By products)

In RMB

Products	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Soft drinks	14,635,957.30	10,365,966.51	13,233,201.40	9,755,968.66
Condiment	5,524,229.27	3,329,381.37	5,352,419.86	3,442,198.14
Tea products	97,796,582.57	82,792,368.03	210,624,369.06	181,787,659.17
Property rental	293,400.00		293,400.00	
Total	118,250,169.14	96,487,715.91	229,503,390.32	194,985,825.97

(4) Main business (By districts)

In RMB

District	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Exportation	6,926,988.15	4,586,268.60	107,635,235.06	96,204,044.83
South China	47,829,313.49	37,062,592.99	39,280,797.60	28,814,228.01
North China	9,321,230.97	8,624,911.14	11,141,038.11	9,717,383.35
East China	44,868,581.17	37,726,432.79	50,035,273.72	41,443,043.14
Central China	6,103,966.38	5,545,732.82	16,850,592.77	15,017,767.32

Other	3,200,088.98	2,941,777.57	4,560,453.06	3,789,359.32
Total	118,250,169.14	96,487,715.91	229,503,390.32	194,985,825.97

(5) The operating income of the top five customers of the Company

In RMB

Client	Main operating income	The percentage in all operating income of the Company
Client1	31,855,740.32	26.94%
Client2	11,203,050.34	9.47%
Client3	9,497,059.83	8.03%
Client4	9,070,376.07	7.67%
Client5	8,606,751.03	7.28%
Total	70,232,977.59	59.39%

30. Business tax and surcharges

In RMB

Item	Amount of this period	Amount of last period	Taxation standards
Business tax	74,670.00	86,670.00	5%
Urban maintenance and construction tax	129,715.27	339,477.47	5%, 7%
Educational surtax	159,178.47	357,931.24	5%
Total	363,563.74	784,078.71	--

31. Sales expenses

In RMB

Item	Amount of this period	Amount of last period
Remuneration and employee charges	5,632,456.90	4,269,343.14
Rental and utilities expenses	1,228,175.50	958,120.01
Depreciation and amortization expenses	205,761.60	44,622.05
Good transportation charge	2,615,002.62	5,964,368.29
Sales discount, promotion charge and advertisement fee	2,556,056.62	3,826,497.20
Routine office charge	1,258,232.40	1,037,784.20
Other	1,170,491.10	258,964.18

Total	14,666,176.74	16,359,699.07
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32. Administration expenses

In RMB

Item	Amount of this period	Amount of last period
Remuneration and employee charges	16,198,989.86	10,703,841.03
Rental and utilities expenses	1,423,397.02	1,119,969.97
Depreciation and amortization expenses	5,362,836.31	4,429,120.87
Agency and disclosure fee	2,922,220.78	1,566,030.55
Taxes	1,327,436.15	768,587.36
Routine office charge	5,645,941.33	4,505,588.10
Advertising fee	1,388,199.09	31,323.50
Other	2,684,696.07	2,065,281.12
Total	36,953,716.61	25,189,742.50

33. Financial expenses

In RMB

Item	Amount of this period	Amount of last period
Interest expenses	753,873.36	1,234,810.59
Less: interest income	1,720,498.76	3,728,310.33
Gains/losses from exchange	-173,697.00	2,277,734.95
Other	106,678.39	103,591.22
Total	-1,033,644.01	-112,173.57

34. Income of fair value changes

In RMB

Sources generating income of fair value changes	Amount of this period	Amount of last period
Financial assets available for sale	397,336.94	
Total	397,336.94	

35. Investment income

(1) Particulars about investment income

In RMB

Item	Amount of this period	Amount of last period
Investment income obtained from disposal of long-term equity investment	2,853,536.67	
Investment income obtained from transactional financial assets held		6,688.65
Investment income obtained from disposal of transactional financial assets	-480.81	
Total	2,853,055.86	6,688.65

36. Non-operating income

(1) Non-operating income

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
Non-current assets disposal gains	1,000.00	5,720.73	1,000.00
Including: fixed assets disposal gains	1,000.00	5,720.73	1,000.00
Government subsidy	1,639,508.42	5,874,022.19	1,639,508.42
Other	286,559.99	253,966.23	286,559.99
Total	1,927,068.41	6,133,709.15	1,927,068.41

(2) Government subsidy reckoned into current gains/losses

In RMB

Item	Amount of this period	Amount of last period	Assets-related/income-related	Non-recurring gains/losses (Y/N)
Advanced enterprise award of energy-saving and emission reduction for year of 2012		10,000.00	Income-related	Y
Grant of demonstration plant of excellent-tea process for year of 2012		60,000.00	Income-related	Y
Comprehensive investment award from Country Financial Bureau		3,988,745.00	Income-related	Y
Support fund for backbone enterprise in Shenzhen for year of 2011		180,000.00	Income-related	Y

Deferred income transfer-in	118,879.42	1,635,277.19		Y
Supporting award of science & technology of Longgang District	300,000.00		Income-related	Y
The ninth batch of patent financing costs for year of 2013 from Market Supervisory Authority	4,000.00		Income-related	Y
Special subsidy from technology center of finance bureau	500,000.00		Income-related	Y
Subsidy of energy auditing projects for key energy enterprise (district-level) from finance bureau	50,000.00		Income-related	Y
Patent application grants from Shenzhen Market Supervisory Authority	8,000.00		Income-related	Y
Capital of agriculture industrialization project (provincial level) for year of 2013 –brand reward	200,000.00		Income-related	Y
Tea project funds (provincial level) for year of 2012	40,000.00		Income-related	Y
Expenditure of national spark program of mulberry tea institution in Jiangxi Province	200,000.00		Income-related	Y
The ninth batch of patent subsidy for year of 2013 from Market Supervision	4,000.00		Income-related	Y
Special grants of famous trademark in Guangdong Province	200,000.00		Income-related	Y
Other government grants	14,629.00		Income-related	Y
Total	1,639,508.42	5,874,022.19	--	--

37. Non-operating expenditure

In RMB

Item	Amount of this period	Amount of last period	Amount reckoned into current non-recurring gains/losses
non-current assets disposal losses	36,018.31	3,410.56	36,018.31

Including: fixed assets disposal losses	36,018.31	36,018.31	36,018.31
Total	36,018.31	3,410.56	36,018.31

38. Income tax expense

In RMB

Item	Amount of this period	Amount of last period
Current income tax calculated based on tax law and relevant rules	616,915.57	3,052,026.68
Deferred income tax adjustment	-99,334.24	
Total	517,581.33	3,052,026.68

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

Calculation results:

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(I)	-0.0777	-0.0777	-0.0237	-0.0237
Net profit attributable to shareholders of ordinary shares of the Company after deducting non-recurring gains/losses (II)	-0.0943	-0.0943	-0.0429	-0.0429

Calculation of EPS

Item	Serial	Current Period	Last Period
Net profit attributable to shareholders of ordinary shares of the Company	1	-23,382,126.99	-5,934,967.21
Non-recurring gains/losses of net profit attributable to common shareholders of parent company after deducting impact on income tax	2	5,013,522.41	4,837,500.11
Net profit attributable to ordinary shareholders of company after deducting non-recurring gains/losses	3=1-2	-28,395,649.40	-10,772,467.32
Aggregate of shares as at period-begin	4	250,900,154.00	250,900,154.00
Share added due to conversion of public reserve to share capital or allocation of share dividends during the report period	5	50,180,030.00	---
Share added due to new issuance of shares or shares converted from debts during the report period	6	---	---
	6	---	---
	6	---	---
Months of the additional shares (new share issued or debt to equity) commencing from the next month	7	---	---
	7	---	---

till the end of the year	7	---	---
Shares decreased due to purchase-back of its own shares during the period	8	---	---
Months of the decreased shares commencing from the next month till the end of the year	9	---	---
Shares diluted during the period	10	---	---
Number of months for the period	11	6	6
Weighted average of ordinary shares issued (II)	$12=4+5+6 \times 7 \div 11-8 \times 9 \div 11-10$	301,080,184.00	250,900,154.00
Weighted average of ordinary shares issued that adjusted due to enterprise combine under the same control (I)	13	301,080,184.00	250,900,154.00
Basic EPS(I)	$14=1 \div 13$	-0.0777	-0.0237
Basic EPS(II)	$15=3 \div 12$	-0.0943	-0.0429
Diluted potential ordinary shares dividend recognized as expense and impacts factors	16	---	---
Income tax rate	17	---	---
Conversion expense	18	---	---
Shares increased from conversion or exercise of convertible bonds, warrants and stock option	19	---	---
Diluted EPS(I)	$20=[1+(16-18) \times (100\%-17)] \div (13+19)$	-0.0777	-0.0237
Diluted EPS(II)	$21=[3+(16-18) \times (100\%-17)] \div (12+19)$	-0.0943	-0.0429

40. Notes to statement of cash flow

(1) Other cash received in relation to operation activities

In RMB

Item	Amount
Government subsidy	1,537,390.44
Interest income	1,609,400.13
Current amount	371,745.37
Other	376,966.71
Total	3,895,502.65

(2) Other cash paid in relation to operation activities

In RMB

Item	Amount
Administration expenses	15,499,803.91

Sales expenses	9,695,314.86
Other	2,818,183.71
Total	28,013,302.48

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

In RMB

Supplementary information	This Period	Last Period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	-24,563,498.28	-4,475,950.20
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	11,500,244.58	5,777,044.46
Amortization of intangible assets	3,362,054.19	2,824,173.78
Amortization of long-term deferred expenses	3,405,218.62	1,142,929.69
Loss from disposal of fixed assets, intangible assets and other long-term assets(gain is listed with "-")	35,018.31	-2,310.17
Loss from change of fair value (gain is listed with "-")	-397,336.94	
Financial expenses (gain is listed with "-")	1,033,927.18	2,882,324.52
Investment loss (gain is listed with "-")	-2,853,055.86	-6,688.65
Decrease of deferred income tax asset(increase is listed with "-")	-99,334.24	
Increase of deferred income tax liability (decrease is listed with "-")	1,300,508.81	
Decrease of inventory (increase is listed with "-")	-39,883,531.72	-39,111,747.62
Decrease of operating receivable accounts (increase is listed with "-")	-101,345,713.03	-109,851,274.50
Increase of operating payable accounts (decrease is listed with "-")	165,291,618.92	128,973,918.85
Net cash flow arising from operating activities	16,786,120.54	-11,847,579.84
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	341,890,986.57	309,611,598.60
Less: Balance of cash equivalent at year-begin	257,728,942.05	372,922,024.47
Net increasing of cash and cash equivalents	84,162,044.52	-63,310,425.87

(2) Relevant information about obtaining/disposal of subsidiary and other business unit in report period

In RMB

Supplementary information	Amount of this period	Amount of last period
I. Relevant information about obtaining subsidiary and other business units:	--	--
2. cash and cash equivalent obtained from subsidiary and other operation unit	4,617,194.45	
3. net cash received from subsidiary and other operation unit	4,617,194.45	
II. Relevant information about disposal of subsidiary and other business units:	--	--
2. Cash and cash equivalent obtained from disposal of subsidiary and other business units:	18,039,785.00	
3. net cash received from disposal of subsidiary and other business units	18,039,785.00	

(3) Constitution of cash and cash equivalent:

In RMB

Item	Closing amount	Opening amount
I. Cash	341,890,986.57	257,728,942.05
Including: stock cash	160,480.66	181,781.97
Bank deposit available for payment at any time	341,730,505.91	257,547,160.08
III. Balance of cash and cash equivalent at period-end	341,890,986.57	257,728,942.05

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	Stock limited (listing)	Shenzhen	Chen Shaoqun	Development, construction, operation and management of agricultural products retail market, operation of market leasing	RMB 1,696,964,100	19.09%	19.09%	SASAC of Shenzhen	192179163

2. Subsidiary of the Company

Subsidiary	Type	Nature	Registration	Legal	Business	Registered capital	Proportion	Proportion of	Organization
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			ion place	representative	nature		of shares held	voting right	n code
Shenzhen Shenbao Huacheng Technology Co., Ltd.	Controlling subsidiary	LLC	Shenzhen	Zhou Weihe	Manufacturing	153,451,300.00	100.00%	100.00%	73628169-3
Jufangyong Tea Industry Co., Ltd. in Wuyuan County	Controlling subsidiary	LLC	Wuyuan	Zhou Weihe	Manufacturing	290,000,000.00	100.00%	100.00%	77236879-6
Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd.	Controlling subsidiary	LLC	Shenzhen	Yao Xiaopeng	Manufacturing	30,150,000.00	100.00%	100.00%	19246379-7
Huizhou Shenbao Technologies Co., Ltd.	Controlling subsidiary	LLC	Huizhou	Yao Xiaopeng	Comprehensive	60,000,000.00	100.00%	100.00%	66495245-0
Shenzhen Shenbao Properties Management Co., Ltd.	Controlling subsidiary	LLC	Shenzhen	Li Fang	Property	5,000,000.00	100.00%	100.00%	27931409-X
Shenzhen Shenbao Industrial & Trade Co., Ltd.	Controlling subsidiary	LLC	Shenzhen	Guan Lihua	Commercial wholesale	5,500,000.00	100.00%	100.00%	19218639-8
Hangzhou Jufangyong Holding Co., Ltd.	Controlling subsidiary	LLC	Hangzhou	Qian Xiaojun	Comprehensive	175,000,000.00	100.00%	100.00%	59305626-0
Shenzhen Shenbao Technology Center Co., Ltd.	Controlling subsidiary	LLC	Shenzhen	Luo Longxin	Development, consultant and transfer of technolog	54,000,000.00	100.00%	100.00%	59566405-9

					y				
Shenzhen Shenshenbao Investment Co., Ltd.	Controlling subsidiary	LLC	Shenzhen	Li Yiyan	Investment, consultant and trading, communication of tea knowledge and culture	50,000,000.00	100.00%	100.00%	30591145-4
Fujian Mount. Wuyi Shenbao Yuxing Tea Co., Ltd.	Controlling subsidiary	LLC	Wuyishan	Chen Liang	Plantation, production and sales of tea	40,000,000.00	51.75%	51.75%	05031666-0
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd.	Controlling subsidiary	LLC	Hangzhou	Qian Xiaojun	Tea manufacturing and processing ; food wholesale and retails	2,000,000.00	92.00%	92.00%	75173785-5
Hangzhou Chunshi Network Technology Co., Ltd.	Controlling subsidiary	LLC	Hangzhou	Qian Xiaojun	Food wholesale and retails, technology development	3,000,000.00	100.00%	100.00%	09841557-X
Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd. (“Shenbao Liaoyuan”)	Controlling subsidiary	LLC	Shenzhen			2,378,000.00	53.50%	53.50%	

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

Invested	Type	Register	Legal rep.	Business	Register	Equity	Proportion of voting	Relationshi	Organizatio
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company		place		nature	capital	proportion held by the Company	rights in invested company	p	n code
I. Joint venture									
II. Associated company									
Changzhou Sanjing Oil Co., Ltd.	LLC	Changzhou	Pan Guangsheng	Manufacturing	54,000,000.00	33.00%	33.00%	Associated enterprise	77052631-6

4. Particulars about other related parties

Other Related parties	Relationship	Organization code
Shenzhen Investment Management Company	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 Wuyishan 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 parties	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions	Amount	Ratio in similar transactions
Zhejiang Wafa Tea Co., Ltd.	Purchase of tea	Market price			108,602,905.57	59.74%
Fujian Wuyishan Yuxing Tea Co., Ltd.	Purchase of tea	Market price	5,234,000.00	6.32%	2,171,253.64	1.19%
Shenzhen Investment Holdings	Purchase Office space	Market price			84,247,219.00	100.00%

Co., Ltd.						
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Statement of commodity sales and labor service provided

In RMB

Related parties	Content	Pricing way and decision making procedures	Amount of this period		Amount of last period	
			Amount	Ratio in similar transactions	Amount	Ratio in similar transactions
Shenzhen Agricultural Products Co., Ltd.	Sales of tea	Market price	114,140.00	0.12%	258,046.00	0.12%

(2) Related leasing

Statement of leasing

In RMB

Lessor	Lessee	Type of leasing	Starting from	Terminated dated	Pricing basis for leasing income	Leasing income recognized in period
Fujian Wuyishan Yuxing Tea Co., Ltd.	Fujian Wuyishan Shenbao Yuxing Tea Co., Ltd.	Production workshop	2012-9-9	2014-9-8	Market price	180,000.00

Explanation on 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

Guarantee provided	Guarantee received	Guarantee amount	Starting from	Terminated dated	Whether guarantee implemented or not
Shenzhen Shenbao Industrial Co., Ltd*1	Shenzhen Shenbao Sanjing Food & Beverage Development Co., Ltd.	30,000,000.00	2014-4-14	2015-4-13	N
Shenzhen Shenbao Industrial Co., Ltd*2	Shenzhen Shenbao Huacheng Technology Co., Ltd.	30,000,000.00	2014-4-14	2015-4-13	N
Shenzhen Shenbao Huacheng	Shenzhen Shenbao Industrial Co., Ltd	30,000,000.00	2014-4-14	2015-4-13	N

Technology Co., Ltd.*3					
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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 14 April 2014 for offering loan guarantee for Shenzhen Sanjing, subsidiary of the Company with terms from 14 April 2014 to 13 April 2015.

Shenbao Sanjing entered into a contract of current capital loans with town bank of Baosheng Village, Nanshan district, Shenzhen on 14 April 2014 for loans RMB 30 million obtained with one-year term. The Company offering joint liability guarantee for the loans.

*2 The Company entered into the “Contract of Warranty for the Maximum Amount” with town bank of Baosheng Village, Nanshan district, Shenzhen on 14 April 2014 for offering loan guarantee for Shenzhen Huacheng, subsidiary of the Company with terms from 14 April 2014 to 13 April 2015.

Shenbao Huacheng entered into a contract of current capital loans with town bank of Baosheng Village, Nanshan district, Shenzhen on 14 April 2014 for loans RMB 30 million obtained with one-year term. The Company offering joint liability guarantee for the loans

*3: Shenbao Huacheng entered into the “Contract of Warranty for the Maximum Amount” with town bank of Baosheng Village, Nanshan district, Shenzhen on 14 April 2014 for offering loan guarantee for parent company Shenbao Industrial with terms from 14 April 2014 to 13 April 2015.

Shenbao Industrial entered into a contract of current capital loans with town bank of Baosheng Village, Nanshan district, Shenzhen on 14 April 2014 for loans RMB 30 million obtained with one-year term. Shenbao Huacheng offering joint liability guarantee for the loans

6. Account receivable/payable for related parties

Account receivable from related parties

In RMB

Item	Related parties	Amount at period-end		Amount at period-begin	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Shenzhen Agricultural Products Co., Ltd.	57,915.00		75,426.00	
Account paid in advance	Fujian Wuyishan Yuxing Tea Co., Ltd.			1,457,375.73	
Other account receivable	Changzhou Sanjing Oil Co., Ltd.	18,268,423.34	2,334,271.52	17,935,501.33	2,334,271.52

Account payable for related parties

In RMB

Item	Related parties	Amount at period-end	Amount at period-begin
Other payables	Shenzhen Investment Management Company	3,510,297.20	3,510,297.20
Dividend payable	Shenzhen Investment Management Company	2,690,970.14	2,690,970.14

IX. Contingency

1. Contingent liability and its financial influence formed by un-settle lawsuits or arbitration

The Company has no major contingency need to disclosed up to 30 June 2014

2. Contingent liability and its financial influence formed from debt guarantee offered to other units

The Company has no major contingency need to disclosed up to 30 June 2014

X. Commitments

1. Material commitments

The Company has no major comitments need to disclosed up to 30 June 2014

2. Commitments made previously

The Company has no major comitments need to disclosed up to 30 June 2014

XI. Subsequent events of balance sheet

1. Explanation on major event after balance sheet date

The Company has no major event after balance sheet date need to disclosed up to the reporting date

XII. Other major event

1. Assets and liability measured by fair value

In RMB

Item	Amount at period-begin	Gains/losses of change of fair value in this term	Changes of fair value reckoned into equity accumulatively	Impairment accrual in this term	Amount at period-end
Financial assets					

1. Financial assets measured by fair value and with changes reckoned in current gains/losses (excluding derivative financial assets)	1,389,288.09	397,336.94			1,532,585.34
Total	1,389,288.09	397,336.94			1,532,585.34
Financial liability	0.00	0.00			0.00

2. Other

1. The Proposal of 51.72% Equity of Zhejiang Shenshenbao Huafa Tea Co., Ltd. Transfer was deliberated and approved in 9th meeting of 8th session of the Board held on 27 January 2014. Agrees to transfer 51.72% equity of Zhejiang Shenshenbao Huafa Tea Co., Ltd. held by the Company to Zhejiang Wafa Tea Co., Ltd with consideration of 34.50 million Yuan. Registration change of industrial and commerce completed on 20 February 2014. and equity transfer amount 34.50 million Yuan has received up to 30 June 2014 by the Company.

2. 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 at 30 June 2014, Jitai Industrial has provided land premiums and construction account of RMB179,827,654.20. The construction account of RMB 3,920,200.00 payable to Zhongtai Construction Group Co., Ltd. still paid for provision and payment by Jitai Industrial.

3. According to the resolution of Annual General Meeting 2013 dated April 2014, based on total share capital 250,900,154 as at 31 December 2013, capitalizing 2 shares for each 10 shares to whole shareholders from capital reserves. And completed on 16 May 2014. Share capital of the Company changed as 301,080,184; and registration change for industrial and commerce still in process up to the reporting date.

XIII. Principle notes of financial statements of parent company

1. Accounts receivable

(1) Accounts receivable

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 withdrawal bad debt provision by group								
Aging of accounts	9,758,143.55	99.71%			26,786,709.08	99.89%		
Group subtotal	9,758,143.55	99.71%			26,786,709.08	99.89%		
Accounts receivables with single minor amount but with bad debts provision accrued individually	28,453.08	0.29%	28,453.08	100.00%	28,453.08	0.11%	28,453.08	100.00%
Total	9,786,596.63	--	28,453.08	--	26,815,162.16	--	28,453.08	--

Explanation on category of account receivables:

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

Application Not application

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

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:	--	--	--	--	--	--
Within 1 year subtotal	9,758,143.55	99.71%		26,786,709.08	99.89%	
Total	9,758,143.55	--		26,786,709.08	--	

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

Application Not application

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

Application Not application

Accounts receivables with single minor amount but with bad debts provision accrued individually at period-end

√ Application □ Not application

In RMB

Account receivable	Book balance	Bad debt provision	Withdrawal proportion	Reasons
Hubei Botou Instrument and Meter Plant	9,996.58	9,996.58	100.00%	Un-likely to recover
Guo Wenhui	18,456.50	18,456.50	100.00%	Un-likely to recover
Total	28,453.08	28,453.08	--	--

(2) Top 5 account receivable

In RMB

Name of the unit	Relationship	Amount	Terms	Proportion in total account receivable
Client 1	Non-related party	3,749,332.00	Within 1 year	38.31%
Client 2	Non-related party	2,073,980.00	Within 1 year	21.19%
Client 3	Non-related party	721,562.69	Within 1 year	7.37%
Client 4	Non-related party	665,660.00	Within 1 year	6.80%
Client 5	Non-related party	363,285.00	Within 1 year	3.71%
Total	--	7,573,819.69	--	77.38%

2. Other accounts receivable

(1) Other accounts receivable

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
Other receivable of bad debt provision withdrawal by combination								
Aging of accounts	264,844,793.77	97.98%	2,387,411.68	0.90%	197,412,613.85	97.30%	2,387,411.68	1.21%
Group subtotal	264,844,793.77	97.98%	2,387,411.68	0.90%	197,412,613.85	97.30%	2,387,411.68	1.21%
Other account receivable with single minor amount but withdrawal bad debt provision for single item	5,472,398.91	2.02%	5,472,398.91	100.00%	5,472,398.91	2.70%	5,472,398.91	100.00%
Total	270,317,192.68	--	7,859,810.59	--	202,885,012.76	--	7,859,810.59	--

Explanation on category of other receivables:

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

Application Not application

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

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:	--	--	--	--	--	--
Within 1 year subtotal	247,974,137.97	91.74%		180,541,958.05	88.98%	
1-2years	957,624.79	0.35%	47,881.24	957,624.79	0.47%	47,881.24
2-3years	948,484.12	0.35%	94,848.41	948,484.12	0.47%	94,848.41
Over 3 years	14,964,546.89	5.54%	2,244,682.03	14,964,546.89	7.38%	2,244,682.03
3-4years	4,410,151.72	1.63%	661,522.76	4,410,151.72	2.17%	661,522.76
4-5years	2,288,838.66	0.85%	343,325.80	2,288,838.66	1.13%	343,325.80
Over 5 years	8,265,556.51	3.06%	1,239,833.48	8,265,556.51	4.07%	1,239,833.48
Total	264,844,793.77	--	2,387,411.68	197,412,613.85	--	2,387,411.68

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

Application Not application

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

Application Not application

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

Application Not application

(2) Top 5 other receivable

In RMB

Name of the unit	Relationship	Amount	Terms	Percentage in total accounts receivable amount

Huizhou Shenbao Technologies	Wholly-owned subsidiaries	153,220,104.73	Within 1 year	56.68%
Wuyuan Jufangyong	Wholly-owned subsidiaries	37,000,000.00	Within 1 year	13.69%
Shenbao Sanjing	Wholly-owned subsidiaries	26,205,535.88	Within 1 year	9.69%
Changzhou Sanjing Oil Co., Ltd.	Joint venture	17,638,423.34	Over more than 1 to 3 years	6.53%
Shenbao Yuxing	Controlling subsidiary	322,387.75	Within 1 year	0.12%
Total	--	234,386,451.70	--	86.71%

(3) Other receivables due from related parties

In RMB

Name of the unit	Relationship	Amount	Proportion in total other receivables (%)
Huizhou Shenbao Technologies	Wholly-owned subsidiaries	153,220,104.73	56.68%
Wuyuan Jufangyong	Wholly-owned subsidiaries	37,000,000.00	13.69%
Shenbao Sanjing	Wholly-owned subsidiaries	26,205,535.88	9.69%
Changzhou Sanjing Oil Co., Ltd.	Joint venture	17,638,423.34	6.53%
Shenbao Yuxing	Controlling subsidiary	322,387.75	0.12%
Shenbao Industrial & Trade	Wholly-owned subsidiaries	230,589.19	0.09%
Total	--	234,617,040.89	86.80%

3. Long-term equity investment

In RMB

Invested company	Calculation method	Investment cost	Opening balance	Increase/decrease (+,-)	Closing balance	Proportion of share holding in invested company (%)	Proportion of voting rights in invested company (%)	Explanation on the incongruity in share holding proportion and voting proportion	Impairment provision	Impairment provision of accruing this period	Cash bonus this period
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								n in invested company			
Shenzhen Bao'an (Xinmin) Food Co., Ltd.	Equity	2,870,000.0 0	2,870,000.0 0		2,870,000.0 0	49.14%	49.14%		2,870,000.0 0		
Changzhou Sanjing Oil Co., Ltd.	Equity	13,500,000. 00				33.00%	33.00%				
Shenbao Properties	Cost	2,550,000.0 0	2,550,000.0 0		2,550,000.0 0	51.00%	51.00%				
Shenbao Industrial & Trade	Cost	5,500,000.0 0	5,500,000.0 0		5,500,000.0 0	100.00 %	100.00 %				
Shenbao Sanjing	Cost	80,520,842. 36	80,520,842. 36		80,520,842. 36	100.00 %	100.00 %				
Shenbao Huacheng	Cost	168,551,781 .80	168,551,781 .80		168,551,781 .80	100.00 %	100.00 %				
Huizhou Shenbao Technologies	Cost	60,000,000. 00	60,000,000. 00		60,000,000. 00	100.00 %	100.00 %				
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	100.00 %	100.00 %				
Shenbao Technology Center	Cost	54,676,764. 11	54,676,764. 11		54,676,764. 11	100.00 %	100.00 %				
Shenbao Liaoyuan	Cost	57,628.53	57,628.53		57,628.53	53.50%	53.50%		57,628.53		
Shenshenbao Huafa	Cost	30,000,000. 00	30,000,000. 00	-30,000,000.00							
Shenzhen Sanjiu Weitai Holdings Co., Ltd.	Cost	2,480,000.0 0	2,480,000.0 0		2,480,000.0 0	0.95%	0.95%		2,480,000.0 0		

Shenzhen Tianji Optical-Electric Technologies Co., Ltd.	Cost	15,000,000.00	15,000,000.00		15,000,000.00	3.77%	3.77%		15,000,000.00		
Shenshenbao Investment	Cost	50,000,000.00		50,000,000.00	50,000,000.00	100.00%	100.00%				
Total	--	943,018,103.57	879,518,103.57	20,000,000.00	899,518,103.57	--	--	--	20,407,628.53		

4. Operating income and operating cost

(1) Operating income

In RMB

Item	Amount of this period	Amount of last period
Main operating income	24,073,018.64	
Other operating income	1,200,000.00	1,200,000.00
Total	25,273,018.64	1,200,000.00
Operating cost	22,911,987.88	0.00

(2) Main business (By industries)

In RMB

Industry	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Industry	24,073,018.64	22,911,987.88		
Total	24,073,018.64	22,911,987.88		

(3) Main business (By products)

In RMB

Products	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Tea products	24,073,018.64	22,911,987.88		
Total	24,073,018.64	22,911,987.88		

(4) Main business (By districts)

In RMB

District	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Exportation	971,247.53	940,782.40		
South China	5,342,196.33	5,090,060.94		
North China	5,415,776.15	5,146,161.67		
East China	8,687,170.61	8,262,182.00		
Central China	841,834.35	799,743.47		
Other area	2,814,793.67	2,673,057.40		
Total	24,073,018.64	22,911,987.88		

(5) The operating income of the top five customers of the Company

In RMB

Client	Total operation revenue	The percentage in all operating income of the Company
Client1	6,786,815.86	26.85%
Client2	4,054,153.85	16.04%
Client3	3,406,652.62	13.48%
Client4	2,450,500.90	9.70%
Client5	969,542.79	3.84%
Total	17,667,666.02	69.91%

5. Investment income**(1) Particulars about investment income**

In RMB

Item	Amount of this period	Amount of last period
Investment income obtained from disposal of long-term equity investment	4,452,830.20	
Investment income obtained from disposal of transactional financial assets	-480.81	
Total	4,452,349.39	

6. Supplementary information of cash flow statement

In RMB

Supplementary information	This Period	Last Period
1. Adjust the net profits to be cash flow for operating activities	--	--
Net profits	-8,573,943.81	-7,840,872.40
Fixed assets depreciation, oil-and-gas assets loss , productive living beings depreciation	642,883.04	624,570.06
Intangible assets amortization	211,428.64	52,458.36
Long-term expenses amortization	131,497.64	132,681.36
Losses from handling fixed assets, intangible assets and assets(profits fill with "--")	17,101.29	-2,248.14
Losses from change of fair value (profits fill with "--")	-397,336.94	1,270,042.56
Financial costs(profits fill with "--")	585,578.24	
Investment losses(profits fill with "--")	-4,452,349.39	
Deferred income tax assets decrease(increases fill with "--")	-99,334.24	
Stock decreases(increases fill with "--")	-3,245,303.86	-25,551,327.08
Operating receivables decrease(increases fill with "--")	-88,238,472.65	17,756,680.58
Operating payables increase(decreases fill with "--")	89,773,413.85	24,176,050.67
Cash flow net amount generated by operating activities	-13,644,838.19	10,618,035.97
2. Significant investment financial activities not involving and cash deposit and withdrawal	--	--
3. Net changes of cash and cash equivalents	--	--
Ending balance of cash	135,742,209.47	67,427,759.75
Less: opening balance of cash equivalents	105,859,108.94	55,033,726.34
Net increase of cash and cash equivalents	29,883,100.53	12,394,033.41

XIV. Supplementary Information

1. Current non-recurring gains/losses

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	2,818,518.36	
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	1,639,508.42	

business)		
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	396,856.13	
Other non-operating income and expenditure except for the aforementioned items	286,559.99	
Less: Impact on income tax	129,282.25	
Impact on minority shareholders' equity (post-tax)	-1,361.76	
Total	5,013,522.41	--

Explain recognition reasons item-by-item if the government subsidy reckoned into current gains/losses was the recurring gains/losses

Application Not application

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

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

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
Chinese GAAP	-23,382,126.99	-5,934,967.21	934,168,283.36	960,517,069.55
Items and amount adjusted by IAS				
Other payable stock market regulation fund			1,067,000.00	1,067,000.00
IAS	-23,382,126.99	-5,934,967.21	936,669,911.47	961,584,069.55

3. REO and earnings per share

In RMB

Profits during report period	Weighted average ROE (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profits belong to common stock stockholders of the Company	-2.47%	-0.0777	-0.0777

Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	-3.00%	-0.0943	-0.0943
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4. Abnormalities and reasons of the accounting statement items of the Company

Item	Closing balance (Current Period)	Opening balance (Last Period)	Changes %	Reasons
Monetary fund	342,390,986.57	258,228,942.05	32.59	*1
Account receivable	54,066,545.98	106,664,101.14	(49.31)	*2
Account paid in advance	11,710,814.98	19,617,679.28	(40.30)	*3
Other current assets	6,354,131.39	2,835,640.51	124.08	*4
Short-term loans	90,000,000.00	---	100	*5
Account received in advance	90,179,983.09	15,220,850.95	492.48	*6
Wages payable	5,738,439.18	9,553,292.94	(39.93)	*7
Taxes payable	-4,407,138.30	15,006,102.34	(129.37)	*8
Operating income	118,250,169.14	229,743,390.32	(48.53)	*9
Operating cost	96,487,715.91	195,082,954.37	(50.54)	*10
Administration expenses	36,953,716.61	25,189,742.50	46.70	*11
Investment income	2,853,055.86	6,688.65	42,555.18	*12
Non-operating revenue	1,927,068.41	6,133,709.15	(68.58)	*13
Income tax expenses	517,581.33	3,052,026.68	(83.04)	*14

*1: the amount of house sales of Emerald Apartment was received in advance in the Period;

*2: the amount for goods are collected;

*3: the goods received in the Period, account for tea paid in advance decreased;

*4: input VAT ready for deduction increased in the Period;

*5: new bank loans increased in the Period;

*6: account of pre-sale of Emerald Apartment increased in the Period;

*7: performance for year of 2013 has paid in the Period;

*8: the income tax for year of 2013 was paid in the Period and tax for Emerald Apartment project was paid in advance;

*9: equity of Shenshenbao Huafa transferred in the Period, and corresponding operating income decreased;

*10: equity of Shenshenbao Huafa transferred in the Period, and corresponding operating cost decreased;

*11: the charges for employee, intermediary, brand and promotion increased;

*12: obtained income from equity of Shenshenbao Huafa transferred;

*13: the government subsidy decreased in the Period;

*14: income tax expenses decreased in the Period

Section IX. 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;
4. Original copies of 2014 Semi-Annual Report with signature of the Chairman.

Shenzhen Shenbao Industrial Co., Ltd.

Chairman of Board: Zheng Yuxi

15 August 2014